LEGISLATURE OF THE STATE OF IDAHO

Sixty-third Legislature First Regular Session - 2015

IN THE SENATE

SENATE BILL NO. 1025

BY JUDICIARY AND RULES COMMITTEE

AN ACT

RELATING TO THE IDAHO UNIFORM BUSINESS ORGANIZATIONS CODE; REPEALING CHAPTER 1, TITLE 30, IDAHO CODE, RELATING TO GENERAL BUSINESS CORPORATIONS; REPEALING CHAPTER 6, TITLE 30, IDAHO CODE, RELATING TO THE IDAHO UNIFORM LIMITED LIABILITY COMPANY ACT; REPEALING CHAPTER 18, TITLE 30, IDAHO CODE, RELATING TO THE IDAHO ENTITY TRANSACTIONS ACT; REPEALING CHAPTER 2, TITLE 53, IDAHO CODE, RELATING TO THE UNIFORM LIMITED PARTNERSHIP ACT; REPEALING CHAPTER 3, TITLE 53, IDAHO CODE, RELATING TO UNIFORM PARTNERSHIP LAW; AMENDING TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER 21, TITLE 30, IDAHO CODE, RELATING TO THE UNIFORM BUSINESS ORGANIZATIONS CODE, TO PROVIDE SHORT TITLE, TO PROVIDE DEFINITIONS, TO PROVIDE FOR APPLICATION OF LAW, TO PROVIDE FOR DELIVERY OF RECORD, TO PROVIDE FOR RULES AND PROCEDURES, TO PROVIDE FOR ENTITY FILING REQUIREMENTS, TO PROVIDE FOR FORMS, TO PROVIDE FOR EFFECTIVE DATES AND TIMES, TO PROVIDE FOR WITHDRAWAL OF FILED RECORD BEFORE EFFECTIVENESS, TO PROVIDE FOR CORRECTING FILED RECORD, TO PROVIDE FOR DUTY OF SECRETARY OF STATE TO FILE AND REVIEW OF REFUSAL TO FILE, TO PROVIDE FOR EVIDENTIARY EFFECT OF COPY OF FILED RECORD, TO PROVIDE FOR CERTIFICATE OF GOOD STANDING OR REGISTRATION, TO PROVIDE FOR SIGNING OF ENTITY FILING, TO PROVIDE FOR SIGNING AND FILING PURSUANT TO JUDICIAL ORDER, TO PROVIDE FOR LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD, TO PROVIDE FOR DELIVERY BY SECRETARY OF STATE, TO PROVIDE FOR ANNUAL REPORT FOR SECRETARY OF STATE, TO PROVIDE FOR FEES, TO PROVIDE FOR PERMITTED NAMES, TO PROVIDE FOR NAME REQUIREMENTS FOR CERTAIN TYPES OF ENTITIES, TO PROVIDE FOR RESERVATION OF NAME, TO PROVIDE FOR REGISTRATION OF NAME, TO PROVIDE DEFINITIONS, TO PROVIDE FOR ENTITIES REQUIRED TO DESIGNATE AND MAINTAIN REGISTERED AGENT, TO PROVIDE FOR ADDRESSES IN FILING, TO PROVIDE FOR DESIGNATION OF REGISTERED AGENT, TO PROVIDE FOR LISTING OF COMMERCIAL REGISTERED AGENT, TO PROVIDE FOR TERMINATION OF LISTING OF COMMERCIAL REGISTERED AGENT, TO PROVIDE FOR CHANGE OF REGISTERED AGENT BY ENTITY, TO PROVIDE FOR CHANGE OF NAME OR ADDRESS BY NONCOMMERCIAL REGISTERED AGENT, TO PROVIDE FOR CHANGE OF NAME, ADDRESS, TYPE OF ENTITY OR JURISDICTION OF FORMATION BY COMMERCIAL REGISTERED AGENT, TO PROVIDE FOR RESIGNATION OF REGISTERED AGENT, TO PROVIDE FOR DESIGNATION OF REGISTERED AGENT BY NONREGISTERED FOREIGN ENTITY OR NONFILING DOMESTIC ENTITY, TO PROVIDE FOR SERVICE OF PROCESS, NOTICE, OR DEMAND ON ENTITY, TO PROVIDE FOR DUTIES OF REGISTERED AGENT, TO PROVIDE FOR JURISDICTION AND VENUE, TO PROVIDE FOR GOVERNING LAW, TO PROVIDE FOR REGISTRATION TO DO BUSINESS IN THIS STATE, TO PROVIDE FOR FOREIGN REGISTRATION STATEMENT, TO PROVIDE FOR AMENDMENT OF FOREIGN REGISTRATION STATEMENT, TO PROVIDE FOR ACTIVITIES NOT CONSTITUTING DOING BUSINESS, TO PROVIDE FOR NONCOMPLYING NAME OF FOREIGN ENTITY, TO PROVIDE FOR WITHDRAWAL OF REGISTRATION OF REGISTERED FOREIGN ENTITY, TO PROVIDE FOR WITHDRAWAL DEEMED ON CONVERSION OR DOMESTICATION TO DOMESTIC FILING ENTITY OR DOMESTIC LIMITED LIABILITY PARTNERSHIP, TO PROVIDE FOR WITHDRAWAL ON

DISSOLUTION OR CONVERSION TO NONFILING ENTITY OTHER THAN LIMITED LIABILITY PARTNERSHIP, TO PROVIDE FOR TRANSFER OF REGISTRATION, TO PROVIDE FOR TERMINATION OF REGISTRATION, TO PROVIDE FOR ACTION BY THE ATTORNEY GENERAL, TO PROVIDE FOR GROUNDS FOR ADMINISTRATIVE DISSOLUTION, TO PROVIDE FOR PROCEDURE AND EFFECT, TO PROVIDE FOR REINSTATEMENT, TO PROVIDE FOR JUDICIAL REVIEW OF DENIAL OF REINSTATEMENT, TO PROVIDE FOR RESERVATION OF POWER TO AMEND OR REPEAL, TO PROVIDE FOR SUPPLEMENTAL PRINCIPLES OF LAW, TO PROVIDE FOR UNIFORMITY OR CONSISTENCY OF APPLICATION AND CONSTRUCTION, TO PROVIDE FOR RELATION TO ELECTRONIC SIGNATURES IN THE GLOBAL AND NATIONAL COMMERCE ACT, TO PROVIDE FOR SAVINGS CLAUSE, TO PROVIDE FOR SEVERABILITY, TO PROVIDE AN EFFECTIVE DATE, TO PROVIDE A SHORT TITLE, TO PROVIDE A PURPOSE, TO PROVIDE DEFINITIONS, TO PROVIDE FOR A NAME USED AS AN ASSUMED BUSINESS NAME, TO PROVIDE FOR THE FILING OF A CERTIFICATE, TO PROVIDE CONTENTS OF CERTIFICATE, TO PROVIDE EFFECT OF FILING, DURATION AND CONTINUATION, TO PROVIDE AMENDMENT OF CERTIFICATE, TO PROVIDE CANCELLATION OF CERTIFICATE, TO PROVIDE CONSEQUENCES OF NONCOMPLIANCE AND TO PROVIDE FOR PROFESSIONAL ENTITIES; AMENDING TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER 22, TITLE 30, IDAHO CODE, RELATING TO ENTITY TRANSACTIONS, TO PROVIDE A SHORT TITLE, TO PROVIDE DEFINITIONS, TO PROVIDE FOR RELATIONSHIP OF THE CHAPTER TO OTHER LAWS, TO PROVIDE FOR REQUIRED NOTICE OR APPROVAL, TO PROVIDE FOR STATUS OF FILINGS, TO PROVIDE FOR NONEXCLUSIVITY, TO PROVIDE FOR REFERENCE TO EXTERNAL FACTS, TO PROVIDE FOR ALTERNATIVE MEANS OF APPROVAL OF TRANSACTIONS, TO PROVIDE FOR APPRAISAL RIGHTS, TO PROVIDE FOR CONFLICT OF LAWS AND EXCLUDED TRANSACTIONS, TO PROVIDE FOR AUTHORIZATION OF MERGER, TO PROVIDE FOR PLAN OF MERGER, TO PROVIDE FOR APPROVAL OF MERGER, TO PROVIDE FOR AMENDMENT OR ABANDONMENT OF PLAN OF MERGER, TO PROVIDE FOR STATEMENT OF MERGER AND EFFECTIVE DATE, TO PROVIDE FOR EFFECT OF MERGER, TO PROVIDE FOR INTEREST EXCHANGE AUTHORIZED, TO PROVIDE FOR PLAN OF INTEREST EXCHANGE, TO PROVIDE FOR APPROVAL OF INTEREST EXCHANGE, TO PROVIDE FOR AMENDMENT OR ABANDONMENT OF PLAN OF INTEREST EXCHANGE, TO PROVIDE FOR STATEMENT OF INTEREST EXCHANGE AND EFFECTIVE DATE OF INTEREST EXCHANGE, TO PROVIDE FOR EFFECT OF INTEREST EXCHANGE, TO PROVIDE FOR CONVERSION AUTHORIZED, TO PROVIDE FOR PLAN OF CONVERSION, TO PROVIDE FOR APPROVAL OF CONVERSION, TO PROVIDE FOR AMENDMENT OR ABANDONMENT OF PLAN OF CONVERSION, TO PROVIDE FOR STATEMENT OF CONVERSION AND EFFECTIVE DATE OF CONVERSION, TO PROVIDE FOR EFFECT OF CONVERSION, TO PROVIDE FOR DOMESTICATION AUTHORIZED, TO PROVIDE FOR PLAN OF DOMESTICATION, TO PROVIDE FOR APPROVAL OF DOMESTICATION, TO PROVIDE FOR AMENDMENT OR ABANDONMENT OF PLAN OF DOMESTICATION, TO PROVIDE FOR STATEMENT OF DOMESTICATION AND EFFECTIVE DATE OF DOMESTICATION AND TO PROVIDE FOR EFFECT OF DOMESTICATION; AMENDING TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER 23, TITLE 30, IDAHO CODE, RELATING TO GENERAL PARTNERSHIPS, TO PROVIDE A SHORT TITLE, TO PROVIDE DEFINITIONS, TO PROVIDE FOR KNOWLEDGE AND NOTICE, TO PROVIDE FOR GOVERNING LAW, TO PROVIDE FOR PARTNERSHIP AGREEMENT, SCOPE, FUNCTION AND LIMITATIONS, TO PROVIDE FOR PARTNERSHIP AGREEMENT, EFFECT ON PARTNERSHIP AND PERSON BECOMING PARTNER AND PREFORMATION AGREEMENT, TO PROVIDE FOR PARTNERSHIP AGREEMENT, EFFECT ON THIRD PARTIES AND RELATIONSHIP TO RECORDS EFFECTIVE ON BEHALF OF PARTNERSHIP, TO PROVIDE FOR SIGNING OF RECORDS TO

BE DELIVERED FOR FILING TO SECRETARY OF STATE, TO PROVIDE FOR LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD, TO PROVIDE FOR APPLICATION TO EXISTING RELATIONSHIPS, TO PROVIDE FOR SUBJECTS COVERED OUTSIDE CHAPTER, TO PROVIDE FOR PARTNERSHIP AS ENTITY, TO PROVIDE FOR FORMATION OF PARTNERSHIP, TO PROVIDE FOR PARTNERSHIP PROPERTY, TO PROVIDE FOR WHEN PROPERTY IS PARTNERSHIP PROPERTY, TO PROVIDE FOR PARTNER AGENT OF PARTNERSHIP, TO PROVIDE FOR TRANSFER OF PARTNERSHIP PROPERTY, TO PROVIDE FOR STATEMENT OF PARTNERSHIP AUTHORITY, TO PROVIDE FOR STATEMENT OF DENIAL, TO PROVIDE FOR PARTNERSHIP LIABLE FOR PARTNER'S ACTIONABLE CONDUCT, TO PROVIDE FOR PARTNER'S LIABILITY, TO PROVIDE FOR ACTIONS BY AND AGAINST PARTNERSHIP AND PARTNERS, TO PROVIDE FOR LIABILITY OF PURPORTED PARTNER, TO PROVIDE FOR PARTNER'S RIGHTS AND DUTIES, TO PROVIDE FOR BECOMING PARTNER, TO PROVIDE FOR FORM OF CONTRIBUTION, TO PROVIDE FOR LIABILITY FOR CONTRIBUTION, TO PROVIDE FOR SHARING OF AND RIGHT TO DISTRIBUTIONS BEFORE DISSOLUTION, TO PROVIDE FOR LIMITATIONS ON DISTRIBUTIONS BY LIMITED LIABILITY PARTNERSHIP, TO PROVIDE FOR LIABILITY OF IMPROPER DISTRIBUTIONS BY LIMITED LIABILITY PARTNERSHIP, TO PROVIDE FOR RIGHTS OF PARTNERS AND PERSONS DISSOCIATED AS PARTNER TO INFORMATION, TO PROVIDE FOR STANDARDS OF CONDUCT FOR PARTNERS, TO PROVIDE FOR ACTIONS BY PARTNERSHIP AND PARTNERS, TO PROVIDE FOR CONTINUATION OF PARTNERSHIP BEYOND DEFINITE TERM OR PARTICULAR UNDERTAKING, TO PROVIDE FOR PARTNER NOT CO-OWNER OF PARTNERSHIP PROPERTY, TO PROVIDE FOR NATURE OF TRANSFERABLE INTEREST, TO PROVIDE FOR TRANSFER OF TRANSFERABLE INTEREST, TO PROVIDE FOR CHARGING ORDER, TO PROVIDE FOR POWER OF LEGAL REPRESENTATIVE OF DECEASED PARTNER, TO PROVIDE FOR EVENTS CAUSING DISSOCIATION, TO PROVIDE FOR POWER TO DISSOCIATE AS PARTNER AND WRONGFUL DISSOCIATION, TO PROVIDE FOR EFFECT OF DISSOCIATION, TO PROVIDE FOR PERSONS DISSOCIATED AS A PARTNER WITHOUT DISSOLUTION OF PARTNERSHIP, TO PROVIDE FOR POWER TO BIND AND LIABILITY OF PERSON DISSOCIATED AS PARTNER, TO PROVIDE FOR LIABILITY OF PERSON DISSOCIATED AS PARTNER TO OTHER PERSONS, TO PROVIDE FOR STATEMENT OF DISSOCIATION, TO PROVIDE FOR CONTINUED USE OF PARTNERSHIP NAME, TO PROVIDE FOR EVENTS CAUSING DISSOLUTION, TO PROVIDE FOR WINDING UP, TO PROVIDE FOR RESCINDING DISSOLUTION, TO PROVIDE FOR POWER TO BIND PARTNERSHIP AFTER DISSOLUTION, TO PROVIDE FOR LIABILITY AFTER DISSOLUTION OF PARTNER AND PERSON DISSOCIATED AS GENERAL PARTNER, TO PROVIDE FOR DISPOSITION OF ASSETS IN WINDING UP AND WHEN CONTRIBUTIONS REQUIRED, TO PROVIDE FOR KNOWN CLAIMS AGAINST DISSOLVED LIMITED LIABILITY PARTNERSHIP, TO PROVIDE FOR OTHER CLAIMS AGAINST DISSOLVED LIMITED LIABILITY PARTNERSHIP, TO PROVIDE FOR COURT PROCEEDINGS, TO PROVIDE FOR LIABILITY OF PARTNER AND PERSON DISSOCIATED AS PARTNER WHEN CLAIM AGAINST PARTNERSHIP BARRED, TO PROVIDE FOR STATEMENT OF QUALIFICATION, TO PROVIDE FOR PERMITTED NAMES, TO PROVIDE FOR ADMINISTRATIVE REVOCATION OF STATEMENT OF QUALIFICATION, TO PROVIDE FOR REINSTATEMENT, TO PROVIDE FOR JUDICIAL REVIEW OF DENIAL OF REINSTATEMENT AND TO PROVIDE FOR SUBJECTS COVERED OUTSIDE CHAPTER; AMENDING TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER 24, TITLE 30, IDAHO CODE, RELATING TO LIMITED PARTNERSHIPS, TO PROVIDE A SHORT TITLE, TO PROVIDE DEFINITIONS, TO PROVIDE FOR KNOWLEDGE AND NOTICE, TO PROVIDE FOR GOVERNING LAW, TO PROVIDE FOR PARTNERSHIP AGREEMENT, SCOPE, FUNCTION AND LIMITATIONS, TO PROVIDE FOR PARTNERSHIP AGREEMENT,

EFFECT ON LIMITED PARTNERSHIP AND PERSON BECOMING PARTNER AND PREFORMATION AGREEMENT, TO PROVIDE FOR PARTNERSHIP AGREEMENT, EFFECT ON THIRD PARTIES AND RELATIONSHIP TO RECORDS EFFECTIVE ON BEHALF OF LIMITED PARTNERSHIP, TO PROVIDE FOR REQUIRED INFORMATION, TO PROVIDE FOR DUAL CAPACITY, TO PROVIDE FOR NATURE, PURPOSE AND DURATION OF LIMITED PARTNERSHIP, TO PROVIDE FOR POWERS, TO PROVIDE FOR APPLICATION TO EXISTING RELATIONSHIPS, TO PROVIDE FOR SUBJECTS COVERED OUTSIDE CHAPTER, TO PROVIDE FOR FORMATION OF LIMITED PARTNERSHIP AND CERTIFICATE OF LIMITED PARTNERSHIP, TO PROVIDE FOR AMENDMENT OR RESTATEMENT OF CERTIFICATE OF LIMITED PARTNERSHIP, TO PROVIDE FOR SIGNING OF RECORDS TO BE DELIVERED FOR FILING TO SECRETARY OF STATE, TO PROVIDE FOR SUBJECTS COVERED OUTSIDE CHAPTER, TO PROVIDE FOR BECOMING LIMITED PARTNER, TO PROVIDE FOR NO AGENCY POWER OF LIMITED PARTNER AS LIMITED PARTNER, TO PROVIDE FOR NO LIABILITY AS LIMITED PARTNER FOR LIMITED PARTNERSHIP OBLIGATIONS, TO PROVIDE FOR RIGHTS TO INFORMATION OF LIMITED PARTNER AND PERSON DISSOCIATED AS LIMITED PARTNER, TO PROVIDE FOR LIMITED DUTIES OF LIMITED PARTNER, TO PROVIDE FOR LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD, TO PROVIDE FOR BECOMING GENERAL PARTNER, TO PROVIDE FOR NO AGENCY POWER OF GENERAL PARTNER AS LIMITED PARTNER, TO PROVIDE FOR LIMITED PARTNERSHIP LIABLE FOR GENERAL PARTNER'S ACTIONABLE CONDUCT, TO PROVIDE FOR RIGHTS TO INFORMATION OF GENERAL PARTNER AND PERSON DISSOCIATED AS LIMITED PARTNER, TO PROVIDE FOR ACTIONS BY AND AGAINST PARTNERSHIP AND PARTNERS, TO PROVIDE FOR MANAGEMENT RIGHTS OF GENERAL PARTNER, TO PROVIDE FOR RIGHTS TO INFORMATION OF GENERAL PARTNER AND PERSON DISSOCIATED AS GENERAL PARTNER, TO PROVIDE FOR REIMBURSEMENT, INDEMNIFICATION, ADVANCEMENT AND INSURANCE, TO PROVIDE FOR STANDARDS OF CONDUCT FOR GENERAL PARTNERS, TO PROVIDE FOR FORM OF CONTRIBUTION, TO PROVIDE FOR LIABILITY FOR CONTRIBUTION, TO PROVIDE FOR SHARING OF AND RIGHT TO DISTRIBUTIONS BEFORE DISSOLUTION, TO PROVIDE FOR LIMITATIONS ON DISTRIBUTIONS, TO PROVIDE FOR LIABILITY FOR IMPROPER DISTRIBUTIONS, TO PROVIDE FOR DISSOCIATION AS LIMITED PARTNER, TO PROVIDE FOR EFFECT OF DISSOCIATION AS LIMITED PARTNER, TO PROVIDE FOR DISSOCIATION AS GENERAL PARTNER, TO PROVIDE FOR POWER TO DISSOCIATE AS GENERAL PARTNER AND WRONGFUL DISSOCIATION, TO PROVIDE FOR EFFECT OF DISSOCIATION AS GENERAL PARTNER, TO PROVIDE FOR POWER TO BIND AND LIABILITY OF PERSON DISSOCIATED AS GENERAL PARTNER, TO PROVIDE FOR LIABILITY OF PERSON DISSOCIATED AS GENERAL PARTNER TO OTHER PERSONS, TO PROVIDE FOR NATURE OF TRANSFERABLE INTEREST, TO PROVIDE FOR TRANSFER OF TRANSFERABLE INTEREST, TO PROVIDE FOR CHARGING ORDER, TO PROVIDE FOR POWER OF LEGAL REPRESENTATIVE OF DECEASED PARTNER, TO PROVIDE FOR EVENTS CAUSING DISSOLUTION, TO PROVIDE FOR WINDING UP, TO PROVIDE FOR RESCINDING DISSOLUTION, TO PROVIDE FOR POWER TO BIND PARTNERSHIP AFTER DISSOLUTION, TO PROVIDE FOR LIABILITY AFTER DISSOLUTION OF GENERAL PARTNER AND PERSON DISSOCIATED AS GENERAL PARTNER, TO PROVIDE FOR KNOWN CLAIMS AGAINST DISSOLVED LIMITED PARTNERSHIP, TO PROVIDE FOR OTHER CLAIMS AGAINST DISSOLVED LIMITED PARTNERSHIP, TO PROVIDE FOR COURT PROCEEDINGS, TO PROVIDE FOR LIABILITY OF GENERAL PARTNER AND PERSON DISSOCIATED AS GENERAL PARTNER WHEN CLAIM AGAINST LIMITED PARTNERSHIP BARRED, TO PROVIDE FOR DISPOSITION OF ASSETS IN WINDING UP AND WHEN CONTRIBUTIONS REQUIRED, TO PROVIDE FOR SUBJECTS COVERED OUTSIDE CHAPTER, TO PROVIDE FOR DIRECT ACTION

BY A PARTNER, TO PROVIDE FOR DERIVATIVE ACTION, TO PROVIDE FOR PROPER PLAINTIFF, TO PROVIDE FOR PLEADING, TO PROVIDE FOR SPECIAL LITIGATION COMMITTEE AND TO PROVIDE FOR PROCEEDS AND EXPENSES; AMENDING TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER 25, TITLE 30, IDAHO CODE, RELATING TO LIMITED LIABILITY COMPANIES, TO PROVIDE SHORT TITLE, TO PROVIDE DEFINITIONS, TO PROVIDE FOR KNOWLEDGE AND NOTICE, TO PROVIDE FOR GOVERNING LAW, TO PROVIDE FOR OPERATING AGREEMENT, SCOPE, FUNCTION AND LIMITATIONS, TO PROVIDE FOR OPERATING AGREEMENT, EFFECT ON LIMITED LIABILITY COMPANY AND PERSON BECOMING MEMBER AND PREFORMATION AGREEMENT, TO PROVIDE FOR OPERATING AGREEMENT, EFFECT ON THIRD PARTIES AND RELATIONSHIP TO RECORDS EFFECTIVE ON BEHALF OF LIMITED LIABILITY COMPANY, TO PROVIDE FOR THE NATURE, PURPOSE AND DURATION OF LIMITED LIABILITY COMPANY, TO PROVIDE POWERS, TO PROVIDE FOR APPLICATION TO EXISTING RELATIONSHIPS, TO PROVIDE FOR SUBJECTS COVERED OUTSIDE CHAPTER, TO PROVIDE FOR FORMATION OF LIMITED LIABILITY COMPANY AND CERTIFICATE OF ORGANIZATION, TO PROVIDE FOR AMENDMENT OR RESTATEMENT OF CERTIFICATE OF ORGANIZATION, TO PROVIDE FOR SIGNING OF RECORDS TO BE DELIVERED FOR FILING TO SECRETARY OF STATE, TO PROVIDE FOR LIABILITY FOR INACCURATE INFORMATION IN FILED RECORDS, TO PROVIDE FOR SUBJECTS COVERED OUTSIDE CHAPTER, TO PROVIDE FOR NO AGENCY POWER OF MEMBER AS MEMBER, TO PROVIDE FOR STATEMENT OF AUTHORITY, TO PROVIDE FOR STATEMENT OF DENIAL, TO PROVIDE FOR LIABILITY OF MEMBERS AND MANAGERS, TO PROVIDE FOR BECOMING A MEMBER, TO PROVIDE FOR FORM OF CONTRIBUTION, TO PROVIDE FOR LIABILITY FOR CONTRIBUTIONS, TO PROVIDE FOR SHARING OF AND RIGHT TO DISTRIBUTIONS BEFORE DISSOLUTION, TO PROVIDE FOR LIMITATIONS ON DISTRIBUTIONS, TO PROVIDE FOR LIABILITY FOR IMPROPER DISTRIBUTIONS, TO PROVIDE FOR MANAGEMENT OF A LIMITED LIABILITY COMPANY, TO PROVIDE FOR REIMBURSEMENT, INDEMNIFICATION, ADVANCEMENT AND INSURANCE, TO PROVIDE FOR STANDARDS OF CONDUCT FOR MEMBERS AND MANAGERS, TO PROVIDE FOR RIGHTS TO INFORMATION OF MEMBER, MANAGER AND PERSON DISSOCIATED AS MEMBER, TO PROVIDE FOR NATURE OF TRANSFERABLE INTEREST, TO PROVIDE FOR TRANSFER OF TRANSFERABLE INTEREST, TO PROVIDE FOR CHARGING ORDER, TO PROVIDE FOR POWER OF LEGAL REPRESENTATIVE OF DECEASED MEMBER, TO PROVIDE FOR POWER TO DISSOCIATE AS MEMBER AND WRONGFUL DISSOCIATION, TO PROVIDE FOR EVENTS CAUSING DISSOCIATION, TO PROVIDE FOR EFFECT OF DISSOCIATION, TO PROVIDE FOR EVENTS CAUSING DISSOLUTION, TO PROVIDE FOR WINDING UP, TO PROVIDE FOR RESCINDING DISSOLUTION, TO PROVIDE FOR KNOWN CLAIMS AGAINST DISSOLVED LIMITED LIABILITY COMPANY, TO PROVIDE FOR OTHER CLAIMS AGAINST DISSOLVED LIMITED LIABILITY COMPANY, TO PROVIDE FOR COURT PROCEEDINGS, TO PROVIDE FOR DISPOSITION OF ASSETS IN WINDING UP, TO PROVIDE FOR SUBJECTS COVERED OUTSIDE CHAPTER, TO PROVIDE FOR DIRECT ACTION BY MEMBER, TO PROVIDE FOR DERIVATIVE ACTION, TO PROVIDE FOR PROPER PLAINTIFF, TO PROVIDE FOR PLEADING, TO PROVIDE FOR SPECIAL LITIGATION COMMITTEE AND TO PROVIDE FOR PROCEEDS AND EXPENSES; AMENDING TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER 27, TITLE 30, IDAHO CODE, RELATING TO UNINCORPORATED NONPROFIT ASSOCIATIONS; TO PROVIDE A SHORT TITLE, TO PROVIDE DEFINITIONS, TO PROVIDE FOR RELATION TO OTHER LAWS, TO PROVIDE FOR GOVERNING LAW, TO PROVIDE FOR ENTITY, PERPETUAL EXISTENCE AND POWERS, TO PROVIDE FOR OWNERSHIP AND TRANSFER OF PROPERTY, TO PROVIDE FOR STATEMENT OF AUTHORITY AS TO REAL PROPERTY, TO PROVIDE FOR LIABILITY,

TO PROVIDE FOR ASSERTION AND DEFENSE OF CLAIMS, TO PROVIDE FOR EFFECT OF JUDGMENT OR ORDER, TO PROVIDE FOR SERVICE OF PROCESS, TO PROVIDE FOR ACTION OR PROCEEDING NOT ABATED BY CHANGE, TO PROVIDE FOR VENUE, TO PROVIDE FOR MEMBER NOT AGENT, TO PROVIDE FOR DISTRIBUTIONS PROHIBITED, COMPENSATION AND OTHER PERMITTED PAYMENTS, TO PROVIDE FOR DISSOLUTION, TO PROVIDE FOR WINDING UP AND TERMINATION, TO PROVIDE FOR APPOINTMENT OF REGISTERED AGENT AND TO PROVIDE FOR TRANSITION CONCERNING REAL AND PERSONAL PROPERTY; AMENDING TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER 29, TITLE 30, IDAHO CODE, RELATING TO GENERAL BUSINESS CORPORATIONS, TO PROVIDE A SHORT TITLE, TO PROVIDE FOR REQUIREMENTS FOR DOCUMENTS AND EXTRINSIC FACTS, TO PROVIDE FOR CHAPTER DEFINITIONS, TO PROVIDE FOR NOTICE, TO PROVIDE FOR INCORPORATORS, TO PROVIDE FOR ARTICLES OF INCORPORATION, TO PROVIDE FOR INCORPORATION, TO PROVIDE FOR LIABILITY FOR PREINCORPORATION TRANSACTIONS, TO PROVIDE FOR ORGANIZATION OF CORPORATION, TO PROVIDE FOR BYLAWS, TO PROVIDE FOR EMERGENCY BYLAWS, TO PROVIDE FOR PURPOSES, TO PROVIDE FOR GENERAL POWERS, TO PROVIDE FOR EMERGENCY POWERS, TO PROVIDE FOR ULTRA VIRES, TO PROVIDE FOR AUTHORIZED SHARES, TO PROVIDE FOR TERMS OF CLASS OR SERIES DETERMINED BY BOARD OF DIRECTORS, TO PROVIDE FOR ISSUED AND OUTSTANDING SHARES, TO PROVIDE FOR FRACTIONAL SHARES, TO PROVIDE FOR SUBSCRIPTION FOR SHARES BEFORE INCORPORATION, TO PROVIDE FOR ISSUANCE OF SHARES, TO PROVIDE FOR LIABILITY OF SHAREHOLDERS, TO PROVIDE FOR SHARE DIVIDENDS, TO PROVIDE FOR SHARE OPTIONS, TO PROVIDE FOR FORM AND CONTENT OF CERTIFICATES, TO PROVIDE FOR SHARES WITHOUT CERTIFICATES, TO PROVIDE FOR RESTRICTION ON TRANSFER OF SHARES AND OTHER SECURITIES, TO PROVIDE FOR EXPENSE OF ISSUE, TO PROVIDE FOR SHAREHOLDERS' PREEMPTIVE RIGHTS, TO PROVIDE FOR CORPORATION'S ACQUISITION OF ITS OWN SHARES, TO PROVIDE FOR DISTRIBUTIONS TO SHAREHOLDERS, TO PROVIDE FOR AN ANNUAL MEETING, TO PROVIDE FOR A SPECIAL MEETING, TO PROVIDE FOR A COURT-ORDERED MEETING, TO PROVIDE FOR ACTION WITHOUT MEETING, TO PROVIDE FOR NOTICE OF MEETING, TO PROVIDE FOR WAIVER OF NOTICE, TO PROVIDE FOR RECORD DATE, TO PROVIDE FOR CONDUCT OF THE MEETING, TO PROVIDE FOR SHAREHOLDERS' LIST FOR MEETING, TO PROVIDE FOR VOTING ENTITLEMENT OF SHARES, TO PROVIDE FOR PROXIES, TO PROVIDE FOR SHARES HELD BY NOMINEES, TO PROVIDE FOR CORPORATION'S ACCEPTANCE OF VOTES, TO PROVIDE FOR QUORUM AND VOTING REQUIREMENTS FOR VOTING GROUPS, TO PROVIDE FOR ACTION BY SINGLE AND MULTIPLE VOTING GROUPS, TO PROVIDE FOR GREATER QUORUM OR VOTING REQUIREMENTS, TO PROVIDE FOR VOTING FOR DIRECTORS AND CUMULATIVE VOTING, TO PROVIDE FOR INSPECTORS OF ELECTION, TO PROVIDE FOR VOTING TRUSTS, TO PROVIDE FOR VOTING AGREEMENTS, TO PROVIDE FOR SHAREHOLDER AGREEMENTS, TO PROVIDE FOR DEFINITIONS, TO PROVIDE FOR STANDING, TO PROVIDE FOR A DEMAND, TO PROVIDE FOR A STAY OF PROCEEDINGS, TO PROVIDE FOR DISMISSAL, TO PROVIDE FOR DISCONTINUANCE OR SETTLEMENT, TO PROVIDE FOR PAYMENT OF EXPENSES, TO PROVIDE FOR APPLICABILITY TO FOREIGN CORPORATIONS, TO PROVIDE FOR REQUIREMENT FOR AND DUTIES OF BOARD OF DIRECTORS, TO PROVIDE FOR QUALIFICATIONS OF DIRECTORS, TO PROVIDE FOR NUMBER AND ELECTION OF DIRECTORS, TO PROVIDE FOR ELECTION OF DIRECTORS BY CERTAIN CLASSES OF SHAREHOLDERS, TO PROVIDE FOR TERMS OF DIRECTORS GENERALLY, TO PROVIDE FOR STAGGERED TERMS FOR DIRECTORS, TO PROVIDE FOR RESIGNATION OF DIRECTORS, TO PROVIDE FOR REMOVAL OF DIRECTORS BY SHAREHOLDERS, TO PROVIDE FOR REMOVAL OF DIRECTORS BY JUDICIAL PROCEEDING,

TO PROVIDE FOR VACANCY ON BOARD, TO PROVIDE FOR COMPENSATION OF DIRECTORS, TO PROVIDE FOR MEETINGS, TO PROVIDE FOR ACTION WITHOUT MEETING, TO PROVIDE FOR NOTICE OF MEETING, TO PROVIDE FOR WAIVER OF NOTICE, TO PROVIDE FOR QUORUM AND VOTING, TO PROVIDE FOR COMMITTEES, TO PROVIDE FOR STANDARDS FOR DIRECTORS, TO PROVIDE FOR STANDARDS OF LIABILITY FOR DIRECTORS, TO PROVIDE FOR DIRECTORS' LIABILITY FOR UNLAWFUL DISTRIBUTIONS, TO PROVIDE FOR REQUIRED OFFICERS, TO PROVIDE FOR DUTIES OF OFFICERS, TO PROVIDE FOR STANDARDS OF CONDUCT FOR OFFICERS, TO PROVIDE FOR RESIGNATION AND REMOVAL OF OFFICERS, TO PROVIDE FOR CONTRACT RIGHTS OF OFFICERS, TO PROVIDE DEFINITIONS, TO PROVIDE FOR PERMISSIBLE INDEMNIFICATION, TO PROVIDE FOR MANDATORY INDEMNIFICATION, TO PROVIDE FOR ADVANCE FOR EXPENSES, TO PROVIDE FOR COURT-ORDERED INDEMNIFICATION AND ADVANCE FOR EXPENSES, TO PROVIDE FOR DETERMINATION AND AUTHORIZATION OF INDEMNIFICATION, TO PROVIDE FOR OFFICERS, TO PROVIDE FOR INSURANCE, TO PROVIDE FOR VARIATION BY CORPORATE ACTION AND APPLICATION OF INDEMNIFICATION PROVISIONS, TO PROVIDE FOR EXCLUSIVITY, TO PROVIDE DEFINITIONS, TO PROVIDE FOR JUDICIAL ACTION, TO PROVIDE FOR DIRECTORS' ACTION, TO PROVIDE FOR SHAREHOLDERS' ACTION, TO PROVIDE FOR AUTHORITY TO AMEND ARTICLES OF INCORPORATION, TO PROVIDE FOR AMENDMENT BEFORE ISSUANCE OF SHARES, TO PROVIDE FOR AMENDMENT BY BOARD OF DIRECTORS AND SHAREHOLDERS, TO PROVIDE FOR VOTING ON AMENDMENTS BY VOTING GROUPS, TO PROVIDE FOR AMENDMENT BY BOARD OF DIRECTORS, TO PROVIDE FOR ARTICLES OF AMENDMENT, TO PROVIDE FOR RESTATED ARTICLES OF INCORPORATION, TO PROVIDE FOR AMENDMENT PURSUANT TO REORGANIZATION, TO PROVIDE FOR EFFECT OF AMENDMENT, TO PROVIDE FOR AMENDMENT BY BOARD OF DIRECTORS OR SHAREHOLDERS, TO PROVIDE FOR A BYLAW INCREASING QUORUM OR VOTING REQUIREMENT FOR DIRECTORS, TO PROVIDE FOR ACTION ON A PLAN OF MERGER OR SHARE EXCHANGE, TO PROVIDE FOR MERGER BETWEEN PARENT AND SUBSIDIARY OR BETWEEN SUBSIDIARIES, TO PROVIDE FOR DISPOSITION OF ASSETS NOT REQUIRING SHAREHOLDER APPROVAL, TO PROVIDE FOR SHAREHOLDER APPROVAL OF CERTAIN DISPOSITIONS, TO PROVIDE DEFINITIONS, TO PROVIDE FOR RIGHT TO APPRAISAL, TO PROVIDE FOR ASSERTION OF RIGHTS BY NOMINEES AND BENEFICIAL OWNERS, TO PROVIDE FOR NOTICE OF APPRAISAL RIGHTS, TO PROVIDE FOR NOTICE OF INTENT TO DEMAND PAYMENT, TO PROVIDE FOR APPRAISAL NOTICE AND FORM, TO PROVIDE FOR PERFECTION OF RIGHTS AND RIGHT TO WITHDRAW, TO PROVIDE FOR PAYMENT, TO PROVIDE FOR AFTER ACQUIRED SHARES, TO PROVIDE FOR PROCEDURE IF SHAREHOLDER DISSATISFIED WITH PAYMENT OR OFFER, TO PROVIDE FOR COURT ACTION, TO PROVIDE FOR COURT COSTS AND COUNSEL FEES, TO PROVIDE FOR DISSOLUTION BY INCORPORATORS OR INITIAL DIRECTORS, TO PROVIDE FOR DISSOLUTION BY BOARD OF DIRECTORS AND SHAREHOLDERS, TO PROVIDE FOR ARTICLES OF DISSOLUTION, TO PROVIDE FOR REVOCATION OF DISSOLUTION, TO PROVIDE FOR EFFECT OF DISSOLUTION, TO PROVIDE FOR KNOWN CLAIMS AGAINST DISSOLVED CORPORATION, TO PROVIDE FOR OTHER CLAIMS AGAINST DISSOLVED CORPORATION, TO PROVIDE FOR COURT PROCEEDING, TO PROVIDE FOR DIRECTOR DUTIES, TO PROVIDE FOR GROUNDS FOR JUDICIAL DISSOLUTION, TO PROVIDE FOR PROCEDURE FOR JUDICIAL DISSOLUTION, TO PROVIDE FOR RECEIVERSHIP OR CUSTODIANSHIP, TO PROVIDE FOR DECREE OF DISSOLUTION, TO PROVIDE FOR ELECTION TO PURCHASE IN LIEU OF DISSOLUTION, TO PROVIDE FOR DEPOSIT WITH THE STATE TREASURER, TO PROVIDE FOR CORPORATE RECORDS, TO PROVIDE FOR INSPECTION OF RECORDS BY SHAREHOLDERS, TO PROVIDE FOR SCOPE OF INSPECTION RIGHT, TO PROVIDE

FOR COURT-ORDERED INSPECTION, TO PROVIDE FOR INSPECTION OF RECORDS BY DIRECTORS, TO PROVIDE FOR EXCEPTION TO NOTICE REQUIREMENT, TO PROVIDE FOR FINANCIAL STATEMENTS FOR SHAREHOLDERS, TO PROVIDE FOR OTHER REPORTS TO SHAREHOLDERS, TO PROVIDE FOR APPLICATION OF CHAPTER TO EXISTING DOMESTIC CORPORATIONS, TO PROVIDE FOR APPLICATION TO QUALIFIED FOREIGN CORPORATIONS, TO PROVIDE FOR SAVING PROVISIONS AND TO PROVIDE FOR SEVERABILITY; AMENDING TITLE 30, IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER 30, TITLE 30, IDAHO CODE, RELATING TO THE IDAHO NONPROFIT CORPORATION ACT, TO PROVIDE A SHORT TITLE, TO PROVIDE FOR FILING REQUIREMENTS, TO PROVIDE DEFINITIONS, TO PROVIDE FOR NOTICE, TO PROVIDE FOR A PRIVATE FOUNDATION, TO PROVIDE FOR JUDICIAL RELIEF, TO PROVIDE FOR RELIGIOUS CORPORATIONS AND CONSTITUTIONAL PROTECTIONS, TO PROVIDE FOR INCORPORATORS, TO PROVIDE FOR ARTICLES OF INCORPORATION, TO PROVIDE FOR INCORPORATION, TO PROVIDE FOR LIABILITY, TO PROVIDE FOR ORGANIZATION OF CORPORATION, TO PROVIDE FOR BYLAWS, TO PROVIDE FOR EMERGENCY BYLAWS AND POWERS, TO PROVIDE FOR PURPOSES, TO PROVIDE FOR GENERAL POWERS, TO PROVIDE FOR EMERGENCY POWERS, TO PROVIDE FOR ULTRA VIRES, TO PROVIDE FOR ADMISSION OF MEMBERS, TO PROVIDE FOR CONSIDERATION, TO PROVIDE FOR NO REQUIREMENT OF MEMBERS, TO PROVIDE FOR DIFFERENCES IN RIGHTS AND OBLIGATIONS OF MEMBERS, TO PROVIDE FOR TRANSFERS, TO PROVIDE FOR MEMBER'S LIABILITY TO THIRD PARTIES, TO PROVIDE FOR MEMBER'S LIABILITY FOR DUES, ASSESSMENTS AND FEES, TO PROVIDE FOR RESIGNATION, TO PROVIDE FOR TERMINATION, EXPULSION AND SUSPENSION, TO PROVIDE FOR PURCHASE OF MEMBERSHIPS, TO PROVIDE FOR DERIVATIVE SUITS, TO PROVIDE FOR DELEGATES, TO PROVIDE FOR ANNUAL AND REGULAR MEETINGS, TO PROVIDE FOR A SPECIAL MEETING, TO PROVIDE FOR COURT-ORDERED MEETINGS, TO PROVIDE FOR ACTION BY WRITTEN CONSENT, TO PROVIDE FOR NOTICE OF MEETING, TO PROVIDE FOR WAIVER OF NOTICE, TO PROVIDE FOR RECORD DATE FOR DETERMINING MEMBERS ENTITLED TO NOTICE AND VOTE, TO PROVIDE FOR ACTION BY MAILED WRITTEN BALLOT OR ABSENTEE BALLOT, TO PROVIDE FOR MEMBERS' LIST FOR MEETING, TO PROVIDE FOR VOTING ENTITLEMENT GENERALLY, TO PROVIDE FOR QUORUM REQUIREMENTS, TO PROVIDE FOR VOTING REQUIREMENTS, TO PROVIDE FOR PROXIES, TO PROVIDE FOR CUMULATIVE VOTING FOR DIRECTORS, TO PROVIDE FOR OTHER METHODS OF ELECTING DIRECTORS, TO PROVIDE FOR CORPORATION'S ACCEPTANCE OF VOTES, TO PROVIDE FOR VOTING AGREEMENTS, TO PROVIDE FOR REQUIREMENT FOR AND DUTIES OF BOARD, TO PROVIDE FOR QUALIFICATIONS OF DIRECTORS, TO PROVIDE FOR NUMBER OF DIRECTORS, TO PROVIDE FOR ELECTION, DESIGNATION AND APPOINTMENT OF DIRECTORS, TO PROVIDE FOR TERMS OF DIRECTORS GENERALLY, TO PROVIDE FOR STAGGERED TERMS FOR DIRECTORS, TO PROVIDE FOR RESIGNATION OF DIRECTORS, TO PROVIDE FOR REMOVAL OF DIRECTORS ELECTED BY MEMBERS OR DIRECTORS, TO PROVIDE FOR REMOVAL OF DESIGNATED OR APPOINTED DIRECTORS, TO PROVIDE FOR VACANCY ON BOARD, TO PROVIDE FOR COMPENSATION OF DIRECTORS, TO PROVIDE FOR REGULAR AND SPECIAL MEETINGS, TO PROVIDE FOR ACTION WITHOUT MEETING, TO PROVIDE FOR CALL AND NOTICE OF MEETINGS, TO PROVIDE FOR WAIVER OF NOTICE, TO PROVIDE FOR QUORUM AND VOTING, TO PROVIDE FOR COMMITTEES OF THE BOARD, TO PROVIDE FOR GENERAL STANDARDS FOR DIRECTORS, TO PROVIDE FOR DIRECTOR AND CONFLICT OF INTEREST, TO PROVIDE FOR LOANS TO OR GUARANTEES FOR DIRECTORS AND OFFICERS, TO PROVIDE FOR REQUIRED OFFICERS, TO PROVIDE FOR DUTIES AND AUTHORITY OF OFFICERS, TO PROVIDE FOR STANDARDS OF CONDUCT FOR OFFICERS, TO PROVIDE FOR RESIG-

NATION AND REMOVAL OF OFFICERS, TO PROVIDE FOR OFFICERS' AUTHORITY TO EXECUTE DOCUMENTS, TO PROVIDE FOR INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, TO PROVIDE FOR AUTHORITY TO AMEND ARTICLES, TO PROVIDE FOR AMENDMENT OF ARTICLES BY DIRECTORS, TO PROVIDE FOR AMENDMENT OF ARTICLES BY DIRECTORS AND MEMBERS, TO PROVIDE FOR CLASS VOTING BY MEMBERS ON AMENDMENTS TO ARTICLES, TO PROVIDE FOR ARTICLES OF AMENDMENT, TO PROVIDE FOR RESTATED ARTICLES OF INCORPORATION, TO PROVIDE FOR EFFECT OF AMENDMENT AND RESTATEMENT OF ARTICLES, TO PROVIDE FOR AMENDMENT OF BYLAWS BY DIRECTORS, TO PROVIDE FOR AMENDMENT OF BYLAWS BY DIRECTORS AND MEMBERS, TO PROVIDE FOR CLASS VOTING BY MEMBERS ON AMENDMENTS TO BYLAWS, TO PROVIDE FOR APPROVAL BY THIRD PERSONS, TO PROVIDE FOR APPROVAL OF PLAN OF MERGER, TO PROVIDE FOR ACTION ON PLAN BY BOARD, MEMBERS AND THIRD PERSONS, TO PROVIDE FOR BEQUESTS, DEVISES AND GIFTS, TO PROVIDE FOR THE SALE OF ASSETS IN THE REGULAR COURSE OF ACTIVITIES AND THE MORTGAGE OF ASSETS, TO PROVIDE FOR THE SALE OF ASSETS OTHER THAN IN THE REGULAR COURSE OF ACTIVITIES, TO PROVIDE FOR PROHIBITED DISTRIBUTIONS, TO PROVIDE FOR AUTHORIZED DISTRIBUTIONS, TO PROVIDE FOR THE DISSOLUTION BY INCORPORATORS OR DIRECTORS AND THIRD PERSONS, TO PROVIDE FOR THE DISSOLUTION BY DIRECTORS, MEMBERS AND THIRD PERSONS, TO PROVIDE FOR ARTICLES OF DISSOLUTION, TO PROVIDE FOR THE EFFECT OF DISSOLUTION, TO PROVIDE FOR KNOWN CLAIMS AGAINST A DISSOLVED CORPORATION, TO PROVIDE FOR UNKNOWN CLAIMS AGAINST A DISSOLVED CORPORATION, TO PROVIDE FOR CORPORATE RECORDS, TO PROVIDE FOR THE INSPECTION OF RECORDS BY MEMBERS, TO PROVIDE FOR THE SCOPE OF INSPECTION RIGHTS, TO PROVIDE FOR LIMITATIONS ON THE USE OF A MEMBERSHIP LIST, TO PROVIDE FOR FINANCIAL STATEMENTS FOR MEMBERS, TO PROVIDE FOR A REPORT OF INDEMNIFICATION TO MEMBERS, TO PROVIDE FOR THE APPLICATION OF LAWS TO EXISTING DOMESTIC NONPROFIT CORPORATIONS, TO PROVIDE FOR THE APPLICATION OF LAWS TO A QUALIFIED FOREIGN NONPROFIT CORPORATION, TO PROVIDE FOR THE APPLICATION OF LAWS TO CANAL COMPANIES AND CAREY ACT COMPANIES AND TO PROVIDE FOR SAVING PROVISIONS.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Chapter 1, Title 30, Idaho Code, be, and the same is hereby repealed.

SECTION 2. That Chapter 6, Title 30, Idaho Code, be, and the same is hereby repealed.

SECTION 3. That Chapter 18, Title 30, Idaho Code, be, and the same is hereby repealed.

SECTION 4. That Chapter 2, Title 53, Idaho Code, be, and the same is hereby repealed.

SECTION 5. That Chapter 3, Title 53, Idaho Code, be, and the same is hereby repealed.

SECTION 6. That Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW CHAPTER, to be known and designated as Chapter 21, Title 30, Idaho Code, and to read as follows:

CHAPTER 21
IDAHO UNIFORM BUSINESS ORGANIZATIONS CODE

SECTION 7. That Chapter 21, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 1, Chapter 21, Title 30, Idaho Code, and to read as follows:

PART 1
PRELIMINARY PROVISIONS

30-21-101. SHORT TITLES. (a) This act may be cited as the "Idaho Uniform Business Organizations Code."

(b) This chapter may be cited as the "Idaho Uniform Business Organizations Code -- Preliminary Provisions."

(c) Part 4 of this chapter may be cited as the "Idaho Registered Agent of Entity Act."

(d) Part 8 of this chapter may be cited as the "Idaho Assumed Business Names Act."

30-21-102. DEFINITIONS. In this act, except as otherwise provided in definitions of the same terms in other articles of this act:

(1) "Act" means the Idaho uniform business organizations code.

(2) "Annual report" means the report required by section 30-21-213, Idaho Code.

(3) "Business corporation" means a domestic business corporation incorporated under or subject to chapter 29, title 30, Idaho Code, or a foreign business corporation.

(4) "Business trust" means a trust formed under the statutory law of another state that is not a foreign statutory trust and does not have a predominately donative purpose.

(5) "Commercial registered agent" means a person listed under section 30-21-405, Idaho Code.

(6) "Common-law business trust" means a common-law trust that does not have a predominately donative purpose.

(7) "Debtor in bankruptcy" means a person that is the subject of:

(A) An order for relief under 11 U.S.C. or a comparable order under a successor statute of general application; or

(B) A comparable order under federal, state or foreign law governing insolvency.

(8) "Distributional interest" means the right under an unincorporated entity's organic law and organic rules to receive distributions from the entity.

(9) "Domestic," with respect to an entity, means governed as to its internal affairs by the law of this state.

(10) "Effective date," when referring to a record filed by the secretary of state, means the time and date determined in accordance with section 30-21-203, Idaho Code.

(11) "Entity":

(A) Means:

(i) A business corporation;

(ii) A nonprofit corporation;

(iii) A general partnership, including a limited liability partnership;
(iv) A limited partnership, including a limited liability limited partnership;
(v) A limited liability company;
(vi) A general cooperative association;
(vii) A limited cooperative association;
(viii) An unincorporated nonprofit association;
(ix) A statutory trust, business trust, or common-law business trust; or
(x) Any other person that has:
(I) A legal existence separate from any interest holder of that person; or
(II) The power to acquire an interest in real property in its own name; and
(B) Does not include:
(i) An individual;
(ii) A trust with a predominately donative purpose or a charitable trust;
(iii) An association or relationship that is not listed in paragraph (A) of this subsection and is not a partnership under the rules stated in section 30-23-202(c), Idaho Code, or a similar provision of the law of another jurisdiction;
(iv) A decedent's estate; or
(v) A government or a governmental subdivision, agency or instrumentality.
(12) "Entity filing" means a record delivered to the secretary of state for filing pursuant to this act.
(13) "Filed record" means a record filed by the secretary of state pursuant to this act.
(14) "Filing entity" means an entity whose formation requires the filing of a public organic record. The term does not include a limited liability partnership.
(15) "Foreign," with respect to an entity, means governed as to its internal affairs by the law of a jurisdiction other than this state.
(16) "General cooperative association" means a foreign general cooperative association.
(17) "General partnership" means a domestic general partnership formed under or subject to chapter 23 of this act or a foreign general partnership. The term includes a limited liability partnership.
(18) "Governance interest" means a right under the organic law or organic rules of an unincorporated entity, other than as a governor, agent, assignee or proxy, to:
(A) Receive or demand access to information concerning, or the books and records of, the entity;
(B) Vote for or consent to the election of the governors of the entity; or
(C) Receive notice of or vote on or consent to an issue involving the internal affairs of the entity.
(19) "Governor" means:

(A) A director of a business corporation;
(B) A director or trustee of a nonprofit corporation;
(C) A general partner of a general partnership;
(D) A general partner of a limited partnership;
(E) A manager of a manager-managed limited liability company;
(F) A member of a member-managed limited liability company;
(G) A director of a general cooperative association;
(H) A director of a limited cooperative association;
(I) A manager of an unincorporated nonprofit association;
(J) A trustee of a statutory trust, business trust or common-law business trust; or
(K) Any other person under whose authority the powers of an entity are exercised and under whose direction the activities and affairs of the entity are managed pursuant to the organic law and organic rules of the entity.
(20) "Interest" means:
(A) A share in a business corporation;
(B) A membership in a nonprofit corporation;
(C) A governance interest in a general partnership;
(D) A governance interest in a limited partnership;
(E) A governance interest in a limited liability company;
(F) A share in a general cooperative association;
(G) A member's interest in a limited cooperative association;
(H) A membership in an unincorporated nonprofit association;
(I) A beneficial interest in a statutory trust, business trust or common-law business trust; or
(J) A governance interest or distributional interest in any other type of unincorporated entity.
(21) "Interest holder" means:
(A) A shareholder of a business corporation;
(B) A member of a nonprofit corporation;
(C) A general partner of a general partnership;
(D) A general partner of a limited partnership;
(E) A limited partner of a limited partnership;
(F) A member of a limited liability company;
(G) A shareholder of a general cooperative association;
(H) A member of a limited cooperative association;
(I) A member of an unincorporated nonprofit association;
(J) A beneficiary or beneficial owner of a statutory trust, business trust or common-law business trust; or
(K) Any other direct holder of an interest.
(22) "Jurisdiction," used to refer to a political entity, means the United States, a state, a foreign country, or a political subdivision of a foreign country.
(23) "Jurisdiction of formation" means the jurisdiction whose law includes the organic law of an entity.
(24) "Limited cooperative association" means a foreign limited cooperative association.

(25) "Limited liability company" means a domestic limited liability company formed under or subject to chapter 25, title 30, Idaho Code, or a foreign limited liability company.

(26) "Limited liability limited partnership" means a domestic limited liability limited partnership formed under or subject to chapter 24, title 30, Idaho Code, or a foreign limited liability limited partnership.

(27) "Limited liability partnership" means a domestic limited liability partnership registered under or subject to chapter 23, title 30, Idaho Code, or a foreign limited liability partnership.

(28) "Limited partnership" means a domestic limited partnership formed under or subject to chapter 24, title 30, Idaho Code, or a foreign limited partnership. The term includes a limited liability limited partnership.

(29) "Noncommercial registered agent" means a person that is not a commercial registered agent and is:

(A) An individual or domestic or foreign entity that serves in this state as the registered agent of an entity; or

(B) An individual who holds the office or other position in an entity which is designated as the registered agent pursuant to section 30-21-404(a)(2)(B), Idaho Code.

(30) "Nonfiling entity" means an entity whose foundation does not require the filing of a public organic record.

(31) "Nonprofit corporation" means a domestic nonprofit corporation incorporated under or subject to chapter 30, title 30, Idaho Code, or a foreign nonprofit corporation.

(32) "Nonregistered foreign entity" means a foreign entity that is not registered to do business in this state pursuant to a statement of registration filed by the secretary of state.

(33) "Organic law" means the law of an entity's jurisdiction of formation governing the internal affairs of the entity.

(34) "Organic rules" means the public organic record and private organic rules of an entity.

(35) "Person" means an individual, business corporation, nonprofit corporation, partnership, limited partnership, limited liability company, general cooperative association, limited cooperative association, unincorporated nonprofit association, statutory trust, business trust, common-law business trust, estate trust, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

(36) "Principal office" means the principal executive office of an entity, whether or not the office is located in this state.

(37) "Private organic rules" means the rules, whether or not in a record, that govern the internal affairs of an entity, are binding on all its interest holders, and are not part of its public organic record, if any. The term includes:

(A) The bylaws of a business corporation;

(B) The bylaws of a nonprofit corporation;

(C) The partnership agreement of a general partnership;

(D) The partnership agreement of a limited partnership;

(E) The operating agreement of a limited liability company;

(F) The bylaws of a general cooperative association;

(G) The bylaws of a limited cooperative association;

(H) The governing principles of an unincorporated nonprofit association; and

(I) The trust instrument of a statutory trust or similar rules of a business trust or common-law business trust.

(38) "Proceeding" includes a civil action, arbitration, mediation, administrative proceeding, criminal prosecution and investigatory action.

(39) "Professional entity" means an entity formed for the sole and specific purpose of rendering professional services, allied professional services, and services ancillary to the professional services and that has as its interest holders only:

(A) Natural persons who themselves are duly licensed or otherwise legally authorized to render one (1) or more of the same professional services as the professional entity; and

(B) Other professional entities.

(40) "Professional service" means any type of service to the public that can be rendered by a member of any profession within the purview of the member's profession.

(41) "Property" means all property, whether real, personal, or mixed or tangible or intangible, or any right or interest therein.

(42) "Public organic record" means the record, the filing of which by the secretary of state is required to form an entity, and any amendment to or restatement of that record. The term includes:

(A) The articles of incorporation of a business corporation;

(B) The articles of incorporation of a nonprofit corporation;

(C) The certificate of limited partnership of a limited partnership;

(D) The certificate of organization of a limited liability company;

(E) The articles of incorporation of a general cooperative association;

(F) The articles of organization of a limited cooperative association; and

(G) The certificate of trust of a statutory trust or similar record of a business trust.

(43) "Receipt," as used in this chapter, means actual receipt. "Receive" has a corresponding meaning.

(44) "Record," used as a noun, 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.

(45) "Registered agent" means an agent of an entity that is authorized to receive service of any process, notice, or demand required or permitted by law to be served on the entity. The term includes a commercial registered agent and a noncommercial registered agent.

(46) "Registered foreign entity" means a foreign entity that is registered to do business in this state pursuant to a statement of registration filed by the secretary of state.

(47) "Sign" means with present intent to authenticate or adopt a record:

(A) To execute or adopt a tangible symbol; or

(B) To attach to or logically associate with the record an electronic symbol, sound or process.

(48) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(49) "Statutory trust" means a trust formed under the statutory law of a jurisdiction other than this state.

(50) "Transfer" includes:

(A) An assignment;

(B) A conveyance;

(C) A sale;

(D) A lease;

(E) An encumbrance, including a mortgage or security interest;

(F) A gift; and

(G) A transfer by operation of law.

(51) "Type of entity" means a generic form of entity:

(A) Recognized at common law; or

(B) Formed under an organic law, whether or not some entities formed under that law are subject to provisions of that law that create different categories of the form of entity.

(52) "Unincorporated nonprofit association" means a domestic unincorporated nonprofit association formed under or subject to chapter 27, title 30, Idaho Code, or a nonprofit association formed under or subject to the law of a jurisdiction other than this state that would be an unincorporated nonprofit association if formed under or subject to the law of this state.

(53) "Written" means inscribed on a tangible medium. "Writing" has a corresponding meaning.

30-21-103. APPLICABILITY OF PART. This part applies to an entity formed under or subject to this act.

30-21-104. DELIVERY OF RECORD. (a) Except as otherwise provided in this act, permissible means of delivery of a record includes delivery by hand, mail, conventional commercial practice, and electronic transmission.

(b) Delivery to the secretary of state is effective only when a record is received by the secretary of state.

30-21-105. RULES AND PROCEDURES. The secretary of state may:

(1) Adopt rules to administer this act in accordance with the administrative procedure act; and

(2) Prescribe procedures that are reasonably necessary to perform the duties required of the secretary of state under this act and are not required by the administrative procedure act to be adopted as rules.

30-21-106 --RESERVED.

SECTION 8. That Chapter 21, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 2, Chapter 21, Title 30, Idaho Code, and to read as follows:

PART 2
FILING

30-21-201. ENTITY FILING REQUIREMENTS. (a) To be filed by the secretary of state pursuant to this act, an entity filing must be received by the secretary of state, comply with this act, and satisfy the following:

(1) The entity filing must be required or permitted by this act.

(2) The entity filing must be physically delivered in written form unless and to the extent the secretary of state permits electronic delivery of entity filings.

(3) The words in the entity filing must be in English, and numbers must be in Arabic or Roman numerals, but the name of the entity need not be in English if written in English letters or Arabic or Roman numerals.

(4) The entity filing must be signed by or on behalf of a person authorized or required under this chapter to sign the filing.

(5) The entity filing must state the name and capacity, if any, of each individual who signed it, either on behalf of the individual or the person authorized or required to sign the filing, but need not contain a seal, attestation, acknowledgment or verification.

(b) If law other than this chapter prohibits the disclosure by the secretary of state of information contained in an entity filing, the secretary of state shall file the entity filing if the filing otherwise complies with this chapter but may redact the information.

(c) When an entity filing is delivered to the secretary of state for filing, any fee required under this part and any fee, tax, interest, or penalty required to be paid under this part or law other than this act must be paid in a manner permitted by the secretary of state.

(d) The secretary of state may require that an entity filing delivered in written form be accompanied by an identical or conformed copy.

30-21-202. FORMS. (a) The secretary of state may provide forms for entity filings required or permitted to be made by this act, but, except as otherwise provided in subsection (b) of this section, their use is not required.

(b) The secretary of state may require that a cover sheet for an entity filing and an annual report be on forms prescribed by the secretary of state.

30-21-203. EFFECTIVE DATES AND TIMES. Except as otherwise provided in this act and subject to section 30-21-205(d), Idaho Code, an entity filing is effective:

(1) On the date and at the time of its filing by the secretary of state as provided in section 30-21-206, Idaho Code;

(2) On the date of filing and at the time specified in the entity filing as its effective time, if later than the time under subsection (1) of this section;

(3) If permitted by this act, at a specified delayed effective date and time, which may not be more than ninety (90) days after the date of filing; or

(4) If a delayed effective date as permitted by this act is specified, but no time is specified, at 12:01 a.m. on the date specified, which may not be more than ninety (90) days after the date of filing.

30-21-204. WITHDRAWAL OF FILED RECORD BEFORE EFFECTIVENESS. (a) Except as otherwise provided in this act, a record delivered to the secretary

of state for filing may be withdrawn before it takes effect by delivering to the secretary of state for filing a statement of withdrawal.

(b) A statement of withdrawal must:

(1) Be signed by each person that signed the record being withdrawn, except as otherwise agreed by those persons;

(2) Identify the record to be withdrawn; and

(3) If signed by fewer than all the persons that signed the record being withdrawn, state that the record is withdrawn in accordance with the agreement of all the persons that signed the record.

(c) On filing by the secretary of state of a statement of withdrawal, the action or transaction evidenced by the original filed record does not take effect.

30-21-205. CORRECTING FILED RECORD. (a) A person on whose behalf a filed record was delivered to the secretary of state for filing may correct the record if:

(1) The record at the time of filing was inaccurate;

(2) The record was defectively signed; or

(3) The electronic transmission of the record to the secretary of state was defective.

(b) To correct a filed record, a person on whose behalf the record was delivered to the secretary of state must deliver to the secretary of state for filing a statement of correction.

(c) A statement of correction:

(1) May not state a delayed effective date;

(2) Must be signed by the person correcting the filed record;

(3) Must identify the filed record to be corrected;

(4) Must specify the inaccuracy or defect to be corrected; and

(5) Must correct the inaccuracy or defect.

(d) A statement of correction is effective as of the effective date of the filed record that it corrects except as to persons relying on the uncorrected filed record and adversely affected by the correction. As to those persons, the statement of correction is effective when filed.

30-21-206. DUTY OF SECRETARY OF STATE TO FILE -- REVIEW OF REFUSAL TO FILE. (a) The secretary of state shall file an entity filing delivered to the secretary of state for filing that satisfies this act. The duty of the secretary of state under this section is ministerial.

(b) When the secretary of state files an entity filing, the secretary of state shall record it as filed on the date and at the time of its delivery. After filing an entity filing, the secretary of state shall deliver to the person that submitted the filing a copy of the filing with an acknowledgment of the date and time of filing.

(c) If the secretary of state refuses to file an entity filing, the secretary of state, not later than five (5) business days after the filing is delivered, shall:

(1) Return the entity filing or notify the person that submitted the filing of the refusal; and

(2) Provide a brief explanation in a record of the reason for the refusal.

(d) If the secretary of state refuses to file an entity filing, the person that submitted the filing may petition the district court to compel its filing. The filing and the explanation of the secretary of state of the refusal to file must be attached to the petition. The court may decide the matter in a summary proceeding.

(e) The filing of or refusal to file an entity filing does not:

(1) Affect the validity or invalidity of the filing in whole or in part; or

(2) Create a presumption that the information contained in the filing is correct or incorrect.

30-21-207. EVIDENTIARY EFFECT OF COPY OF FILED RECORD. A certification from the secretary of state accompanying a copy of a filed record is conclusive evidence that the copy is an accurate representation of the original record on file with the secretary of state.

30-21-208. CERTIFICATE OF GOOD STANDING OR REGISTRATION. (a) On request of any person, the secretary of state shall issue a certificate of good standing for a domestic filing entity or a certificate of registration for a registered foreign entity.

(b) A certificate under subsection (a) of this section must state:

(1) The domestic filing entity's name or the registered foreign entity's name used in this state;

(2) In the case of a domestic filing entity:

(A) That its public organic record has been filed and has taken effect;

(B) The date the public organic record became effective;

(C) That the records of the secretary of state do not reflect that the entity has been dissolved;

(3) In the case of a registered foreign entity, that it is registered to do business in this state.

(c) Subject to any qualification stated in the certificate, a certificate issued by the secretary of state under subsection (a) of this section may be relied upon as conclusive evidence of the facts stated in the certificate.

30-21-209. SIGNING OF ENTITY FILING. (a) Signing an entity filing is an affirmation under the penalties of perjury that the facts stated in the filing are true in all material respects.

(b) A record filed under this act may be signed by an agent. Whenever this act requires a particular individual to sign an entity filing and the individual is deceased or incompetent, the filing may be signed by a legal representative of the individual.

(c) A person that signs a record as an agent or legal representative affirms as a fact that the person is authorized to sign the record.

30-21-210. SIGNING AND FILING PURSUANT TO JUDICIAL ORDER. (a) If a person required by this act to sign or deliver a record to the secretary of state for filing under this act does not do so, any other person that is aggrieved may petition the district court to order:

(1) The person to sign the record;
(2) The person to deliver the record to the secretary of state for filing; or
(3) The secretary of state to file the record unsigned.
(b) If the petitioner under subsection (a) of this section is not the entity to which the record pertains, the petitioner shall make the entity a party to the action.
(c) A record filed under subsection (a)(3) of this section is effective without being signed.

30-21-211. LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD. If a record delivered to the secretary of state for filing under this act and filed by the secretary of state contains inaccurate information, a person that suffers a loss by reliance on the information may recover damages for the loss from a person that signed the record or caused another to sign it on the person's behalf and knew at the time the record was signed that the information was inaccurate.

30-21-212. DELIVERY BY SECRETARY OF STATE. Except as otherwise provided by section 30-21-412, Idaho Code, or by law of this state other than this chapter, the secretary of state may deliver a record to a person by delivering it:
(1) In person to the person that submitted it for filing;
(2) To the principal office address of the person;
(3) To another address the person provides to the secretary of state for delivery; or
(4) To the address of the person's registered agent.

30-21-213. ANNUAL REPORT FOR SECRETARY OF STATE. (a) A domestic filing entity, domestic limited liability partnership, or registered foreign entity shall deliver to the secretary of state for filing an annual report that states:
(1) The name of the entity and its jurisdiction of formation;
(2) The information required by section 30-21-404(a), Idaho Code;
(3) The street and mailing addresses of the entity's principal office; and
(4) The name of at least one (1) governor.
(b) Information in an annual report must be current as of the date the report is signed by the entity.
(c) The annual report must be delivered to the secretary of state for filing each year before the end of the month during which the public organic record of a domestic filing entity became effective, the statement of qualification of a domestic limited liability partnership became effective, or a foreign filing entity registered to do business in this state. Beginning one (1) year after the public organic record of a domestic filing entity became effective, the statement of qualification of a domestic limited liability partnership became effective, or a foreign filing entity registered to do business in this state, and each year thereafter, the annual report must be received in the office of the secretary of state not later than the close of business on the final day of the applicable month. If the secretary of state

finds that such report conforms to the requirements of this chapter, he shall file the same.

(d) If an annual report does not contain the information required by this section, the secretary of state shall promptly notify the reporting entity in a record and return the report for correction.

(e) If an annual report contains the name or address of a registered agent that differs from the information shown in the records of the secretary of state immediately before the report becomes effective, the differing information is considered a statement of change under section 30-21-407, Idaho Code.

30-21-214. FEES. (a) The secretary of state shall collect the following fees for copying and certifying the copy of any filed record:

(1) Twenty-five cents (25¢) per page for copying; and

(2) Ten dollars ($10.00) for the certification.

(b) The secretary of state shall collect the following fees when an entity filing is delivered for filing:

(1) Statement of merger $30.00

(2) Statement of withdrawal $30.00

(3) Statement of interest exchange $30.00

(4) Statement of abandonment $30.00

(5) Statement of conversion $30.00

(6) Statement of domestication $30.00

(7) Annual report ..... No fee

(8) Articles of incorporation of a business corporation $100.00

(9) Articles of incorporation of a nonprofit corporation $30.00

(10) Statement of qualification of a limited liability partnership $100.00

(11) Certificate of amendment to certificate of assumed business name $10.00

(12) Certificate of amendment to certificate of assumed business name with only an address change ..... No fee

(13) Certificate of assumed business name $25.00

(14) Certificate of cancellation of a certificate of assumed business name ..... No fee

(15) Certificate of limited partnership of a limited partnership $100.00

(16) Certificate of organization of a limited liability company $100.00

(17) Other public organic documents or a statement not otherwise specified herein $30.00

(18) Commercial registered agent listing statement $100.00

(19) Commercial registered agent termination statement $20.00

(20) Commercial registered agent statement of change $30.00

(21) Registered agent statement of resignation ..... No fee

(22) Statement designating a registered agent $20.00

(23) Foreign entity registration statement $100.00

(24) Amendment of foreign entity registration statement $30.00

(25) Notice of cancellation of foreign entity registration statement . ..... No fee

(26) Statement of withdrawal of foreign entity registration statement $20.00
(27) Statement of correction $30.00
(28) Application for reinstatement following administrative dissolution $30.00
(29) Statement of dissolution of a limited liability company ... No fee
(30) Statement of authority $100.00
(31) Combined statement of partnership authority and qualification of limited liability partnership $100.00
(32) Certificate of existence $10.00
(33) Application for use of deceptively similar name $20.00
(34) Application for reserved name $20.00
(35) Notice of transfer of reserved name $20.00
(36) Application for registered name $60.00
(37) Application for renewal of registered name $60.00
(38) Amendment of articles of incorporation $30.00
(39) Restatement of articles of incorporation with amendment of articles $30.00
(40) Articles of dissolution $30.00
(41) Articles of revocation of dissolution $30.00
(42) Certificate of administrative dissolution ..... No fee
(43) Certificate of reinstatement ..... No fee
(44) Certificate of judicial dissolution ..... No fee
(45) Statement of termination $30.00

(c) The withdrawal under section 30-21-204, Idaho Code, of a filed record before it is effective or the correction of a filed record under section 30-21-205, Idaho Code, does not entitle the person on whose behalf the record was filed to a refund of the filing fee.

(d) The secretary of state shall collect a surcharge of twenty dollars ($20.00) for providing evidence of filing an entity filing within eight (8) working hours after the entity filing is delivered for filing.

(e) The secretary of state shall collect a surcharge of twenty dollars ($20.00) for filing any non-typed record or any record that is not on a standard form proscribed by the secretary of state, except no surcharge will be collected for a non-typed certificate of assumed business name or a certificate of amendment to certificate of assumed business name.

SECTION 9. That Chapter 21, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 3, Chapter 21, Title 30, Idaho Code, and to read as follows:

PART 3
NAME OF ENTITY

30-21-301. PERMITTED NAMES. (a) Except as otherwise provided in subsection (d) or (f) of this section, the name of a domestic filing entity or domestic limited liability partnership, and the name under which a foreign entity may register to do business in this state, must be distinguishable on the records of the secretary of state from any:

(1) Name of an existing domestic filing entity which at the time is not administratively dissolved for more than six (6) months;

(2) Name of a limited liability partnership whose statement of qualification is in effect;

(3) Name under which a foreign entity registered to do business in this state under part 5 of this chapter;

(4) Name reserved under section 30-21-303, Idaho Code; or

(5) Name registered under section 30-21-304, Idaho Code.

(b) If an entity consents in a record to the use of its name and submits an undertaking in a form satisfactory to the secretary of state to change its name to a name that is distinguishable on the records of the secretary of state from any name in any category of names in subsection (a) of this section, the name of the consenting entity may be used by the person to which the consent was given.

(c) Except as otherwise provided in subsection (d) of this section, in determining whether a name is the same as or not distinguishable on the records of the secretary of state from the name of another entity, words, phrases, or abbreviations indicating the type of entity, such as "corporation," "corp.," "incorporated," "Inc.," "professional corporation," "PC," "P.C.," "professional association," "PA," "P.A.," "Limited," "Ltd.," "limited partnership," "LP," "L.P.," "limited liability partnership," "LLP," "L.L.P.," "registered limited liability partnership," "RLLP," "R.L.L.P.," "limited liability limited partnership," "LLLP," "L.L.L.P.," "registered limited liability limited partnership," "RLLLP," "R.L.L.L.P.," "limited liability company," "LLC" or "L.L.C." may not be taken into account.

(d) An entity may consent in a record to the use of a name that is not distinguishable on the records of the secretary of state from its name except for the addition of a word, phrase, or abbreviation indicating the type of entity or as provided in subsection (c) of this section. In such a case, the entity need not change its name pursuant to subsection (b) of this section.

(e) An entity name may not contain language falsely stating or implying government affiliation or stating or implying that the entity is organized for a purpose other than that permitted by this act.

(f) An entity may use a name that is not distinguishable from a name described in subsection (a)(1) through (5) of this section if the entity delivers to the secretary of state a certified copy of a final judgment of a court of competent jurisdiction establishing the right of the entity to use the name in this state.

(g) Nothing in this section shall abrogate or limit the law as to unfair competition or unfair practice in the use of trade names, nor derogate from the common law, the principles of equity, or the statutes of this state or of the United States with respect to the right to acquire and protect trade names.

(h) The use of a name in violation of this part shall not affect or vitiate the entity existence, but the courts of this state, having equity jurisdiction, may, upon the application of the state, or of any person interested or affected, enjoin such entity in violation from doing business under any name assumed in violation of this part.

30-21-302. NAME REQUIREMENTS FOR CERTAIN TYPES OF ENTITIES. (a) The name of a business corporation must contain the word "corporation," "incorporated," "company," or "limited," or the abbreviation "Corp.," "Inc.,"

"Co.," or "Ltd.," or words or abbreviations of similar import in another language; provided however, that if the word "company" or its abbreviation is used it shall not be immediately preceded by the word "and" or by an abbreviation of or symbol representing the word "and." If the business corporation is a professional entity, the name may alternatively contain the word "chartered," "professional association," or "professional corporation," or the abbreviation "P.A.," "P.C.," or "CHTD" or words or abbreviations of similar import in another language.

(b) The name of a limited partnership may contain the name of any partner. The name of a limited partnership that is not a limited liability limited partnership must contain the phrase "limited partnership" or the abbreviation "L.P." or "LP" and may not contain the phrase "limited liability limited partnership" or "registered limited liability limited partnership" or the abbreviation "L.L.L.P.," "LLLP," "R.L.L.L.P.," or "RLLLP." If the limited partnership is a limited liability limited partnership, the name must contain the phrase "limited liability limited partnership" or the abbreviation "L.L.L.P.," "LLLP," "R.L.L.L.P.," or "RLLLP" and may not contain the abbreviation "L.P." or "LP." If the limited partnership is a professional entity, the name may include the word "professional" before the word "limited" or the letter "P" at the beginning of any of the permitted abbreviations.

(c) The name of a limited liability partnership must contain the words "limited liability partnership" or "registered limited liability partnership" or the abbreviation "L.L.P.," "R.L.L.P.," "LLP," or "RLLP." If the limited liability partnership is a professional entity, the name may include the word "professional" before the word "limited" or the letter "P" at the beginning of any of the permitted abbreviations.

(d) The name of a limited liability company must contain the phrase "limited liability company" or "limited company" or the abbreviation "L.L.C.," "LLC," "L.C.," or "LC." "Limited" may be abbreviated as "Ltd.," and "company" may be abbreviated as "Co." If the limited liability company is a professional entity, the name may include the word "professional" before the word "limited" or the letter "P" at the beginning of any of the permitted abbreviations.

(e) The name of a limited cooperative association must contain the words "limited cooperative association" or "limited cooperative" or the abbreviation "L.C.A." or "LCA." "Limited" may be abbreviated as "Ltd." "Cooperative" may be abbreviated as "Co-op.," "Coop.," "Co op," or "Coop." "Association" may be abbreviated as "Assoc.," "Assoc," "Assn.," or "Assn."

(f) The name of a statutory trust may contain the words "company," "association," "club," "foundation," "fund," "institute," "society," "union," "syndicate," "limited," or "trust," or words or abbreviations of similar import, and may contain the name of a beneficial owner, a trustee, or any other person.

30-21-303. RESERVATION OF NAME. (a) A person may reserve the exclusive use of an entity name by delivering an application to the secretary of state for filing. The application must state the name and address of the applicant and the name to be reserved. If the secretary of state finds that the entity

name is available, the secretary of state shall reserve the name for the applicant's exclusive use for one hundred twenty (120) days.

(b) The owner of a reserved entity name may transfer the reservation to another person by delivering to the secretary of state a signed notice in a record of the transfer that states the name and address of the transferee.

30-21-304. REGISTRATION OF NAME. (a) A foreign filing entity or foreign limited liability partnership not registered to do business in this state under part 5 of this chapter may register its name, or an alternate name adopted pursuant to section 30-21-506, Idaho Code, if the name is distinguishable on the records of the secretary of state from the names that are not available under section 30-21-301, Idaho Code.

(b) To register its name or an alternate name adopted pursuant to section 30-21-506, Idaho Code, a foreign filing entity or foreign limited liability partnership must deliver to the secretary of state for filing an application stating the entity's name, the jurisdiction and date of its formation, and any alternate name adopted pursuant to section 30-21-506, Idaho Code. If the secretary of state finds that the name applied for is available, the secretary of state shall register the name for the applicant's exclusive use.

(c) The registration of a name under this section is effective for one (1) year after the date of registration.

(d) A foreign filing entity or foreign limited liability partnership whose name registration is effective may renew the registration for successive one (1) year periods by delivering, not earlier than three (3) months before the expiration of the registration, to the secretary of state for filing a renewal application that complies with this section. When filed, the renewal application renews the registration for a succeeding one (1) year period.

(e) A foreign filing entity or foreign limited liability partnership whose name registration is effective may register as a foreign filing entity or foreign limited liability partnership under the registered name or consent in a signed record to the use of that name by another entity.

SECTION 10. That Chapter 21, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 4, Chapter 21, Title 30, Idaho Code, and to read as follows:

PART 4
REGISTERED AGENT OF ENTITY

30-21-401. DEFINITIONS. In this part:

(1) "Designation of agent" means a statement designating a registered agent delivered to the secretary of state for filing under:

(A) Section 30-27-129, Idaho Code, the "Uniform Unincorporated Nonprofit Association Act"; or

(B) Section 30-21-411, Idaho Code, by a nonregistered foreign entity or domestic nonfiling entity.

(2) "Registered agent filing" means:

(A) The public organic record of a domestic filing entity;

(B) A statement of qualification of a domestic limited liability partnership;
(C) A registration statement filed pursuant to section 30-21-503, Idaho Code; or
(D) A designation of agent.
(3) "Represented entity" means:
(A) A domestic filing entity;
(B) A domestic limited liability partnership;
(C) A registered foreign entity;
(D) A domestic or foreign unincorporated nonprofit association for which a designation of agent is in effect;
(E) A domestic nonfiling entity for which a designation of agent is in effect; or
(F) A nonregistered foreign entity for which a designation of agent is in effect.

30-21-402. ENTITIES REQUIRED TO DESIGNATE AND MAINTAIN REGISTERED AGENT. The following shall designate and maintain a registered agent in this state:
(1) A domestic filing entity;
(2) A domestic limited liability partnership; and
(3) A registered foreign entity.

30-21-403. ADDRESSES IN FILING. If a provision of this part other than section 30-21-410(a)(4), Idaho Code, requires that a record state an address, the record must state:
(1) A street address in this state; and
(2) A mailing address in this state if different from the address described in subsection (1) of this section.

30-21-404. DESIGNATION OF REGISTERED AGENT. (a) A registered agent filing must be signed by the represented entity and state:
(1) The name of the entity's commercial registered agent; or
(2) If the entity does not have a commercial registered agent:
(A) The name and address of the entity's noncommercial registered agent; or
(B) The title of an office or other position with the entity, if service of process, notices, and demands are to be sent to whichever individual is holding that office or position, and the address to which process, notices or demands are to be sent.
(b) The designation of a registered agent pursuant to subsection (a)(1) or (2)(A) of this section is an affirmation of fact by the represented entity that the agent has consented to serve.
(c) The secretary of state shall make available in a record as soon as practicable a daily list of filings that contain the name of a registered agent. The list must:
(1) Be available for at least fourteen (14) calendar days;
(2) List in alphabetical order the names of the registered agents; and
(3) State the type of filing and name of the represented entity making the filing.

30-21-405. LISTING OF COMMERCIAL REGISTERED AGENT. (a) A person may become listed as a commercial registered agent by delivering to the secretary of state for filing a commercial registered agent listing statement signed by the person which states:

(1) The name of the individual or the name of the entity, type of entity, and jurisdiction of formation of the entity;

(2) That the person is in the business of serving as a commercial registered agent in this state; and

(3) The address of a place of business of the person in this state to which service of process, notices, and demands being served on or sent to entities represented by the person may be delivered.

(b) A commercial registered agent listing statement may include the information regarding acceptance by the agent of service of process, notices, and demands in a form other than a written record as provided in section 30-21-412(d), Idaho Code.

(c) If the name of a person delivering to the secretary of state for filing a commercial registered agent listing statement is not distinguishable on the records of the secretary of state from the name of another commercial registered agent listed under this section, the person shall adopt a fictitious name that is distinguishable and use that name in its statement and when it does business in this state as a commercial registered agent.

(d) The secretary of state shall note the filing of a commercial registered agent listing statement in the index of filings maintained by the secretary of state for each entity represented by the agent at the time of the filing. The statement has the effect of amending the registered agent filing for each of those entities to:

(1) Designate the person becoming listed as a commercial registered agent as the commercial registered agent of each of those entities; and

(2) Delete the name and address of the former agent from the registered agent filing of each of those entities.

30-21-406. TERMINATION OF LISTING OF COMMERCIAL REGISTERED AGENT. (a) A commercial registered agent may terminate its listing as a commercial registered agent by delivering to the secretary of state for filing a commercial registered agent termination statement signed by the agent that states:

(1) The name of the agent as listed under section 30-21-405, Idaho Code; and

(2) That the agent is no longer in the business of serving as a commercial registered agent in this state.

(b) A commercial registered agent termination statement takes effect at 12:01 a.m. on the thirty-first day after the day on which it is filed by the secretary of state.

(c) The commercial registered agent promptly shall furnish each entity represented by the agent notice in a record of the filing of the commercial registered agent termination statement.

(d) When a commercial registered agent termination statement takes effect, the commercial registered agent ceases to be the registered agent for each entity formerly represented by it. Until an entity formerly represented by a terminated commercial registered agent designates a new registered agent, service of process may be made on the entity pursuant to

section 30-21-412, Idaho Code. Termination of the listing of a commercial registered agent under this section does not affect any contractual rights a represented entity has against the agent or that the agent has against the entity.

30-21-407. CHANGE OF REGISTERED AGENT BY ENTITY. (a) A represented entity may change the information on file under section 30-21-404(a), Idaho Code, by delivering to the secretary of state for filing a statement of change signed by the entity which states:

(1) The name of the entity; and

(2) The information that is to be in effect as a result of the filing of the statement of change.

(b) The interest holders or governors of a domestic entity need not approve the filing of:

(1) A statement of change under this section; or

(2) A similar filing changing the registered agent or registered office, if any, of the entity in any other jurisdiction.

(c) A statement of change under this section designating a new registered agent is an affirmation of fact by the represented entity that the agent has consented to serve.

(d) As an alternative to using the procedure in this section, a represented entity may change the information on file under section 30-21-404(a), Idaho Code, by amending its most recent registered agent filing in a manner provided by the law of this state other than this act for amending the filing.

30-21-408. CHANGE OF NAME OR ADDRESS BY NONCOMMERCIAL REGISTERED AGENT. (a) If a noncommercial registered agent changes its name or its address in effect with respect to a represented entity under section 30-21-404(a), Idaho Code, the agent shall deliver to the secretary of state for filing, with respect to each entity represented by the agent, a statement of change signed by the agent which states:

(1) The name of the entity;

(2) The name and address of the agent in effect with respect to the entity;

(3) If the name of the agent has changed, the new name;

(4) If the address of the agent has changed, the new address; and

(b) A noncommercial registered agent promptly shall furnish the represented entity with notice in a record of the delivery to the secretary of state for filing of a statement of change and the changes made in the statement.

30-21-409. CHANGE OF NAME, ADDRESS, TYPE OF ENTITY, OR JURISDICTION OF FORMATION BY COMMERCIAL REGISTERED AGENT. (a) If a commercial registered agent changes its name, its address as listed under section 30-21-405(a), Idaho Code, its type of entity, or its jurisdiction of formation, the agent shall deliver to the secretary of state for filing a statement of change signed by the agent which states:

(1) The name of the agent as listed under section 30-21-405(a), Idaho Code;

(2) If the name of the agent has changed, the new name;

(3) If the address of the agent has changed, the new address; and
(4) If the agent is an entity:
(i) If the type of entity of the agent has changed, the new type of entity; and
(ii) If the jurisdiction of formation of the agent has changed, the new jurisdiction of formation.
(b) The filing by the secretary of state of a statement of change under subsection (a) of this section is effective to change the information regarding the agent with respect to each entity represented by the agent.
(c) A commercial registered agent shall promptly furnish to each entity represented by it a notice in a record of the filing by the secretary of state of a statement of change relating to the name or address of the agent and the changes made in the statement.
(d) If a commercial registered agent changes its address without delivering for filing a statement of change as required by this section, the secretary of state may cancel the listing of the agent under section 30-21-405, Idaho Code. A cancellation under this subsection has the same effect as a termination under section 30-21-406, Idaho Code. Promptly after canceling the listing of an agent, the secretary of state shall serve notice in a record in the manner provided in section 30-21-412(b) or (c), Idaho Code, on:
(1) Each entity represented by the agent, stating that the agent has ceased to be the registered agent for the entity and that, until the entity designates a new registered agent, service of process may be made on the entity as provided in section 30-21-412, Idaho Code; and
(2) The agent stating that the listing of the agent has been canceled under this section.

30-21-410. RESIGNATION OF REGISTERED AGENT. (a) A registered agent may resign as agent for a represented entity by delivering to the secretary of state for filing a statement of resignation signed by the agent which states:
(1) The name of the entity;
(2) The name of the agent;
(3) That the agent resigns from serving as registered agent for the entity; and
(4) The address of the entity to which the agent will send the notice required by subsection (c) of this section.
(b) A statement of resignation takes effect on the earlier of:
(1) 12:01 a.m. on the thirty-first day after the day on which it is filed by the secretary of state; or
(2) The designation of a new registered agent for the represented entity.
(c) A registered agent shall promptly furnish to the represented entity notice in a record of the date on which a statement of resignation was filed.
(d) When a statement of resignation takes effect, the person that resigned ceases to have responsibility under this part for any matter thereafter tendered to it as agent for the represented entity. The resignation does not affect any contractual rights the entity has against the agent or that the agent has against the entity.

(e) A registered agent may resign with respect to a represented entity whether or not the entity is in good standing.

30-21-411. DESIGNATION OF REGISTERED AGENT BY NONREGISTERED FOREIGN ENTITY OR NONFILING DOMESTIC ENTITY. (a) A nonregistered foreign entity or domestic nonfiling entity may deliver to the secretary of state for filing a statement designating a registered agent signed by the entity that states:

(1) The name, type of entity, and jurisdiction of formation of the entity; and

(2) The information required by section 30-21-404(a), Idaho Code.

(b) A statement under subsection (a) of this section is effective for five (5) years after the date of filing unless canceled or terminated earlier.

(c) A statement under subsection (a) of this section must be signed by a person authorized to manage the affairs of the nonregistered foreign entity or domestic nonfiling entity. The signing of the statement is an affirmation of fact that the person is authorized to manage the affairs of the entity and that the agent has consented to serve.

(d) Designation of a registered agent under subsection (a) of this section does not register a nonregistered foreign entity to do business in this state.

(e) A statement under subsection (a) of this section may not be rejected for filing because the name of the entity signing the statement is not distinguishable on the records of the secretary of state from the name of another entity appearing on those records. The filing of such a statement does not make the name of the entity signing the statement unavailable for use by another entity.

(f) An entity that delivers to the secretary of state for filing a statement under subsection (a) of this section designating a registered agent may cancel the statement by delivering to the secretary of state for filing a statement of cancellation that states the name of the entity and that the entity is canceling its designation of a registered agent in this state.

(g) A statement under subsection (a) of this section for a nonregistered foreign entity terminates on the date the entity becomes a registered foreign entity.

30-21-412. SERVICE OF PROCESS, NOTICE OR DEMAND ON ENTITY. (a) A represented entity may be served with any process, notice or demand required or permitted by law by serving its registered agent.

(b) If a represented entity ceases to have a registered agent, or if its registered agent cannot with reasonable diligence be served, the entity may be served by registered or certified mail, return receipt requested, or by similar commercial delivery service, addressed to the entity at the entity's principal office. The address of the principal office of a domestic filing entity, domestic limited liability partnership, or registered foreign entity must be as shown in the entity's most recent annual report filed by the secretary of state. Service is effected under this subsection on the earliest of:

(1) The date the entity receives the mail or delivery by the commercial delivery service;

(2) The date shown on the return receipt, if signed by the entity; or

(3) Five (5) days after its deposit with the United States postal service or commercial delivery service, if correctly addressed and with sufficient postage or payment.

(c) If process, notice or demand cannot be served on an entity pursuant to subsection (a) or (b) of this section, service may be made by handing a copy to the individual in charge of any regular place of business or activity of the entity if the individual served is not a plaintiff in the action.

(d) Service of process, notice, or demand on a registered agent must be in a written record, but service may be made on a commercial registered agent in other forms and subject to such requirements as the agent has stated in its listing under section 30-21-405,Idaho Code, that it will accept.

(e) Service of process, notice or demand may be made by other means under law other than this act.

30-21-413. DUTIES OF REGISTERED AGENT. The only duties under this part of a registered agent that has complied with this part are:

(1) To forward to the represented entity at the address most recently supplied to the agent by the entity any process, notice or demand pertaining to the entity which is served on or received by the agent;

(2) To provide the notices required by this act to the entity at the address most recently supplied to the agent by the entity;

(3) If the agent is a noncommercial registered agent, to keep current the information required by section 30-21-404(a), Idaho Code, in the most recent registered agent filing for the entity; and

(4) If the agent is a commercial registered agent, to keep current the information listed for it under section 30-21-405(a),Idaho Code.

30-21-414. JURISDICTION AND VENUE. The designation or maintenance in this state of a registered agent does not by itself create the basis for personal jurisdiction over the represented entity in this state. The address of the agent does not determine venue in an action or a proceeding involving the entity.

SECTION 11. That Chapter 21, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 5, Chapter 21, Title 30, Idaho Code, and to read as follows:

PART 5
FOREIGN ENTITIES

30-21-501. GOVERNING LAW. (a) The law of the jurisdiction of formation of an entity governs:

(1) The internal affairs of the entity;

(2) The liability that a person has as an interest holder or governor for a debt, obligation, or other liability of the entity;

(3) The liability of a series of a limited liability company, a statutory trust, or any other unincorporated entity.

(b) A foreign entity is not precluded from registering to do business in this state because of any difference between the law of the entity's jurisdiction of formation and the law of this state.

(c) Registration of a foreign entity to do business in this state does not authorize the foreign entity to engage in any activities or affairs or exercise any power that the domestic entity of the type to which it most closely corresponds may not engage in or exercise in this state.

(d) A foreign professional entity rendering services in this state shall be subject to the laws of this state and the code of ethics or professional responsibility that are applicable to the profession in which such professional entity is rendering services in this state.

30-21-502. REGISTRATION TO DO BUSINESS IN THIS STATE. (a) A foreign filing entity or foreign limited liability partnership may not do business in this state until it registers with the secretary of state under this chapter.

(b) A foreign filing entity or foreign limited liability partnership doing business in this state may not maintain an action or proceeding in this state unless it is registered to do business in this state.

(c) The failure of a foreign filing entity or foreign limited liability partnership to register to do business in this state does not impair the validity of a contract or act of the foreign filing entity or foreign limited liability partnership or preclude it from defending an action or proceeding in this state.

(d) A limitation on the liability of a series of foreign unincorporated entity or an interest holder or governor of a foreign filing entity or of a partner of a foreign limited liability partnership is not waived solely because the foreign unincorporated entity or any series thereof, foreign filing entity or foreign limited liability partnership does business in this state without registering.

(e) Section 30-21-501(a) and (b), Idaho Code, applies even if a foreign entity fails to register under this chapter.

30-21-503. FOREIGN REGISTRATION STATEMENT. (a) To register to do business in this state, a foreign filing entity or foreign limited liability partnership must deliver a foreign registration statement to the secretary of state for filing. The statement must be signed by the entity and state:

(1) The name of the foreign filing entity or foreign limited liability partnership and, if the name does not comply with section 30-21-301, Idaho Code, an alternate name adopted pursuant to section 30-21-506(a), Idaho Code;

(2) The type of entity and, if it is a foreign limited partnership, whether it is a foreign limited liability limited partnership;

(3) The entity's jurisdiction of formation;

(4) The street and mailing addresses of the entity's principal office and, if the law of the entity's jurisdiction of formation requires the entity to maintain an office in that jurisdiction, the street and mailing addresses of the office;

(5) The information required by section 30-21-404(a), Idaho Code; and

(6) The name and mailing address of at least one (1) governor.

(b) A foreign filing entity or foreign limited liability partnership must deliver to the secretary of state with a foreign registration statement a certificate of existence or a record of similar import signed by the secretary of state or other official having custody of the entity's public organic record in the entity's jurisdiction of formation.

30-21-504. AMENDMENT OF FOREIGN REGISTRATION STATEMENT. (a) A registered foreign entity shall sign and deliver to the secretary of state for filing an amendment to its foreign registration statement if there is a change in:

(1) The name of the entity;

(2) The type of entity, including, if it is a foreign limited partnership, whether the entity became or ceased to be a foreign limited liability limited partnership;

(3) The entity's jurisdiction of formation;

(4) An address required by section 30-21-503(4), Idaho Code; or

(5) The information required by section 30-21-404(a), Idaho Code.

(b) A registered foreign entity must deliver to the secretary of state with an amendment to its foreign registration statement for a change under subsection (a)(1), (2) or (3) of this section, a certificate of existence or a record of similar import signed by the secretary of state or other official having custody of the entity's public organic record in the entity's jurisdiction of formation.

30-21-505. ACTIVITIES NOT CONSTITUTING DOING BUSINESS. (a) Activities of a foreign filing entity or foreign limited liability partnership that do not constitute doing business in this state under this chapter include:

(1) Maintaining, defending, mediating, arbitrating, or settling an action or proceeding;

(2) Carrying on any activity concerning its internal affairs, including holding meetings of its interest holders or governors;

(3) Maintaining accounts in financial institutions;

(4) Maintaining offices or agencies for the transfer, exchange and registration of securities of the entity or maintaining trustees or depositories with respect to those securities;

(5) Selling through independent contractors;

(6) Soliciting or obtaining orders by any means if the orders require acceptance outside this state before they become contracts;

(7) Creating or acquiring indebtedness, mortgages or security interests in property;

(8) Securing or collecting debts or enforcing mortgages or security interests in property securing the debts, and holding, protecting or maintaining property so acquired;

(9) Conducting an isolated transaction that is not in the course of similar transactions;

(10) Owning, without more, property; and

(11) Doing business in interstate commerce.

(b) A person does not do business in this state solely by being an interest holder or governor of a foreign entity that does business in this state.

(c) This section does not apply in determining the contacts or activities that may subject a foreign filing entity or foreign limited liability partnership to service of process, taxation or regulation under the law of this state other than this act.

30-21-506. NONCOMPLYING NAME OF FOREIGN ENTITY. (a) A foreign filing entity or foreign limited liability partnership whose name does not comply with section 30-21-301, Idaho Code, for an entity of its type may not register to do business in this state until it adopts, for the purpose of doing business in this state, an alternate name that complies with section 30-21-301, Idaho Code. A foreign entity that registers under an alternate name under this subsection need not comply with this state's assumed or fictitious name statute. After registering to do business in this state with an alternate name, a foreign entity shall do business in this state under:

(1) The alternate name;

(2) The foreign entity's name with the addition of its jurisdiction of formation; or

(3) Name the foreign entity is authorized to use under this state's assumed or fictitious name statute.

(b) If a registered foreign entity changes its name to one that does not comply with section 30-21-301, Idaho Code, it may not do business in this state until it complies with subsection (a) of this section by amending its registration to adopt an alternate name that complies with section 30-21-301, Idaho Code.

30-21-507. WITHDRAWAL OF REGISTRATION OF REGISTERED FOREIGN ENTITY. (a) A registered foreign entity may withdraw its registration by delivering a statement of withdrawal to the secretary of state for filing. The statement of withdrawal must be signed by the entity and state:

(1) The name of the entity and its jurisdiction of formation;

(2) That the entity is not doing business in this state and that it withdraws its registration to do business in this state;

(3) That the entity revokes the authority of its registered agent to accept service on its behalf in this state; and

(4) An address to which service of process may be made under subsection (b) of this section.

(b) After the withdrawal of the registration of an entity, service of process in any action or proceeding based on a cause of action arising during the time the entity was registered to do business in this state may be made pursuant to section 30-21-412, Idaho Code.

30-21-508. WITHDRAWAL DEEMED ON CONVERSION OR DOMESTICATION TO DOMESTIC FILING ENTITY OR DOMESTIC LIMITED LIABILITY PARTNERSHIP. A registered foreign entity that converts or domesticates to any type of domestic filing entity or to a domestic limited liability partnership is deemed to have withdrawn its registration on the effective date of the conversion or domestication.

30-21-509. WITHDRAWAL ON DISSOLUTION OR CONVERSION TO NONFILING ENTITY OTHER THAN LIMITED LIABILITY PARTNERSHIP. (a) A registered foreign en-

tity that has dissolved and completed winding up or has converted to a domestic or foreign nonfiling entity other than a limited liability partnership shall deliver a statement of withdrawal to the secretary of state for filing. The statement must be signed by the dissolved or converted entity and state:

(1) In the case of a foreign entity that has completed winding up:

(A) Its name and jurisdiction of formation; and

(B) That the foreign entity surrenders its registration to do business in this state; and

(2) In the case of a foreign entity that has converted to a domestic or foreign nonfiling entity other than a limited liability partnership:

(A) The name of the converting foreign entity and its jurisdiction of formation;

(B) The type of nonfiling entity to which it has converted and its jurisdiction of formation;

(C) That it withdraws its registration to do business in this state and revokes the authority of its registered agent to accept service on its behalf; and

(D) A mailing address to which service of process may be made under subsection (b) of this section.

(b) After a withdrawal under this section is effective, service of process in any action or proceeding based on a cause of action arising during the time the foreign filing entity was registered to do business in this state may be made pursuant to section 30-21-412, Idaho Code.

30-21-510. TRANSFER OF REGISTRATION. (a) If a registered foreign entity merges into a nonregistered foreign entity or converts to a foreign entity required to register with the secretary of state to do business in this state, the foreign entity shall deliver to the secretary of state for filing an application for transfer of registration. The application must be signed by the surviving or converted entity and state:

(1) The name of the registered foreign entity before the merger or conversion;

(2) The type of entity it was before the merger or conversion;

(3) The name of the applicant entity and, if the name does not comply with section 30-21-301, Idaho Code, an alternate name adopted pursuant to section 30-21-506(a), Idaho Code;

(4) The type of entity of the applicant entity and its jurisdiction of formation; and

(5) The following information regarding the applicant entity, if different than the information for the foreign entity before the merger or conversion:

(A) The street and mailing addresses of the principal office of the entity and, if the law of the entity's jurisdiction of formation requires it to maintain an office in that jurisdiction, the street and mailing addresses of that office; and

(B) The information required pursuant to section 30-21-404(a), Idaho Code.

(b) When an application for transfer of registration takes effect, the registration of the registered foreign entity to do business in this state is

transferred without interruption to the entity into which it has merged or to which it has been converted.

30-21-511. TERMINATION OF REGISTRATION. (a) The secretary of state may terminate the registration of a registered foreign entity in the manner provided in subsections (b) and (c) of this section if the entity does not:

(1) Deliver its annual report to the secretary of state for filing not later than the date it is due;

(2) Have a registered agent as required by section 30-21-402, Idaho Code; or

(3) Deliver to the secretary of state for filing a statement of change under section 30-21-407, Idaho Code, not later than thirty (30) days after a change occurs in the name or address of the entity's registered agent.

(b) The secretary of state may terminate the registration of a registered foreign entity by:

(1) Filing a notice of termination or noting the termination in the records of the secretary of state; and

(2) Delivering a copy of the notice or the information in the notation to the entity's registered agent or, if the entity does not have a registered agent, to the entity's principal office.

(c) The notice must state or the information in the notation under subsection (b) of this section must include:

(1) The effective date of the termination, which must be at least sixty (60) days after the date the secretary of state delivers the copy; and

(2) The grounds for termination under subsection (a) of this section.

(d) The registration of a registered foreign entity to do business in this state ceases on the effective date of the notice of termination or notation under subsection (b) of this section, unless before that date the entity cures each ground for termination stated in the notice or notation. If the entity cures each ground, the secretary of state shall file a record so stating.

30-21-512. ACTION BY ATTORNEY GENERAL. The attorney general may maintain an action to enjoin a foreign filing entity or foreign limited liability partnership from doing business in this state in violation of this act.

SECTION 12. That Chapter 21, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 6, Chapter 21, Title 30, Idaho Code, and to read as follows:

PART 6
ADMINISTRATIVE DISSOLUTION

30-21-601. GROUNDS. The secretary of state may commence a proceeding under section 30-21-602, Idaho Code, to dissolve a domestic filing entity administratively if the entity does not:

(1) Deliver an annual report to the secretary of state by the date it is due;

(2) Have a registered agent in this state for sixty (60) consecutive days; or

(3) The secretary of state has credible information that the domestic filing entity has failed to notify the secretary of state within sixty (60) days after the occurrence that its registered agent has been changed or that its registered agent has resigned.

30-21-602. PROCEDURE AND EFFECT. (a) If the secretary of state determines that one (1) or more grounds exist under section 30-21-601, Idaho Code, for administratively dissolving a domestic filing entity, the secretary of state shall serve the entity pursuant to section 30-21-212, Idaho Code, with notice in a record of the secretary of state's determination.

(b) If a domestic filing entity, not later than sixty (60) days after service of the notice required by subsection (a) of this section, does not cure or demonstrate to the satisfaction of the secretary of state the nonexistence of each ground determined by the secretary of state, the secretary of state shall administratively dissolve the entity by signing a statement of administrative dissolution that recites the grounds for dissolution and the effective date of dissolution. The secretary of state shall file the statement and serve a copy on the entity pursuant to section 30-21-212, Idaho Code.

(c) A domestic filing entity that is dissolved administratively continues its existence as the same type of entity but may not carry on any activities except as necessary to wind up its activities and affairs and liquidate its assets in the manner provided in its organic law or to apply for reinstatement under section 30-21-603, Idaho Code.

(d) The administrative dissolution of a domestic filing entity does not terminate the authority of its registered agent.

30-21-603. REINSTATEMENT. (a) A domestic filing entity that is dissolved administratively under section 30-21-602, Idaho Code, may apply to the secretary of state for reinstatement not later than ten (10) years after the effective date of dissolution. The application must be signed by the entity and state:

(1) The name of the entity at the time of its administrative dissolution and, if needed, a different name that satisfies section 30-21-301, Idaho Code;

(2) The address of the principal office of the entity and the information required by section 30-21-404(a), Idaho Code;

(3) The effective date of the entity's administrative dissolution; and

(4) That the grounds for dissolution did not exist or have been cured.

(b) To be reinstated, an entity must pay all fees, taxes, interest, and penalties that were due to the secretary of state at the time of the entity's administrative dissolution and all fees, taxes, interest, and penalties that would have been due to the secretary of state while the entity was dissolved administratively.

(c) If the secretary of state determines that an application under subsection (a) of this section contains the required information, is satisfied that the information is correct, and determines that all payments required to be made to the secretary of state by subsection (b) of this section have been made, the secretary of state shall:

(1) Cancel the statement of administrative dissolution and prepare a statement of reinstatement that states the secretary of state's determination and the effective date of reinstatement;
(2) File the statement of reinstatement; and
(3) Serve a copy on the entity.
(d) When reinstatement under this section is effective the following rules apply:
(1) The reinstatement relates back to and takes effect as of the effective date of the administrative dissolution.
(2) The domestic filing entity resumes carrying on its activities and affairs as if the administrative dissolution had never occurred.
(3) The rights of a person arising out of an act or omission in reliance on the dissolution before the person knew or had notice of the reinstatement are not affected.

30-21-604. JUDICIAL REVIEW OF DENIAL OF REINSTATEMENT. (a) If the secretary of state denies a domestic filing entity's application for reinstatement following administrative dissolution, the secretary of state shall serve the entity with a notice in a record that explains the reasons for denial.
(b) Within thirty (30) days after service of a notice of denial of reinstatement under subsection (a) of this section, an entity may appeal from the denial by petitioning the district court of Ada county to set aside the dissolution. The petition must be served on the secretary of state and contain a copy of the secretary of state's notice of dissolution, the company's application for reinstatement, and the secretary of state's notice of denial.
(c) The district court may, if grounds exist, order the secretary of state to reinstate a dissolved entity or take other action the court considers appropriate.

SECTION 13. That Chapter 21, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 7, Chapter 21, Title 30, Idaho Code, and to read as follows:

PART 7
MISCELLANEOUS PROVISIONS

30-21-701. RESERVATION OF POWER TO AMEND OR REPEAL. The legislature of this state has power to amend or repeal all or part of this act at any time, and all domestic and foreign entities subject to this act are governed by the amendment or repeal.

30-21-702. SUPPLEMENTAL PRINCIPLES OF LAW. Unless displaced by particular provisions of this act, the principles of law and equity supplement this act.

30-21-703. UNIFORMITY OR CONSISTENCY OF APPLICATION AND CONSTRUCTION. In applying and construing the chapters of this act based on uniform or model acts, consideration must be given to the need to promote uniformity or consistency of the law with respect to its subject matter among states that enact it.

30-21-704. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT. This act modifies, limits, and supersedes the electronic signatures in global and national commerce act, 15 U.S.C. 7001 et seq., but does not modify, limit, or supersede section 101(c) of that act, 15 U.S.C. 7001(c), or authorize electronic delivery of any of the notices described in section 103(b) of that act, 15 U.S.C. 7003(b).

30-21-705. SAVINGS CLAUSE. The repeal of a statute by this act does not affect:

(1) The operation of the statute or any action taken under it before its repeal;

(2) Any ratification, right, remedy, privilege, obligation or liability acquired, accrued or incurred under the statute before its repeal;

(3) Any violation of the statute or any penalty, forfeiture or punishment incurred because of the violation before its repeal; or

(4) Any proceeding, reorganization or dissolution commenced under the statute before its repeal, and the proceeding, reorganization or dissolution may be completed in accordance with the statute as if it had not been repealed.

30-21-706. SEVERABILITY CLAUSE. If any provision of this act or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.

30-21-707 -- RESERVED.

30-21-708. EFFECTIVE DATE. This act takes effect July 1, 2015, except as otherwise provided.

SECTION 14. That Chapter 21, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 8, Chapter 21, Title 30, Idaho Code, and to read as follows:

PART 8
ASSUMED BUSINESS NAMES

30-21-801. SHORT TITLE. This part may be cited as the "Idaho Assumed Business Names Act."

30-21-802. PURPOSE. The purpose of this part is to ensure disclosure on the public record of the true names of persons who transact business in Idaho. Compliance with the provisions of this part does not confer any exclusive right to the use of an assumed business name in Idaho.

30-21-803. DEFINITIONS. When used in this part, the terms defined in this section shall have the following meanings:

(1) "Assumed business name" means:

(A) Any name other than the true name of any filing entity or limited liability partnership, under which name the entity holds itself out for the transaction of business in the state of Idaho; or

(B) Any name under which any individual, any group of individuals or other persons, or any entity other than a filing entity or limited liability partnership, holds itself out for the transaction of business in the state of Idaho, if that name does not include in full the true names of all individuals and other persons who have a financial interest in the business which is or may be transacted; which name shall not include words or abbreviations which falsely state or imply governmental affiliation or the existence of a filing entity or limited liability partnership.

(2) "Individual" means a natural person.

(3) "Transact business" means to engage in any commercial or other activity that is intended to or likely to produce a financial benefit, whether it is for the purpose of profit to the person who engages in the activity or for the purpose of supporting a charitable, benevolent or other nonprofit function.

(4) "True name" has the following meanings:

(A) When applied to a formally organized or registered entity, the name by which the entity is identified on its public organic record, application for authority to do business or registration statement which is on file with the appropriate governmental entity. As to a foreign formally organized or registered entity which has been required to adopt an assumed business name on its application for authority to do business or its registration statement as a condition of obtaining authority to do business in Idaho, the term "true name" shall include the assumed business name which appears on the application for authority to do business or registration statement.

(B) When applied to an individual, the name that the individual uses to bind himself or herself to legal obligations, or to obtain privileges, licenses or benefits from government. The true name will include the surname and some combination of given names or initials, and may include other identifiers such as "Jr.," "3d" or "III."

30-21-804. NAME USED AS ASSUMED BUSINESS NAME. (a) On or after July 1, 2014, an assumed business name:

(1) Must comply with section 30-21-301(a) and (e), Idaho Code; and

(2) May not contain any of the words or abbreviations required for an entity under section 30-21-302, Idaho Code; and

(3) May not be only the true name of an individual.

(b) The name of a filing entity or limited liability partnership does not have to be distinguishable from an assumed business name in a certificate of assumed business name filed before the entity's public organic record, statement of qualification, or foreign entity registration statement is filed, and the assumed business name is not invalidated by the subsequent filing by the filing entity or limited liability partnership.

30-21-805. FILING OF CERTIFICATE REQUIRED. (a) Any person who proposes to or intends to transact business in Idaho under an assumed business

name shall, before beginning to transact business, deliver to the secretary of state for filing a certificate of assumed business name in a form prescribed by the secretary of state.

(b) A separate certificate of assumed business name must be filed for each assumed business name a person uses.

30-21-806. CONTENTS OF CERTIFICATE. The certificate of assumed business name shall include:

(1) The assumed business name as it is used in the transaction of business;

(2) The true names and business addresses of every person who has a financial or control interest in the business to be transacted under the assumed business name;

(3) The general type of business to be transacted under the assumed business name using categories prescribed on the form by the secretary of state;

(4) The signature of each person included on the certificate or the signature of an agent acting on behalf of all persons included on the certificate; and

(5) Other information as the secretary of state may require.

30-21-807. EFFECT OF FILING -- DURATION -- CONTINUATION. (a) A person may conduct business under an assumed business name if a certificate of assumed business name has been filed with the secretary of state and is in effect.

(b) A certificate of assumed business name is in effect upon filing until it is canceled pursuant to section 30-21-809, Idaho Code.

(c) A certificate of assumed business name does not create an entity separate from the person doing business under the assumed business name.

30-21-808. AMENDMENT OF CERTIFICATE. (a) If the identity or business address of any person who has a financial or control interest in the business transacted under the assumed business name changes, or if the certificate of assumed business name becomes materially misleading in any other way, the person who transacts that business shall, within ninety (90) days thereafter, file with the secretary of state a certificate of amendment to the certificate of assumed business name in a form prescribed by the secretary of state. The form may be in any medium permitted by the secretary of state.

(b) The certificate of amendment shall specify how the certificate of assumed business name is to be amended and shall be executed in the same manner as required for a certificate of assumed business name.

30-21-809. CANCELLATION OF CERTIFICATE. (a) A person who discontinues use of an assumed business name may cancel its certificate of assumed business name by filing with the secretary of state a certificate of cancellation in a form prescribed by the secretary of state. The form may be in any medium permitted by the secretary of state.

(b) The certificate of cancellation shall be executed in the same manner as required for a certificate of assumed business name.

30-21-810. CONSEQUENCES OF NONCOMPLIANCE. (a) Any person who transacts business in Idaho under an assumed business name without having complied with the requirements of this chapter shall not be entitled to maintain any legal action in the courts of this state until the person has filed a certificate of assumed business name as required by this chapter.

(b) Any person who suffers a loss because of another person's noncompliance with the requirements of this chapter shall be entitled to recover damages in the amount of the loss and attorney's fees and costs incurred in connection with recovery of damages.

(c) Noncompliance shall be held to include false, misleading or incomplete information in a certificate of assumed business name, as well as failure to file.

SECTION 15. That Chapter 21, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 9, Chapter 21, Title 30, Idaho Code, and to read as follows:

PART 9
PROFESSIONAL ENTITIES

30-21-901. PROFESSIONAL ENTITIES. (a) "Allied professional services" means professional services that are so related in substance that they are frequently offered in conjunction with one another as parts of the same service package to the consumer.

(b) For the purpose of this act, the professions shall include the practices of architecture, chiropractic, dentistry, engineering, landscape architecture, law, medicine, nursing, occupational therapy, optometry, physical therapy, podiatry, professional geology, psychology, certified or licensed public accountancy, social work, surveying and veterinary medicine, and no others.

(c) This act shall not be deemed to authorize a professional entity to render allied professional services where the laws pertaining to specific professions or the codes of ethics or professional responsibility of any of the professions involved in such a proposed professional entity prohibit such a combination of professional services.

(d) No professional entity may render professional services in this state except through its managers, members, employees and agents who are duly licensed or otherwise legally authorized to render such professional services within this state. The term "employee," as used in this section, does not include clerks, secretaries, bookkeepers, technicians and other assistants who are not usually and ordinarily considered by custom and practice to be rendering professional services to the public for which a license or other legal authorization is required.

(e) Nothing contained in this act shall be interpreted to abolish, repeal, modify, restrict or limit the law now in effect in this state applicable to the professional relationship and liabilities between the person furnishing the professional services and the person receiving such professional services or to the standards for professional conduct. Any governor, interest holder, agent, or employee of a professional entity shall remain personally and fully liable and accountable for any negligent or wrongful acts or misconduct committed by him, or by any person under his direct super-

vision and control, while rendering professional services on behalf of the professional entity to the person for whom such professional services were being rendered. The professional entity shall be liable up to the full value of its property for any negligent or wrongful acts or misconduct committed by any of its governors, interest holders, agents, or employees while they are engaged on behalf of the professional entity in the rendering of professional services.

(f) The relationship of a person, whether as an individual or interest holder of a professional entity, to a professional entity with which such person is associated, whether as governor, interest holder, or employee, shall in no way modify or diminish the jurisdiction over such person of the governmental authority or state agency that licensed, certified or registered such person for a particular profession.

(g) No professional entity may offer an interest to or accept as an interest holder anyone other than an individual who is duly licensed or otherwise legally authorized to render the same specific professional services as those for which the entity was formed or professional entities, all of whose interest holders are duly licensed or otherwise legally authorized to render the same specific professional services as those for which the professional entity was formed. No member of a professional entity shall enter into a voting trust agreement or any other type of agreement vesting another person with the authority to exercise the voting power of his interest.

(h) If any governor, interest holder, agent, or employee of a professional entity who has been rendering professional services within this state accepts employment that, pursuant to existing law, places restrictions or limitations upon his continued rendering of such professional services, he shall be dissociated, and the remaining governors and interest holders of the professional entity shall take such action as is required to terminate such interest.

(i) No member of a professional entity may sell or transfer his interest in such professional entity except to another individual or professional entity eligible to be a member of such professional entity.

(j) The provisions of this section shall not be considered as repealing, modifying or restricting the applicable provisions of law regulating the several professions except insofar as such laws conflict with this section.

SECTION 16. That Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW CHAPTER, to be known and designated as Chapter 22, Title 30, Idaho Code, and to read as follows:

CHAPTER 22
ENTITY TRANSACTIONS

SECTION 17. That Chapter 22, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 1, Chapter 22, Title 30, Idaho Code, and to read as follows:

PART 1
GENERAL PROVISIONS

30-22-101. SHORT TITLE. This chapter may be cited as the "Idaho Model Entity Transactions Act."

30-22-102. DEFINITIONS. (a) As used in this chapter:

(1) "Acquired entity" means the entity, all of one (1) or more classes or series of interests that are acquired in an interest exchange.

(2) "Acquiring entity" means the entity that acquires all of one (1) or more classes or series of interests of the acquired entity in an interest exchange.

(3) "Approve" means, in the case of an entity, for its governors and interest holders to take whatever steps are necessary under the entity's organic rules, organic law, and other law to:

(A) Propose a transaction subject to this part;

(B) Adopt and approve the terms and conditions of the transaction; and

(C) Conduct any required proceedings or otherwise obtain any required votes or consents of the governors or interest holders.

(4) "Conversion" means a transaction authorized by part 4 of this chapter.

(5) "Converted entity" means the converting entity as it continues in existence after a conversion.

(6) "Converting entity" means the domestic entity that approves a plan of conversion pursuant to section 30-22-403, Idaho Code, or the foreign entity that approves a conversion pursuant to the law of its jurisdiction of formation.

(7) "Domesticated entity" means the domesticating entity as it continues in existence after a domestication.

(8) "Domesticating entity" means the domestic entity that approves a plan of domestication pursuant to section 30-22-503, Idaho Code, or the foreign entity that approves a domestication pursuant to the law of its jurisdiction of formation.

(9) "Domestication" means a transaction authorized by part 5 of this chapter.

(10) "Interest exchange" means a transaction authorized by part 3 of this chapter.

(11) "Interest holder liability" means:

(A) Personal liability for a liability of an entity which is imposed on a person:

(i) Solely by reason of the status of the person as an interest holder; or

(ii) By the organic rules of the entity that make one (1) or more specified interest holders or categories of interest holders liable in their capacity as interest holders for all or specified liabilities of the entity; or

(B) An obligation of an interest holder under the organic rules of an entity to contribute to the entity.

(12) "Merger" means a transaction in which two (2) or more merging entities are combined into a surviving entity pursuant to a record filed by the secretary of state.

(13) "Merging entity" means an entity that is a party to a merger and exists immediately before the merger becomes effective.
(14) "Plan" means a plan of merger, plan of interest exchange, plan of conversion or plan of domestication.
(15) "Plan of conversion" means a plan under section 30-22-402, Idaho Code.
(16) "Plan of domestication" means a plan under section 30-22-502, Idaho Code.
(17) "Plan of interest exchange" means a plan under section 30-22-302, Idaho Code.
(18) "Plan of merger" means a plan under section 30-22-202, Idaho Code.
(19) "Protected agreement" means:
(A) A record evidencing indebtedness and any related agreement in effect on July 1, 2007;
(B) An agreement that is binding on an entity on July 1, 2007;
(C) The organic rules of an entity in effect on July 1, 2007; or
(D) An agreement that is binding on any of the governors or interest holders of an entity on July 1, 2007.
(20) "Statement of conversion" means a statement under section 30-22-405, Idaho Code.
(21) "Statement of domestication" means a statement under section 30-22-505, Idaho Code.
(22) "Statement of interest exchange" means a statement under section 30-22-305, Idaho Code.
(23) "Statement of merger" means a statement under section 30-22-205, Idaho Code.
(24) "Surviving entity" means the entity that continues in existence after or is created by a merger under part 2 of this chapter.
(b) The following definitions outside this chapter apply to this chapter:
(1) "Distributional interest" - section 30-21-102(8), Idaho Code.
(2) "Domestic" - section 30-21-102(9), Idaho Code.
(3) "Entity" - section 30-21-102(11), Idaho Code.
(4) "Filing entity" - section 30-21-102(14), Idaho Code.
(5) "Foreign" - section 30-21-102(15), Idaho Code.
(6) "Governance interest" - section 30-21-102(18), Idaho Code.
(7) "Governor" - section 30-21-102(19), Idaho Code.
(8) "Interest" - section 30-21-102(20), Idaho Code.
(9) "Interest holder" - section 30-21-102(21), Idaho Code.
(10) "Jurisdiction" - section 30-21-102(22), Idaho Code.
(11) "Jurisdiction of formation" - section 30-21-102(23), Idaho Code.
(12) "Organic law" - section 30-21-102(33), Idaho Code.
(13) "Organic rules" - section 30-21-102(34), Idaho Code.
(14) "Person" - section 30-21-102(35), Idaho Code.
(15) "Private organic rules" - section 30-21-102(37), Idaho Code.
(16) "Property" - section 30-21-102(41), Idaho Code.
(17) "Public organic record" - section 30-21-102(42), Idaho Code.
(18) "Record" - section 30-21-102(44), Idaho Code.
(19) "Registered foreign entity" - section 30-21-102(46), Idaho Code.
(20) "Sign" - section 30-21-102(47), Idaho Code.

(21) "State" - section 30-21-102(48), Idaho Code.
(22) "Transfer" - section 30-21-102(50), Idaho Code.
(23) "Type of entity" - section 30-21-102(51), Idaho Code.

30-22-103. RELATIONSHIP OF CHAPTER TO OTHER LAWS. (a) This chapter does not authorize an act prohibited by, and does not affect the application or requirements of, law other than this chapter.

(b) A transaction effected under this chapter may not create or impair any right or obligation on the part of a person under the statutory law of this state relating to a change in control, takeover, business combination, control-share acquisition, or similar transaction involving a domestic merging, acquired, converting, or domesticating business corporation unless:

(1) If the corporation does not survive the transaction, the transaction satisfies any requirements of the law; or

(2) If the corporation survives the transaction, the approval of the plan is by a vote of the shareholders or directors which would be sufficient to create or impair the right, duty or obligation directly under the law.

30-22-104. REQUIRED NOTICE OR APPROVAL. (a) A domestic or foreign entity that is required to give notice to, or obtain the approval of, a governmental agency or officer of this state before engaging in a merger transaction of a type covered by this chapter must give the notice or obtain the approval in order to be a party to an interest exchange, conversion, or domestication.

(b) Property held for a charitable purpose under the law of this state by a domestic or foreign entity immediately before a transaction under this chapter becomes effective may not, as a result of the transaction, be diverted from the objects for which it was donated, granted, devised, or otherwise transferred unless, to the extent required by or pursuant to the law of this state concerning cy pres or other law dealing with nondiversion of charitable assets, the entity obtains an appropriate order of the attorney general specifying the disposition of the property.

(c) A bequest, devise, gift, grant, or promise contained in a will or other instrument of donation, subscription, or conveyance that is made to a merging entity that is not the surviving entity and that takes effect or remains payable after the merger inures to the surviving entity.

(d) A trust obligation that would govern property if transferred to the nonsurviving entity applies to property that is transferred to the surviving entity under this section.

30-22-105. STATUS OF FILINGS. A filing under this chapter signed by a domestic entity becomes part of the public organic record of the entity if the entity's organic law provides that similar filings under that law become part of the public organic record of the entity.

30-22-106. NONEXCLUSIVITY. The fact that a transaction under this chapter produces a certain result does not preclude the same result from

being accomplished in any other manner permitted by law other than this chapter.

30-22-107. REFERENCE TO EXTERNAL FACTS. A plan may refer to facts ascertainable outside the plan if the manner in which the facts will operate upon the plan is specified in the plan. The facts may include the occurrence of an event or a determination or action by a person, whether or not the event, determination, or action is within the control of a party to the transaction.

30-22-108. ALTERNATIVE MEANS OF APPROVAL OF TRANSACTIONS. Except as otherwise provided in the organic law or organic rules of a domestic entity, approval of a transaction under this chapter by the affirmative vote or consent of all its interest holders satisfies the requirements of this chapter for approval of the transaction.

30-22-109. APPRAISAL RIGHTS. (a) An interest holder of a domestic merging, acquired, converting, or domesticating entity is entitled to appraisal rights in connection with the transaction if the interest holder would have been entitled to appraisal rights under the entity's organic law in connection with a merger in which the interest of the interest holder was changed, converted or exchanged unless:

(1) The organic law permits the organic rules to limit the availability of appraisal rights; and

(2) The organic rules provide such a limit.

(b) An interest holder of a domestic merging, acquired, converting, or domesticating entity is entitled to contractual appraisal rights in connection with a transaction under this chapter to the extent provided in:

(1) The entity's organic rules;

(2) The plan; or

(3) The case of a business corporation by action of its governors.

(c) If an interest holder is entitled to contractual appraisal rights under subsection (b) of this section and the entity's organic law does not provide procedures for the conduct of an appraisal rights proceeding, part 13, chapter 29, title 30, Idaho Code, applies to the extent practicable or as otherwise provided in the entity's organic rules or the plan.

30-22-110. CONFLICT OF LAWS AND EXCLUDED TRANSACTIONS. (a) In the event of any conflict between the provisions of this chapter and the provisions of the following laws, the following laws shall control:

(1) The Idaho bank act, as defined in section 26-101, Idaho Code;

(2) The Idaho credit union act, chapter 21, title 26, Idaho Code;

(3) Chapters 28, 32, 34, 38 and 48, title 41, Idaho Code;

(4) The business and industrial development corporation act, chapter 27, title 26, Idaho Code.

(b) This chapter may not be used to effect a transaction that results in a domestic entity of a type that cannot be formed by the filing of a public organic record with the secretary of state, except for a general partnership and an unincorporated nonprofit association.

SECTION 18. That Chapter 22, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 2, Chapter 22, Title 30, Idaho Code, and to read as follows:

PART 2
MERGER

30-22-201. MERGER AUTHORIZED. (a) Except as otherwise provided in this section, by complying with this part:

(1) One (1) or more domestic entities may merge with one (1) or more domestic or foreign entities into a domestic or foreign surviving entity; and

(2) Two (2) or more foreign entities may merge into a domestic entity.

(b) Except as otherwise provided in this section, by complying with the provisions of this part applicable to foreign entities, a foreign entity may be a party to a merger under this part or may be the surviving entity in such a merger if the merger is authorized by the law of the foreign entity's jurisdiction of formation.

30-22-202. PLAN OF MERGER. (a) A domestic entity may become a party to a merger under this part by approving a plan of merger. The plan must be in a record and contain:

(1) As to each merging entity, its name, jurisdiction of formation, and type of entity;

(2) If the surviving entity is to be created in the merger, a statement to that effect and the entity's name, jurisdiction of formation, and type of entity;

(3) The manner of converting the interests in each party to the merger into interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing;

(4) If the surviving entity exists before the merger, any proposed amendments to:

(A) Its public organic record, if any; and

(B) Its private organic rules that are, or are proposed to be, in a record;

(5) If the surviving entity is to be created in the merger:

(A) Its proposed public organic record, if any; and

(B) The full text of its private organic rules that are proposed to be in a record;

(6) The other terms and conditions of the merger; and

(7) Any other provision required by the law of a merging entity's jurisdiction of formation or the organic rules of a merging entity.

(b) In addition to the requirements of subsection (a) of this section, a plan of merger may contain any other provision not prohibited by law.

30-22-203. APPROVAL OF MERGER. (a) A plan of merger is not effective unless it has been approved:

(1) By a domestic merging entity:

(A) In accordance with the requirements, if any, in its organic law and organic rules for approval of:

(i) In the case of an entity that is not a limited cooperative association, the merger; or

(ii) In the case of a limited cooperative association, a transaction under this chapter;

(B) By all of the interest holders of the entity entitled to vote on or consent to any matter if:

(i) In the case of an entity that is not a business corporation or limited cooperative association, neither its organic law nor organic rules provide for approval of the merger; or

(ii) In the case of an entity that is a limited cooperative association, neither its organic law nor organic rules provide for approval of a transaction under this chapter; and

(2) In a record, by each interest holder of a domestic merging entity that will have interest holder liability for debts, obligations, and other liabilities that arise after the merger becomes effective, unless, in the case of an entity that is not a business corporation or nonprofit corporation:

(A) The organic rules of the entity provide in a record for the approval of a merger in which some or all of its interest holders become subject to interest holder liability by the affirmative vote or consent of fewer than all the interest holders; and

(B) The interest holder consented in a record to or voted for that provision of the organic rules or became an interest holder after the adoption of that provision.

(b) A merger under this part involving a foreign merging entity is not effective unless the merger is approved by the foreign entity in accordance with the law of the foreign entity's jurisdiction of formation.

30-22-204. AMENDMENT OR ABANDONMENT OF PLAN OF MERGER. (a) A plan of merger may be amended only with the consent of each party to the plan, except as otherwise provided in the plan.

(b) A domestic merging entity may approve an amendment of a plan of merger:

(1) In the same manner as the plan was approved, if the plan does not provide for the manner in which it may be amended; or

(2) By its governors or interest holders in the manner provided in the plan, but an interest holder that was entitled to vote on or consent to approval of the merger is entitled to vote on or consent to any amendment of the plan that will change:

(A) The amount or kind of interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing, to be received by the interest holders of any party to the plan;

(B) The public organic record, if any, or private organic rules of the surviving entity that will be in effect immediately after the merger becomes effective, except for changes that do not require approval of the interest holders of the surviving entity under its organic law or organic rules; or

(C) Any other terms or conditions of the plan, if the change would adversely affect the interest holder in any material respect.

(c) After a plan of merger has been approved and before a statement of merger becomes effective, the plan may be abandoned as provided in the plan. Unless prohibited by the plan, a domestic merging entity may abandon the plan in the same manner as the plan was approved.

(d) If a plan of merger is abandoned after a statement of merger has been delivered to the secretary of state for filing and before the statement becomes effective, a statement of abandonment, signed by a party to the plan, must be delivered to the secretary of state for filing before the statement of merger becomes effective. The statement of abandonment takes effect on filing, and the merger is abandoned and does not become effective. The statement of abandonment must contain:

(1) The name of each party to the plan of merger;

(2) The date on which the statement of merger was filed; and

(3) A statement that the merger has been abandoned in accordance with this section.

30-22-205. STATEMENT OF MERGER -- EFFECTIVE DATE OF MERGER. (a) A statement of merger must be signed by each merging entity and delivered to the secretary of state for filing.

(b) A statement of merger must contain:

(1) The name, jurisdiction of formation, and type of entity of each merging entity that is not the surviving entity;

(2) The name, jurisdiction of formation, and type of entity of the surviving entity;

(3) If the statement of merger is not to be effective upon filing, the later date and time on which it will become effective, which may not be more than ninety (90) days after the date of filing;

(4) A statement that the merger was approved by each domestic merging entity, if any, in accordance with this part and by each foreign merging entity, if any, in accordance with the law of its jurisdiction of formation;

(5) If the surviving entity exists before the merger and is a domestic filing entity, any amendment to its public organic record approved as part of the plan of merger;

(6) If the surviving entity is created by the merger and is a domestic filing entity, its public organic record, as an attachment;

(7) If the surviving entity is created by the merger and is a domestic limited liability partnership, its statement of qualification, as an attachment; and

(8) If the surviving entity is a foreign entity that is not a registered foreign entity, a statement designating a registered agent in compliance with section 30-21-411, Idaho Code.

(c) In addition to the requirements of subsection (b) of this section, a statement of merger may contain any other provision not prohibited by law.

(d) If the surviving entity is a domestic entity, its public organic record, if any, must satisfy the requirements of the law of this state, except that the public organic record does not need to be signed and may omit

any provision that is not required to be included in a restatement of the public organic record.

(e) A plan of merger that is signed by all the merging entities and meets all the requirements of subsection (b) of this section may be delivered to the secretary of state for filing instead of a statement of merger and on filing has the same effect. If a plan of merger is filed as provided in this subsection, references in this act to a statement of merger refer to the plan of merger filed under this subsection.

(f) A statement of merger is effective on the date and time of filing or the later date and time specified in the statement of merger.

(g) If the surviving entity is a domestic entity, the merger is effective when the statement of merger is effective. If the surviving entity is a foreign entity, the merger is effective on the later of:

(1) The date and time provided by the organic law of the surviving entity; or

(2) When the statement is effective.

30-22-206. EFFECT OF MERGER. (a) When a merger under this part becomes effective:

(1) The surviving entity continues or comes into existence;

(2) Each merging entity that is not the surviving entity ceases to exist;

(3) All property of each merging entity vests in the surviving entity without transfer, reversion or impairment;

(4) All debts, obligations and other liabilities of each merging entity are debts, obligations and other liabilities of the surviving entity;

(5) Except as otherwise provided by law or the plan of merger, all the rights, privileges, immunities, powers and purposes of each merging entity vest in the surviving entity;

(6) If the surviving entity exists before the merger:

(A) All its property continues to be vested in it without transfer, reversion or impairment;

(B) It remains subject to all its debts, obligations and other liabilities; and

(C) All its rights, privileges, immunities, powers and purposes continue to be vested in it;

(7) The name of the surviving entity may be substituted for the name of any merging entity that is a party to any pending action or proceeding;

(8) If the surviving entity exists before the merger:

(A) Its public organic record, if any, is amended to the extent provided in the statement of merger; and

(B) Its private organic rules that are to be in a record, if any, are amended to the extent provided in the plan of merger;

(9) If the surviving entity is created by the merger, its private organic rules are effective and:

(A) If it is a filing entity, its public organic record is effective; and

(B) If it is a limited liability partnership, its statement of qualification is effective; and

(10) The interests in each merging entity which are to be converted in the merger are converted, and the interest holders of those interests are entitled only to the rights provided to them under the plan of merger and to any appraisal rights they have under section 30-22-109, Idaho Code, and the merging entity's organic law.

(b) Except as otherwise provided in the organic law or organic rules of a merging entity, a merger under this part does not give rise to any rights that an interest holder, governor, or third party would have upon a dissolution, liquidation or winding up of the merging entity.

(c) When a merger under this part becomes effective, a person that did not have interest holder liability with respect to any of the merging entities and becomes subject to interest holder liability with respect to a domestic entity as a result of the merger has interest holder liability only to the extent provided by the organic law of that entity and only for those debts, obligations, and other liabilities that arise after the merger becomes effective.

(d) When a merger becomes effective, the interest holder liability of a person that ceases to hold an interest in a domestic merging entity with respect to which the person had interest holder liability is subject to the following rules:

(1) The merger does not discharge any interest holder liability under the organic law of the domestic merging entity to the extent the interest holder liability arose before the merger became effective.

(2) The person does not have interest holder liability under the organic law of the domestic merging entity for any debt, obligation, or other liability that arises after the merger becomes effective.

(3) The organic law of the domestic merging entity continues to apply to the release, collection, or discharge of any interest holder liability preserved under paragraph (1) of this subsection as if the merger had not occurred.

(4) The person has whatever rights of contribution from any other person as are provided by law other than this chapter or the organic rules of the domestic merging entity with respect to any interest holder liability preserved under paragraph (1) of this subsection as if the merger had not occurred.

(e) When a merger under this part becomes effective, a foreign entity that is the surviving entity may be served with process in this state for the collection and enforcement of any debts, obligations, or other liabilities of a domestic merging entity in accordance with applicable law.

(f) When a merger under this part becomes effective, registration to do business in this state of any foreign merging entity that is not the surviving entity is canceled.

SECTION 19. That Chapter 22, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 3, Chapter 22, Title 30, Idaho Code, and to read as follows:

PART 3
INTEREST EXCHANGE

30-22-301. INTEREST EXCHANGE AUTHORIZED. (a) Except as otherwise provided in this section, by complying with this part:

(1) A domestic entity may acquire all of one (1) or more classes or series of interests of another domestic entity or a foreign entity in exchange for interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing; or

(2) All of one (1) or more classes or series of interests of a domestic entity may be acquired by another domestic entity or a foreign entity in exchange for interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing.

(b) Except as otherwise provided in this section, by complying with the provisions of this part applicable to foreign entities a foreign entity may be the acquiring or acquired entity in an interest exchange under this part if the interest exchange is authorized by the law of the foreign entity's jurisdiction of formation.

(c) If a protected agreement contains a provision that applies to a merger of a domestic entity but does not refer to an interest exchange, the provision applies to an interest exchange in which the domestic entity is the acquired entity as if the interest exchange were a merger until the provision is amended after July 1, 2007.

30-22-302. PLAN OF INTEREST EXCHANGE. (a) A domestic entity may be the acquired entity in an interest exchange under this part by approving a plan of interest exchange. The plan must be in a record and contain:

(1) The name and type of entity of the acquired entity;

(2) The name, jurisdiction of formation, and type of entity of the acquiring entity;

(3) The manner of converting the interests in the acquired entity into interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing;

(4) Any proposed amendments to:

(A) The public organic record, if any, of the acquired entity; and

(B) The private organic rules of the acquired entity that are, or are proposed to be, in a record;

(5) The other terms and conditions of the interest exchange; and

(6) Any other provision required by the law of this state or the organic rules of the acquired entity.

(b) In addition to the requirements of subsection (a) of this section, a plan of interest exchange may contain any other provision not prohibited by law.

30-22-303. APPROVAL OF INTEREST EXCHANGE. (a) A plan of interest exchange is not effective unless it has been approved:

(1) By a domestic acquired entity:

(A) In accordance with the requirements, if any, in its organic law and organic rules for approval of an interest exchange;

(B) If neither its organic law nor organic rules provide for approval of an interest exchange, in accordance with the require-

ments, if any, in its organic law and organic rules for approval of:

(i) In the case of an entity that is not a business corporation or a limited cooperative association, a merger, as if the interest exchange were a merger;

(ii) In the case of a business corporation, a merger requiring approval by a vote of the interest holders of the business corporation, as if the interest exchange were that type of merger; or

(iii) In the case of a limited cooperative association, a transaction under this chapter; or

(C) By all of the interest holders of the entity entitled to vote on or consent to any matter if:

(i) In the case of an entity that is not a business corporation or limited cooperative association, neither its organic law nor organic rules provide for approval of an interest exchange or merger; or

(ii) In the case of a limited cooperative association, neither its organic law nor organic rules provide for approval of an interest exchange or a transaction under this chapter; and

(2) In a record, by each interest holder of a domestic acquired entity that will have interest holder liability for debts, obligations, and other liabilities that arise after the interest exchange becomes effective, unless, in the case of an entity that is not a business corporation or nonprofit corporation:

(A) The organic rules of the entity provide in a record for the approval of an interest exchange or a merger in which some or all of its interest holders become subject to interest holder liability by the vote or consent of fewer than all the interest holders; and

(B) The interest holder consented in a record to or voted for that provision of the organic rules or became an interest holder after the adoption of that provision.

(b) An interest exchange involving a foreign acquired entity is not effective unless it is approved by the foreign entity in accordance with the law of the foreign entity's jurisdiction of formation.

(c) Except as otherwise provided in its organic law or organic rules, the interest holders of the acquiring entity are not required to approve the interest exchange.

30-22-304. AMENDMENT OR ABANDONMENT OF PLAN OF INTEREST EXCHANGE. (a) A plan of interest exchange may be amended only with the consent of each party to the plan, except as otherwise provided in the plan.

(b) A domestic acquired entity may approve an amendment of a plan of interest exchange:

(1) In the same manner as the plan was approved, if the plan does not provide for the manner in which it may be amended; or

(2) By its governors or interest holders in the manner provided in the plan, but an interest holder that was entitled to vote on or consent to

approval of the interest exchange is entitled to vote on or consent to any amendment of the plan that will change:

(A) The amount or kind of interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing, to be received by any of the interest holders of the acquired entity under the plan;

(B) The public organic record, if any, or private organic rules of the acquired entity that will be in effect immediately after the interest exchange becomes effective, except for changes that do not require approval of the interest holders of the acquired entity under its organic law or organic rules; or

(C) Any other terms or conditions of the plan, if the change would adversely affect the interest holder in any material respect.

(c) After a plan of interest exchange has been approved and before a statement of interest exchange becomes effective, the plan may be abandoned as provided in the plan. Unless prohibited by the plan, a domestic acquired entity may abandon the plan in the same manner as the plan was approved.

(d) If a plan of interest exchange is abandoned after a statement of interest exchange has been delivered to the secretary of state for filing and before the statement becomes effective, a statement of abandonment, signed by the acquired entity, must be delivered to the secretary of state for filing before the statement of interest exchange becomes effective. The statement of abandonment takes effect on filing, and the interest exchange is abandoned and does not become effective. The statement of abandonment must contain:

(1) The name of the acquired entity;

(2) The date on which the statement of interest exchange was filed by the secretary of state; and

(3) A statement that the interest exchange has been abandoned in accordance with this section.

30-22-305. STATEMENT OF INTEREST EXCHANGE -- EFFECTIVE DATE OF INTEREST EXCHANGE. (a) A statement of interest exchange must be signed by a domestic acquired entity and delivered to the secretary of state for filing.

(b) A statement of interest exchange must contain:

(1) The name and type of entity of the acquired entity;

(2) The name, jurisdiction of formation, and type of entity of the acquiring entity;

(3) If the statement of interest exchange is not to be effective upon filing, the later date and time on which it will become effective, which may not be more than ninety (90) days after the date of filing;

(4) A statement that the plan of interest exchange was approved by the acquired entity in accordance with this part; and

(5) Any amendments to the acquired entity's public organic record, if any, approved as part of the plan of interest exchange.

(c) In addition to the requirements of subsection (b) of this section, a statement of interest exchange may contain any other provision not prohibited by law.

(d) A plan of interest exchange that is signed by a domestic acquired entity and meets all the requirements of subsection (b) of this section may

be delivered to the secretary of state for filing instead of a statement of interest exchange and on filing has the same effect. If a plan of interest exchange is filed as provided in this subsection, references in this chapter to a statement of interest exchange refer to the plan of interest exchange filed under this subsection.

(e) A statement of interest exchange becomes effective on the date and time of filing or the later date and time specified in the statement of interest exchange.

(f) An interest exchange in which the acquired entity is a domestic entity is effective when the statement of interest exchange is effective.

30-22-306. EFFECT OF INTEREST EXCHANGE. (a) When an interest exchange in which the acquired entity is a domestic entity becomes effective:

(1) The interests in the domestic acquired entity that are the subject of the interest exchange are converted, and the interest holders of those interests are entitled only to the rights provided to them under the plan of interest exchange and to any appraisal rights as provided in section 30-22-109, Idaho Code, and the acquired entity's organic law;

(2) The acquiring entity becomes the interest holder of the interests in the acquired entity stated in the plan of interest exchange to be acquired by the acquiring entity;

(3) The public organic record, if any, of the acquired entity is amended as provided in the statement of interest exchange; and

(4) The private organic rules of the acquired entity that are to be in a record, if any, are amended to the extent provided in the plan of interest exchange.

(b) Except as otherwise provided in the organic law or organic rules of the acquired entity, the interest exchange does not give rise to any rights that an interest holder, governor, or third party would have upon a dissolution, liquidation, or winding up of the acquired entity.

(c) When an interest exchange becomes effective, a person that did not have interest holder liability with respect to the acquired entity and becomes subject to interest holder liability with respect to a domestic entity as a result of the interest exchange has interest holder liability only to the extent provided by the organic law of the entity and only for those debts, obligations, and other liabilities that arise after the interest exchange becomes effective.

(d) When an interest exchange becomes effective, the interest holder liability of a person that ceases to hold an interest in a domestic acquired entity with respect to which the person had interest holder liability is subject to the following rules:

(1) The interest exchange does not discharge any interest holder liability under the organic law of the domestic acquired entity to the extent the interest holder liability arose before the interest exchange became effective.

(2) The person does not have interest holder liability under the organic law of the domestic acquired entity for any debt, obligation, or other liability that arises after the interest exchange becomes effective.

(3) The organic law of the domestic acquired entity continues to apply to the release, collection, or discharge of any interest holder liability preserved under paragraph (1) of this subsection as if the interest exchange had not occurred.

(4) The person has whatever rights of contribution from any other person as are provided by law other than this chapter or the organic law or organic rules of the domestic acquired entity with respect to any interest holder liability preserved under paragraph (1) of this subsection as if the interest exchange had not occurred.

SECTION 20. That Chapter 22, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 4, Chapter 22, Title 30, Idaho Code, and to read as follows:

PART 4
CONVERSION

30-22-401. CONVERSION AUTHORIZED. (a) By complying with this part, a domestic entity may become:

(1) A domestic entity that is a different type of entity; or

(2) A foreign entity that is a different type of entity, if the conversion is authorized by the law of the foreign entity's jurisdiction of formation.

(b) By complying with the provisions of this part applicable to foreign entities, a foreign entity may become a domestic entity that is a different type of entity if the conversion is authorized by the law of the foreign entity's jurisdiction of formation.

(c) If a protected agreement contains a provision that applies to a merger of a domestic entity but does not refer to a conversion, the provision applies to a conversion of the entity as if the conversion were a merger until the provision is amended after July 1, 2007.

30-22-402. PLAN OF CONVERSION. (a) A domestic entity may convert to a different type of entity under this part by approving a plan of conversion. The plan must be in a record and contain:

(1) The name and type of entity of the converting entity;

(2) The name, jurisdiction of formation, and type of entity of the converted entity;

(3) The manner of converting the interests in the converting entity into interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing;

(4) The proposed public organic record of the converted entity if it will be a filing entity;

(5) The full text of the private organic rules of the converted entity that are proposed to be in a record;

(6) The other terms and conditions of the conversion; and

(7) Any other provision required by the law of this state or the organic rules of the converting entity.

(b) In addition to the requirements of subsection (a) of this section, a plan of conversion may contain any other provision not prohibited by law.

30-22-403. APPROVAL OF CONVERSION. (a) A plan of conversion is not effective unless it has been approved:

(1) By a domestic converting entity:

(A) In accordance with the requirements, if any, in its organic rules for approval of a conversion;

(B) If its organic rules do not provide for approval of a conversion, in accordance with the requirements, if any, in its organic law and organic rules for approval of:

(i) In the case of an entity that is not a business corporation or limited cooperative association, a merger, as if the conversion were a merger; or

(ii) In the case of a business corporation, a merger requiring approval by a vote of the interest holders of the business corporation, as if the conversion were that type of merger; or

(iii) In the case of a limited cooperative association, a transaction under this chapter; or

(C) By all of the interest holders of the entity entitled to vote on or consent to any matter if:

(i) In the case of any entity that is not a business corporation or limited cooperative association, neither its organic law nor organic rules provide for approval of a conversion or a merger; or

(ii) In the case of a limited cooperative association, neither its organic law nor organic rules provide for approval of a conversion or a transaction under this chapter; and

(2) In a record, by each interest holder of a domestic converting entity that will have interest holder liability for debts, obligations, and other liabilities that arise after the conversion becomes effective, unless, in the case of an entity that is not a business or nonprofit corporation:

(A) The organic rules of the entity provide in a record for the approval of a conversion or a merger in which some or all of its interest holders become subject to interest holder liability by the vote or consent of fewer than all the interest holders; and

(B) The interest holder voted for or consented in a record to or voted for that provision of the organic rules or became an interest holder after the adoption of that provision.

(b) A conversion of a foreign converting entity is not effective unless it is approved by the foreign entity in accordance with the law of the foreign entity's jurisdiction of formation.

30-22-404. AMENDMENT OR ABANDONMENT OF PLAN OF CONVERSION. (a) A plan of conversion of a domestic converting entity may be amended:

(1) In the same manner as the plan was approved, if the plan does not provide for the manner in which it may be amended; or

(2) By its governors or interest holders in the manner provided in the plan, but an interest holder that was entitled to vote on or consent to approval of the conversion is entitled to vote on or consent to any amendment of the plan that will change:

(A) The amount or kind of interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing, to be received by any of the interest holders of the converting entity under the plan;

(B) The public organic record, if any, or private organic rules of the converted entity that will be in effect immediately after the conversion becomes effective, except for changes that do not require approval of the interest holders of the converted entity under its organic law or organic rules; or

(C) Any other terms or conditions of the plan, if the change would adversely affect the interest holder in any material respect.

(b) After a plan of conversion has been approved and before a statement of conversion becomes effective, the plan may be abandoned as provided in the plan. Unless prohibited by the plan, a domestic converting entity may abandon the plan in the same manner as the plan was approved.

(c) If a plan of conversion is abandoned after a statement of conversion has been delivered to the secretary of state for filing and before the statement becomes effective, a statement of abandonment, signed by the converting entity, must be delivered to the secretary of state for filing before the statement of conversion becomes effective. The statement of abandonment takes effect on filing, and the conversion is abandoned and does not become effective. The statement of abandonment must contain:

(1) The name of the converting entity;

(2) The date on which the statement of conversion was filed by the secretary of state; and

(3) A statement that the conversion has been abandoned in accordance with this section.

30-22-405. STATEMENT OF CONVERSION -- EFFECTIVE DATE OF CONVERSION. (a) A statement of conversion must be signed by the converting entity and delivered to the secretary of state for filing.

(b) A statement of conversion must contain:

(1) The name, jurisdiction of formation, and type of entity of the converting entity;

(2) The name, jurisdiction of formation, and type of entity of the converted entity;

(3) If the statement of conversion is not to be effective upon filing, the later date and time on which it will become effective, which may not be more than ninety (90) days after the date of filing;

(4) If the converting entity is a domestic entity, a statement that the plan of conversion was approved in accordance with this part or, if the converting entity is a foreign entity, a statement that the conversion was approved by the foreign entity in accordance with the law of its jurisdiction of formation;

(5) If the converted entity is a domestic filing entity, its public organic record, as an attachment;

(6) If the converted entity is a domestic limited liability partnership, its statement of qualification, as an attachment; and

(7) If the converted entity is a foreign entity, a statement designating a registered agent in compliance with section 30-21-411, Idaho Code.

(c) In addition to the requirements of subsection (b) of this section, a statement of conversion may contain any other provision not prohibited by law.

(d) If the converted entity is a domestic entity, its public organic record, if any, must satisfy the requirements of the law of this state, except that the public organic record does not need to be signed and may omit any provision that is not required to be included in a restatement of the public organic record.

(e) A plan of conversion that is signed by a domestic converting entity and meets all the requirements of subsection (b) of this section may be delivered to the secretary of state for filing instead of a statement of conversion and on filing has the same effect. If a plan of conversion is filed as provided in this subsection, references in this chapter to a statement of conversion refer to the plan of conversion filed under this subsection.

(f) A statement of conversion is effective on the date and time of filing or the later date and time specified in the statement of conversion.

(g) If the converted entity is a domestic entity, the conversion is effective when the statement of conversion is effective. If the converted entity is a foreign entity, the conversion is effective on the later of:

(1) The date and time provided by the organic law of the converted entity; or

(2) When the statement is effective.

30-22-406. EFFECT OF CONVERSION. (a) When a conversion becomes effective:

(1) The converted entity is:

(A) Organized under and subject to the organic law of the converted entity; and

(B) The same entity without interruption as the converting entity;

(2) All property of the converting entity continues to be vested in the converted entity without transfer, reversion or impairment;

(3) All debts, obligations, and other liabilities of the converting entity continue as debts, obligations, and other liabilities of the converted entity;

(4) Except as otherwise provided by law or the plan of conversion, all of the rights, privileges, immunities, powers, and purposes of the converting entity remain in the converted entity;

(5) The name of the converted entity may be substituted for the name of the converting entity in any pending action or proceeding;

(6) If a converted entity is a filing entity, its public organic record is effective;

(7) If the converted entity is a limited liability partnership, its statement of qualification is effective;

(8) The private organic rules of the converted entity that are to be in a record, if any, approved as part of the plan of conversion are effective; and

(9) The interests in the converting entity are converted, and the interest holders of the converting entity are entitled only to the rights provided to them under the plan of conversion and to any appraisal rights they have under section 30-22-109, Idaho Code, and the converting entity's organic law.

(b) Except as otherwise provided in the organic law or organic rules of the converting entity, the conversion does not give rise to any rights that an interest holder, governor, or third party would have upon a dissolution, liquidation, or winding up of the converting entity.

(c) When a conversion becomes effective, a person that did not have interest holder liability with respect to the converting entity and becomes subject to interest holder liability with respect to a domestic entity as a result of the conversion has interest holder liability only to the extent provided by the organic law of the entity and only for those debts, obligations, and other liabilities that arise after the conversion becomes effective.

(d) When a conversion becomes effective, the interest holder liability of a person that ceases to hold an interest in a domestic converting entity with respect to which the person had interest holder liability is subject to the following rules:

(1) The conversion does not discharge any interest holder liability under the organic law of the domestic converting entity to the extent the interest holder liability arose before the conversion became effective.

(2) The person does not have interest holder liability under the organic law of the domestic converting entity for any debt, obligation, or other liability that arises after the conversion becomes effective.

(3) The organic law of a domestic converting entity continues to apply to the release, collection, or discharge of any interest holder liability preserved under paragraph (1) of this subsection as if the conversion had not occurred.

(4) The person has whatever rights of contribution from any other person as are provided by other law or the organic rules of the domestic converting entity with respect to any interest holder liability preserved under paragraph (1) of this subsection as if the conversion had not occurred.

(e) When a conversion becomes effective, a foreign entity that is the converted entity may be served with process in this state for the collection and enforcement of any of its debts, obligations, and other liabilities in accordance with applicable law.

(f) If the converting entity is a registered foreign entity, its registration to do business in this state is canceled when the conversion becomes effective.

(g) A conversion does not require the entity to wind up its affairs and does not constitute or cause the dissolution of the entity.

SECTION 21. That Chapter 22, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 5, Chapter 22, Title 30, Idaho Code, and to read as follows:

PART 5

DOMESTICATION

30-22-501. DOMESTICATION AUTHORIZED. (a) Except as otherwise provided in this section, by complying with this part, a domestic entity may become a domestic entity of the same type of entity in a foreign jurisdiction if the domestication is authorized by the law of the foreign jurisdiction.

(b) Except as otherwise provided in this section, by complying with the provisions of this part applicable to foreign entities a foreign entity may become a domestic entity of the same type of entity in this state if the domestication is authorized by the law of the foreign entity's jurisdiction of formation.

(c) If a protected agreement contains a provision that applies to a merger of a domestic entity but does not refer to a domestication, the provision applies to a domestication of the entity as if the domestication were a merger until the provision is amended after July 1, 2007.

30-22-502. PLAN OF DOMESTICATION. (a) A domestic entity may become a foreign entity in a domestication by approving a plan of domestication. The plan must be in a record and contain:

(1) The name and type of entity of the domesticating entity;

(2) The name and jurisdiction of formation of the domesticated entity;

(3) The manner of converting the interests in the domesticating entity into interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing;

(4) The proposed public organic record of the domesticated entity if it is a filing entity;

(5) The full text of the private organic rules of the domesticated entity that are proposed to be in a record;

(6) The other terms and conditions of the domestication; and

(7) Any other provision required by the law of this state or the organic rules of the domesticating entity.

(b) In addition to the requirements of subsection (a) of this section, a plan of domestication may contain any other provision not prohibited by law.

30-22-503. APPROVAL OF DOMESTICATION. (a) A plan of domestication is not effective unless it has been approved:

(1) By a domestic domesticating entity:

(A) In accordance with the requirements, if any, in its organic rules for approval of a domestication;

(B) If its organic rules do not provide for approval of a domestication, in accordance with the requirements, if any, in its organic law and organic rules for approval of:

(i) In the case of an entity that is not a business corporation or limited cooperative association, a merger, as if the domestication were a merger;

(ii) In the case of a business corporation, a merger requiring approval by a vote of the interest holders of the business corporation, as if the domestication were that type of merger; or

(iii) In the case of a limited cooperative association, a transaction under this chapter;

(C) By all of the interest holders of the entity entitled to vote on or consent to any matter if:

(i) In the case of an entity that is not a business corporation or limited cooperative association, neither its organic law nor organic rules provide for approval of a domestication or a merger; or

(ii) In the case of a limited cooperative association, neither its organic law nor organic rules provide for approval of a domestication or a transaction under this chapter; and

(2) In a record, by each interest holder of a domestic domesticating entity that will have interest holder liability for debts, obligations, and other liabilities that arise after the domestication becomes effective, unless, in the case of an entity that is not a business corporation or nonprofit corporation:

(A) The organic rules of the entity in a record provide for the approval of a domestication or merger in which some or all of its interest holders become subject to interest holder liability by the vote or consent of fewer than all of the interest holders; and

(B) The interest holder consented in a record to or voted for that provision of the organic rules or became an interest holder after the adoption of that provision.

(b) A domestication of a foreign domesticating entity is not effective unless it is approved in accordance with the law of the foreign entity's jurisdiction of formation.

30-22-504. AMENDMENT OR ABANDONMENT OF PLAN OF DOMESTICATION. (a) A plan of domestication of a domestic domesticating entity may be amended:

(1) In the same manner as the plan was approved, if the plan does not provide for the manner in which it may be amended; or

(2) By its governors or interest holders in the manner provided in the plan, but an interest holder that was entitled to vote on or consent to approval of the domestication is entitled to vote on or consent to any amendment of the plan that will change:

(A) The amount or kind of interests, securities, obligations, money, other property, rights to acquire interests or securities, or any combination of the foregoing, to be received by any of the interest holders of the domesticating entity under the plan;

(B) The public organic record, if any, or private organic rules of the domesticated entity that will be in effect immediately after the domestication becomes effective, except for changes that do not require approval of the interest holders of the domesticated entity under its organic law or organic rules; or

(C) Any other terms or conditions of the plan, if the change would adversely affect the interest holder in any material respect.

(b) After a plan of domestication has been approved by a domestic domesticating entity and before a statement of domestication becomes effective, the plan may be abandoned as provided in the plan. Unless prohibited by the

plan, a domestic domesticating entity may abandon the plan in the same manner as the plan was approved.

(c) If a plan of domestication is abandoned after a statement of domestication has been delivered to the secretary of state for filing and before the statement becomes effective, a statement of abandonment, signed by the entity, must be delivered to the secretary of state for filing before the statement of domestication becomes effective. The statement of abandonment takes effect on filing, and the domestication is abandoned and does not become effective. The statement of abandonment must contain:

(1) The name of the domesticating entity;

(2) The date on which the statement of domestication was filed by the secretary of state; and

(3) A statement that the domestication has been abandoned in accordance with this section.

30-22-505. STATEMENT OF DOMESTICATION -- EFFECTIVE DATE OF DOMESTICATION. (a) A statement of domestication must be signed by the domesticating entity and delivered to the secretary of state for filing.

(b) A statement of domestication must contain:

(1) The name, jurisdiction of formation, and type of entity of the domesticating entity;

(2) The name and jurisdiction of formation of the domesticated entity;

(3) If the statement of domestication is not to be effective upon filing, the later date and time on which it will become effective, which may not be more than ninety (90) days after the date of filing;

(4) If the domesticating entity is a domestic entity, a statement that the plan of domestication was approved in accordance with this part or, if the domesticating entity is a foreign entity, a statement that the domestication was approved in accordance with the law of its jurisdiction of formation;

(5) If the domesticated entity is a domestic filing entity, its public organic record, as an attachment;

(6) If the domesticated entity is a domestic limited liability partnership, its statement of qualification, as an attachment; and

(7) If the domesticated entity is a foreign entity that is not a registered foreign entity, a statement designating a registered agent in compliance with section 30-21-411, Idaho Code.

(c) In addition to the requirements of subsection (b) of this section, a statement of domestication may contain any other provision not prohibited by law.

(d) If the domesticated entity is a domestic entity, its public organic record, if any, must satisfy the requirements of the law of this state, but the public organic record does not need to be signed and may omit any provision that is not required to be included in a restatement of the public organic record.

(e) A plan of domestication that is signed by a domesticating domestic entity and meets all the requirements of subsection (b) of this section may be delivered to the secretary of state for filing instead of a statement of domestication and on filing has the same effect. If a plan of domestication is filed as provided in this subsection, references in this chapter to

a statement of domestication refer to the plan of domestication filed under this subsection.

(f) A statement of domestication is effective on the date and time of filing or the later date and time specified in the statement of domestication.

(g) A domestication in which the domesticated entity is a domestic entity is effective when the statement of domestication is effective. A domestication in which the domesticated entity is a foreign entity is effective on the later of:

(1) The date and time provided by the organic law of the domesticated entity; or

(2) When the statement is effective.

30-22-506. EFFECT OF DOMESTICATION. (a) When a domestication becomes effective:

(1) The domesticated entity is:

(A) Organized under and subject to the organic law of the domesticated entity; and

(B) The same entity without interruption as the domesticating entity;

(2) All property of the domesticating entity continues to be vested in the domesticated entity without transfer, reversion or impairment;

(3) All debts, obligations, and other liabilities of the domesticating entity continue as debts, obligations, and other liabilities of the domesticated entity;

(4) Except as otherwise provided by law or the plan of domestication, all of the rights, privileges, immunities, powers, and purposes of the domesticating entity remain in the domesticated entity;

(5) The name of the domesticated entity may be substituted for the name of the domesticating entity in any pending action or proceeding;

(6) If the domesticated entity is a filing entity, its public organic record is effective;

(7) If the domesticated entity is a limited liability partnership, its statement of qualification is effective simultaneously;

(8) The private organic rules of the domesticated entity that are to be in a record, if any, approved as part of the plan of domestication are effective; and

(9) The interests in the domesticating entity are converted to the extent and as approved in connection with the domestication, and the interest holders of the domesticating entity are entitled only to the rights provided to them under the plan of domestication and to any appraisal rights as provided in section 30-22-109, Idaho Code, and the domesticating entity's organic law.

(b) Except as otherwise provided in the organic law or organic rules of the domesticating entity, the domestication does not give rise to any rights that an interest holder, governor, or third party would have upon a dissolution, liquidation, or winding up of the domesticating entity.

(c) When a domestication becomes effective, a person that did not have interest holder liability with respect to the domesticating entity and becomes subject to interest holder liability with respect to a domestic entity

as a result of the domestication has interest holder liability only to the extent provided by the organic law of the entity and only for those debts, obligations, and other liabilities that arise after the domestication becomes effective.

(d) When a domestication becomes effective, the interest holder liability of a person that ceases to hold an interest in a domestic domesticating entity with respect to which the person had interest holder liability is subject to the following rules:

(1) The domestication does not discharge any interest holder liability under the organic law of the domesticating domestic entity to the extent the interest holder liability arose before the domestication became effective.

(2) A person does not have interest holder liability under the organic law of the domestic domesticating entity for any debt, obligation, or other liability that arises after the domestication becomes effective.

(3) The organic law of the domestic domesticating entity continues to apply to the release, collection, or discharge of any interest holder liability preserved under paragraph (1) of this subsection as if the domestication had not occurred.

(4) A person has whatever rights of contribution from any other person as are provided by other law or the organic rules of the domestic domesticating entity with respect to any interest holder liability preserved under paragraph (1) of this subsection as if the domestication had not occurred.

(e) When a domestication becomes effective, a foreign entity that is the domesticated entity may be served with process in this state for the collection and enforcement of any of its debts, obligations, and other liabilities in accordance with applicable law.

(f) If a domesticating entity is a registered foreign entity, the registration to do business in this state of the domesticating entity is canceled when the domestication becomes effective.

(g) A domestication does not require the entity to wind up its affairs and does not constitute or cause the dissolution of the entity.

SECTION 22. That Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW CHAPTER, to be known and designated as Chapter 23, Title 30, Idaho Code, and to read as follows:

CHAPTER 23
GENERAL PARTNERSHIPS

SECTION 23. That Chapter 23, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 1, Chapter 23, Title 30, Idaho Code, and to read as follows:

PART 1
GENERAL PROVISIONS

30-23-101. SHORT TITLE. This chapter may be cited as the "Idaho Uniform Partnership Act."

30-23-102. DEFINITIONS. (a) In this chapter:

(1) "Business" includes every trade, occupation and profession.

(2) "Contribution," except in the phrase "right of contribution," means property or a benefit described in section 30-23-403, Idaho Code, that is provided by a person to a partnership to become a partner or in the person's capacity as a partner.

(3) "Distribution" means a transfer of money or other property from a partnership to a person on account of a transferable interest or in a person's capacity as a partner. The term:

(A) Includes:

(i) A redemption or other purchase by a partnership of a transferable interest; and

(ii) A transfer to a partner in return for the partner's relinquishment of any right to participate as a partner in the management or conduct of the partnership's business or have access to records or other information concerning the partnership's business; and

(B) Does not include amounts constituting reasonable compensation for present or past service or payments made in the ordinary course of business under a bona fide retirement plan or other bona fide benefits program.

(4) "Foreign limited liability partnership" means a foreign partnership whose partners have limited liability for the debts, obligations, or other liabilities of the foreign partnership under a provision similar to section 30-23-306(c), Idaho Code.

(5) "Foreign partnership" means an unincorporated entity formed under the law of a jurisdiction other than this state which would be a partnership if formed under the law of this state. The term includes a foreign limited liability partnership.

(6) "Limited liability partnership" means a partnership that has filed a statement of qualification under section 30-21-503, Idaho Code, and does not have a similar statement in effect in any other jurisdiction.

(7) "Partner" means a person that:

(A) Has become a partner in a partnership under section 30-23-402, Idaho Code, or was a partner in a partnership when the partnership became subject to this chapter under section 30-23-110, Idaho Code; and

(B) Has not dissociated as a partner under section 30-23-601, Idaho Code.

(8) "Partnership" means an association of two (2) or more persons to carry on as co-owners a business for profit formed under this chapter or that becomes subject to this chapter under article 2 or section 30-23-110, Idaho Code. The term includes a limited liability partnership.

(9) "Partnership agreement" means the agreement, whether or not referred to as a partnership agreement and whether oral, implied, in a record, or in any combination thereof, of all the partners of a partnership concerning the matters described in section 33-22-105(a), Idaho Code. The term includes the agreement as amended or restated.

(10) "Partnership at will" means a partnership in which the partners have not agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking.

(11) "Transferable interest" means the right, as initially owned by a person in the person's capacity as a partner, to receive distributions from a partnership in accordance with the partnership agreement, whether or not the person remains a partner or continues to own any part of the right. The term applies to any fraction of the interest, by whomever owned.

(12) "Transferee" means a person to which all or part of a transferable interest has been transferred, whether or not the transferor is a partner.

(b) The following definitions outside this chapter apply to this chapter:

(1) "Debtor in bankruptcy" - section 30-21-102(7), Idaho Code.

(2) "Jurisdiction" - section 30-21-102(22), Idaho Code.

(3) "Jurisdiction of formation" - section 30-21-102(23), Idaho Code.

(4) "Person" - section 30-21-102(35), Idaho Code.

(5) "Principal office" - section 30-21-102(36), Idaho Code.

(6) "Property" - section 30-21-102(41), Idaho Code.

(7) "Record" - section 30-21-102(44), Idaho Code.

(8) "Registered agent" - section 30-21-102(45), Idaho Code.

(9) "Sign" - section 30-21-102(47), Idaho Code.

(10) "State" - section 30-21-102(48), Idaho Code.

(11) "Transfer" - section 30-21-102(50), Idaho Code.

30-23-103. KNOWLEDGE -- NOTICE. (a) A person knows a fact if the person:

(1) Has actual knowledge of it; or

(2) Is deemed to know it under subsection (d)(1) of this section or law other than this chapter.

(b) A person has notice of a fact if the person:

(1) Has reason to know the fact from all the facts known to the person at the time in question; or

(2) As deemed to have notice of the fact under subsection (d)(2) of this section.

(c) Subject to section 30-21-212, Idaho Code, a person notifies another person of a fact by taking steps reasonably required to inform the other person in ordinary course, whether or not those steps cause the other person to know the fact.

(d) A person not a partner is deemed:

(1) To know of a limitation on authority to transfer real property as provided in section 30-23-303(g), Idaho Code; and

(2) To have notice of:

(A) A person's dissociation as a partner ninety (90) days after a statement of dissociation under section 30-23-704, Idaho Code, becomes effective; and

(B) A partnership's:

(i) Dissolution ninety (90) days after a statement of dissolution under section 30-23-802, Idaho Code, becomes effective;
(ii) Termination ninety (90) days after a statement of termination under section 30-23-802, Idaho Code, becomes effective; and
(iii) Participation in a merger, interest exchange, conversion, or domestication ninety (90) days after articles of merger, interest exchange, conversion, or domestication under chapter 21, title 30, Idaho Code, become effective.

(e) A partner's knowledge or notice of a fact relating to the partnership is effective immediately as knowledge of or notice to the partnership, except in the case of a fraud on the partnership committed by or with the consent of that partner.

30-23-104. GOVERNING LAW. The internal affairs of a partnership and the liability of a partner as a partner for the debts, obligations, or other liabilities of the partnership are governed by:

(1) In the case of a limited liability partnership, the law of this state; and

(2) In the case of a partnership that is not a limited liability partnership, the law of the jurisdiction in which the partnership has its principal office.

30-23-105. PARTNERSHIP AGREEMENT -- SCOPE, FUNCTION AND LIMITATIONS. (a) Except as otherwise provided in subsections (c) and (d) of this section, the partnership agreement governs:

(1) Relations among the partners as partners and between the partners and the partnership;

(2) The business of the partnership and the conduct of that business; and

(3) The means and conditions for amending the partnership agreement.

(b) To the extent the partnership agreement does not provide for a matter described in subsection (a) of this section, this chapter governs the matter.

(c) A partnership agreement may not:

(1) Vary the provisions of section 30-23-110, Idaho Code;

(2) Vary the law applicable under section 30-23-104(1), Idaho Code;

(3) Vary the provisions of section 30-21-210, Idaho Code;

(4) Vary the provisions of section 30-23-307, Idaho Code;

(5) Unreasonably restrict the duties and rights under section 30-23-408, Idaho Code, but the partnership agreement may impose reasonable restrictions on the availability and use of information obtained under that section and may define appropriate remedies, including liquidated damages, for a breach of any reasonable restriction on use;

(6) Alter or eliminate the duty of loyalty or the duty of care, except as otherwise provided in subsection (d) of this section;

(7) Eliminate the contractual obligation of good faith and fair dealing under section 30-23-409(d), Idaho Code, but the partnership agreement

may prescribe the standards, if not manifestly unreasonable, by which the performance of the obligation is to be measured;

(8) Unreasonably restrict the right of a person to maintain an action under section 30-23-410(b), Idaho Code;

(9) Relieve or exonerate a person from liability for conduct involving bad faith, willful or intentional misconduct, or a knowing violation of the law;

(10) Vary the power of a person to dissociate as a partner under section 30-23-602(a), Idaho Code, except to require that the notice under section 30-23-601(1), Idaho Code, be in a record;

(11) Vary the right of a court to expel a partner in the events specified in section 30-23-601(5), Idaho Code;

(12) Vary the causes of dissolution specified in section 30-23-801(4) or (5), Idaho Code;

(13) Vary the requirement to wind up the partnership's business as specified in section 30-23-802(a), (b)(1), and (d), Idaho Code;

(14) Vary the right of a partner under section 30-23-901(f), Idaho Code, to vote on or consent to a cancellation of a statement of qualification;

(15) Vary the right of a partner to approve a merger, interest exchange, conversion, or domestication under section 30-22-203(a)(2), 30-22-303(a)(2), 30-22-403(a)(2), or 30-22-503(a)(2), Idaho Code;

(16) Vary the required contents of a plan of merger under section 30-22-202(a), Idaho Code, plan of interest exchange under section 30-22-302(a), Idaho Code, plan of conversion under section 30-22-402(a), Idaho Code, or plan of domestication under section 30-22-502(a), Idaho Code;

(17) Vary any requirement, procedure, or other provision of this act pertaining to:

(A) Registered agents; or

(B) The secretary of state, including provisions pertaining to records authorized or required to be delivered to the secretary of state for filing under this act; or

(18) Except as otherwise provided in sections 30-23-106 and 30-23-107(2), Idaho Code, restrict the rights under this act of a person other than a partner.

(d) Subject to subsection (c)(8) of this section, without limiting other terms that may be included in a partnership agreement, the following rules apply:

(1) The partnership agreement may:

(A) Specify the method by which a specific act or transaction that would otherwise violate the duty of loyalty may be authorized or ratified by one (1) or more disinterested and independent persons after full disclosure of all material facts; and

(B) Alter the prohibition stated in section 30-23-406(2)(b), Idaho Code, so that the prohibition requires only that the partnership's total assets not be less than the sum of its total liabilities.

(2) To the extent the partnership agreement expressly relieves a partner of a responsibility that the partner would otherwise have under this chapter and imposes the responsibility on one (1) or more other part-

ners, the agreement also may eliminate or limit any fiduciary duty of the partner relieved of the responsibility that would have pertained to the responsibility.

(3) If not manifestly unreasonable, the partnership agreement may:

(A) Alter or eliminate the aspects of the duty of loyalty stated in section 30-23-409(b), Idaho Code;

(B) Identify specific types or categories of activities that do not violate the duty of loyalty;

(C) Alter the duty of care, but may not authorize conduct involving bad faith, willful or intentional misconduct or a knowing violation of the law; and

(D) Alter or eliminate any other fiduciary duty.

(e) The court shall decide as a matter of law whether a term of a partnership agreement is manifestly unreasonable under subsection (c)(6) or (d)(3) of this section. The court:

(1) Shall make its determination as of the time the challenged term became part of the partnership agreement and by considering only circumstances existing at that time; and

(2) May invalidate the term only if, in light of the purposes and business of the partnership, it is readily apparent that:

(A) The objective of the term is unreasonable; or

(B) The term is an unreasonable means to achieve the provision's objective.

30-23-106. PARTNERSHIP AGREEMENT -- EFFECT ON PARTNERSHIP AND PERSON BECOMING PARTNER -- PREFORMATION AGREEMENT. (a) A partnership is bound by and may enforce the partnership agreement, whether or not the partnership has itself manifested assent to the agreement.

(b) A person that becomes a partner is deemed to assent to the partnership agreement.

(c) Two (2) or more persons intending to become the initial partners of a partnership may make an agreement providing that upon the formation of the partnership the agreement will become the partnership agreement.

30-23-107. PARTNERSHIP AGREEMENT -- EFFECT ON THIRD PARTIES AND RELATIONSHIP TO RECORDS EFFECTIVE ON BEHALF OF PARTNERSHIP. (a) A partnership agreement may specify that its amendment requires the approval of a person that is not a party to the agreement or the satisfaction of a condition. An amendment is ineffective if its adoption does not include the required approval or satisfy the specified condition.

(b) The obligations of a partnership and its partners to a person in the person's capacity as a transferee or person dissociated as a partner are governed by the partnership agreement. Subject only to a court order issued under section 30-23-504(b)(2), Idaho Code, to effectuate a charging order, an amendment to the partnership agreement made after a person becomes a transferee or is dissociated as a partner:

(1) Is effective with regard to any debt, obligation, or other liability of the partnership or its partners to the person in the person's capacity as a transferee or person dissociated as a partner; and

(2) Is not effective to the extent the amendment:

(A) Imposes a new debt, obligation, or other liability on the transferee or person dissociated as a partner; or

(B) Prejudices the rights under section 30-23-701, Idaho Code, of a person that dissociated as a partner before the amendment was made.

(c) If a record delivered by a partnership to the secretary of state for filing becomes effective under this chapter and contains a provision that would be ineffective under section 33-22-105(c) or (d)(3), Idaho Code, if contained in the partnership agreement, the provision is ineffective in the record.

(d) Subject to subsection (c) of this section, if a record delivered by a partnership to the secretary of state for filing becomes effective and conflicts with a provision of the partnership agreement:

(1) The agreement prevails as to partners, persons dissociated as partners, and transferees; and

(2) The record prevails as to other persons to the extent they reasonably rely on the record.

30-23-108. SIGNING OF RECORDS TO BE DELIVERED FOR FILING TO SECRETARY OF STATE. (a) A record delivered to the secretary of state for filing pursuant to this act must be signed as follows:

(1) Except as otherwise provided in subsections (2) and (3) of this section, a record signed by a partnership must be signed by a person authorized by the partnership.

(2) A record filed on behalf of a dissolved partnership that has no partner must be signed by the person winding up the partnership's business under section 30-23-802(3), Idaho Code, or a person appointed under section 30-23-802(4), Idaho Code, to wind up the business.

(3) A statement of denial by a person under section 30-23-304, Idaho Code, must be signed by that person.

(4) Any other record delivered on behalf of a person to the secretary of state for filing must be signed by that person.

(b) A record filed under this chapter may be signed by an agent. Whenever this chapter requires a particular individual to sign a record and the individual is deceased or incompetent, the record may be signed by a legal representative of the individual.

(c) A person that signs a record as an agent or legal representative affirms as a fact that the person is authorized to sign the record.

30-23-109. LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD. (a) If a record delivered to the secretary of state for filing under this act and filed by the secretary of state contains inaccurate information, a person that suffers loss by reliance on the information may recover damages for the loss from a partner if:

(1) A person that signed the record, or caused another to sign it on the person's behalf, and knew the information to be inaccurate at the time the record was signed; and

(2) Subject to subsection (b) of this section:

(A) The record was delivered for filing on behalf of the partnership; and

(B) The partner had notice of the inaccuracy for a reasonably sufficient time before the information was relied upon so that, before the reliance, the partner reasonably could have:

(i) Effected an amendment under section 30-23-901(f), Idaho Code;

(ii) Filed a petition under section 30-23-112, Idaho Code; or

(iii) Delivered to the secretary of state for filing a statement of change under section 30-23-906, Idaho Code, or a statement of correction under section 30-23-116, Idaho Code.

(b) To the extent the partnership agreement expressly relieves a partner of responsibility for maintaining the accuracy of information contained in records delivered on behalf of the partnership to the secretary of state for filing under this act and imposes that responsibility on one (1) or more other partners, the liability stated in subsection (a)(2) of this section applies to those other partners and not to the partner that the partnership agreement relieves of the responsibility.

(c) An individual who signs a record authorized or required to be filed under this act affirms under penalty of perjury that the information stated in the record is accurate.

30-23-110. APPLICATION TO EXISTING RELATIONSHIPS. (a) Before July 1, 2017, this chapter governs only:

(1) A partnership formed on or after July 1, 2015; and

(2) Except as otherwise provided in subsection (c) of this section, a partnership formed before July 1, 2015, that elects, in the manner provided in its partnership agreement or by law for amending the partnership agreement, to be subject to this chapter.

(b) Except as otherwise provided in subsection (c) of this section, on and after July 1, 2017, this chapter governs all partnerships.

(c) With respect to a partnership that elects pursuant to subsection (a)(2) of this section to be subject to this chapter, after the election takes effect the provisions of this chapter relating to the liability of the partnership's partners to third parties apply:

(1) Before July 1, 2015, to:

(A) A third party that had not done business with the partnership in the year before the election took effect; and

(B) A third party that had done business with the partnership in the year before the election took effect only if the third party knows or has been notified of the election; and

(2) On and after July 1, 2017, to all third parties, but those provisions remain inapplicable to any obligation incurred while those provisions were inapplicable under paragraph (1)(B) of this subsection.

30-23-111. SUBJECTS COVERED OUTSIDE CHAPTER. The following subjects are covered outside this chapter:

(1) Delivery of record - section 30-21-104, Idaho Code.

(2) Signing and filing pursuant to judicial order - section 30-21-210, Idaho Code.

(3) Filing requirements - section 30-21-201, Idaho Code.
(4) Effective date and time - section 30-21-203, Idaho Code.
(5) Withdrawal of filed record before effectiveness - section 30-21-204, Idaho Code.
(6) Correcting filed record - section 30-21-205, Idaho Code.
(7) Duty of secretary of state to file; review of refusal to file; delivery of record by secretary of state - sections 30-21-206 and 30-21-211, Idaho Code.
(8) Reservation of power to amend or repeal - section 30-21-701, Idaho Code.
(9) Supplemental principles of law - section 30-21-702, Idaho Code.

SECTION 24. That Chapter 23, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 2, Chapter 23, Title 30, Idaho Code, and to read as follows:

PART 2
NATURE OF PARTNERSHIP

30-23-201. PARTNERSHIP AS ENTITY. (a) A partnership is an entity distinct from its partners.
(b) A partnership is the same entity regardless of whether the partnership has a statement of qualification in effect under section 30-23-901, Idaho Code.

30-23-202. FORMATION OF PARTNERSHIP. (a) Except as otherwise provided in subsection (b) of this section, the association of two (2) or more persons to carry on as co-owners a business for profit forms a partnership, whether or not the persons intend to form a partnership.
(b) An association formed under a statute other than this chapter, a predecessor statute, or a comparable statute of another jurisdiction is not a partnership under this chapter.
(c) In determining whether a partnership is formed, the following rules apply:
(1) Joint tenancy, tenancy in common, tenancy by the entireties, joint property, common property, or part ownership does not by itself establish a partnership, even if the co-owners share profits made by the use of the property.
(2) The sharing of gross returns does not by itself establish a partnership, even if the persons sharing them have a joint or common right or interest in property from which the returns are derived.
(3) A person who receives a share of the profits of a business is presumed to be a partner in the business, unless the profits were received in payment:
(A) Of a debt by installments or otherwise;
(B) For services as an independent contractor or of wages or other compensation to an employee;
(C) Of rent;
(D) Of an annuity or other retirement or health benefit to a deceased or retired partner or a beneficiary, representative, or designee of a deceased or retired partner;

(E) Of interest or other charge on a loan, even if the amount of payment varies with the profits of the business, including a direct or indirect present or future ownership of the collateral, or rights to income, proceeds, or increase in value derived from the collateral; or

(F) For the sale of the goodwill of a business or other property by installments or otherwise.

30-23-203. PARTNERSHIP PROPERTY. Property acquired by a partnership is property of the partnership and not of the partners individually.

30-23-204. WHEN PROPERTY IS PARTNERSHIP PROPERTY. (a) Property is partnership property if acquired in the name of:

(1) The partnership; or

(2) One (1) or more partners with an indication in the instrument transferring title to the property of the person's capacity as a partner or of the existence of a partnership but without an indication of the name of the partnership.

(b) Property is acquired in the name of the partnership by a transfer to:

(1) The partnership in its name; or

(2) One (1) or more partners in their capacity as partners in the partnership, if the name of the partnership is indicated in the instrument transferring title to the property.

(c) Property is presumed to be partnership property if purchased with partnership assets, even if not acquired in the name of the partnership or of one (1) or more partners with an indication in the instrument transferring title to the property of the person's capacity as a partner or of the existence of a partnership.

(d) Property acquired in the name of one (1) or more of the partners, without an indication in the instrument transferring title to the property of the person's capacity as a partner or of the existence of a partnership and without use of partnership assets, is presumed to be separate property, even if used for partnership purposes.

SECTION 25. That Chapter 23, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 3, Chapter 23, Title 30, Idaho Code, and to read as follows:

PART 3

RELATIONS OF PARTNERS TO PERSONS DEALING WITH PARTNERSHIP

30-23-301. PARTNER AGENT OF PARTNERSHIP. Subject to the effect of a statement of partnership authority under section 30-23-303, Idaho Code, the following rules apply:

(1) Each partner is an agent of the partnership for the purpose of its business. An act of a partner, including the signing of an instrument in the partnership name, for apparently carrying on in the ordinary course of the partnership business or business of the kind carried on by the partnership binds the partnership, unless the partner did not have authority to act for

the partnership in the particular matter and the person with which the partner was dealing knew, or had notice, that the partner lacked authority.

(2) An act of a partner that is not apparently for carrying on in the ordinary course of the partnership's business or business of the kind carried on by the partnership binds the partnership only if the act was actually authorized by all the other partners.

30-23-302. TRANSFER OF PARTNERSHIP PROPERTY. (a) Partnership property may be transferred as follows:

(1) Subject to the effect of a statement of partnership authority under section 30-23-303, Idaho Code, partnership property held in the name of the partnership may be transferred by an instrument of transfer executed by a partner in the partnership name.

(2) Partnership property held in the name of one (1) or more partners with an indication in the instrument transferring the property to them of their capacity as partners or of the existence of a partnership, but without an indication of the name of the partnership, may be transferred by an instrument of transfer executed by the persons in whose name the property is held.

(3) Partnership property held in the name of one (1) or more persons other than the partnership, without an indication in the instrument transferring the property to them of their capacity as partners or of the existence of a partnership, may be transferred by an instrument of transfer executed by the persons in whose name the property is held.

(b) A partnership may recover partnership property from a transferee only if it proves that execution of the instrument of initial transfer did not bind the partnership under section 30-23-301, Idaho Code, and:

(1) As to a subsequent transferee who gave value for property transferred under subsection (a)(1) and (2) of this section, proves that the subsequent transferee knew or had been notified that the person who executed the instrument of initial transfer lacked authority to bind the partnership; or

(2) As to a transferee who gave value for property transferred under subsection (a)(3) of this section, proves that the transferee knew or had been notified that the property was partnership property and that the person who executed the instrument of initial transfer lacked authority to bind the partnership.

(c) A partnership may not recover partnership property from a subsequent transferee if the partnership would not have been entitled to recover the property, under subsection (b) of this section, from any earlier transferee of the property.

(d) If a person holds all the partners' interests in the partnership, all the partnership property vests in that person. The person may sign a record in the name of the partnership to evidence vesting of the property in that person and may file or record the record.

30-23-303. STATEMENT OF PARTNERSHIP AUTHORITY. (a) A partnership may deliver to the secretary of state for filing a statement of partnership authority. The statement:

(1) Must include the name of the partnership; and if the partnership is not a limited liability partnership, the street and mailing addresses of its principal office;

(2) With respect to any position that exists in or with respect to the partnership, may state the authority, or limitations on the authority, of all persons holding the position to:

(A) Execute an instrument transferring real property held in the name of the partnership; or

(B) Enter into other transactions on behalf of, or otherwise act for or bind, the partnership; and

(3) May state the authority, or limitations on the authority, of a specific person to:

(A) Execute an instrument transferring real property held in the name of the partnership; or

(B) Enter into other transactions on behalf of, or otherwise act for or bind, the partnership.

(b) To amend or cancel a statement of authority filed by the secretary of state, a partnership must deliver to the secretary of state for filing an amendment or cancellation stating:

(1) The name of the partnership;

(2) If the partnership is not a limited liability partnership, the street and mailing addresses of the partnership's principal office;

(3) If the partnership is a limited liability partnership, the name and street and mailing addresses of its registered agent;

(4) The date the statement being affected became effective; and

(5) The contents of the amendment or a declaration that the statement is canceled.

(c) A statement of authority affects only the power of a person to bind a partnership to persons that are not partners.

(d) Subject to subsection (c) of this section and section 30-23-103(4)(a), Idaho Code, and except as otherwise provided in subsections (f), (g) and (h) of this section, a limitation on the authority of a person or a position contained in an effective statement of authority is not by itself evidence of any person's knowledge or notice of the limitation.

(e) Subject to subsection (c) of this section, a grant of authority not pertaining to transfers of real property and contained in an effective statement of authority is conclusive in favor of a person that gives value in reliance on the grant, except to the extent that if the person gives value:

(1) The person has knowledge to the contrary;

(2) The statement has been canceled or restrictively amended under subsection (b) of this section; or

(3) A limitation on the grant is contained in another statement of authority that became effective after the statement containing the grant became effective.

(f) Subject to subsection (c) of this section, an effective statement of authority that grants authority to transfer real property held in the name of the partnership is conclusive in favor of a person that gives value in reliance on the grant without knowledge to the contrary, except to the extent that when the person gives value:

(1) The statement has been canceled or restrictively amended under subsection (b) of this section; or

(2) A limitation on the grant is contained in another statement of authority that became effective after the statement containing the grant became effective.

(g) Subject to subsection (c) of this section, if an effective statement of authority containing a limitation on the authority to transfer real property held in the name of a partnership is filed by the secretary of state, all persons are deemed to know of the limitation.

(h) Subject to subsection (i) of this section, an effective statement of dissolution is a cancellation of any filed statement of authority for the purposes of subsection (f) of this section and is a limitation on authority for purposes of subsection (g) of this section.

(i) After a statement of dissolution becomes effective, a partnership may deliver to the secretary of state for filing a statement of authority that is designated as a post-dissolution statement of authority. The statement operates as provided in subsections (f) and (g) of this section.

(j) Unless canceled earlier, an effective statement of authority is canceled by operation of law five (5) years after the date on which the statement, or its most recent amendment, becomes effective.

(k) An effective statement of denial operates as a restrictive amendment under this section.

30-23-304. STATEMENT OF DENIAL. A person named in a filed statement of authority granting that person authority may deliver to the secretary of state for filing a statement of denial that:

(1) Provides the name of the partnership and the caption of the statement of authority to which the statement of denial pertains; and

(2) Denies the grant of authority.

30-23-305. PARTNERSHIP LIABLE FOR PARTNER'S ACTIONABLE CONDUCT. (a) A partnership is liable for loss or injury caused to a person, or for a penalty incurred, as a result of a wrongful act or omission, or other actionable conduct, of a partner acting in the ordinary course of business of the partnership or with the actual or apparent authority of the partnership.

(b) If, in the course of the partnership's business or while acting with actual or apparent authority of the partnership, a partner receives or causes the partnership to receive money or property of a person not a partner, and the money or property is misapplied by a partner, the partnership is liable for the loss.

30-23-306. PARTNER'S LIABILITY. (a) Except as otherwise provided in subsections (b) and (c) of this section, all partners are liable jointly and severally for all debts, obligations, and other liabilities of the partnership unless otherwise agreed by the claimant or provided by law.

(b) A person that becomes a partner is not personally liable for a debt, obligation, or other liability of the partnership incurred before the person became a partner.

(c) A debt, obligation, or other liability of a partnership incurred while the partnership is a limited liability partnership is solely the debt,

obligation, or other liability of the limited liability partnership. A partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the limited liability partnership solely by reason of being or so acting as a partner. This subsection applies:

(1) Despite anything inconsistent in the partnership agreement that existed immediately before the vote or consent required to become a limited liability partnership under section 30-23-901(b), Idaho Code; and

(2) Regardless of the dissolution of the limited liability partnership.

(d) The failure of a limited liability partnership to observe formalities relating to the exercise of its powers or management of its business is not a ground for imposing liability on a partner for a debt, obligation, or other liability of the partnership.

(e) The cancellation or administrative revocation of a limited liability partnership's statement of qualification does not affect the limitation in this section on the liability of a partner for a debt, obligation, or other liability of the partnership incurred while the statement was in effect.

30-23-307. ACTIONS BY AND AGAINST PARTNERSHIP AND PARTNERS. (a) A partnership may sue and be sued in the name of the partnership.

(b) To the extent not inconsistent with section 30-23-306, Idaho Code, a partner may be joined in an action against the partnership or named in a separate action.

(c) A judgment against a partnership is not by itself a judgment against a partner. A judgment against a partnership may not be satisfied from a partner's assets unless there is also a judgment against the partner.

(d) A judgment creditor of a partner may not levy execution against the assets of the partner to satisfy a judgment based on a claim against the partnership unless the partner is personally liable for the claim under section 30-23-306, Idaho Code, and:

(1) A judgment based on the same claim has been obtained against the partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;

(2) The partnership is a debtor in bankruptcy;

(3) The partner has agreed that the creditor need not exhaust partnership assets;

(4) A court grants permission to the judgment creditor to levy execution against the assets of a partner based on a finding that partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of partnership assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or

(5) Liability is imposed on the partner by law or contract independent of the existence of the partnership.

(e) This section applies to any partnership liability or obligation resulting from a representation by a partner or purported partner under section 30-23-308, Idaho Code.

30-23-308. LIABILITY OF PURPORTED PARTNER. (a) If a person, by words or conduct, purports to be a partner, or consents to being represented by another as a partner, in a partnership or with one (1) or more persons not partners, the purported partner is liable to a person to whom the representation is made, if that person, relying on the representation, enters into a transaction with the actual or purported partnership. If the representation, either by the purported partner or by a person with the purported partner's consent, is made in a public manner, the purported partner is liable to a person who relies upon the purported partnership even if the purported partner is not aware of being held out as a partner to the claimant. If partnership liability results, the purported partner is liable with respect to that liability as if the purported partner were a partner. If no partnership liability results, the purported partner is liable with respect to that liability jointly and severally with any other person consenting to the representation.

(b) If a person is thus represented to be a partner in an existing partnership, or with one (1) or more persons not partners, the purported partner is an agent of persons consenting to the representation to bind them to the same extent and in the same manner as if the purported partner were a partner, with respect to persons who enter into transactions in reliance upon the representation. If all the partners of the existing partnership consent to the representation, a partnership act or obligation results. If fewer than all the partners of the existing partnership consent to the representation, the person acting and the partners consenting to the representation are jointly and severally liable.

(c) A person is not liable as a partner merely because the person is named by another in a statement of partnership authority.

(d) A person does not continue to be liable as a partner merely because of a failure to file a statement of dissociation or to amend a statement of partnership authority to indicate the partner's dissociation from the partnership.

(e) Except as otherwise provided in subsections (a) and (b) of this section, persons who are not partners as to each other are not liable as partners to other persons.

SECTION 26. That Chapter 23, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 4, Chapter 23, Title 30, Idaho Code, and to read as follows:

PART 4
RELATIONS OF PARTNERS TO EACH OTHER AND TO PARTNERSHIP

30-23-401. PARTNER'S RIGHTS AND DUTIES. (a) Each partner is entitled to an equal share of the partnership profits and, except in the case of a limited liability partnership, is chargeable with a share of the partnership losses in proportion to the partner's share of the profits.

(b) A partnership shall reimburse a partner for any payment made by the partner in the course of the partner's activities on behalf of the partnership, if the partner complied with this section and section 30-23-409, Idaho Code, in making the payment.

(c) A partnership shall indemnify and hold harmless a person with respect to any claim or demand against the person and any debt, obligation, or other liability incurred by the person by reason of the person's former or present capacity as partner, if the claim, demand, debt, obligation, or other liability does not arise from the person's breach of this section or section 30-23-407 or 30-23-409, Idaho Code.

(d) In the ordinary course of its business, a partnership may advance reasonable expenses, including attorney's fees and costs, incurred by a person in connection with a claim or demand against the person by reason of the person's former or present capacity as a partner, if the person promises to repay the partnership if the person ultimately is determined not to be entitled to be indemnified under subsection (c) of this section.

(e) A partnership may purchase and maintain insurance on behalf of a partner against liability asserted against or incurred by the partner in that capacity or arising from that status even if, under section 33-22-105(c)(7), Idaho Code, the partnership agreement could not eliminate or limit the person's liability to the partnership for the conduct giving rise to the liability.

(f) A partnership shall reimburse a partner for an advance to the partnership beyond the amount of capital the partner agreed to contribute.

(g) A payment or advance made by a partner which gives rise to a partnership obligation under subsection (b) or (f) of this section constitutes a loan to the partnership which accrues interest from the date of the payment or advance.

(h) Each partner has equal rights in the management and conduct of the partnership's business.

(i) A partner may use or possess partnership property only on behalf of the partnership.

(j) A partner is not entitled to remuneration for services performed for the partnership, except for reasonable compensation for services rendered in winding up the business of the partnership.

(k) A difference arising as to a matter in the ordinary course of business of a partnership may be decided by a majority of the partners. An act outside the ordinary course of business of a partnership, and an amendment to the partnership agreement, may be undertaken only with the affirmative vote or consent of all of the partners.

30-23-402. BECOMING PARTNER. (a) Upon formation of a partnership, a person becomes a partner under section 30-23-202(a), Idaho Code.

(b) After formation of a partnership, a person becomes a partner:

(1) As provided in the partnership agreement;

(2) As a result of a transaction effective under chapter 21, title 30, Idaho Code; or

(3) With the affirmative vote or consent of all the partners.

(c) A person may become a partner without:

(1) Acquiring a transferable interest; or

(2) Making or being obligated to make a contribution to the partnership.

30-23-403. FORM OF CONTRIBUTION. A contribution may consist of property transferred to, services performed for, or another benefit provided to the partnership or an agreement to transfer property to, perform services for, or provide another benefit to the partnership.

30-23-404. LIABILITY FOR CONTRIBUTION. (a) A person's obligation to make a contribution to a partnership is not excused by the person's death, disability, termination, or other inability to perform personally.

(b) If a person does not fulfill an obligation to make a contribution other than money, the person is obligated at the option of the partnership to contribute money equal to the value of the part of the contribution which has not been made.

(c) The obligation of a person to make a contribution may be compromised only by the affirmative vote or consent of all the partners. If a creditor of a limited liability partnership extends credit or otherwise acts in reliance on an obligation described in subsection (a) of this section, without knowledge or notice of a compromise under this subsection, the creditor may enforce the obligation.

30-23-405. SHARING OF AND RIGHT TO DISTRIBUTIONS BEFORE DISSOLUTION. (a) Any distributions made by a partnership before its dissolution and winding up must be in equal shares among partners, except to the extent necessary to comply with a transfer effective under section 30-23-503, Idaho Code, or charging order in effect under section 30-23-504, Idaho Code.

(b) Subject to section 30-23-701, Idaho Code, a person has a right to a distribution before the dissolution and winding up of a partnership only if the partnership decides to make an interim distribution.

(c) A person does not have a right to demand or receive a distribution from a partnership in any form other than money. Except as otherwise provided in section 30-23-806, Idaho Code, a partnership may distribute an asset in kind only if each part of the asset is fungible with each other part and each person receives a percentage of the asset equal in value to the person's share of distributions.

(d) If a partner or transferee becomes entitled to receive a distribution, the partner or transferee is entitled to all remedies available to a creditor of the partnership with respect to the distribution. However, the partnership's obligation to make a distribution is subject to offset for any amount owed to the partnership by the partner or a person dissociated as partner on whose account the distribution is made.

30-23-406. LIMITATIONS ON DISTRIBUTIONS BY LIMITED LIABILITY PARTNERSHIP. (a) A limited liability partnership may not make a distribution, including a distribution under section 30-23-806, Idaho Code, if after the distribution:

(1) The partnership would not be able to pay its debts as they become due in the ordinary course of the partnership's business; or

(2) The partnership's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if the partnership were to be dissolved and wound up at the time of the distribution, to satisfy the preferential rights upon dissolution and winding up of

partners and transferees whose preferential rights are superior to the rights of persons receiving the distribution.

(b) A limited liability partnership may base a determination that a distribution is not prohibited under subsection (a) of this section on:

(1) Financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances; or

(2) A fair valuation or other method that is reasonable under the circumstances.

(c) Except as otherwise provided in subsection (e) of this section, the effect of a distribution under subsection (a) of this section is measured:

(1) In the case of a distribution as defined in section 30-23-102(4)(A), Idaho Code, as of the earlier of:

(A) The date money or other property is transferred or debt is incurred by the limited liability partnership; or

(B) The date the person entitled to the distribution ceases to own the interest or rights being acquired by the partnership in return for the distribution;

(2) In the case of any other distribution of indebtedness, as of the date the indebtedness is distributed; and

(3) In all other cases, as of the date:

(A) The distribution is authorized, if the payment occurs not later than one hundred twenty (120) days after that date; or

(B) The payment is made, if the payment occurs more than one hundred twenty (120) days after the distribution is authorized.

(d) A limited liability partnership's indebtedness to a partner or transferee incurred by reason of a distribution made in accordance with this section is at parity with the partnership's indebtedness to its general, unsecured creditors, except to the extent subordinated by agreement.

(e) A limited liability partnership's indebtedness, including indebtedness issued as a distribution, is not a liability for purposes of subsection (a) of this section if the terms of the indebtedness provide that payment of principal and interest is made only if and to the extent that a payment of a distribution could then be made under this section. If the indebtedness is issued as a distribution, each payment of principal or interest is treated as a distribution, the effect of which is measured on the date the payment is made.

(f) In measuring the effect of a distribution under section 30-23-806, Idaho Code, the liabilities of a dissolved limited liability partnership do not include any claim that has been disposed of under section 30-23-807, 30-23-808 or 30-23-809, Idaho Code.

30-23-407. LIABILITY OF IMPROPER DISTRIBUTIONS BY LIMITED LIABILITY PARTNERSHIP. (a) Except as provided in subsection (b) of this section, if a partner of a limited liability partnership consents to a distribution made in violation of section 30-23-406, Idaho Code, and in consenting to the distribution fails to comply with section 30-23-409, Idaho Code, the partner is personally liable to the partnership for the amount of the distribution that exceeds the amount that could have been distributed without the violation of section 30-23-406, Idaho Code.

(b) To the extent the partnership agreement of a limited liability partnership expressly relieves a partner of the authority and responsibility to consent to distributions and imposes that authority and responsibility on one (1) or more other partners, the liability stated in subsection (a) of this section applies to the other partners and not to the partner that the partnership agreement relieves of the authority and responsibility.

(c) A person that receives a distribution knowing that the distribution violated section 30-23-406, Idaho Code, is personally liable to the limited liability partnership but only to the extent that the distribution received by the person exceeded the amount that could have been properly paid under section 30-23-406, Idaho Code.

(d) A person against which an action is commenced because the person is liable under subsection (a) of this section may:

(1) Implead any other person that is liable under subsection (a) of this section and seek to enforce a right of contribution from the person; and

(2) Implead any person that received a distribution in violation of subsection (c) of this section and seek to enforce a right of contribution from the person in the amount the person received in violation of subsection (c) of this section.

(e) An action under this section is barred unless commenced not later than two (2) years after the distribution.

30-23-408. RIGHTS TO INFORMATION OF PARTNERS AND PERSONS DISSOCIATED AS PARTNER. (a) A partnership shall keep its books and records, if any, at its principal office.

(b) On reasonable notice, a partner may inspect and copy during regular business hours, at a reasonable location specified by the partnership, any record maintained by the partnership regarding the partnership's business, financial condition, and other circumstances, to the extent the information is material to the partner's rights and duties under the partnership agreement or this act.

(c) The partnership shall furnish to each partner:

(1) Without demand, any information concerning the partnership's business, financial condition, and other circumstances that the partnership knows and is material to the proper exercise of the partner's rights and duties under the partnership agreement or this act, except to the extent the partnership can establish that it reasonably believes the member already knows the information; and

(2) On demand, any other information concerning the partnership's business, financial condition, and other circumstances, except to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances.

(d) The duty to furnish information under subsection (c) of this section also applies to each partner to the extent the partner knows any of the information described in subsection (c) of this section.

(e) Subject to subsection (j) of this section, on ten (10) days' demand made in a record received by a partnership, a person dissociated as a partner may have access to information to which the person was entitled while a partner if:

(1) The information pertains to the period during which the person was a partner;

(2) The person seeks the information in good faith; and

(3) The person satisfies the requirements imposed on a partner by subsection (b) of this section.

(f) Not later than ten (10) days after receiving a demand under subsection (e) of this section, the partnership in a record shall inform the person that made the demand of:

(1) The information that the partnership will provide in response to the demand and when and where the partnership will provide the information; and

(2) The partnership's reasons for declining, if the partnership declines to provide any demanded information.

(g) A partnership may charge a person that makes a demand under this section the reasonable costs of copying, limited to the costs of labor and material.

(h) A partner or person dissociated as a partner may exercise the rights under this section through an agent or, in the case of an individual under legal disability, a legal representative. Any restriction or condition imposed by the partnership agreement or under subsection (j) of this section applies both to the agent or legal representative and to the partner or person dissociated as a partner.

(i) Subject to section 30-23-505, Idaho Code, the rights under this section do not extend to a person as transferee.

(j) In addition to any restriction or condition stated in the partnership agreement, a partnership, as a matter within the ordinary course of its business, may impose reasonable restrictions and conditions on access to and use of information to be furnished under this section, including designating information confidential and imposing nondisclosure and safeguarding obligations on the recipient. In a dispute concerning the reasonableness of a restriction under this subsection, the partnership has the burden of proving reasonableness.

30-23-409. STANDARDS OF CONDUCT FOR PARTNERS. (a) A partner owes to the partnership and the other partners the duties of loyalty and care stated in subsections (b) and (c) of this section.

(b) The fiduciary duty of loyalty of a partner includes the duties:

(1) To account to the partnership and hold as trustee for it any property, profit, or benefit derived by the partner:

(A) In the conduct or winding up of the partnership's business;

(B) From a use by the partner of the partnership's property; or

(C) From the appropriation of a partnership opportunity;

(2) To refrain from dealing with the partnership in the conduct or winding up of the partnership business as or on behalf of a person having an interest adverse to the partnership; and

(3) To refrain from competing with the partnership in the conduct of the partnership's business before the dissolution of the partnership.

(c) The duty of care of a partner in the conduct or winding up of the partnership business is to refrain from engaging in grossly negligent or

reckless conduct, willful or intentional misconduct, or a knowing violation of law.

(d) A partner shall discharge the duties and obligations under this chapter or under the partnership agreement and exercise any rights consistently with the contractual obligation of good faith and fair dealing.

(e) A partner does not violate a duty or obligation under this act or under the partnership agreement solely because the partner's conduct furthers the partner's own interest.

(f) All the partners may authorize or ratify, after full disclosure of all material facts, a specific act or transaction by a partner that otherwise would violate the duty of loyalty.

(g) It is a defense to a claim under subsection (b)(2) of this section and any comparable claim in equity or at common law that the transaction was fair to the partnership.

(h) If, as permitted by subsection (f) of this section or by the partnership agreement, a partner enters into a transaction with the partnership that otherwise would be prohibited by subsection (b)(2) of this section, the partner's rights and obligations arising from the transaction are the same as those of a person that is not a partner.

30-23-410. ACTIONS BY PARTNERSHIP AND PARTNERS. (a) A partnership may maintain an action against a partner for a breach of the partnership agreement, or for the violation of a duty to the partnership, causing harm to the partnership.

(b) A partner may maintain an action against the partnership or another partner, with or without an accounting as to partnership business, to enforce the partner's rights and protect the partner's interests, including rights and interests under the partnership agreement or this act or arising independently of the partnership relationship.

(c) A right to an accounting on dissolution and winding up does not revive a claim barred by law.

30-23-411. CONTINUATION OF PARTNERSHIP BEYOND DEFINITE TERM OR PARTICULAR UNDERTAKING. (a) If a partnership for a definite term or particular undertaking is continued, without an express agreement, after the expiration of the term or completion of the undertaking, the rights and duties of the partners remain the same as they were at the expiration or completion, so far as is consistent with a partnership at will.

(b) If the partners, or those of them who habitually acted in the business during the term or undertaking, continue the business without any settlement or liquidation of the partnership, they are presumed to have agreed that the partnership will continue.

SECTION 27. That Chapter 23, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 5, Chapter 23, Title 30, Idaho Code, and to read as follows:

PART 5

TRANSFERABLE INTERESTS AND RIGHTS OF TRANSFEREES AND CREDITORS

30-23-501. PARTNER NOT CO-OWNER OF PARTNERSHIP PROPERTY. A partner is not a co-owner of partnership property and has no interest in partnership property that can be transferred, either voluntarily or involuntarily.

30-23-502. NATURE OF TRANSFERABLE INTEREST. A transferable interest is personal property.

30-23-503. TRANSFER OF TRANSFERABLE INTEREST. (a) A transfer, in whole or in part, of a transferable interest:

(1) Is permissible, except the transfer of a transferable interest in a professional entity is not permissible without compliance with section 30-21-901(i), Idaho Code;

(2) Does not by itself cause a partner's dissociation or a dissolution and winding up of the partnership business; and

(3) Subject to section 30-23-505, Idaho Code, does not entitle the transferee to:

(A) Participate in the management or conduct of the partnership's business; or

(B) Except as otherwise provided in subsection (c) of this section, have access to records or other information concerning the partnership's business.

(b) A transferee has the right to:

(1) Receive, in accordance with the transfer, distributions to which the transferor would otherwise be entitled; and

(2) Seek under section 30-23-801(5), Idaho Code, a judicial determination that it is equitable to wind up the partnership business.

(c) In a dissolution and winding up of a partnership, a transferee is entitled to an account of the partnership's transactions only from the date of dissolution.

(d) A partnership need not give effect to a transferee's rights under this section until the partnership knows or has notice of the transfer.

(e) A transfer of a transferable interest in violation of a restriction on transfer contained in the partnership agreement is ineffective as to a person having knowledge or notice of the restriction at the time of transfer.

(f) Except as otherwise provided in section 30-23-601(4)(B), Idaho Code, if a partner transfers a transferable interest, the transferor retains the rights of a partner other than the transferable interest transferred and retains all the duties and obligations of a partner.

(g) If a partner transfers a transferable interest to a person that becomes a partner with respect to the transferred interest, the transferee is liable for the partner's obligations under sections 30-23-404 and 30-23-407, Idaho Code, known to the transferee when the transferee becomes a partner.

30-23-504. CHARGING ORDER. (a) On application by a judgment creditor of a partner or transferee, a court may enter a charging order against the transferable interest of the judgment debtor for the unsatisfied amount of the judgment. A charging order constitutes a lien on a judgment debtor's transferable interest and requires the partnership to pay over to the person

to which the charging order was issued any distribution that otherwise would be paid to the judgment debtor.

(b) To the extent necessary to effectuate the collection of distributions pursuant to a charging order in effect under subsection (a) of this section, the court may:

(1) Appoint a receiver of the distributions subject to the charging order, with the power to make all inquiries the judgment debtor might have made; and

(2) Make all other orders necessary to give effect to the charging order.

(c) Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the transferable interest. The purchaser at the foreclosure sale obtains only the transferable interest, does not thereby become a partner, and is subject to section 30-23-503, Idaho Code.

(d) At any time before foreclosure under subsection (c) of this section, the partner or transferee whose transferable interest is subject to a charging order under subsection (a) of this section may extinguish the charging order by satisfying the judgment and filing a certified copy of the satisfaction with the court that issued the charging order.

(e) At any time before foreclosure under subsection (c) of this section, a partnership or one (1) or more partners whose transferable interests are not subject to the charging order may pay to the judgment creditor the full amount due under the judgment and thereby succeed to the rights of the judgment creditor, including the charging order.

(f) This chapter does not deprive any partner or transferee of the benefit of any exemption law applicable to the transferable interest of the partner or transferee.

(g) This section provides the exclusive remedy by which a person seeking, in the capacity of a judgment creditor, to enforce a judgment against a partner or transferee may satisfy the judgment from the judgment debtor's transferable interest.

30-23-505. POWER OF LEGAL REPRESENTATIVE OF DECEASED PARTNER. If a partner dies, the deceased partner's legal representative may exercise:

(1) The rights of a transferee provided in section 30-23-503(c), Idaho Code; and

(2) For purposes of settling the estate, the rights the deceased partner had under section 30-23-408, Idaho Code.

SECTION 28. That Chapter 23, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 6, Chapter 23, Title 30, Idaho Code, and to read as follows:

PART 6
DISSOCIATION

30-23-601. EVENTS CAUSING DISSOCIATION. A person is dissociated as a partner when:

(1) The partnership has notice of the person's express will to withdraw as a partner, but, if the person has specified a withdrawal date later than the date the partnership knew or had notice, on that later date;

(2) An event stated in the partnership agreement as causing the person's dissociation occurs;

(3) The person is expelled as a partner pursuant to the partnership agreement;

(4) The person is expelled as a partner by the affirmative vote or consent of all the other partners if:

(A) It is unlawful to carry on the partnership business with the person as a partner;

(B) There has been a transfer of all of the person's transferable interest in the partnership other than:

(i) A transfer for security purposes; or

(ii) A charging order in effect under section 30-23-504, Idaho Code, that has not been foreclosed;

(C) The person is an entity and:

(i) The partnership notifies the person that it will be expelled as a partner because the person has filed a statement of dissolution or the equivalent, the person has been administratively dissolved, the person's charter or the equivalent has been revoked, or the person's right to conduct business has been suspended by the person's jurisdiction of formation; and

(ii) Not later than ninety (90) days after the notification, the statement of dissolution or the equivalent has not been withdrawn, rescinded or revoked or the person's charter or the equivalent or right to conduct business has not been reinstated; or

(D) The person is an unincorporated entity that has been dissolved and whose activities and affairs are being wound up;

(5) On application by the partnership or another partner, the person is expelled as a partner by judicial order because the person:

(A) Has engaged or is engaging in wrongful conduct that has affected adversely and materially, or will affect adversely and materially, the partnership's business;

(B) Has committed willfully or persistently, or is committing willfully or persistently, a material breach of the partnership agreement or a duty or obligation under section 30-23-409, Idaho Code; or

(C) Has engaged or is engaging in conduct relating to the partnership's business which makes it not reasonably practicable to carry on the business with the person as a partner;

(6) The person:

(A) Becomes a debtor in bankruptcy;

(B) Executes an assignment for the benefit of creditors; or

(C) Seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the person or of all or substantially all the person's property;

(7) In the case of an individual:

(A) The individual dies;

(B) A guardian or general conservator for the individual is appointed; or

(C) A court orders that the individual has otherwise become incapable of performing the individual's duties as a partner under this chapter or the partnership agreement;

(8) In the case of a person that is a testamentary or inter vivos trust or is acting as a partner by virtue of being a trustee of such a trust, the trust's entire transferable interest in the partnership is distributed;

(9) In the case of a person that is an estate or is acting as a partner by virtue of being a personal representative of an estate, the estate's entire transferable interest in the partnership is distributed;

(10) In the case of a person that is not an individual, the existence of the person terminates;

(11) The partnership participates in a merger under chapter 21, title 30, Idaho Code, and:

(A) The partnership is not the surviving entity; or

(B) Otherwise as a result of the merger, the person ceases to be a partner;

(12) The partnership participates in an interest exchange under chapter 21, title 30, Idaho Code, and, as a result of the interest exchange, the person ceases to be a partner;

(13) The partnership participates in a conversion under chapter 21, title 30, Idaho Code;

(14) The partnership participates in a domestication under chapter 21, title 30, Idaho Code, and, as a result of the domestication, the person ceases to be a partner;

(15) The partnership dissolves and completes winding up;

(16) In the case of a professional entity, restrictions or limitations are placed upon a partner's ability to continue to render professional services.

30-23-602. POWER TO DISSOCIATE AS PARTNER -- WRONGFUL DISSOCIATION. (a) A person has the power to dissociate as a partner at any time, rightfully or wrongfully, by withdrawing as a partner by express will under section 30-23-601(1), Idaho Code.

(b) A person's dissociation as a partner is wrongful only if the dissociation:

(1) Is in breach of an express provision of the partnership agreement; or

(2) In the case of a partnership for a definite term or particular undertaking, occurs before the expiration of the term or the completion of the undertaking and:

(A) The person withdraws as a partner by express will, unless the withdrawal follows not later than ninety (90) days after another person's dissociation by death or otherwise under section 30-23-601(6) through (10), Idaho Code, or wrongful dissociation under this subsection;

(B) The person is expelled as a partner by judicial order under section 30-23-601(5), Idaho Code;

(C) The person is dissociated under section 30-23-601(6), Idaho Code; or

(D) In the case of a person that is not a trust other than a business trust, an estate, or an individual, the person is expelled or otherwise dissociated because it willfully dissolved or terminated.

(c) A person that wrongfully dissociates as a partner is liable to the partnership and to the other partners for damages caused by the dissociation. The liability is in addition to any debt, obligation, or other liability of the partner to the partnership or the other partners.

30-23-603. EFFECT OF DISSOCIATION. (a) If a person's dissociation results in a dissolution and winding up of the partnership business, part 8 of this chapter applies; otherwise, part 7 of this chapter applies.

(b) If a person is dissociated as a partner:

(1) The person's right to participate in the management and conduct of the partnership business terminates, except as otherwise provided in section 30-23-802(c), Idaho Code; and

(2) The person's duties and obligations under section 30-23-409, Idaho Code, end with regard to matters arising and events occurring after the person's dissociation except to the extent the partner participates in winding up the partnership's business pursuant to section 30-23-802, Idaho Code.

(c) A person's dissociation does not of itself discharge the person from a debt, obligation, or other liability to the partnership or the other partners that the person incurred while a partner.

SECTION 29. That Chapter 23, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 7, Chapter 23, Title 30, Idaho Code, and to read as follows:

PART 7
PARTNER'S DISSOCIATION WHEN BUSINESS NOT WOUND UP

30-23-701. PERSONS DISSOCIATED AS A PARTNER WITHOUT DISSOLUTION OF PARTNERSHIP. (a) If a person is dissociated as a partner without the dissociation resulting in a dissolution and winding up of the partnership business under section 30-23-801, Idaho Code, the partnership shall cause the person's interest in the partnership to be purchased for a buyout price determined pursuant to subsection (b) of this section.

(b) The buyout price of the interest of a person dissociated as a partner is the amount that would have been distributable to the person under section 30-23-806(b), Idaho Code, if, on the date of dissociation, the assets of the partnership were sold and the partnership were wound up, with the sale price equal to the greater of:

(1) The liquidation value; or

(2) The value based on a sale of the entire business as a going concern without the person.

(c) Interest accrues on the buyout price from the date of dissociation to the date of payment, but damages for wrongful dissociation under section 30-23-602(b), Idaho Code, and all other amounts owing, whether or not presently due, from the person dissociated as a partner to the partnership, must be offset against the buyout price.

(d) A partnership shall defend, indemnify, and hold harmless a person dissociated as a partner whose interest is being purchased against all partnership liabilities, whether incurred before or after the dissociation, except liabilities incurred by an act of the person under section 30-23-702, Idaho Code.

(e) If no agreement for the purchase of the interest of a person dissociated as a partner is reached not later than one hundred twenty (120) days after a written demand for payment, the partnership shall pay, or cause to be paid, in money to the person the amount the partnership estimates to be the buyout price and accrued interest, reduced by any offsets and accrued interest under subsection (c) of this section.

(f) If a deferred payment is authorized under subsection (h) of this section, the partnership may tender a written offer to pay the amount it estimates to be the buyout price and accrued interest, reduced by any offsets under subsection (c) of this section, stating the time of payment, the amount and type of security for payment, and the other terms and conditions of the obligation.

(g) The payment or tender required by subsection (e) or (f) of this section must be accompanied by the following:

(1) A statement of partnership assets and liabilities as of the date of dissociation;

(2) The latest available partnership balance sheet and income statement, if any;

(3) An explanation of how the estimated amount of the payment was calculated; and

(4) Written notice that the payment is in full satisfaction of the obligation to purchase unless, not later than one hundred twenty (120) days after the written notice, the person dissociated as a partner commences an action to determine the buyout price, any offsets under subsection (c) of this section, or other terms of the obligation to purchase.

(h) A person that wrongfully dissociates as a partner before the expiration of a definite term or the completion of a particular undertaking is not entitled to payment of any part of the buyout price until the expiration of the term or completion of the undertaking, unless the person establishes to the satisfaction of the court that earlier payment will not cause undue hardship to the business of the partnership. A deferred payment must be adequately secured and bear interest.

(i) A person dissociated as a partner may maintain an action against the partnership, pursuant to section 30-23-410(2)(b), Idaho Code, to determine the buyout price of that person's interest, any offsets under subsection (c) of this section, or other terms of the obligation to purchase. The action must be commenced not later than one hundred twenty (120) days after the partnership has tendered payment or an offer to pay or within one (1) year after written demand for payment if no payment or offer to pay is tendered. The court shall determine the buyout price of the person's interest, any offset due under subsection (c) of this section, and accrued interest, and enter judgment for any additional payment or refund. If deferred payment is authorized under subsection (h) of this section, the court shall also determine the security for payment and other terms of the obligation to purchase. The court may assess reasonable attorney's fees and the fees and ex-

penses of appraisers or other experts for a party to the action, in amounts the court finds equitable, against a party that the court finds acted arbitrarily, vexatiously, or not in good faith. The finding may be based on the partnership's failure to tender payment or an offer to pay or to comply with subsection (g) of this section.

30-23-702. POWER TO BIND AND LIABILITY OF PERSON DISSOCIATED AS PARTNER. (a) After a person is dissociated as a partner without the dissociation resulting in a dissolution and winding up of the partnership business and before the partnership is merged out of existence, converted, or domesticated under chapter 21, title 30, Idaho Code, or dissolved, the partnership is bound by an act of the person only if:

(1) The act would have bound the partnership under section 30-23-301, Idaho Code, before dissociation; and

(2) At the time the other party enters into the transaction:

(A) Less than two (2) years has passed since the dissociation; and

(B) The other party does not know or have notice of the dissociation and reasonably believes that the person is a partner.

(b) If a partnership is bound under subsection (a) of this section, the person dissociated as a partner that caused the partnership to be bound is liable:

(1) To the partnership for any damage caused to the partnership arising from the obligation incurred under subsection (a) of this section; and

(2) If a partner or another person dissociated as a partner is liable for the obligation, to the partner or other person for any damage caused to the partner or other person arising from the liability.

30-23-703. LIABILITY OF PERSON DISSOCIATED AS PARTNER TO OTHER PERSONS. (a) Except as otherwise provided in subsection (b) of this section, a person dissociated as a partner is not liable for a partnership obligation incurred after dissociation.

(b) A person that is dissociated as a partner is liable on a transaction entered into by the partnership after the dissociation only if:

(1) The partner would be liable on the transaction; and

(2) At the time the other party enters into the transaction:

(A) Less than two (2) years has passed since the dissociation; and

(B) The other party does not have knowledge or notice of the dissociation and reasonably believes that the person is a partner.

(c) By agreement with a creditor of a partnership and the partnership, a person dissociated as a partner may be released from liability for a debt, obligation, or other liability of the partnership.

(d) A person dissociated as a partner is released from liability for a debt, obligation, or other liability of the partnership if the partnership's creditor, with knowledge or notice of the person's dissociation but without the person's consent, agrees to a material alteration in the nature or time of payment of the debt, obligation or other liability.

30-23-704. STATEMENT OF DISSOCIATION. (a) A person dissociated as a partner or the partnership may deliver to the secretary of state for filing

a statement of dissociation stating the name of the partnership and that the person has dissociated from the partnership.

(b) A statement of dissociation is a limitation on the authority of a person dissociated as a partner for the purposes of section 30-23-303(d) and (e), Idaho Code.

30-23-705. CONTINUED USE OF PARTNERSHIP NAME. Continued use of a partnership name, or the name of a person dissociated as a partner as part of the partnership name, by partners continuing the business does not of itself make the person dissociated as a partner liable for an obligation of the partners or the partnership continuing the business.

SECTION 30. That Chapter 23, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 8, Chapter 23, Title 30, Idaho Code, and to read as follows:

PART 8
DISSOLUTION AND WINDING UP

30-23-801. EVENTS CAUSING DISSOLUTION. A partnership is dissolved, and its business must be wound up, upon the occurrence of any of the following:

(1) In a partnership at will, the partnership knows or has notice of a person's express will to withdraw as a partner, other than a partner that has dissociated under section 30-23-601(2) through (10), Idaho Code, but, if the person has specified a withdrawal date later than the date the partnership knew or had notice, on the later date;

(2) In a partnership for a definite term or particular undertaking:

(A) Within ninety (90) days after a person's dissociation by death or otherwise under section 30-23-601(6) through (10), Idaho Code, or wrongful dissociation under section 30-23-602(b), Idaho Code, the affirmative vote or consent of at least half of the remaining partners to wind up the partnership business, for which purpose a person's rightful dissociation pursuant to section 30-23-602(b)(2)(A), Idaho Code, constitutes the expression of that partner's expression of consent to wind up the partnership business;

(B) The affirmative vote or consent of all the partners to wind up the partnership business; or

(C) The expiration of the term or the completion of the undertaking;

(3) An event or circumstance that the partnership agreement states causes dissolution;

(4) On application by a partner, the entry by the district court of an order dissolving the partnership on the ground that:

(A) Conduct of all or substantially all the partnership's business is unlawful;

(B) The economic purpose of the partnership is likely to be unreasonably frustrated;

(C) Another partner has engaged in conduct relating to the partnership business that makes it not reasonably practicable to carry on the business in partnership with that partner; or

(D) It is otherwise not reasonably practicable to carry on the partnership business in conformity with the partnership agreement;

(5) On application by a transferee, the entry by the district court of an order dissolving the partnership on the ground that it is equitable to wind up the partnership business:

(A) After the expiration of the term or completion of the undertaking, if the partnership was for a definite term or particular undertaking at the time of the transfer or entry of the charging order that gave rise to the transfer; or

(B) At any time, if the partnership was a partnership at will at the time of the transfer or entry of the charging order that gave rise to the transfer;

(6) The passage of ninety (90) consecutive days during which the partnership does not have at least two (2) partners.

30-23-802. WINDING UP. (a) A dissolved partnership shall wind up its business and, except as otherwise provided in section 30-23-803, Idaho Code, the partnership continues after dissolution only for the purpose of winding up.

(b) In winding up its business, the partnership:

(1) Shall discharge the partnership's debts, obligations, and other liabilities, settle and close the partnership's business, and marshal and distribute the assets of the partnership; and

(2) May:

(A) Deliver to the secretary of state for filing a statement of dissolution stating the name of the partnership and that the partnership is dissolved;

(B) Preserve the partnership business and property as a going concern for a reasonable time;

(C) Prosecute and defend actions and proceedings, whether civil, criminal or administrative;

(D) Transfer the partnership's property;

(E) Settle disputes by mediation or arbitration;

(F) Deliver to the secretary of state for filing a statement of termination stating the name of the partnership and that the partnership is terminated; and

(G) Perform other acts necessary or appropriate to the winding up.

(c) A person whose dissociation as a partner resulted in dissolution may participate in winding up as if still a partner, unless the dissociation was wrongful.

(d) If a dissolved partnership does not have a partner and no person has the right to participate in winding up under subsection (c) of this section, the personal or legal representative of the last person to have been a partner may wind up the partnership's business. If the representative does not exercise that right, a person to wind up the partnership's business may be appointed by the affirmative vote or consent of transferees owning a majority of the rights to receive distributions at the time the consent is to be effective. A person appointed under this subsection has the powers of a partner under section 30-23-804, Idaho Code, but is not liable for the debts, obligations, and other liabilities of the partnership solely by reason of

having or exercising those powers or otherwise acting to wind up the partnership's business.

(e) On the application of any partner or person entitled under subsection (c) of this section to participate in winding up, the district court may order judicial supervision of the winding up of a dissolved partnership, including the appointment of a person to wind up the partnership's business, if:

(1) The partnership does not have a partner and within a reasonable time following the dissolution no person has been appointed under subsection (d) of this section; or

(2) The applicant establishes other good cause.

30-23-803. RESCINDING DISSOLUTION. (a) A partnership may rescind its dissolution, unless a statement of termination applicable to the partnership is effective or the district court has entered an order under section 30-23-801(4) or (5), Idaho Code, dissolving the partnership.

(b) Rescinding dissolution under this section requires:

(1) The affirmative vote or consent of each partner;

(2) If the partnership has delivered to the secretary of state for filing a statement of dissolution and:

(A) The statement of dissolution has not become effective, delivery to the secretary of state for filing of a statement of withdrawal under section 30-21-114, Idaho Code, applicable to the statement of dissolution; or

(B) If a statement of dissolution applicable to the partnership is effective, the delivery to the secretary of state for filing of a statement of recession stating the name of the partnership and that dissolution has been rescinded under this section.

(c) If a partnership rescinds its dissolution:

(1) The partnership resumes carrying on its business as if dissolution had never occurred;

(2) Subject to paragraph (3) of this subsection, any liability incurred by the partnership after the dissolution and before the rescission is effective is determined as if dissolution had never occurred; and

(3) The rights of a third party arising out of conduct in reliance on the dissolution before the third party knew or had notice of the rescission may not be adversely affected.

30-23-804. POWER TO BIND PARTNERSHIP AFTER DISSOLUTION. (a) A partnership is bound by a partner's act after dissolution which:

(1) Is appropriate for winding up the partnership business; or

(2) Would have bound the partnership under section 30-23-301, Idaho Code, before dissolution, if, at the time the other party enters into the transaction, the other party does not know or have notice of the dissolution.

(b) A person dissociated as a general partner binds a partnership through an act occurring after dissolution if:

(1) At the time the other party enters into the transaction:

(A) Less than two (2) years has passed since the dissociation; and

(B) The other party does not know or have notice of the dissociation and reasonably believes that the person is a partner; and

(2) The act:

(A) Is appropriate for winding up the partnership's business; or

(B) Would have bound the partnership under section 30-23-301, Idaho Code, before dissolution and at the time the other party enters into the transaction the other party does not know or have notice of the dissolution.

30-23-805. LIABILITY AFTER DISSOLUTION OF PARTNER AND PERSON DISSOCIATED AS GENERAL PARTNER. (a) If a partner having knowledge of the dissolution causes a partnership to incur an obligation under section 30-23-804(a), Idaho Code, by an act that is not appropriate for winding up the partnership business, the partner is liable:

(1) To the partnership for any damage caused to the partnership arising from the obligation; and

(2) If another partner or person dissociated as a partner is liable for the obligation, to that other partner or person for any damage caused to that other partner or person arising from the liability.

(b) Except as otherwise provided in this subsection (c) of this section, if a person dissociated as a partner causes a partnership to incur an obligation under section 30-23-804(b), Idaho Code, the person is liable:

(1) To the partnership for any damage caused to the partnership arising from the obligation; and

(2) If a partner or another person dissociated as a partner is liable for the obligation, to the partner or other person for any damage caused to the partner or other person arising from the obligation.

(c) A person dissociated as a general partner is not liable under this subsection if:

(1) Section 30-23-802(c), Idaho Code, permits the person to participate in winding up; and

(2) The act that causes the partnership to be bound under section 30-23-804(b), Idaho Code, is appropriate for winding up the partnership's business.

30-23-806. DISPOSITION OF ASSETS IN WINDING UP -- WHEN CONTRIBUTIONS REQUIRED. (a) In winding up its business, a partnership shall apply its assets, including the contributions required by this section, to discharge the partnership's obligations to creditors, including partners that are creditors.

(b) After a partnership complies with subsection (a) of this section, any surplus must be distributed in the following order, subject to any charging order in effect under section 30-23-504, Idaho Code:

(1) To each person owning a transferable interest that reflects contributions made and not previously returned, an amount equal to the value of the unreturned contributions; and

(2) Among partners in proportion to their respective rights to share in distributions immediately before the dissolution of the partnership, except to the extent necessary to comply with any transfer effective under section 30-23-503, Idaho Code.

(c) If a partnership's assets are insufficient to satisfy all its obligations under subsection (a) of this section, with respect to each unsatisfied obligation incurred when the partnership was not a limited liability partnership, the following rules apply:

(1) Each person that was a partner when the obligation was incurred and that has not been released from the obligation under section 30-23-703(c) and (d), Idaho Code, shall contribute to the partnership for the purpose of enabling the partnership to satisfy the obligation. The contribution due from each of those persons is in proportion to the right to receive distributions in the capacity of a partner in effect for each of those persons when the obligation was incurred.

(2) If a person does not contribute the full amount required under paragraph (1) of this subsection with respect to an unsatisfied obligation of the partnership, the other persons required to contribute by paragraph (a) of this section on account of the obligation shall contribute the additional amount necessary to discharge the obligation. The additional contribution due from each of those other persons is in proportion to the right to receive distributions in the capacity of a partner in effect for each of those other persons when the obligation was incurred.

(3) If a person does not make the additional contribution required by paragraph (2) of this subsection, further additional contributions are determined and due in the same manner as provided in that paragraph.

(d) A person that makes an additional contribution under subsection (c)(2) or (3) of this section may recover from any person whose failure to contribute under subsection (c)(1) or (2) of this section necessitated the additional contribution. A person may not recover under this subsection more than the amount additionally contributed. A person's liability under this subsection may not exceed the amount the person failed to contribute.

(e) If a partnership does not have sufficient surplus to comply with subsection (b)(1) of this section , any surplus must be distributed among the owners of transferable interests in proportion to the value of the respective unreturned contributions.

(f) All distributions made under subsections (b) and (c) of this section must be paid in money.

30-23-807. KNOWN CLAIMS AGAINST DISSOLVED LIMITED LIABILITY PARTNERSHIP. (a) Except as otherwise provided in subsection (d) of this section, a dissolved limited liability partnership may give notice of a known claim under subsection (b) of this section that has the effect provided in subsection (c) of this section.

(b) A dissolved limited liability partnership may in a record notify its known claimants of the dissolution. The notice must:

(1) Specify the information required to be included in a claim;

(2) State that a claim must be in writing and provide a mailing address to which the claim is to be sent;

(3) State the deadline for receipt of a claim that may not be less than one hundred twenty (120) days after the date the notice is received by the claimant;

(4) State that the claim will be barred if not received by the deadline; and

(5) Unless the partnership has been throughout its existence a limited liability partnership, state that the barring of a claim against the partnership will also bar any corresponding claim against any partner or person dissociated as a partner based on section 30-23-306, Idaho Code.

(c) A claim against a dissolved limited liability partnership is barred if the requirements of subsection (b) of this section are met and:

(1) The claim is not received by the specified deadline; or

(2) If the claim is timely received but rejected by the limited liability partnership:

(A) The partnership causes the claimant to receive a notice in a record stating that the claim is rejected and will be barred unless the claimant commences an action against the partnership to enforce the claim not later than ninety (90) days after the claimant receives the notice; and

(B) The claimant does not commence the required action not later than ninety (90) days after the claimant receives the notice.

(d) This section does not apply to a claim based on an event occurring after the date of dissolution or a liability that on that date is contingent.

30-23-808. OTHER CLAIMS AGAINST DISSOLVED LIMITED LIABILITY PARTNERSHIP. (a) A dissolved limited liability partnership may publish notice of its dissolution and request persons having claims against the partnership to present them in accordance with the notice.

(b) A notice under subsection (a) of this section must:

(1) Be published at least once in a newspaper of general circulation in the county in this state in which the dissolved limited liability partnership's principal office is located or, if the principal office is not located in this state, in the county in which the office of the partnership's registered agent is or was last located;

(2) Describe the information required to be contained in a claim, state that the claim must be in writing, and provide a mailing address to which the claim is to be sent;

(3) State that a claim against the partnership is barred unless an action to enforce the claim is commenced not later than three (3) years after publication of the notice; and

(4) Unless the partnership has been throughout its existence a limited liability partnership, state that the barring of a claim against the partnership will also bar any corresponding claim against any partner or person dissociated as a partner based on section 30-23-306, Idaho Code.

(c) If a dissolved limited liability partnership publishes a notice in accordance with subsection (b) of this section, the claim of each of the following claimants is barred unless the claimant commences an action to enforce the claim against the partnership not later than three (3) years after the publication date of the notice:

(1) A claimant that did not receive notice in a record under section 30-23-807, Idaho Code;

(2) A claimant whose claim was timely sent to the partnership but not acted on; and

(3) A claimant whose claim is contingent at or based on an event occurring after the date of dissolution.

(d) A claim not barred under this section or section 30-23-807, Idaho Code, may be enforced:

(1) Against a dissolved limited liability partnership, to the extent of its undistributed assets;

(2) Except as otherwise provided in section 30-23-809, Idaho Code, if assets of the partnership have been distributed after dissolution, against a partner or transferee to the extent of that person's proportionate share of the claim or of the partnership's assets distributed to the partner or transferee after dissolution, whichever is less, but a person's total liability for all claims under this paragraph may not exceed the total amount of assets distributed to the person after dissolution; and

(3) Against any person liable on the claim under sections 30-23-306, 30-23-703 and 30-23-805, Idaho Code.

30-23-809. COURT PROCEEDINGS. (a) A dissolved limited liability partnership that has published a notice under section 30-23-808, Idaho Code, may file an application with the district court in the county where the partnership's principal office is located or, if the principal office is not located in this state, where the office of its registered agent is or was last located, for a determination of the amount and form of security to be provided for payment of claims that are reasonably expected to arise after the date of dissolution based on facts known to the partnership and:

(1) At the time of the application;

(A) Are contingent; or

(B) Have not been made known to the partnership; or

(2) Are based on an event occurring after the date of dissolution.

(b) Security is not required for any claim that is or is reasonably anticipated to be barred under section 30-23-807, Idaho Code.

(c) Not later than ten (10) days after the filing of an application under subsection (a) of this section, the dissolved limited liability partnership shall give notice of the proceeding to each claimant holding a contingent claim known to the partnership.

(d) In any proceeding under this section, the court may appoint a guardian ad litem to represent all claimants whose identities are unknown. The reasonable fees and expenses of the guardian, including all reasonable expert witness fees, must be paid by the dissolved limited liability partnership.

(e) A dissolved limited liability partnership that provides security in the amount and form ordered by the court under subsection (a) of this section satisfies the partnership's obligations with respect to claims that are contingent, have not been made known to the partnership, or are based on an event occurring after the date of dissolution, and such claims may not be enforced against a partner or transferee on account of assets received in liquidation.

30-23-810. LIABILITY OF PARTNER AND PERSON DISSOCIATED AS PARTNER WHEN CLAIM AGAINST PARTNERSHIP BARRED. If a claim against a dissolved partnership is barred under section 30-23-807, 30-23-808 or 30-23-809, Idaho Code, any corresponding claim under section 30-23-306, 30-23-703 or 30-23-805, Idaho Code, is also barred.

SECTION 31. That Chapter 23, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 9, Chapter 23, Title 30, Idaho Code, and to read as follows:

PART 9
LIMITED LIABILITY PARTNERSHIP

30-23-901. STATEMENT OF QUALIFICATION. (a) A partnership may become a limited liability partnership pursuant to this section.

(b) The terms and conditions on which a partnership becomes a limited liability partnership must be approved by the affirmative vote or consent necessary to amend the partnership agreement except, in the case of a partnership agreement that expressly addresses obligations to contribute to the partnership, the affirmative vote or consent necessary to amend those provisions.

(c) After the approval required by subsection (b) of this section, a partnership may become a limited liability partnership by delivering to the secretary of state for filing a statement of qualification. The statement must contain:

(1) The name of the partnership;

(2) The street and mailing addresses of the partnership's principal office and, if different, the street address of an office in this state, if any;

(3) The information required by section 30-21-404(a), Idaho Code;

(4) A statement that the partnership elects to become a limited liability partnership; and

(5) If the partnership is a professional entity, a statement that the partnership is a professional limited liability partnership and the principal profession or professions for which the partnership's partners are duly licensed or otherwise legally authorized to render professional services.

(d) A partnership's status as a limited liability partnership remains effective, regardless of changes in the partnership, until it is canceled pursuant to subsection (f) of this section or administratively revoked pursuant to section 30-23-902, Idaho Code.

(e) The status of a partnership as a limited liability partnership and the protection against liability of its partners for the debts, obligations, or other liabilities of the partnership while it is a limited liability partnership is not affected by errors or later changes in the information required to be contained in the statement of qualification.

(f) A limited liability partnership may amend or cancel its statement of qualification by delivering to the secretary of state for filing a statement of amendment or cancellation. The statement must be approved by the affirmative vote or consent of all the partners and state the name of the limited liability partnership and in the case of:

(1) An amendment, state the text of the amendment; and
(2) A cancellation, state that the statement of qualification is canceled.

30-23-902. PERMITTED NAMES. The name of a partnership that is not a limited liability partnership may not contain the phrase "Registered Limited Liability Partnership" or "Limited Liability Partnership" or the abbreviation "R.L.L.P.," "L.L.P.," "RLLP" or "LLP."

30-23-903. ADMINISTRATIVE REVOCATION OF STATEMENT OF QUALIFICATION. (a) The secretary of state may commence a proceeding under subsection (b) of this section to revoke the statement of qualification of a limited liability partnership administratively if the partnership does not:
(1) Deliver an annual report to the secretary of state by the date it is due;
(2) Have a registered agent in this state for sixty (60) consecutive days; or
(3) The secretary of state has credible information that the limited liability partnership has failed to notify the secretary of state within sixty (60) days after the occurrence that its registered agent has been changed or that its registered agent has resigned.
(b) If the secretary of state determines that one (1) or more grounds exist for administratively revoking a statement of qualification, the secretary of state shall serve the partnership pursuant to section 30-21-212, Idaho Code, with notice in a record of the secretary of state's determination.
(c) If a limited liability partnership, not later than sixty (60) days after service of the notice is effected under subsection (b) of this section, does not cure or demonstrate to the satisfaction of the secretary of state the nonexistence of each ground determined by the secretary of state, the secretary of state shall administratively revoke the statement of qualification by signing a statement of administrative revocation that recites the grounds for revocation and the effective date of the revocation. The secretary of state shall file the statement and serve a copy on the partnership pursuant to section 30-21-212, Idaho Code.
(d) An administrative revocation under subsection (c) of this section affects only a partnership's status as a limited liability partnership and is not an event causing dissolution of the partnership.
(e) The administrative revocation of a statement of qualification of a limited liability partnership does not terminate the authority of its registered agent.

30-23-904. REINSTATEMENT. (a) A partnership whose statement of qualification has been revoked administratively under section 30-23-903, Idaho Code, may apply to the secretary of state for reinstatement of the statement of qualification not later than ten (10) years after the effective date of the revocation. The application must state:
(1) The name of the partnership at the time of the administrative revocation of its statement of qualification and, if needed, a different name that satisfies sections 30-21-301 and 30-21-302, Idaho Code;

(2) The address of the principal office of the partnership and the information required by section 30-21-404(a), Idaho Code;

(3) The effective date of administrative revocation of the partnership's statement of qualification; and

(4) That the grounds for revocation did not exist or have been cured.

(b) To have its statement of qualification reinstated, a partnership must pay all fees, taxes, interest and penalties that were due to the secretary of state at the time of the administrative revocation and all fees, taxes, interest and penalties that would have been due to the secretary of state while the partnership's statement of qualification was revoked administratively.

(c) If the secretary of state determines that an application under subsection (a) of this section contains the required information, is satisfied that the information is correct, and determines that all payments required to be made to the secretary of state by subsection (b) of this section have been made, the secretary of state shall:

(1) Cancel the statement of revocation and prepare a statement of reinstatement that states the secretary of state's determination and the effective date of reinstatement; and

(2) File the statement of reinstatement and serve a copy on the partnership.

(d) When reinstatement under this section is effective, the following rules apply:

(1) The reinstatement relates back to and takes effect as of the effective date of the administrative revocation;

(2) The partnership's status as a limited liability partnership continues as if the revocation had not occurred; and

(3) The rights of a person arising out of an act or omission in reliance on the revocation before the person knew or had notice of the reinstatement.

30-23-905. JUDICIAL REVIEW OF DENIAL OF REINSTATEMENT. (a) If the secretary of state denies a partnership's application for reinstatement following administrative revocation of the partnership's statement of qualification, the secretary of state shall serve the partnership with notice in a record that explains the reasons for the denial.

(b) Within thirty (30) days after service of a notice of denial of reinstatement under subsection (a) of this section, a partnership may appeal from the denial by petitioning the district court of Ada county to set aside the revocation. The petition must be served on the secretary of state and contain a copy of the secretary of state's notice of revocation, the company's application for reinstatement, and the secretary of state's notice of denial.

(c) The district court may, if grounds exist, order the secretary of state to reinstate a partnership or take other action the court considers appropriate.

30-23-906. SUBJECTS COVERED OUTSIDE CHAPTER. The following subjects are covered outside this chapter:

(1) Reservation of name - section 30-21-303, Idaho Code.

(2) Registration of name - section 30-21-304, Idaho Code.
(3) Registered agent - section 30-21-404, Idaho Code.
(4) Change of registered agent or address for registered agent by limited liability partnership - section 30-21-407, Idaho Code.
(5) Resignation of registered agent - section 30-21-410, Idaho Code.
(6) Change of name or address by registered agent - sections 30-21-408 and 30-21-409, Idaho Code.
(7) Service of process, notice, or demand - section 30-21-412, Idaho Code.
(8) Annual report for secretary of state - section 30-21-213, Idaho Code.

SECTION 32. That Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW CHAPTER, to be known and designated as Chapter 24, Title 30, Idaho Code, and to read as follows:

CHAPTER 24
LIMITED PARTNERSHIPS

SECTION 33. That Chapter 24, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 1, Chapter 24, Title 30, Idaho Code, and to read as follows:

PART 1
GENERAL PROVISIONS

30-24-101. SHORT TITLE. This chapter may be cited as the Idaho Uniform Limited Partnership Act.

30-24-102. DEFINITIONS. (a) In this chapter:
(1) "Certificate of limited partnership" means the certificate required by section 30-24-201, Idaho Code. The term includes the certificate as amended or restated.
(2) "Contribution," except in the phrase "right of contribution," means property or a benefit described in section 30-24-501, Idaho Code, which is provided by a person to a limited partnership to become a partner or in the person's capacity as a partner.
(3) "Distribution" means a transfer of money or other property from a limited partnership to a person on account of a transferable interest or in the person's capacity as a partner. The term:
(A) Includes:
(i) A redemption or other purchase by a limited partnership of a transferable interest; and
(ii) A transfer to a partner in return for the partner's relinquishment of any right to participate as a partner in the management or conduct of the partnership's activities and affairs or to have access to records or other information concerning the partnership's activities and affairs; and
(B) Does not include amounts constituting reasonable compensation for present or past service or payments made in the ordinary

course of business under a bona fide retirement plan or other bona fide benefits program.

(4) "General partner" means a person that:

(A) Has become a general partner under section 30-24-401, Idaho Code, or was a general partner in a partnership when the partnership became subject to this chapter under section 30-24-112, Idaho Code; and

(B) Has not dissociated as a general partner under section 30-24-603, Idaho Code.

(5) "Limited liability limited partnership" means a limited partnership whose certificate of limited partnership states that the partnership is a limited liability limited partnership.

(6) "Limited partner" means a person that:

(A) Has become a limited partner under section 30-24-301, Idaho Code, or was a limited partner in a limited partnership when the partnership became subject to this chapter under section 30-24-112, Idaho Code; and

(B) Has not dissociated under section 30-24-601, Idaho Code.

(7) "Limited partnership" means an entity formed under this chapter or that becomes subject to this chapter under chapter 22, title 30, Idaho Code, or section 30-24-112, Idaho Code. The term includes a limited liability limited partnership.

(8) "Partner" means a limited partner or general partner.

(9) "Partnership agreement" means the agreement, whether or not referred to as a partnership agreement and whether oral, implied, in a record, or in any combination thereof, of all the partners of a limited partnership concerning the matters described in section 30-24-105(a), Idaho Code. The term includes the agreement as amended or restated.

(10) "Required information" means the information that a limited partnership is required to maintain under section 30-24-108, Idaho Code.

(11) "Transferable interest" means the right, as initially owned by a person in the person's capacity as a partner, to receive distributions from a limited partnership, whether or not the person remains a partner or continues to own any part of the right. The term applies to any fraction of the interest, by whomever owned.

(12) "Transferee" means a person to which all or part of a transferable interest has been transferred, whether or not the transferor is a partner. The term includes a person that owns a transferable interest under section 30-24-602(a)(3) or 30-24-605(a)(4), Idaho Code.

(b) The following definitions outside this chapter apply to this chapter:

(1) "Debtor in bankruptcy" - section 30-21-102(7), Idaho Code.

(2) "Foreign" - section 30-21-102(15), Idaho Code.

(3) "Jurisdiction" - section 30-21-102(22), Idaho Code.

(4) "Jurisdiction of formation" - section 30-21-102(23), Idaho Code.

(5) "Person" - section 30-21-102(35), Idaho Code.

(6) "Principal office" - section 30-21-102(36), Idaho Code.

(7) "Property" - section 30-21-102(41), Idaho Code.

(8) "Record" - section 30-21-102(44), Idaho Code.

(9) "Registered agent" - section 30-21-102(45), Idaho Code.

(10) "Sign" - section 30-21-102(47), Idaho Code.
(11) "State" - section 30-21-102(48), Idaho Code.
(12) "Transfer" - section 30-21-102(50), Idaho Code.

30-24-103. KNOWLEDGE -- NOTICE. (a) A person knows a fact if the person:
(1) Has actual knowledge of it; or
(2) Is deemed to know it under law other than this chapter.
(b) A person has notice of a fact if the person:
(1) Has reason to know the fact from all the facts known to the person at the time in question; or
(2) Is deemed to have notice of the fact under subsection (c) or (d) of this section.
(c) A certificate of limited partnership on file in the office of the secretary of state is notice that the partnership is a limited partnership and the persons designated in the certificate as general partners are general partners. Except as otherwise provided in subsection (d) of this section, the certificate is not notice of any other fact.
(d) A person not a partner is deemed to have notice of:
(1) Another person's dissociation as a general partner ninety (90) days after an amendment to the certificate of limited partnership that states that the other person has dissociated becomes effective or ninety (90) days after a statement of dissociation pertaining to the other person becomes effective, whichever occurs first;
(2) A limited partnership's:
(A) Dissolution ninety (90) days after an amendment to the certificate of limited partnership stating that the limited partnership is dissolved becomes effective;
(B) Termination ninety (90) days after a statement of termination under section 30-24-802(b)(2)(F), Idaho Code, becomes effective; and
(C) Participation in a merger, interest exchange, conversion, or domestication ninety (90) days after articles of merger, interest exchange, conversion, or domestication under chapter 22, title 30, Idaho Code, become effective.
(e) Subject to section 30-21-212, Idaho Code, a person notifies another person of a fact by taking steps reasonably required to inform the other person in ordinary course, whether or not those steps cause the other person to know the fact.
(f) A general partner's knowledge or notice of a fact relating to the limited partnership is effective immediately as knowledge of or notice to the partnership, except in the case of a fraud on the partnership committed by or with the consent of the general partner. A limited partner's knowledge or notice of a fact relating to the partnership is not effective as knowledge of or notice to the partnership.

30-24-104. GOVERNING LAW. The law of this state governs:
(1) The internal affairs of a limited partnership; and
(2) The liability of a partner as partner for the debts, obligations, or other liabilities of a limited partnership.

30-24-105. PARTNERSHIP AGREEMENT -- SCOPE -- FUNCTION -- LIMITATIONS. (a) Except as otherwise provided in subsections (c) and (d) of this section, the partnership agreement governs:

(1) Relations among the partners as partners and between the partners and the limited partnership;

(2) The activities and affairs of the partnership and the conduct of those activities and affairs; and

(3) The means and conditions for amending the partnership agreement.

(b) To the extent the partnership agreement does not provide for a matter described in subsection (a) of this section, this chapter governs the matter.

(c) A partnership agreement may not:

(1) Vary the provisions of chapter 21, title 30, Idaho Code;

(2) Vary the law applicable under section 30-24-104, Idaho Code;

(3) Vary a limited partnership's capacity under section 30-24-111, Idaho Code, to sue and be sued in its own name;

(4) Vary any requirement, procedure, or other provision of this act pertaining to:

(A) Registered agents; or

(B) The secretary of state, including provisions pertaining to records authorized or required to be delivered to the secretary of state for filing under this act;

(5) Vary the provisions of section 30-21-210, Idaho Code;

(6) Vary the right of a general partner under section 30-24-406(b)(2), Idaho Code, to vote on or consent to an amendment to the certificate of limited partnership which deletes a statement that the limited partnership is a limited liability limited partnership;

(7) Alter or eliminate the duty of loyalty or the duty of care except as otherwise provided in subsection (d) of this section;

(8) Eliminate the contractual obligation of good faith and fair dealing under sections 30-24-305(a) and 30-24-409(d), Idaho Code, but the partnership agreement may prescribe the standards, if not manifestly unreasonable, by which the performance of the obligation is to be measured;

(9) Relieve or exonerate a person from liability for conduct involving bad faith, willful or intentional misconduct, or knowing violation of law;

(10) Vary the information required under section 30-24-108, Idaho Code, or unreasonably restrict the duties and rights under section 30-24-304 or 30-24-407, Idaho Code, but the partnership agreement may impose reasonable restrictions on the availability and use of information obtained under those sections and may define appropriate remedies, including liquidated damages, for a breach of any reasonable restriction on use;

(11) Vary the power of a person to dissociate as a general partner under section 30-24-604(a), Idaho Code, except to require that the notice under section 30-24-603(1), Idaho Code, be in a record;

(12) Vary the causes of dissolution specified in section 30-24-801(a)(6), Idaho Code;

(13) Vary the requirement to wind up the partnership's activities and affairs as specified in section 30-24-802(a), (b)(1) and (d), Idaho Code;

(14) Unreasonably restrict the right of a partner to maintain an action under part 9 of this chapter;

(15) Vary the provisions of section 30-24-905, Idaho Code, but the partnership agreement may provide that the partnership may not have a special litigation committee;

(16) Vary the right of a partner to approve a merger, interest exchange, conversion, or domestication under section 30-22-203(a)(2), 30-22-303(a)(2), 30-22-403(a)(2) or 30-22-503(a)(2), Idaho Code;

(17) Vary any requirement, procedure, or other provision of this chapter pertaining to the secretary of state, including provisions pertaining to records authorized or required to be delivered to the secretary of state for filing under this chapter; or

(18) Except as otherwise provided in sections 30-24-106 and 30-24-107(b), Idaho Code, restrict the rights under this chapter of a person other than a partner.

(d) Subject to subsection (c)(8) of this section, without limiting other terms that may be included in a partnership agreement, the following rules apply:

(1) The partnership agreement may:

(A) Specify the method by which a specific act or transaction that would otherwise violate the duty of loyalty may be authorized or ratified by one (1) or more disinterested and independent persons after full disclosure of all material facts; and

(B) Alter the prohibition in section 30-24-405(a)(2), Idaho Code, so that the prohibition requires only that the company's total assets not be less than the sum of its total liabilities.

(2) If not manifestly unreasonable, the partnership agreement may:

(A) Alter or eliminate the aspects of the duty of loyalty stated in section 30-24-409(b), Idaho Code;

(B) Identify specific types or categories of activities that do not violate the duty of loyalty;

(C) Alter the duty of care, but may not authorize conduct involving bad faith, willful or intentional misconduct, or knowing violation of law; and

(D) Alter or eliminate any other fiduciary duty.

(e) The court shall decide as a matter of law whether a term of a partnership agreement is manifestly unreasonable under subsection (c)(7) or (d)(2) of this section. The court:

(1) Shall make its determination as of the time the challenged term became part of the partnership agreement and by considering only circumstances existing at that time; and

(2) May invalidate the term only if, in light of the purposes, activities, and affairs of the limited partnership, it is readily apparent that:

(A) The objective of the term is unreasonable; or

(B) The term is an unreasonable means to achieve the provision's objective.

30-24-106. PARTNERSHIP AGREEMENT -- EFFECT ON LIMITED PARTNERSHIP AND PERSON BECOMING PARTNER -- PREFORMATION AGREEMENT. (a) A limited partnership is bound by and may enforce the partnership agreement, whether or not the partnership has itself manifested assent to the agreement.

(b) A person that becomes a partner of a limited partnership is deemed to assent to the partnership agreement.

(c) Two (2) or more persons intending to become the initial partners of a limited partnership may make an agreement providing that upon the formation of the partnership the agreement will become the partnership agreement.

30-24-107. PARTNERSHIP AGREEMENT -- EFFECT ON THIRD PARTIES -- RELATIONSHIP TO RECORDS EFFECTIVE ON BEHALF OF LIMITED PARTNERSHIP. (a) A partnership agreement may specify that its amendment requires the approval of a person that is not a party to the agreement or the satisfaction of a condition. An amendment is ineffective if its adoption does not include the required approval or satisfy the specified condition.

(b) The obligations of a limited partnership and its partners to a person in the person's capacity as a transferee or person dissociated as a partner are governed by the partnership agreement. Subject only to a court order issued under section 30-24-703(b)(2), Idaho Code, to effectuate a charging order, an amendment to the partnership agreement made after a person becomes a transferee or is dissociated as a partner:

(1) Is effective with regard to any debt, obligation, or other liability of the partnership or its partners to the person in the person's capacity as a transferee or person dissociated as a partner; and

(2) Is not effective to the extent the amendment imposes a new debt, obligation, or other liability on the transferee or person dissociated as a partner.

(c) If a record delivered by a limited partnership to the secretary of state for filing becomes effective and contains a provision that would be ineffective under section 30-24-105(c) or (d)(2), Idaho Code, if contained in the partnership agreement, the provision is ineffective in the record.

(d) Subject to subsection (c) of this section, if a record delivered by a limited partnership to the secretary of state for filing becomes effective and conflicts with a provision of the partnership agreement:

(1) The agreement prevails as to partners, persons dissociated as partners, and transferees; and

(2) The record prevails as to other persons to the extent they reasonably rely on the record.

30-24-108. REQUIRED INFORMATION. A limited partnership shall maintain at its principal office the following information:

(a) A current list showing the full name and last known street and mailing address of each partner, separately identifying the general partners, in alphabetical order, and the limited partners, in alphabetical order;

(b) A copy of the initial certificate of limited partnership and all amendments to and restatements of the certificate, together with signed copies of any powers of attorney under which any certificate, amendment, or restatement has been signed;

(c) A copy of any filed articles of merger, interest exchange, conversion, or domestication;

(d) A copy of the partnership's federal, state, and local income tax returns and reports, if any, for the three (3) most recent years;

(e) A copy of any partnership agreement made in a record and any amendment made in a record to any partnership agreement;

(f) A copy of any financial statement of the partnership for the three (3) most recent years;

(g) A copy of the three (3) most recent annual reports delivered by the partnership to the secretary of state pursuant to section 30-21-213, Idaho Code;

(h) A copy of any record made by the partnership during the past three (3) years of any consent given by or vote taken of any partner pursuant to this act or the partnership agreement; and

(i) Unless contained in a partnership agreement made in a record, a record stating:

(1) A description and statement of the agreed value of contributions other than money made and agreed to be made by each partner;

(2) The times at which, or events on the happening of which, any additional contributions agreed to be made by each partner are to be made;

(3) For any person that is both a general partner and a limited partner, a specification of what transferable interest the person owns in each capacity; and

(4) Any events upon the happening of which the partnership is to be dissolved and its activities and affairs wound up.

30-24-109. DUAL CAPACITY. A person may be both a general partner and a limited partner. A person that is both a general and limited partner has the rights, powers, duties, and obligations provided by this chapter and the partnership agreement in each of those capacities. When the person acts as a general partner, the person is subject to the obligations, duties, and restrictions under this chapter and the partnership agreement for general partners. When the person acts as a limited partner, the person is subject to the obligations, duties, and restrictions under this chapter and the partnership agreement for limited partners.

30-24-110. NATURE, PURPOSE AND DURATION OF LIMITED PARTNERSHIP. (a) A limited partnership is an entity distinct from its partners. A limited partnership is the same entity regardless of whether its certificate states that the limited partnership is a limited liability limited partnership.

(b) A limited partnership may have any lawful purpose.

(c) A limited partnership has perpetual duration.

30-24-111. POWERS. A limited partnership has the capacity to sue and be sued in its own name and the power to do all things necessary or convenient to carry on its activities and affairs.

30-24-112. APPLICATION TO EXISTING RELATIONSHIPS. (a) Before July 1, 2017, this chapter governs only:

(1) A limited partnership formed on or after July 1, 2015; and

(2) Except as otherwise provided in subsections (c) and (d) of this section, a limited partnership formed before July 1, 2015, which elects, in the manner provided in its partnership agreement or by law for amending the partnership agreement, to be subject to this chapter.

(b) Except as otherwise provided in subsections (c) and (d) of this section, on and after July 1, 2017, this chapter governs all limited partnerships.

(c) With respect to a limited partnership formed before July 1, 2006, the following rules apply except as the partners otherwise elect in the manner provided in the partnership agreement or by law for amending the partnership agreement:

(1) Section 30-24-110(c), Idaho Code, does not apply and the limited partnership has whatever duration it had under the law applicable immediately before July 1, 2006.

(2) The limited partnership is not required to amend its certificate of limited partnership to comply with section 30-24-201(b)(5), Idaho Code.

(3) Sections 30-24-601 and 30-24-602, Idaho Code, do not apply and a limited partner has the same right and power to dissociate from the limited partnership, with the same consequences, as existed immediately before July 1, 2006.

(4) Section 30-24-603(4), Idaho Code, does not apply.

(5) Section 30-24-603(5), Idaho Code, does not apply and a court has the same power to expel a general partner as the court had immediately before July 1, 2006.

(6) Section 30-24-801(a)(3) and (4), Idaho Code, does not apply and the connection between a person's dissociation as a general partner and the dissolution of the limited partnership is the same as existed immediately before July 1, 2006.

(d) With respect to a limited partnership that elects pursuant to subsection (a)(2) of this section to be subject to this chapter, after the election takes effect the provisions of this chapter relating to the liability of the limited partnership's general partners to third parties apply:

(1) Before July 1, 2017, to:

(A) A third party that had not done business with the limited partnership in the year before the election took effect; and

(B) A third party that had done business with the limited partnership in the year before the election took effect only if the third party knows or has been notified of the election; and

(2) On and after July 1, 2017, to all third parties, but those provisions remain inapplicable to any obligation incurred while those provisions were inapplicable under paragraph (1)(B) of this subsection.

30-24-113. SUBJECTS COVERED OUTSIDE CHAPTER. The following subjects are covered outside this chapter:

(1) Supplemental principles of law - section 30-21-702, Idaho Code.

(2) Permitted names - sections 30-21-301 and 30-21-302, Idaho Code.

(3) Reservation of name - section 30-21-303, Idaho Code.

(4) Registration of name - section 30-21-304, Idaho Code.

(5) Registered agent - sections 30-21-402 and 30-21-404, Idaho Code.

(6) Change of registered agent or address for registered agent by limited partnership - section 30-21-407, Idaho Code.
(7) Resignation of registered agent - section 30-21-410, Idaho Code.
(8) Change of name or address by registered agent - sections 30-21-408 and 30-21-409, Idaho Code.
(9) Service of process, notice or demand - section 30-21-412, Idaho Code.
(10) Delivery of record - section 30-21-104, Idaho Code.
(11) Reservation of power to amend or repeal - section 30-21-701, Idaho Code.

SECTION 34. That Chapter 24, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 2, Chapter 24, Title 30, Idaho Code, and to read as follows:

PART 2
FORMATION ; CERTIFICATE OF LIMITED PARTNERSHIP AND OTHER FILINGS

30-24-201. FORMATION OF LIMITED PARTNERSHIP -- CERTIFICATE OF LIMITED PARTNERSHIP. (a) To form a limited partnership, a person must deliver a certificate of limited partnership to the secretary of state for filing.
(b) A certificate of limited partnership must state:
(1) The name of the limited partnership, which must comply with sections 30-21-301 and 30-21-302(b), Idaho Code;
(2) The street and mailing addresses of the partnership's principal office;
(3) The information required by section 30-21-404(a), Idaho Code;
(4) The name and the street and mailing addresses of each general partner;
(5) Whether the limited partnership is a limited liability limited partnership; and
(6) If the partnership is a professional entity, a statement that the partnership is a professional limited partnership or professional limited liability limited partnership and the principal profession or professions for which the partnership's partners are duly licensed or otherwise legally authorized to render professional services.
(c) A certificate of limited partnership may contain statements as to matters other than those required by subsection (b) of this section, but may not vary or otherwise affect the provisions specified in section 30-24-105(c) and (d), Idaho Code, in a manner inconsistent with that section. The secretary of state shall not accept partnership agreements for filing.
(d) A limited partnership is formed when:
(1) The certificate of limited partnership becomes effective;
(2) At least two (2) persons have become partners;
(3) At least one (1) person has become a general partner; and
(4) At least one (1) person has become a limited partner.

30-24-202. AMENDMENT OR RESTATEMENT OF CERTIFICATE OF LIMITED PARTNERSHIP. (a) A certificate of limited partnership may be amended or restated at any time.

(b) To amend its certificate of limited partnership, a limited partnership must deliver to the secretary of state for filing an amendment stating:

(1) The name of the partnership;

(2) The date of filing of its initial certificate; and

(3) The text of the amendment.

(c) To restate its certificate of limited partnership, a limited partnership must deliver to the secretary of state for filing a restatement designated as such in its heading.

(d) A limited partnership shall promptly deliver to the secretary of state for filing an amendment to a certificate of limited partnership to reflect:

(1) The admission of a new general partner;

(2) The dissociation of a person as a general partner; or

(3) The appointment of a person to wind up the limited partnership's activities and affairs under section 30-24-802(c) or (d), Idaho Code.

(e) If a general partner knows that any information in a filed certificate of limited partnership was inaccurate when the certificate was filed or has become inaccurate due to changed circumstances, the general partner shall promptly:

(1) Cause the certificate to be amended; or

(2) If appropriate, deliver to the secretary of state for filing a statement of change under section 30-21-407, Idaho Code, or a statement of correction under section 30-21-205, Idaho Code.

30-24-203. SIGNING OF RECORDS TO BE DELIVERED FOR FILING TO SECRETARY OF STATE. (a) A record delivered to the secretary of state for filing pursuant to this act must be signed as follows:

(1) An initial certificate of limited partnership must be signed by all general partners listed in the certificate.

(2) An amendment to the certificate of limited partnership adding or deleting a statement that the limited partnership is a limited liability limited partnership must be signed by all general partners listed in the certificate.

(3) An amendment to the certificate of limited partnership designating as general partner a person admitted under section 30-24-801(a)(3)(B), Idaho Code, following the dissociation of a limited partnership's last general partner must be signed by that person.

(4) An amendment to the certificate of limited partnership required by section 30-24-802(c), Idaho Code, following the appointment of a person to wind up the dissolved limited partnership's activities and affairs must be signed by that person.

(5) Any other amendment to the certificate of limited partnership must be signed by:

(A) At least one (1) general partner listed in the certificate;

(B) Each other person designated in the amendment as a new general partner; and

(C) Each person that the amendment indicates has dissociated as a general partner, unless:

(i) The person is deceased or a guardian or general conservator has been appointed for the person and the amendment so states; or

(ii) The person has previously delivered to the secretary of state for filing a statement of dissociation.

(6) A restated certificate of limited partnership must be signed by at least one (1) general partner listed in the certificate, and, to the extent the restated certificate effects a change under any other paragraph of this subsection, the certificate must be signed in a manner that satisfies that paragraph.

(7) A statement of termination must be signed by all general partners listed in the certificate of limited partnership or, if the certificate of a dissolved limited partnership lists no general partners, by the person appointed pursuant to section 30-24-802(c) or (d), Idaho Code, to wind up the dissolved limited partnership's activities and affairs.

(8) Any other record delivered by a limited partnership to the secretary of state for filing must be signed by at least one (1) general partner listed in the certificate of limited partnership.

(9) A statement by a person pursuant to section 30-24-605(a)(3), Idaho Code, stating that the person has dissociated as a general partner must be signed by that person.

(10) A statement of negation by a person pursuant to section 30-24-306, Idaho Code, must be signed by that person.

(11) Any other record delivered on behalf of any person to the secretary of state for filing must be signed by that person.

(b) A record delivered for filing under this chapter may be signed by an agent. Whenever this chapter requires a particular individual to sign a record and the individual is deceased or incompetent, the record may be signed by a legal representative of the individual.

(c) A person who signs a record as an agent or legal representative affirms as a fact that the person is authorized to sign the record.

30-24-204. SUBJECTS COVERED OUTSIDE CHAPTER. The following subjects are covered outside this chapter:

(1) Signing and filing pursuant to judicial order - section 30-21-210, Idaho Code.

(2) Liability for inaccurate information in filed record - section 30-21-211, Idaho Code.

(3) Filing requirements - section 30-21-201, Idaho Code.

(4) Effective date and time - section 30-21-203, Idaho Code.

(5) Withdrawal of filed record before effectiveness - section 30-21-204, Idaho Code.

(6) Correcting filed record - section 30-21-205, Idaho Code.

(7) Duty of secretary of state to file; review of refusal to file; delivery of record by secretary of state - sections 30-21-206 and 30-21-211, Idaho Code.

(8) Certificate of good standing or registration - section 30-21-208, Idaho Code.

(9) Annual report for secretary of state - section 30-21-213, Idaho Code.

SECTION 35. That Chapter 24, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 3, Chapter 24, Title 30, Idaho Code, and to read as follows:

PART 3
LIMITED PARTNERS

30-24-301. BECOMING LIMITED PARTNER. (a) Upon formation of a limited partnership, a person becomes a limited partner as agreed among the persons that are to be the initial partners.

(b) After formation, a person becomes a limited partner:

(1) As provided in the partnership agreement;

(2) As the result of a transaction effective under chapter 22, title 30, Idaho Code;

(3) With the affirmative vote or consent of all the partners; or

(4) As provided in section 30-24-801(a)(4) or (5), Idaho Code.

(c) A person may become a limited partner without:

(1) Acquiring a transferable interest; or

(2) Making or being obligated to make a contribution to the limited partnership.

30-24-302. NO AGENCY POWER OF LIMITED PARTNER AS LIMITED PARTNER. (1) A limited partner is not an agent of a limited partnership solely by reason of being a limited partner.

(2) A person's status as a limited partner does not prevent or restrict law other than this chapter from imposing liability on a limited partnership because of the person's conduct.

30-24-303. NO LIABILITY AS LIMITED PARTNER FOR LIMITED PARTNERSHIP OBLIGATIONS. (a) A debt, obligation, or other liability of a limited partnership is not the debt, obligation, or other liability of a limited partner. A limited partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the limited partnership solely by reason of being or acting as a limited partner, even if the limited partner participates in the management and control of the limited partnership. This subsection applies regardless of the dissolution of the partnership.

(b) The failure of a limited partnership to observe formalities relating to the exercise of its powers or management of its activities and affairs is not a ground for imposing liability on a limited partner for a debt, obligation, or other liability of the partnership.

30-24-304. RIGHTS TO INFORMATION OF LIMITED PARTNER AND PERSON DISSOCIATED AS LIMITED PARTNER. (a) On ten (10) days' demand, made in a record received by the limited partnership, a limited partner may inspect and copy required information during regular business hours in the limited partnership's principal office. The limited partner need not have any particular purpose for seeking the information.

(b) During regular business hours and at a reasonable location specified by the limited partnership, a limited partner may inspect and copy in-

formation regarding the activities, affairs, financial condition, and other circumstances of the limited partnership as is just and reasonable if:

(1) The limited partner seeks the information for a purpose reasonably related to the partner's interest as a limited partner;

(2) The limited partner makes a demand in a record received by the limited partnership, describing with reasonable particularity the information sought and the purpose for seeking the information; and

(3) The information sought is directly connected to the limited partner's purpose.

(c) Not later than ten (10) days after receiving a demand pursuant to subsection (b) of this section, the limited partnership shall inform in a record the limited partner that made the demand of:

(1) What information the partnership will provide in response to the demand and when and where the partnership will provide the information; and

(2) The partnership's reasons for declining, if the partnership declines to provide any demanded information.

(d) Whenever this act or a partnership agreement provides for a limited partner to vote on or give or withhold consent to a matter, before the vote is cast or consent is given or withheld, the limited partnership shall, without demand, provide the limited partner with all information that is known to the partnership and is material to the limited partner's decision.

(e) Subject to subsection (j) of this section, on ten (10) days' demand made in a record received by a limited partnership, a person dissociated as a limited partner may have access to information to which the person was entitled while a limited partner if:

(1) The information pertains to the period during which the person was a limited partner;

(2) The person seeks the information in good faith; and

(3) The person satisfies the requirements imposed on a limited partner by subsection (b) of this section.

(f) A limited partnership shall respond to a demand made pursuant to subsection (e) of this section in the manner provided in subsection (c) of this section.

(g) A limited partnership may charge a person that makes a demand under this section reasonable costs of copying, limited to the costs of labor and material.

(h) A limited partner or person dissociated as a limited partner may exercise the rights under this section through an agent or, in the case of an individual under legal disability, a legal representative. Any restriction or condition imposed by the partnership agreement or under subsection (j) of this section applies both to the agent or legal representative and to the limited partner or person dissociated as a limited partner.

(i) Subject to section 30-24-704, Idaho Code, the rights under this section do not extend to a person as transferee.

(j) In addition to any restriction or condition stated in its partnership agreement, a limited partnership, as a matter within the ordinary course of its activities and affairs, may impose reasonable restrictions and conditions on access to and use of information to be furnished under this section, including designating information confidential and imposing

nondisclosure and safeguarding obligations on the recipient. In a dispute concerning the reasonableness of a restriction under this subsection, the partnership has the burden of proving reasonableness.

30-24-305. LIMITED DUTIES OF LIMITED PARTNERS. (a) A limited partner shall discharge any duties to the partnership and the other partners under the partnership agreement and exercise any rights under this act or the partnership agreement consistently with the contractual obligation of good faith and fair dealing.

(b) Except as otherwise provided in subsection (a) of this section, a limited partner does not have any duty to the limited partnership or to any other partner solely by reason of acting as a limited partner.

(c) If a limited partner enters into a transaction with a limited partnership, the limited partner's rights and obligations arising from the transaction are the same as those of a person that is not a partner.

30-24-306. LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD. (a) Except as otherwise provided in subsection (b) of this section, a person that makes an investment in a business enterprise and erroneously but in good faith believes that the person has become a limited partner in the enterprise is not liable for the enterprise's obligations by reason of making the investment, receiving distributions from the enterprise, or exercising any rights of or appropriate to a limited partner, if, on ascertaining the mistake, the person:

(1) Causes an appropriate certificate of limited partnership, amendment, or statement of correction to be signed and delivered to the secretary of state for filing; or

(2) Withdraws from future participation as an owner in the enterprise by signing and delivering to the secretary of state for filing a statement of negation under this section.

(b) A person that makes an investment described in subsection (a) of this section is liable to the same extent as a general partner to any third party that enters into a transaction with the enterprise, believing in good faith that the person is a general partner, before the secretary of state files a statement of negation, certificate of limited partnership, amendment, or statement of correction to show that the person is not a general partner.

(c) If a person makes a diligent effort in good faith to comply with subsection (a)(1) of this section and is unable to cause the appropriate certificate of limited partnership, amendment, or statement of correction to be signed and delivered to the secretary of state for filing, the person has the right to withdraw from the enterprise pursuant to subsection (a)(2) of this section even if the withdrawal would otherwise breach an agreement with others that are or have agreed to become co-owners of the enterprise.

SECTION 36. That Chapter 24, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 4, Chapter 24, Title 30, Idaho Code, and to read as follows:

PART 4
GENERAL PARTNERS

30-24-401. BECOMING GENERAL PARTNER. (a) Upon formation of a limited partnership, a person becomes a general partner as agreed among the persons that are to be the initial partners.

(b) After formation of a limited partnership, a person becomes a general partner:

(1) As provided in the partnership agreement;

(2) As the result of a transaction effective under chapter 22, title 30, Idaho Code;

(3) With the affirmative vote or consent of all the partners: or

(4) Under section 30-24-801(a)(3)(B), Idaho Code, following the dissociation of a limited partnership's last general partner.

(c) A person may become a general partner without:

(a) Acquiring a transferable interest; or

(b) Making or being obligated to make a contribution to the partnership.

30-24-402. NO AGENCY POWER OF GENERAL PARTNER AS LIMITED PARTNER. (a) Each general partner is an agent of the limited partnership for the purposes of its activities and affairs. An act of a general partner, including the signing of a record in the partnership's name, for apparently carrying on in the ordinary course the partnership's activities and affairs or activities and affairs of the kind carried on by the partnership binds the partnership, unless the general partner did not have authority to act for the partnership in the particular matter and the person with which the general partner was dealing knew or had notice that the general partner lacked authority.

(b) An act of a general partner that is not apparently for carrying on in the ordinary course the limited partnership's activities and affairs or activities and affairs of the kind carried on by the partnership binds the partnership only if the act was actually authorized by all the other partners.

30-24-403. LIMITED PARTNERSHIP LIABLE FOR GENERAL PARTNER'S ACTIONABLE CONDUCT. (a) A limited partnership is liable for loss or injury caused to a person, or for a penalty incurred, as a result of a wrongful act or omission, or other actionable conduct, of a general partner acting in the ordinary course of activities and affairs of the partnership or with the actual or apparent authority of the partnership.

(b) If, in the course of a limited partnership's activities and affairs or while acting with actual or apparent authority of the partnership, a general partner receives or causes the partnership to receive money or property of a person not a partner, and the money or property is misapplied by a general partner, the partnership is liable for the loss.

30-24-404. RIGHTS TO INFORMATION OF GENERAL PARTNER AND PERSON DISSOCIATED AS LIMITED PARTNER. (a) Except as otherwise provided in subsections (b) and (c) of this section, all general partners are liable jointly and severally for all debts, obligations, and other liabilities of the limited partnership unless otherwise agreed by the claimant or provided by law.

(b) A person that becomes a general partner is not personally liable for a debt, obligation, or other liability of the limited partnership incurred before the person became a general partner.

(c) A debt, obligation, or other liability of a limited partnership incurred while the partnership is a limited liability limited partnership is solely the debt, obligation, or other liability of the limited liability limited partnership. A general partner is not personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the limited liability limited partnership solely by reason of being or acting as a general partner. This subsection applies:

(1) Despite anything inconsistent in the partnership agreement that existed immediately before the vote or consent required to become a limited liability limited partnership under section 30-24-406(b)(2), Idaho Code; and

(2) Regardless of the dissolution of the partnership.

(d) The failure of a limited liability limited partnership to observe formalities relating to the exercise of its powers or management of its activities and affairs is not a ground for imposing liability on a general partner for a debt, obligation, or other liability of the partnership.

(e) An amendment of a certificate of limited partnership that deletes a statement that the limited partnership is a limited liability limited partnership does not affect the limitation in this section on the liability of a general partner for a debt, obligation, or other liability of the limited partnership incurred before the amendment became effective.

30-24-405. ACTIONS BY AND AGAINST PARTNERSHIP AND PARTNERS. (a) To the extent not inconsistent with section 30-24-404, Idaho Code, a general partner may be joined in an action against the limited partnership or named in a separate action.

(b) A judgment against a limited partnership is not by itself a judgment against a general partner. A judgment against a limited partnership may not be satisfied from a general partner's assets unless there is also a judgment against the general partner.

(c) A judgment creditor of a general partner may not levy execution against the assets of the general partner to satisfy a judgment based on a claim against the limited partnership, unless the partner is personally liable for the claim under section 30-24-404, Idaho Code, and:

(1) A judgment based on the same claim has been obtained against the limited partnership and a writ of execution on the judgment has been returned unsatisfied in whole or in part;

(2) The partnership is a debtor in bankruptcy;

(3) The general partner has agreed that the creditor need not exhaust partnership assets;

(4) A court grants permission to the judgment creditor to levy execution against the assets of a general partner based on a finding that partnership assets subject to execution are clearly insufficient to satisfy the judgment, that exhaustion of assets is excessively burdensome, or that the grant of permission is an appropriate exercise of the court's equitable powers; or

(5) Liability is imposed on the general partner by law or contract independent of the existence of the partnership.

30-24-406. MANAGEMENT RIGHTS OF GENERAL PARTNER. (a) Each general partner has equal rights in the management and conduct of the limited partnership's activities and affairs. Except as otherwise provided in this chapter, any matter relating to the activities and affairs of the partnership is decided exclusively by the general partner or, if there is more than one (1) general partner, by a majority of the general partners.

(b) The affirmative vote or consent of all the partners is required to:

(1) Amend the partnership agreement;

(2) Amend the certificate of limited partnership to add or delete a statement that the limited partnership is a limited liability limited partnership; and

(3) Sell, lease, exchange, or otherwise dispose of all, or substantially all, of the limited partnership's property, with or without the goodwill, other than in the usual and regular course of the limited partnership's activities and affairs.

(c) A limited partnership shall reimburse a general partner for an advance to the partnership beyond the amount of capital the general partner agreed to contribute.

(d) A payment or advance made by a general partner that gives rise to an obligation of the limited partnership under subsection (c) of this section or section 30-24-408(a), Idaho Code, constitutes a loan to the limited partnership that accrues interest from the date of the payment or advance.

(e) A general partner is not entitled to remuneration for services performed for the partnership.

30-24-407. RIGHTS TO INFORMATION OF GENERAL PARTNER AND PERSON DISSOCIATED AS GENERAL PARTNER. (a) A general partner may inspect and copy required information during regular business hours in the limited partnership's principal office, without having any particular purpose for seeking the information.

(b) On reasonable notice, a general partner may inspect and copy during regular business hours, at a reasonable location specified by the limited partnership, any record maintained by the partnership regarding the partnership's activities, affairs, financial condition, and other circumstances, to the extent the information is material to the general partner's rights and duties under the partnership agreement or this act.

(c) A limited partnership shall furnish to each general partner:

(1) Without demand, any information concerning the partnership's activities, affairs, financial condition, and other circumstances that the partnership knows and is material to the proper exercise of the general partner's rights and duties under the partnership agreement or this act, except to the extent the partnership can establish that it reasonably believes the general partner already knows the information; and

(2) On demand, any other information concerning the partnership's activities, affairs, financial condition, and other circumstances, ex-

cept to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances.

(d) The duty to furnish information under subsection (c) of this section also applies to each general partner to the extent the general partner knows any of the information described in subsection (b) of this section.

(e) Subject to subsection (j) of this section, on ten (10) days' demand made in a record received by a limited partnership, a person dissociated as a general partner may have access to the information and records described in subsections (a) and (b) of this section at the locations specified in those subsections if:

(1) The information or record pertains to the period during which the person was a general partner;

(2) The person seeks the information or record in good faith; and

(3) The person satisfies the requirements imposed on a limited partner by section 30-24-304(b), Idaho Code.

(f) A limited partnership shall respond to a demand made pursuant to subsection (e) of this section in the manner provided in section 30-24-304(c), Idaho Code.

(g) A limited partnership may charge a person that makes a demand under this section the reasonable costs of copying, limited to the costs of labor and material.

(h) A general partner or person dissociated as a general partner may exercise the rights under this section through an agent or, in the case of an individual under legal disability, a legal representative. Any restriction or condition imposed by the partnership agreement or under subsection (j) of this section applies both to the agent or legal representative and to the general partner or person dissociated as a general partner.

(i) The rights under this section do not extend to a person as transferee, but if:

(1) A general partner dies, section 30-24-704, Idaho Code, applies; and

(2) An individual dissociates as a general partner under section 30-24-603(6)(B) or (C), Idaho Code, the legal representative of the individual may exercise the rights under subsection (d) of this section of a person dissociated as a general partner.

(j) In addition to any restriction or condition stated in its partnership agreement, a limited partnership, as a matter within the ordinary course of its activities and affairs, may impose reasonable restrictions and conditions on access to and use of information to be furnished under this section, including designating information confidential and imposing nondisclosure and safeguarding obligations on the recipient. In a dispute concerning the reasonableness of a restriction under this subsection, the partnership has the burden of proving reasonableness.

30-24-408. REIMBURSEMENT -- INDEMNIFICATION -- ADVANCEMENT -- INSURANCE. (a) A limited partnership shall reimburse a general partner for any payment made by the general partner in the course of the general partner's activities on behalf of the partnership, if the general partner complied with sections 30-24-406, 30-24-409 and 30-24-504, Idaho Code, in making the payment.

(b) A limited partnership shall indemnify and hold harmless a person with respect to any claim or demand against the person and any debt, obligation, or other liability incurred by the person by reason of the person's former or present capacity as a general partner, if the claim, demand, debt, obligation, or other liability does not arise from the person's breach of section 30-24-406, 30-24-409 or 30-24-504, Idaho Code.

(c) In the ordinary course of its activities and affairs, a limited partnership may advance reasonable expenses, including attorney's fees and costs, incurred by a person in connection with a claim or demand against the person by reason of the person's former or present capacity as a general partner, if the person promises to repay the partnership if the person ultimately is determined not to be entitled to be indemnified under subsection (b) of this section.

(d) A limited partnership may purchase and maintain insurance on behalf of a general partner against liability asserted against or incurred by the general partner in that capacity or arising from that status even if, under section 30-24-105(c)(8), Idaho Code, the partnership agreement could not eliminate or limit the person's liability to the partnership for the conduct giving rise to the liability.

30-24-409. STANDARDS OF CONDUCT FOR GENERAL PARTNERS. (a) A general partner owes to the limited partnership and, subject to section 30-24-901, Idaho Code, the other partners the duties of loyalty and care stated in subsections (b) and (c) of this section.

(b) The fiduciary duty of loyalty of a general partner includes the duties:

(1) To account to the limited partnership and hold as trustee for it any property, profit or benefit derived by the general partner:

(A) In the conduct or winding up of the partnership's activities and affairs;

(B) A use by the general partner of the partnership's property; or

(C) From the appropriation of a partnership opportunity;

(2) To refrain from dealing with the partnership in the conduct or winding up of the partnership's activities and affairs as or on behalf of a person having an interest adverse to the partnership; and

(3) To refrain from competing with the partnership in the conduct or winding up of the partnership's activities and affairs.

(c) The duty of care of a general partner in the conduct or winding up of the limited partnership's activities and affairs is to refrain from engaging in grossly negligent or reckless conduct, willful or intentional misconduct, or knowing violation of law.

(d) A general partner shall discharge the duties and obligations under this act or under the partnership agreement and exercise any rights consistently with the contractual obligation of good faith and fair dealing.

(e) A general partner does not violate a duty or obligation under this chapter or under the partnership agreement solely because the general partner's conduct furthers the general partner's own interest.

(f) All the partners of a limited partnership may authorize or ratify, after full disclosure of all material facts, a specific act or transaction by a general partner that otherwise would violate the duty of loyalty.

(g) It is a defense to a claim under subsection (b)(2) of this section and any comparable claim in equity or at common law that the transaction was fair to the limited partnership.

(h) If, as permitted by subsection (f) of this section or the partnership agreement, a general partner enters into a transaction with the limited partnership that otherwise would be prohibited by subsection (b)(2) of this section, the general partner's rights and obligations arising from the transaction are the same as those of a person that is not a general partner.

SECTION 37. That Chapter 24, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 5, Chapter 24, Title 30, Idaho Code, and to read as follows:

PART 5
CONTRIBUTIONS AND DISTRIBUTIONS

30-24-501. FORM OF CONTRIBUTION. A contribution may consist of property transferred to, services performed for, or another benefit provided to the limited partnership or an agreement to transfer property to, perform services for, or provide another benefit to the partnership.

30-24-502. LIABILITY FOR CONTRIBUTION. (a) A person's obligation to make a contribution to a limited partnership is not excused by the person's death, disability, termination, or other inability to perform personally.

(b) If a person does not fulfill an obligation to make a contribution other than money, the person is obligated at the option of the limited partnership to contribute money equal to the value, as stated in the required information, of the part of the contribution that has not been made.

(c) The obligation of a person to make a contribution may be compromised only by the affirmative vote or consent of all partners. If a creditor of a limited partnership extends credit or otherwise acts in reliance on an obligation described in subsection (a) of this section without knowledge or notice of a compromise under this subsection, the creditor may enforce the obligation.

30-24-503. SHARING OF AND RIGHT TO DISTRIBUTIONS BEFORE DISSOLUTION. (a) Any distribution made by a limited partnership before its dissolution and winding up must be shared among the partners on the basis of the value, as stated in the required information when the limited partnership decides to make the distribution, of the contributions the limited partnership has received from each partner, except to the extent necessary to comply with a transfer effective under section 30-24-702, Idaho Code, or charging order in effect under section 30-24-703, Idaho Code.

(b) A person has a right to a distribution before the dissolution and winding up of a limited partnership only if the partnership decides to make an interim distribution. A person's dissociation does not entitle the person to a distribution.

(c) A person does not have a right to demand or receive a distribution from a limited partnership in any form other than money. Except as otherwise provided in section 30-24-810(f), Idaho Code, a partnership may distribute an asset in kind only if each part of the asset is fungible with each other

part and each person receives a percentage of the asset equal in value to the person's share of distributions.

(d) If a partner or transferee becomes entitled to receive a distribution, the partner or transferee is entitled to all remedies available to a creditor of the limited partnership with respect to the distribution. However, the partnership's obligation to make a distribution is subject to offset for any amount owed to the partnership by the partner or a person dissociated as a partner on whose account the distribution is made.

30-24-504. LIMITATIONS ON DISTRIBUTIONS. (a) A limited partnership may not make a distribution, including a distribution under section 30-24-810, Idaho Code, if after the distribution:

(1) The partnership would not be able to pay its debts as they become due in the ordinary course of the partnership's activities and affairs; or

(2) The partnership's total assets would be less than the sum of its total liabilities plus, the amount that would be needed, if the partnership were to be dissolved and wound up at the time of the distribution, to satisfy the preferential rights upon dissolution and winding up of partners and transferees whose preferential rights are superior to the rights of persons receiving the distribution.

(b) A limited partnership may base a determination that a distribution is not prohibited under subsection (a) of this section on:

(1) Financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances; or

(2) A fair valuation or other method that is reasonable under the circumstances.

(c) Except as otherwise provided in subsection (e) of this section, the effect of a distribution under subsection (a) of this section is measured:

(1) In the case of distribution as defined in section 30-24-102(4)(A), Idaho Code, as of the earlier of:

(A) The date money or other property is transferred or debt is incurred by the limited partnership; or

(B) The date the person entitled to the distribution ceases to own the interest or right being acquired by the partnership in return for the distribution;

(2) In the case of any other distribution of indebtedness, as of the date the indebtedness is distributed; and

(3) In all other cases, as of the date:

(A) The distribution is authorized, if the payment occurs not later than one hundred twenty (120) days after that date; or

(B) The payment is made, if the payment occurs more than one hundred twenty (120) days after the distribution is authorized.

(d) A limited partnership's indebtedness to a partner or transferee incurred by reason of a distribution made in accordance with this section is at parity with the partnership's indebtedness to its general, unsecured creditors, except to the extent subordinated by agreement.

(e) A limited partnership's indebtedness, including indebtedness issued as a distribution, is not a liability for purposes of subsection (a) of this section if the terms of the indebtedness provide that payment of principal and interest is made only if and to the extent that payment of a distribu-

tion could then be made under this section. If the indebtedness is issued as a distribution, each payment of principal or interest is treated as a distribution, the effect of which is measured on the date the payment is made.

(f) In measuring the effect of a distribution under section 30-24-810, Idaho Code, the liabilities of a dissolved limited partnership do not include any claim that has been disposed of under section 30-24-806, 30-24-807 or 30-24-808, Idaho Code.

30-24-505. LIABILITY FOR IMPROPER DISTRIBUTIONS. (a) If a general partner consents to a distribution made in violation of section 30-24-504, Idaho Code, and in consenting to the distribution fails to comply with section 30-24-409, Idaho Code, the general partner is personally liable to the limited partnership for the amount of the distribution which exceeds the amount that could have been distributed without the violation of section 30-24-504, Idaho Code.

(b) A person that receives a distribution knowing that the distribution violated section 30-24-504, Idaho Code, is personally liable to the limited partnership, but only to the extent that the distribution received by the person exceeded the amount that could have been properly paid under section 30-24-504, Idaho Code.

(c) A general partner against which an action is commenced because the general partner is liable under subsection (a) of this section may:

(1) Implead any other person that is liable under subsection (a) of this section and seek to enforce a right of contribution from the person; and

(2) Implead any person that received a distribution in violation of subsection (b) of this section and seek to enforce a right of contribution from the person in the amount the person received in violation of subsection (b) of this section.

(d) An action under this section is barred unless commenced not later than two (2) years after the distribution.

SECTION 38. That Chapter 24, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 6, Chapter 24, Title 30, Idaho Code, and to read as follows:

PART 6
DISSOCIATION

30-24-601. DISSOCIATION AS LIMITED PARTNER. (a) A person does not have a right to dissociate as a limited partner before the completion of the winding up of the limited partnership.

(b) A person is dissociated as a limited partner when:

(1) The limited partnership knows or has notice of the person's express will to withdraw as a limited partner, but, if the person has specified a withdrawal date later than the date the partnership knew or had notice, on that later date;

(2) An event stated in the partnership agreement as causing the person's dissociation as a limited partner occurs;

(3) The person is expelled as a limited partner pursuant to the partnership agreement;

(4) The person is expelled as a limited partner by the affirmative vote or consent of all the other partners if:

(A) It is unlawful to carry on the limited partnership's activities and affairs with the person as a limited partner;

(B) There has been a transfer of all of the person's transferable interest in the partnership, other than:

(i) A transfer for security purposes; or

(ii) A charging order in effect under section 30-24-703, Idaho Code, which has not been foreclosed;

(C) The person is an entity and:

(i) The partnership notifies the person that it will be expelled as a limited partner because the person has filed a statement of dissolution or the equivalent, the person has been administratively dissolved, the person's charter or the equivalent has been revoked, or the person's right to conduct business has been suspended by the person's jurisdiction of formation; and

(ii) Not later than ninety (90) days after the notification, the statement of dissolution or the equivalent has not been withdrawn, rescinded, or revoked, the person has not been reinstated, or the person's charter or the equivalent or right to conduct business has not been reinstated; or

(D) The person is an unincorporated entity that has been dissolved and whose activities and affairs are being wound up;

(5) On application by the limited partnership or a partner in a direct action under section 30-24-901, Idaho Code, the person is expelled as a limited partner by judicial order because the person:

(A) Has engaged or is engaging in wrongful conduct that has affected adversely and materially, or will affect adversely and materially, the partnership's activities and affairs;

(B) Has committed willfully or persistently, or is committing willfully and persistently, a material breach of the partnership agreement or the contractual obligation of good faith and fair dealing under section 30-24-305(a), Idaho Code; or

(C) Has engaged or is engaging in conduct relating to the partnership's activities and affairs that makes it not reasonably practicable to carry on the activities and affairs with the person as a limited partner;

(6) In the case of an individual, the individual dies;

(7) In the case of a person that is a testamentary or inter vivos trust or is acting as a limited partner by virtue of being a trustee of such a trust, the trust's entire transferable interest in the limited partnership is distributed;

(8) In the case of a person that is an estate or is acting as a limited partner by virtue of being a personal representative of an estate, the estate's entire transferable interest in the limited partnership is distributed;

(9) In the case of a person that is not an individual, the existence of the person terminates;

(10) The limited partnership participates in a merger under chapter 22, title 30, Idaho Code, and:

(A) The partnership is not the surviving entity; or

(B) Otherwise as a result of the merger, the person ceases to be a limited partner;

(11) The limited partnership participates in an interest exchange under chapter 22, title 30, Idaho Code, and as a result of the interest exchange, the person ceases to be a limited partner;

(12) The limited partnership participates in a conversion under chapter 22, title 30, Idaho Code;

(13 The limited partnership participates in a domestication under chapter 22, title 30, Idaho Code, and as a result of the domestication, the person ceases to be a limited partner;

(14) The limited partnership dissolves and completes winding up; or

(15) In the case of a professional entity, restrictions or limitations are placed upon a limited partner's ability to continue to render professional services.

30-24-602. EFFECT OF DISSOCIATION AS LIMITED PARTNER. (a) If a person is dissociated as a limited partner:

(1) Subject to section 30-24-704, Idaho Code, the person does not have further rights as a limited partner;

(2) The person's contractual obligation of good faith and fair dealing as a limited partner under section 30-24-305(a), Idaho Code, ends with regard to matters arising and events occurring after the person's dissociation; and

(3) Subject to section 30-24-704, Idaho Code, and chapter 22, title 30, Idaho Code, any transferable interest owned by the person in the person's capacity as a limited partner immediately before dissociation is owned by the person solely as a transferee.

(b) A person's dissociation as a limited partner does not of itself discharge the person from any debt, obligation, or other liability to the limited partnership or the other partners that the person incurred while a limited partner.

30-24-603. DISSOCIATION AS GENERAL PARTNER. A person is dissociated as a general partner when:

(1) The limited partnership knows or has notice of the person's express will to withdraw as a general partner, but, if the person has specified a withdrawal date later than the date the partnership knew or had notice, on that later date;

(2) An event stated in the partnership agreement as causing the person's dissociation as a general partner occurs;

(3) The person is expelled as a general partner pursuant to the partnership agreement;

(4) The person is expelled as a general partner by the affirmative vote or consent of all the other partners if:

(A) It is unlawful to carry on the limited partnership's activities and affairs with the person as a general partner;

(B) There has been a transfer all of the person's transferable interest in the partnership, other than:

(i) A transfer for security purposes; or

(ii) A charging order in effect under section 30-24-703, Idaho Code, which has not been foreclosed;

(C) The person is an entity and:

(i) The partnership notifies the person that it will be expelled as a general partner because the person has filed a statement of dissolution or the equivalent, the person has been administratively dissolved, the person's charter or its equivalent has been revoked, or the person's right to conduct business has been suspended by the person's jurisdiction of its formation; and

(ii) Not later than ninety (90) days after the notification the statement of dissolution or the equivalent has not been withdrawn, rescinded, or revoked, the person has not been reinstated, or the person's charter or the equivalent of right to conduct business has not been reinstated; or

(D) The person is an unincorporated entity that has been dissolved and whose activities and affairs are being wound up;

(5) On application by the limited partnership or a partner in a direct action under section 30-24-901, Idaho Code, the person is expelled as a general partner by judicial order because the person:

(A) Has engaged or is engaging in wrongful conduct that has affected adversely and materially, or will affect adversely and materially, the partnership's activities and affairs;

(B) Has committed willfully or persistently, or is committing willfully or persistently, a material breach of the partnership agreement or a duty or obligation under section 30-24-409, Idaho Code; or

(C) Has engaged or is engaging in conduct relating to the partnership's activities and affairs that makes it not reasonably practicable to carry on the activities and affairs of the limited partnership with the person as a general partner;

(6) In the case of an individual:

(A) The individual dies;

(B) A guardian or general conservator for the individual is appointed; or

(C) A court orders that the individual has otherwise become incapable of performing the individual's duties as a general partner under this chapter or the partnership agreement;

(7) The person:

(A) Becomes a debtor in bankruptcy;

(B) Executes an assignment for the benefit of creditors; or

(C) Seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the person or of all or substantially all the person's property;

(8) In the case of a person that is a testamentary or inter vivos trust or is acting as a general partner by virtue of being a trustee of such a trust, the trust's entire transferable interest in the limited partnership is distributed;

(9) In the case of a person that is an estate or is acting as a general partner by virtue of being a personal representative of an estate, the estate's entire transferable interest in the limited partnership is distributed;

(10) In the case of a person that is not an individual, the existence of the person terminates;

(11) The limited partnership participates in a merger under chapter 22, title 30, Idaho Code, and:

(A) The partnership is not the surviving entity; or

(B) Otherwise as a result of the merger, the person ceases to be a general partner;

(12) The limited partnership participates in an interest exchange under chapter 22, title 30, Idaho Code, and as a result of the interest exchange, the person ceases to be a general partner;

(13) The limited partnership participates in a conversion under chapter 22, title 30, Idaho Code;

(14) The limited partnership participates in a domestication under chapter 22, title 30, Idaho Code, and as a result of the domestication, the person ceases to be a general partner;

(15) The limited partnership dissolves and completes winding up; or

(16) In the case of a professional entity, restrictions or limitations are placed upon a general partner's ability to continue to render professional services.

30-24-604. POWER TO DISSOCIATE AS GENERAL PARTNER -- WRONGFUL DISSOCIATION. (a) A person has the power to dissociate as a general partner at any time, rightfully or wrongfully, by withdrawing as a general partner by express will under section 30-24-603(1), Idaho Code.

(b) A person's dissociation as a general partner is wrongful only if the dissociation:

(1) Is in breach of an express provision of the partnership agreement; or

(2) Occurs before the completion of the winding up of the limited partnership, and:

(A) The person withdraws as a general partner by express will;

(B) The person is expelled as a general partner by judicial order under section 30-24-603(5), Idaho Code;

(C) The person is dissociated as a general partner under section 30-24-603(7), Idaho Code; or

(D) In the case of a person that is not a trust other than a business trust, an estate, or an individual, the person is expelled or otherwise dissociated as a general partner because it willfully dissolved or terminated.

(c) A person that wrongfully dissociates as a general partner is liable to the limited partnership and, subject to section 30-24-901, Idaho Code, to the other partners for damages caused by the dissociation. The liability is in addition to any debt, obligation, or other liability of the general partner to the partnership or the other partners.

30-24-605. EFFECT OF DISSOCIATION AS GENERAL PARTNER. (a) If a person is dissociated as a general partner:

(1) The person's right to participate as a general partner in the management and conduct of the limited partnership's activities and affairs terminates;

(2) The person's duties and obligations as a general partner under section 30-24-409, Idaho Code, end with regard to matters arising and events occurring after the person's dissociation;

(3) The person may sign and deliver to the secretary of state for filing a statement of dissociation pertaining to the person and, at the request of the limited partnership, shall sign an amendment to the certificate of limited partnership that states the person has dissociated as a general partner; and

(4) Subject to section 30-24-704, Idaho Code, and chapter 22, title 30, Idaho Code, any transferable interest owned by the person in the person's capacity as a general partner immediately before dissociation is owned by the person solely as a transferee.

(b) A person's dissociation as a general partner does not of itself discharge the person from any debt, obligation, or other liability to the limited partnership or the other partners that the person incurred while a general partner.

30-24-606. POWER TO BIND AND LIABILITY OF PERSON DISSOCIATED AS GENERAL PARTNER. (a) After a person is dissociated as a general partner and before the limited partnership is merged out of existence, converted, or domesticated under chapter 22, title 30, Idaho Code, or dissolved, the partnership is bound by an act of the person only if:

(1) The act would have bound the partnership under section 30-24-402, Idaho Code, before the dissociation; and

(2) At the time the other party enters into the transaction:

(A) Less than two (2) years has passed since the dissociation; and

(B) The other party does not know or have notice of the dissociation and reasonably believes that the person is a general partner.

(b) If a limited partnership is bound under subsection (a) of this section, the person dissociated as a general partner that caused the partnership to be bound is liable:

(1) To the partnership for any damage caused to the partnership arising from the obligation incurred under subsection (a) of this section; and

(2) If a general partner or another person dissociated as a general partner is liable for the obligation, to the general partner or other person for any damage caused to the general partner or other person arising from the liability.

30-24-607. LIABILITY OF PERSON DISSOCIATED AS GENERAL PARTNER TO OTHER PERSONS. (a) A person's dissociation as a general partner does not of itself discharge the person's liability as a general partner for a debt, obligation, or other liability of the limited partnership incurred before dissociation. Except as otherwise provided in subsections (b) and (c) of this section, the person is not liable for a limited partnership obligation incurred after dissociation.

(b) A person whose dissociation as a general partner results in a dissolution and winding up of the limited partnership's activities and affairs is liable on an obligation incurred by the limited partnership under section 30-24-805, Idaho Code, to the same extent as a general partner under section 30-24-404, Idaho Code.

(c) A person that is dissociated as a general partner without the dissociation resulting in a dissolution and winding up of the limited partnership's activities and affairs is liable on a transaction entered into by the partnership after the dissociation only if:

(1) A general partner would be liable on the transaction; and

(2) At the time the other party enters into the transaction:

(A) Less than two (2) years has passed since the dissociation; and

(B) The other party does not have knowledge or notice of the dissociation and reasonably believes that the person is a general partner.

(d) By agreement with a creditor of a limited partnership and the partnership, a person dissociated as a general partner may be released from liability for a debt, obligation, or other liability of the partnership.

(e) A person dissociated as a general partner is released from liability for a debt, obligation, or other liability of the limited partnership if the partnership's creditor, with knowledge or notice of the person's dissociation as a general partner but without the person's consent, agrees to a material alteration in the nature or time of payment of the debt, obligation, or other liability.

SECTION 39. That Chapter 24, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 7, Chapter 24, Title 30, Idaho Code, and to read as follows:

PART 7

TRANSFERABLE INTERESTS AND RIGHTS OF TRANSFEREES AND CREDITORS

30-24-701. NATURE OF TRANSFERABLE INTEREST. A transferable interest is personal property.

30-24-702. TRANSFER OF TRANSFERABLE INTEREST. (a) A transfer, in whole or in part, of a transferable interest:

(1) Is permissible, except the transfer of a transferable interest in a professional entity is not permissible without compliance with section 30-21-901(i), Idaho Code;

(2) Does not by itself cause a partner's dissociation or a dissolution and winding up of the limited partnership's activities and affairs; and

(3) Subject to section 30-24-704, Idaho Code, does not entitle the transferee to:

(A) Participate in the management or conduct of the partnership's activities and affairs; or

(B) Except as otherwise provided in subsection (c) of this section, have access to required information, records, or other information concerning the partnership's activities and affairs.

(b) A transferee has the right to receive, in accordance with the transfer, distributions to which the transferor would otherwise be entitled.

(c) In a dissolution and winding up of a limited partnership, a transferee is entitled to an account of the partnership's transactions only from the date of dissolution.

(d) A transferable interest may be evidenced by a certificate of the interest issued by a limited partnership in a record, and, subject to this section, the interest represented by the certificate may be transferred by a transfer of the certificate.

(e) A limited partnership need not give effect to a transferee's rights under this section until the partnership knows or has notice of the transfer.

(f) A transfer of a transferable interest in violation of a restriction on transfer contained in the partnership agreement is ineffective as to a person having knowledge or notice of the restriction at the time of transfer.

(g) Except as otherwise provided in sections 30-24-601(b)(4)(B) and 30-24-603(4)(B), Idaho Code, if a general or limited partner transfers a transferable interest, the transferor retains the rights of a general or limited partner other than the transferable interest transferred and retains all the duties and obligations of a general or limited partner.

(h) If a general or limited partner transfers a transferable interest to a person that becomes a general or limited partner with respect to the transferred interest, the transferee is liable for the transferor's obligations under sections 30-24-502 and 30-24-505, Idaho Code, known to the transferee when the transferee becomes a partner.

30-24-703. CHARGING ORDER. (a) On application by a judgment creditor of a partner or transferee, a court may enter a charging order against the transferable interest of the judgment debtor for the unsatisfied amount of the judgment. A charging order constitutes a lien on a judgment debtor's transferable interest and requires the limited partnership to pay over to the person to which the charging order was issued any distribution that otherwise would be paid to the judgment debtor.

(b) To the extent necessary to effectuate the collection of distributions pursuant to a charging order in effect under subsection (a) of this section, the court may:

(1) Appoint a receiver of the distributions subject to the charging order, with the power to make all inquiries the judgment debtor might have made; and

(2) Make all other orders necessary to give effect to the charging order.

(c) Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the transferable interest. The purchaser at the foreclosure sale obtains only the transferable interest, does not thereby become a partner, and is subject to section 30-24-702, Idaho Code.

(d) At any time before foreclosure under subsection (c) of this section, the partner or transferee whose transferable interest is subject to a charging order under subsection (a) of this section may extinguish the charging order by satisfying the judgment and filing a certified copy of the satisfaction with the court that issued the charging order.

(e) At any time before foreclosure under subsection (c) of this section, a limited partnership or one (1) or more partners whose transferable

interests are not subject to the charging order may pay to the judgment creditor the full amount due under the judgment and thereby succeed to the rights of the judgment creditor, including the charging order.

(f) This act does not deprive any partner or transferee of the benefit of any exemption law applicable to the transferable interest of the partner or transferee.

(g) This section provides the exclusive remedy by which a person seeking, in the capacity of a judgment creditor, to enforce a judgment against a partner or transferee may satisfy the judgment from the judgment debtor's transferable interest.

30-24-704. POWER OF LEGAL REPRESENTATIVE OF DECEASED PARTNER. If a partner dies, the deceased partner's legal representative may exercise:

(1) The rights of a transferee provided in section 30-24-702(c), Idaho Code; and

(2) For the purposes of settling the estate, the rights of a current limited partner under section 30-24-304, Idaho Code.

SECTION 40. That Chapter 24, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 8, Chapter 24, Title 30, Idaho Code, and to read as follows:

PART 8
DISSOLUTION AND WINDING UP

30-24-801. EVENTS CAUSING DISSOLUTION. (a) A limited partnership is dissolved, and its activities and affairs must be wound up, upon the occurrence of any of the following:

(1) An event or circumstance that the partnership agreement states causes dissolution;

(2) The affirmative vote or consent of all general partners and of limited partners owning a majority of the rights to receive distributions as limited partners at the time the vote or consent is to be effective;

(3) After the dissociation of a person as a general partner:

(A) If the partnership has at least one (1) remaining general partner, the affirmative vote or consent to dissolve the partnership not later than ninety (90) days after the dissociation by partners owning a majority of the rights to receive distributions as partners at the time the vote or consent is to be effective; or

(B) If the partnership does not have a remaining general partner, the passage of ninety (90) days after the dissociation, unless before the end of the period:

(i) Consent to continue the activities and affairs of the partnership and admit at least one (1) general partner is given by limited partners owning a majority of the rights to receive distributions as limited partners at the time the consent is to be effective; and

(ii) At least one (1) person is admitted as a general partner in accordance with the consent;

(4) The passage of ninety (90) consecutive days after the dissociation of the partnership's last limited partner, unless before the end of the period the partnership admits at least one (1) limited partner;

(5) The passage of ninety (90) consecutive days during which the partnership has only one (1) partner, unless before the end of the period:

(A) The partnership admits at least one (1) person as a partner;

(B) If the previously sole remaining partner is only a general partner, the partnership admits the person as a limited partner; and

(C) If the previously sole remaining partner is only a limited partner, the partnership admits a person as a general partner;

(6) On application by a partner, the entry by the district court of an order dissolving the partnership on the grounds that:

(A) The conduct of all or substantially all the partnership's activities and affairs is unlawful; or

(B) It is not reasonably practicable to carry on the partnership's activities and affairs in conformity with the certificate of limited partnership and partnership agreement; or

(7) The signing and filing of a statement of administrative dissolution by the secretary of state under section 30-21-811, Idaho Code.

(b) If an event occurs that imposes a deadline on a limited partnership under subsection (a) of this section and before the partnership has met the requirements of the deadline, another event occurs that imposes a different deadline on the partnership under subsection (a) of this section:

(1) The occurrence of the second event does not affect the deadline caused by the first event; and

(2) The partnership's meeting of the requirements of the first deadline does not extend the second deadline.

30-24-802. WINDING UP. (a) A dissolved limited partnership shall wind up its activities and affairs, and, except as otherwise provided in section 30-24-803, Idaho Code, the partnership continues after dissolution only for the purpose of winding up.

(b) In winding up its activities and affairs, the limited partnership:

(1) Shall discharge the partnership's debts, obligations, and other liabilities, settle and close the partnership's activities and affairs, and marshal and distribute the assets of the partnership; and

(2) May:

(A) Amend its certificate of limited partnership to state that the limited partnership is dissolved;

(B) Preserve the partnership activities, affairs, and property as a going concern for a reasonable time;

(C) Prosecute and defend actions and proceedings, whether civil, criminal, or administrative;

(D) Transfer the partnership's property;

(E) Settle disputes by mediation or arbitration;

(F) Deliver to the secretary of state for filing a statement of termination stating the name of the partnership and that the partnership is terminated; and

(G) Perform other acts necessary or appropriate to the winding up.

(c) If a dissolved limited partnership does not have a general partner, a person to wind up the dissolved partnership's activities and affairs may be appointed by the affirmative vote or consent of limited partners owning a majority of the rights to receive distributions as limited partners at the time the vote or consent is to be effective. A person appointed under this subsection:

(1) Has the powers of a general partner under section 30-24-804, Idaho Code, but is not liable for the debts, obligations, and other liabilities of the partnership solely by reason of having or exercising those powers or otherwise acting to wind up the dissolved partnership's activities and affairs; and

(2) Shall deliver promptly to the secretary of state for filing an amendment to the partnership's certificate of limited partnership stating:

(A) That the partnership does not have a general partner;

(B) The name and street and mailing addresses of the person; and

(C) That the person has been appointed pursuant to this subsection to wind up the partnership.

(d) On the application of a partner, the district court may order judicial supervision of the winding up of a dissolved limited partnership, including the appointment of a person to wind up the partnership's activities and affairs, if:

(1) The partnership does not have a general partner and within a reasonable time following the dissolution no person has been appointed pursuant to subsection (c) of this section; or

(2) The applicant establishes other good cause.

30-24-803. RESCINDING DISSOLUTION. (a) A limited partnership may rescind its dissolution, unless a statement of termination applicable to the partnership is effective, the district court has entered an order under section 30-24-801(a)(6), Idaho Code, dissolving the partnership, or the secretary of state has dissolved the partnership under section 30-24-811, Idaho Code.

(b) Rescinding dissolution under this section requires:

(1) The affirmative vote or consent of each partner; and

(2) If the limited partnership has delivered to the secretary of state for filing an amendment to the certificate of limited partnership stating that the partnership is dissolved and:

(A) The amendment is not effective, the filing by the partnership of a statement of withdrawal under section 30-21-204, Idaho Code, applicable to the amendment; or

(B) The amendment is effective, the delivery by the partnership to the secretary of state for filing of an amendment to the certificate of limited partnership stating that dissolution has been rescinded under this section.

(c) If a limited partnership rescinds its dissolution:

(1) The partnership resumes carrying on its activities and affairs as if dissolution had never occurred;

(2) Subject to paragraph (3) of this subsection, any liability incurred by the partnership after the dissolution and before the rescission is effective is determined as if dissolution had never occurred; and

(3) The rights of a third party arising out of conduct in reliance on the dissolution before the third party knew or had notice of the rescission may not be adversely affected.

30-24-804. POWER TO BIND PARTNERSHIP AFTER DISSOLUTION. (a) A limited partnership is bound by a general partner's act after dissolution which:

(1) Is appropriate for winding up the partnership's activities and affairs; or

(2) Would have bound the partnership under section 30-24-402, Idaho Code, before dissolution, if, at the time the other party enters into the transaction, the other party does not know or have notice of the dissolution.

(b) A person dissociated as a general partner binds a limited partnership through an act occurring after dissolution if:

(1) At the time the other party enters into the transaction:

(A) Less than two (2) years has passed since the dissociation; and

(B) The other party does not know or have notice of the dissociation and reasonably believes that the person is a general partner; and

(2) The act:

(A) Is appropriate for winding up the partnership's activities and affairs; or

(B) Would have bound the partnership under section 30-24-402, Idaho Code, before dissolution and at the time the other party enters into the transaction the other party does not know or have notice of the dissolution.

30-24-805. LIABILITY AFTER DISSOLUTION OF GENERAL PARTNER AND PERSON DISSOCIATED AS GENERAL PARTNER. (a) If a general partner having knowledge of the dissolution causes a limited partnership to incur an obligation under section 30-24-804(a), Idaho Code, by an act that is not appropriate for winding up the partnership's activities and affairs, the general partner is liable:

(1) To the partnership for any damage caused to the partnership arising from the obligation; and

(2) If another general partner or a person dissociated as a general partner is liable for the obligation, to that other general partner or person for any damage caused to that other general partner or person arising from the liability.

(b) If a person dissociated as a general partner causes a limited partnership to incur an obligation under section 30-24-804(b), Idaho Code, the person is liable:

(1) To the partnership for any damage caused to the partnership arising from the obligation; and

(2) If a general partner or another person dissociated as a general partner is liable for the obligation, to the general partner or other

person for any damage caused to the general partner or other person arising from the obligation.

30-24-806. KNOWN CLAIMS AGAINST DISSOLVED LIMITED PARTNERSHIP. (a) Except as otherwise provided in subsection (d) of this section, a dissolved limited partnership may give notice of a known claim under subsection (b) of this section, which has the effect provided in subsection (c) of this section.

(b) A dissolved limited partnership may in a record notify its known claimants of the dissolution. The notice must:

(1) Specify the information required to be included in a claim;

(2) State that a claim must be in writing and provide a mailing address to which the claim is to be sent;

(3) State the deadline for receipt of a claim, which may not be less than one hundred twenty (120) days after the date the notice is received by the claimant;

(4) State that the claim will be barred if not received by the deadline; and

(5) Unless the partnership has been throughout its existence a limited liability limited partnership, state that the barring of a claim against the partnership will also bar any corresponding claim against any general partner or person dissociated as a general partner that is based on section 30-24-404, Idaho Code.

(c) A claim against a dissolved limited partnership is barred if the requirements of subsection (b) of this section are met and:

(1) The claim is not received by the specified deadline; or

(2) If the claim is timely received but rejected by the partnership:

(A) The partnership causes the claimant to receive a notice in a record stating that the claim is rejected and will be barred unless the claimant commences an action against the partnership to enforce the claim not later than ninety (90) days after the claimant receives the notice; and

(B) The claimant does not commence the required action not later than ninety (90) days after the claimant receives the notice.

(d) This section does not apply to a claim based on an event occurring after the date of dissolution or a liability that on that date is contingent.

30-24-807. OTHER CLAIMS AGAINST DISSOLVED LIMITED PARTNERSHIP. (a) A dissolved limited partnership may publish notice of its dissolution and request persons having claims against the partnership to present them in accordance with the notice.

(b) A notice under subsection (a) of this section must:

(1) Be published at least once in a newspaper of general circulation in the county in this state in which the dissolved limited partnership's principal office is located or, if the principal office is not located in this state, in the county in which the office of the partnership's registered agent is or was last located;

(2) Describe the information required to be contained in a claim, state that the claim must be in writing, and provide a mailing address to which the claim is to be sent;

(3) State that a claim against the partnership is barred unless an action to enforce the claim is commenced not later than three (3) years after publication of the notice; and

(4) Unless the partnership has been throughout its existence a limited liability limited partnership, state that the barring of a claim against the partnership will also bar any corresponding claim against any general partner or person dissociated as a general partner that is based on section 30-24-404, Idaho Code.

(c) If a dissolved limited partnership publishes a notice in accordance with subsection (b) of this section, the claim of each of the following claimants is barred unless the claimant commences an action to enforce the claim against the partnership not later than three (3) years after the publication date of the notice:

(1) A claimant that did not receive notice in a record under section 30-24-806, Idaho Code;

(2) A claimant whose claim was timely sent to the partnership but not acted on; and

(3) A claimant whose claim is contingent at, or based on an event occurring after, the date of dissolution.

(d) A claim not barred under this section or section 30-24-806, Idaho Code, may be enforced:

(1) Against the dissolved limited partnership, to the extent of its undistributed assets;

(2) Except as otherwise provided in section 30-24-808, Idaho Code, if assets of the partnership have been distributed after dissolution, against a partner or transferee to the extent of that person's proportionate share of the claim or of the partnership's assets distributed to the partner or transferee after dissolution, whichever is less, but a person's total liability for all claims under this paragraph may not exceed the total amount of assets distributed to the person after dissolution; and

(3) Against any person liable on the claim under sections 30-24-404 and 30-24-607, Idaho Code.

30-24-808. COURT PROCEEDINGS. (1) A dissolved limited partnership that has published a notice under section 30-24-807, Idaho Code, may file an application with the district court in the county where the partnership's principal office is located or, if the principal office is not located in this state, where the office of its registered agent is or was last located, for a determination of the amount and form of security to be provided for payment of claims that are reasonably expected to arise after the date of dissolution based on facts known to the partnership and:

(1) At the time of the application:

(A) Are contingent; or

(B) Have not been made known to the partnership; or

(2) Are based on an event occurring after the date of dissolution.

(b) Security is not required for any claim that is or is reasonably anticipated to be barred under section 30-24-807, Idaho Code.

(c) Not later than ten (10) days after the filing of an application under subsection (a) of this section, the dissolved limited partnership shall

give notice of the proceeding to each claimant holding a contingent claim known to the partnership.

(d) In a proceeding brought under this section, the court may appoint a guardian ad litem to represent all claimants whose identities are unknown. The reasonable fees and expenses of the guardian, including all reasonable expert witness fees, must be paid by the dissolved limited partnership.

(e) A dissolved limited partnership that provides security in the amount and form ordered by the court under subsection (a) of this section satisfies the partnership's obligations with respect to claims that are contingent, have not been made known to the partnership, or are based on an event occurring after the date of dissolution, and such claims may not be enforced against a partner or transferee on account of assets received in liquidation.

30-24-809. LIABILITY OF GENERAL PARTNER AND PERSON DISSOCIATED AS GENERAL PARTNER WHEN CLAIM AGAINST LIMITED PARTNERSHIP BARRED. If a claim against a dissolved limited partnership is barred under section 30-24-806, 30-24-807 or 30-24-808, Idaho Code, any corresponding claim under section 30-24-404 or 30-24-607, Idaho Code, is also barred.

30-24-810. DISPOSITION OF ASSETS IN WINDING UP -- WHEN CONTRIBUTIONS REQUIRED. (a) In winding up its activities and affairs, a limited partnership shall apply its assets, including the contributions required by this section, to discharge the partnership's obligations to creditors, including partners that are creditors.

(b) After a limited partnership complies with subsection (a) of this section, any surplus must be distributed in the following order, subject to any charging order in effect under section 30-24-703, Idaho Code:

(1) To each person owning a transferable interest that reflects contributions made and not previously returned, an amount equal to the value of the unreturned contributions; and

(2) Among partners and persons dissociated as partners in proportion to their respective rights to share in distributions immediately before the dissolution of the partnership, except to the extent necessary to comply with any transfer effective under section 30-24-702, Idaho Code.

(c) If a limited partnership's assets are insufficient to satisfy all of its obligations under subsection (a) of this section, with respect to each unsatisfied obligation incurred when the partnership was not a limited liability limited partnership, the following rules apply:

(1) Each person that was a general partner when the obligation was incurred and that has not been released from the obligation under section 30-24-607, Idaho Code, shall contribute to the partnership for the purpose of enabling the partnership to satisfy the obligation. The contribution due from each of those persons is in proportion to the right to receive distributions in the capacity of a general partner in effect for each of those persons when the obligation was incurred.

(2) If a person does not contribute the full amount required under paragraph (1) of this subsection with respect to an unsatisfied obligation of the partnership, the other persons required to contribute by paragraph (1) of this subsection on account of the obligation shall

contribute the additional amount necessary to discharge the obligation. The additional contribution due from each of those other persons is in proportion to the right to receive distributions in the capacity of a general partner in effect for each of those other persons when the obligation was incurred.

(3) If a person does not make the additional contribution required by paragraph (2) of this subsection, further additional contributions are determined and due in the same manner as provided in that paragraph.

(d) A person that makes an additional contribution under subsection (c)(2) or (3) of this section may recover from any person whose failure to contribute under subsection (c)(1) or (2) of this section necessitated the additional contribution. A person may not recover under this subsection more than the amount additionally contributed. A person's liability under this subsection may not exceed the amount the person failed to contribute.

(e) If a limited partnership does not have sufficient surplus to comply with subsection (b)(1) of this section, any surplus must be distributed among the owners of transferable interests in proportion to the value of the respective unreturned contributions.

(f) All distributions made under subsections (b) and (c) of this section must be paid in money.

30-24-811. SUBJECTS COVERED OUTSIDE CHAPTER. The following subjects are covered outside this chapter:

(1) Administrative dissolution - sections 30-21-601 and 30-21-602, Idaho Code.

(2) Reinstatement - section 30-21-603, Idaho Code.

(3) Judicial review of denial of reinstatement - section 30-21-604, Idaho Code.

SECTION 41. That Chapter 24, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 9, Chapter 24, Title 30, Idaho Code, and to read as follows:

PART 9
ACTIONS BY PARTNERS

30-24-901. DIRECT ACTION BY PARTNER. (a) Subject to subsection (b) of this section, a partner may maintain a direct action against another partner or the limited partnership, with or without an accounting as to the partnership's activities and affairs, to enforce the partner's rights and protect the partner's interests, including rights and interests under the partnership agreement or this act or arising independently of the partnership relationship.

(b) A partner maintaining a direct action under this section must plead and prove an actual or threatened injury that is not solely the result of an injury suffered or threatened to be suffered by the limited partnership.

(c) A right to an accounting upon a dissolution and winding up does not revive a claim barred by law.

30-24-902. DERIVATIVE ACTION. A partner may maintain a derivative action to enforce a right of a limited partnership if:

(1) The partner first makes a demand on the general partners, requesting that they cause the partnership to bring an action to enforce the right, and the general partners do not bring the action within a reasonable time; or
(2) A demand under subsection (1) of this section would be futile.

30-24-903. PROPER PLAINTIFF. A derivative action to enforce a right of a limited partnership may be maintained only by a person that is a partner at the time the action is commenced and:
(1) Was a partner when the conduct giving rise to the action occurred; or
(2) Whose status as a partner devolved on the person by operation of law or pursuant to the terms of the partnership agreement from a person that was a partner at the time of the conduct.

30-24-904. PLEADING. In a derivative action, the complaint must state with particularity:
(1) The date and content of the plaintiff's demand and the response to the demand by the general partner; or
(2) Why the demand should be excused as futile.

30-24-905. SPECIAL LITIGATION COMMITTEE. (a) If a limited partnership is named as or made a party in a derivative proceeding, the partnership may appoint a special litigation committee to investigate the claims asserted in the proceeding and determine whether pursuing the action is in the best interests of the partnership. If the partnership appoints a special litigation committee, on motion by the committee made in the name of the partnership, except for good cause shown, the court shall stay discovery for the time reasonably necessary to permit the committee to make its investigation. This subsection does not prevent the court from:
(1) Enforcing a person's right to information under section 30-24-304 or 30-24-407, Idaho Code; or
(2) Granting extraordinary relief in the form of a temporary restraining order or preliminary injunction.
(b) A special litigation committee must be composed of one (1) or more disinterested and independent individuals, who may be partners.
(c) A special litigation committee may be appointed:
(1) By a majority of the general partners not named as parties in the proceeding; or
(2) If all general partners are named as parties in the proceeding, by a majority of the general partners named as defendants.
(d) After appropriate investigation, a special litigation committee may determine that it is in the best interests of the limited partnership that the proceeding:
(1) Continue under the control of the plaintiff;
(2) Continue under the control of the committee;
(3) Be settled on terms approved by the committee; or
(4) Be dismissed.
(e) After making a determination under subsection (d) of this section, a special litigation committee shall file with the court a statement of its determination and its report supporting its determination and shall serve

each party with a copy of the determination and report. The court shall determine whether the members of the committee were disinterested and independent and whether the committee conducted its investigation and made its recommendation in good faith, independently, and with reasonable care, with the committee having the burden of proof. If the court finds that the members of the committee were disinterested and independent and that the committee acted in good faith, independently, and with reasonable care, the court shall enforce the determination of the committee. Otherwise, the court shall dissolve the stay of discovery entered under subsection (a) of this section and allow the action to continue under the control of the plaintiff.

30-24-906. PROCEEDS AND EXPENSES. (a) Except as otherwise provided in subsection (b) of this section:

(1) Any proceeds or other benefits of a derivative action, whether by judgment, compromise, or settlement, belong to the limited partnership and not to the plaintiff; and

(2) If the plaintiff receives any proceeds, the plaintiff shall remit them immediately to the partnership.

(b) If a derivative action is successful in whole or in part, the court may award the plaintiff reasonable expenses, including reasonable attorney's fees and costs, from the recovery of the limited partnership.

(c) A derivative action on behalf of a limited partnership may not be voluntarily dismissed or settled without the court's approval.

SECTION 42. That Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW CHAPTER, to be known and designated as Chapter 25, Title 30, Idaho Code, and to read as follows:

CHAPTER 25
LIMITED LIABILITY COMPANIES

SECTION 43. That Chapter 25, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 1, Chapter 25, Title 30, Idaho Code, and to read as follows:

PART 1
GENERAL PROVISIONS

30-25-101. SHORT TITLE. This chapter may be cited as the "Idaho Uniform Limited Liability Company Act."

30-25-102. DEFINITIONS. (a) In this chapter:

(1) "Certificate of organization" means the certificate required by section 30-25-201, Idaho Code. The term includes the certificate as amended or restated.

(2) "Contribution," except in the phrase "right of contribution," means property or a benefit described in section 30-25-402, Idaho Code, that is provided by a person to a limited liability company to become a member or in the person's capacity as a member.

(3) "Distribution" means a transfer of money or other property from a limited liability company to a person on account of a transferable interest or in the person's capacity as a member. The term:

(A) Includes:

(i) A redemption or other purchase by a limited liability company of a transferable interest; and

(ii) A transfer to a member in return for the member's relinquishment of any right to participate as a member in the management or conduct of the company's activities and affairs or to have access to records or other information concerning the company's activities and affairs; and

(B) Does not include amounts constituting reasonable compensation for present or past service or payments made in the ordinary course of business under a bona fide retirement plan or other bona fide benefits program.

(4) "Limited liability company" means an entity formed under this chapter or that becomes subject to this chapter under chapter 22, title 30, Idaho Code, or section 30-25-110, Idaho Code.

(5) "Manager" means a person that under the operating agreement of a manager-managed limited liability company is responsible, alone or in concert with others, for performing the management functions stated in section 30-25-407(c), Idaho Code.

(6) "Manager-managed limited liability company" means a limited liability company that qualifies under section 30-25-407(a), Idaho Code.

(7) "Member" means a person that:

(A) Has become a member of a limited liability company under section 30-25-401, Idaho Code, or was a member in a company when the company became subject to this chapter under section 30-25-110, Idaho Code; and

(B) Has not dissociated under section 30-25-602, Idaho Code.

(8) "Member-managed limited liability company" means a limited liability company that is not a manager-managed limited liability company.

(9) "Operating agreement" means the agreement, whether or not referred to as an operating agreement and whether oral, implied, in a record, or in any combination thereof, of all the members of a limited liability company, including a sole member, concerning the matters described in section 30-25-105(a), Idaho Code. The term includes the agreement as amended or restated.

(10) "Organizer" means a person that acts under section 30-25-201, Idaho Code, to form a limited liability company.

(11) "Transferable interest" means the right, as initially owned by a person in the person's capacity as a member, to receive distributions from a limited liability company, whether or not the person remains a member or continues to own any part of the right. The term applies to any fraction of the interest, by whomever owned.

(12) "Transferee" means a person to which all or part of a transferable interest has been transferred, whether or not the transferor is a member. The term includes a person that owns a transferable interest under section 30-25-603(a)(3), Idaho Code.

(b) The following definitions outside this chapter apply to this chapter:

(1) "Debtor in bankruptcy" - section 30-21-102(7), Idaho Code.

(2) "Foreign" - section 30-21-102(15), Idaho Code.

(3) "Jurisdiction" - section 30-21-102(22), Idaho Code.

(4) "Jurisdiction of formation" - section 30-21-102(23), Idaho Code.

(5) "Person" - section 30-21-102(35), Idaho Code.

(6) "Principal office" - section 30-21-102(36), Idaho Code.

(7) "Property" - section 30-21-102(41), Idaho Code.

(8) "Record" - section 30-21-102(44), Idaho Code.

(9) "Registered agent" - section 30-21-102(45), Idaho Code.

(10) "Sign" - section 30-21-102(47), Idaho Code.

(11) "State" - section 30-21-102(48), Idaho Code.

(12) "Transfer" - section 30-21-102(50), Idaho Code.

30-25-103. KNOWLEDGE -- NOTICE. (a) A person knows a fact if the person:

(1) Has actual knowledge of it; or

(2) Is deemed to know it under subsection (d)(1) of this section or law other than this act.

(b) A person has notice of a fact if the person:

(1) Has reason to know the fact from all the facts known to the person at the time in question; or

(2) Is deemed to have notice of the fact under subsection (d)(2) of this section.

(c) Subject to section 30-25-210(f), Idaho Code, a person notifies another person of a fact by taking steps reasonably required to inform the other person in ordinary course, whether or not those steps cause the other person to know the fact.

(d) A person not a member is deemed:

(1) To know of a limitation on authority to transfer real property as provided in section 30-25-302(g), Idaho Code; and

(2) To have notice of a limited liability company's:

(A) Dissolution ninety (90) days after a statement of dissolution under section 30-25-702(b)(2)(A), Idaho Code, becomes effective;

(B) Termination ninety (90) days after a statement of termination under section 30-25-702(b)(2)(F), Idaho Code, becomes effective; and

(C) Participation in a merger, interest exchange, conversion, or domestication, ninety (90) days after articles of merger, interest exchange, conversion, or domestication under chapter 22, title 30, Idaho Code, become effective.

30-25-104. GOVERNING LAW. The law of this state governs:

(1) The internal affairs of a limited liability company; and

(2) The liability of a member as member and a manager as manager for the debts, obligations, or other liabilities of a limited liability company.

30-25-105. OPERATING AGREEMENT -- SCOPE -- FUNCTION -- LIMITATIONS. (a) Except as otherwise provided in subsections (c) and (d) of this section, the operating agreement governs:

(1) Relations among the members as members and between the members and the limited liability company;

(2) The rights and duties under this act of a person in the capacity of manager;

(3) The activities and affairs of the company and the conduct of those activities and affairs; and

(4) The means and conditions for amending the operating agreement.

(b) To the extent the operating agreement does not provide for a matter described in subsection (a) of this section, this chapter governs the matter.

(c) An operating agreement may not:

(1) Vary the law applicable under section 30-25-104, Idaho Code;

(2) Vary a limited liability company's capacity under section 30-25-109, Idaho Code, to sue and be sued in its own name;

(3) Vary any requirement, procedure, or other provision of this act pertaining to:

(A) Registered agents; or

(B) The secretary of state, including provisions pertaining to records authorized or required to be delivered to the secretary of state for filing under this act;

(4) Vary the provisions of section 30-25-204, Idaho Code;

(5) Alter or eliminate the duty of loyalty or the duty of care, except as otherwise provided in subsection (d) of this section;

(6) Eliminate the contractual obligation of good faith and fair dealing under section 30-25-409(d), Idaho Code, but the operating agreement may prescribe the standards, if not manifestly unreasonable, by which the performance of the obligation is to be measured;

(7) Relieve or exonerate a person from liability for conduct involving bad faith, willful or intentional misconduct, or knowing violation of law;

(8) Unreasonably restrict the duties and rights under section 30-25-410, Idaho Code, but the operating agreement may impose reasonable restrictions on the availability and use of information obtained under that section and may define appropriate remedies, including liquidated damages, for a breach of any reasonable restriction on use;

(9) Vary the causes of dissolution specified in section 30-25-701(a)(4), Idaho Code;

(10) Vary the requirement to wind up the company's activities and affairs as specified in section 30-25-702(a), (b)(1) and (e), Idaho Code;

(11) Unreasonably restrict the right of a member to maintain an action under part 8 of this chapter;

(12) Vary the provisions of section 30-25-805, Idaho Code, but the operating agreement may provide that the company may not have a special litigation committee;

(13) Vary the right of a member to approve a merger, interest exchange, conversion, or domestication under section 30-22-203(a)(2), 30-22-303(a)(2), 30-22-403(a)(2) or 30-22-503(a)(2), Idaho Code; or

(14) Vary the required contents of a plan of merger under section 30-22-202(a), Idaho Code, plan of interest exchange under section 30-22-302(a), Idaho Code, plan of conversion under section 30-22-402(a), Idaho Code, or plan of domestication under section 30-22-502(a), Idaho Code; or

(15) Except as otherwise provided in sections 30-25-106 and 30-25-107(b), Idaho Code, restrict the rights under this chapter of a person other than a member or manager.

(d) Subject to subsection (c)(7) of this section, without limiting other terms that may be included in an operating agreement, the following rules apply:

(1) The operating agreement may:

(A) Specify the method by which a specific act or transaction that would otherwise violate the duty of loyalty may be authorized or ratified by one (1) or more disinterested and independent persons after full disclosure of all material facts; and

(B) Alter the prohibition in section 30-25-405(a)(2), Idaho Code, so that the prohibition requires only that the company's total assets not be less than the sum of its total liabilities.

(2) To the extent the operating agreement of a member-managed limited liability company expressly relieves a member of a responsibility that the member otherwise would have under this chapter and imposes the responsibility on one (1) or more other members, the agreement also may eliminate or limit any fiduciary duty of the member relieved of the responsibility that would have pertained to the responsibility.

(3) If not manifestly unreasonable, the operating agreement may:

(A) Alter or eliminate the aspects of the duty of loyalty stated in section 30-25-409(b) and (i), Idaho Code;

(B) Identify specific types or categories of activities that do not violate the duty of loyalty;

(C) Alter the duty of care, but may not authorize conduct involving bad faith, willful or intentional misconduct, or knowing violation of law; and

(D) Alter or eliminate any other fiduciary duty.

(e) The court shall decide as a matter of law whether a term of an operating agreement is manifestly unreasonable under subsection (c)(6) or (d)(3) of this section. The court:

(1) Shall make its determination as of the time the challenged term became part of the operating agreement and by considering only circumstances existing at that time; and

(2) May invalidate the term only if, in light of the purposes, activities, and affairs of the limited liability company, it is readily apparent that:

(A) The objective of the term is unreasonable; or

(B) The term is an unreasonable means to achieve the provision's objective.

30-25-106. OPERATING AGREEMENT -- EFFECT ON LIMITED LIABILITY COMPANY AND PERSON BECOMING MEMBER -- PREFORMATION AGREEMENT. (a) A limited liabil-

ity company is bound by and may enforce the operating agreement, whether or not the company has itself manifested assent to the operating agreement.

(b) A person that becomes a member is deemed to assent to the operating agreement.

(c) Two (2) or more persons intending to become the initial members may make an agreement providing that upon the formation of the company the agreement will become the operating agreement. One person intending to become the initial member of a limited liability company may assent to terms providing that upon the formation of the company the terms will become the operating agreement.

30-25-107. OPERATING AGREEMENT -- EFFECT ON THIRD PARTIES AND RELATIONSHIP TO RECORDS EFFECTIVE ON BEHALF OF LIMITED LIABILITY COMPANY. (a) An operating agreement may specify that its amendment requires the approval of a person that is not a party to the agreement or the satisfaction of a condition. An amendment is ineffective if its adoption does not include the required approval or satisfy the specified condition.

(b) The obligations of a limited liability company and its members to a person in the person's capacity as a transferee or a person dissociated as a member are governed by the operating agreement. Subject only to a court order issued under section 30-25-503(b)(2), Idaho Code, to effectuate a charging order, an amendment to the operating agreement made after a person becomes a transferee or is dissociated as a member:

(1) Is effective with regard to any debt, obligation, or other liability of the limited liability company or its members to the person in the person's capacity as a transferee or person dissociated as a member; and

(2) Is not effective to the extent the amendment imposes a new debt, obligation, or other liability on the transferee or person dissociated as a member.

(c) If a record delivered by a limited liability company to the secretary of state for filing becomes effective and contains a provision that would be ineffective under section 30-25-105(c) or (d)(3), Idaho Code, if contained in the operating agreement, the provision is ineffective in the record.

(d) Subject to subsection (c) of this section, if a record delivered by a limited liability company to the secretary of state for filing becomes effective and conflicts with a provision of the operating agreement:

(1) The agreement prevails as to members, persons dissociated as members, transferees, and managers; and

(2) The record prevails as to other persons to the extent they reasonably rely on the record.

30-25-108. NATURE, PURPOSE AND DURATION OF LIMITED LIABILITY COMPANY. (a) A limited liability company is an entity distinct from its member or members.

(b) A limited liability company may have any lawful purpose.

(c) A limited liability company has perpetual duration.

30-25-109. POWERS. A limited liability company has the capacity to sue and be sued in its own name and the power to do all things necessary or convenient to carry on its activities and affairs.

30-25-110. APPLICATION TO EXISTING RELATIONSHIPS. (a) Before July 1, 2017, this chapter governs only:

(1) A limited liability company formed on or after July 1, 2015; and

(2) Except as otherwise provided in subsection (c) of this section, a limited liability company formed before July 1, 2015, that elects, in the manner provided in its operating agreement or by law for amending the operating agreement, to be subject to this chapter.

(b) Except as otherwise provided in subsection (c) of this section, on and after July 1, 2017, this chapter governs all limited liability companies.

(c) For purposes of applying this chapter to a limited liability company formed before July 1, 2008:

(1) The company's articles of organization are deemed to be the company's certificate of organization; and

(2) For purposes of applying section 30-25-102(10), Idaho Code, and subject to section 30-25-107(d), Idaho Code, language in the company's articles of organization designating the company's management structure operates as if that language were in the operating agreement.

30-25-111. SUBJECTS COVERED OUTSIDE CHAPTER. The following subjects are covered outside this chapter:

(1) Delivery of record - section 30-21-104, Idaho Code.

(2) Permitted names - section 30-21-301, Idaho Code.

(3) Reservation of name - section 30-21-303, Idaho Code.

(4) Registration of name - section 30-21-304, Idaho Code.

(5) Registered agent - section 30-21-404, Idaho Code.

(6) Change of registered agent or address for registered agent by limited liability company - section 30-21-407, Idaho Code.

(7) Resignation of registered agent - section 30-21-410, Idaho Code.

(8) Change of name or address by registered agent - sections 30-21-408 and 30-21-409, Idaho Code.

(9) Service of process, notice or demand - section 30-21-412, Idaho Code.

(10) Reservation of power to amend or repeal - section 30-21-701, Idaho Code.

(11) Supplemental principles of law - section 30-21-702, Idaho Code.

SECTION 44. That Chapter 25, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 2, Chapter 25, Title 30, Idaho Code, and to read as follows:

PART 2

FORMATION -- CERTIFICATE OF ORGANIZATION AND OTHER FILINGS

30-25-201. FORMATION OF LIMITED LIABILITY COMPANY -- CERTIFICATE OF ORGANIZATION. (a) One (1) or more persons may act as organizers to form a lim-

ited liability company by delivering to the secretary of state for filing a certificate of organization.

(b) A certificate of organization must state:

(1) The name of the limited liability company that must comply with sections 30-21-301 and 30-21-302(d), Idaho Code;

(2) The street and mailing addresses of the company's principal office;

(3) The information required by section 30-21-404(a), Idaho Code;

(4) The name and mailing address of at least one (1) governor of the company; and

(5) If the company is a professional entity, a statement that the company is a professional limited liability company and the principal profession or professions for which the company's members are duly licensed or otherwise legally authorized to render professional services.

(c) A certificate of organization may contain statements as to matters other than those required by subsection (b) of this section, but may not vary or otherwise affect the provisions specified in section 30-25-105(c) and (d), Idaho Code, in a manner inconsistent with that section. However, a statement in a certificate of organization is not effective as a statement of authority. The secretary of state shall not accept operating agreements for filing.

(d) A limited liability company is formed when the certificate of organization becomes effective.

30-25-202. AMENDMENT OR RESTATEMENT OF CERTIFICATE OF ORGANIZATION. (a) A certificate of organization may be amended or restated at any time.

(b) To amend its certificate of organization, a limited liability company must deliver to the secretary of state for filing an amendment stating:

(1) The name of the company;

(2) The date of filing of its initial certificate of organization; and

(3) The text of the amendment.

(c) To restate its certificate of organization, a limited liability company must deliver to the secretary of state for filing a restatement designated as such in its heading.

(d) If a member of a member-managed limited liability company, or a manager of a manager-managed limited liability company, knows that any information in a filed certificate of organization was inaccurate when the certificate was filed or has become inaccurate due to changed circumstances, the member or manager shall promptly:

(1) Cause the certificate to be amended; or

(2) If appropriate, deliver to the secretary of state for filing a statement of change under section 30-21-407, Idaho Code, or a statement of correction under section 30-21-205, Idaho Code.

30-25-203. SIGNING OF RECORDS TO BE DELIVERED FOR FILING TO SECRETARY OF STATE. (a) A record delivered to the secretary of state for filing pursuant to this act must be signed as follows:

(1) Except as otherwise provided in paragraphs (2) and (3) of this subsection, a record signed by a limited liability company must be signed by a person authorized by the company.

(2) A company's initial certificate of organization must be signed by at least one (1) person acting as an organizer.

(3) A record delivered on behalf of a dissolved company that has no member must be signed by the person winding up the company's activities and affairs under section 30-25-702(c), Idaho Code, or a person appointed under section 30-25-702(d), Idaho Code, to wind up the activities and affairs.

(4) A statement of denial by a person under section 30-25-303, Idaho Code, must be signed by that person.

(5) Any other record delivered on behalf of a person to the secretary of state for filing must be signed by that person.

(b) A record delivered for filing under this chapter may be signed by an agent. Whenever this chapter requires a particular individual to sign a record and the individual is deceased or incompetent, the record may be signed by a legal representative of the individual.

(c) A person that signs a record as an agent or legal representative affirms as a fact that the person is authorized to sign the record.

30-25-204. LIABILITY FOR INACCURATE INFORMATION IN FILED RECORD. (a) If a record delivered to the secretary of state for filing under this act and filed by the secretary of state contains inaccurate information, a person that suffers loss by reliance on the information may recover damages for the loss from:

(1) A person that signed the record, or caused another to sign it on the person's behalf, and knew the information to be inaccurate at the time the record was signed; and

(2) Subject to subsection (b) of this section, a member of a member-managed limited liability company or the manager of a manager-managed limited liability company, if:

(A) The record was delivered for filing on behalf of the company; and

(B) The member or manager knew or had notice of the inaccuracy for a reasonably sufficient time before the information was relied upon so that, before the reliance, the member or manager reasonably could have:

(i) Effected an amendment under section 30-25-202, Idaho Code;

(ii) Filed a petition under section 30-25-204, Idaho Code; or

(iii) Delivered to the secretary of state for filing a statement of change under section 30-21-407, Idaho Code, or a statement of correction under section 30-21-205, Idaho Code.

(b) To the extent the operating agreement of a member-managed limited liability company expressly relieves a member of responsibility for maintaining the accuracy of information contained in records delivered on behalf of the company to the secretary of state for filing under this act and imposes

that responsibility on one (1) or more other members, the liability stated in subsection (a)(2) of this section applies to those other members and not to the member that the operating agreement relieves of the responsibility.

(c) An individual who signs a record authorized or required to be filed under this act affirms under penalty of perjury that the information stated in the record is accurate.

30-25-205. SUBJECTS COVERED OUTSIDE CHAPTER. The following subjects are covered outside this chapter:

(1) Signing and filing pursuant to judicial order - section 30-21-210, Idaho Code.

(2) Filing requirements - section 30-21-201, Idaho Code.

(3) Effective date and time - section 30-21-203, Idaho Code.

(4) Withdrawal of filed record before effectiveness - section 30-21-204, Idaho Code.

(5) Correcting filed record - section 30-21-205, Idaho Code.

(6) Duty of secretary of state to file; review of refusal to file; delivery of record by secretary of state - sections 30-21-206 and 30-21-211, Idaho Code.

(7) Certificate of good standing or registration - section 30-21-208, Idaho Code.

(8) Annual report for secretary of state - section 30-21-213, Idaho Code.

SECTION 45. That Chapter 25, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 3, Chapter 25, Title 30, Idaho Code, and to read as follows:

PART 3
RELATIONS OF MEMBERS AND MANAGERS TO PERSONS
DEALING WITH LIMITED LIABILITY COMPANY

30-25-301. NO AGENCY POWER OF MEMBER AS MEMBER. (a) A member is not an agent of a limited liability company solely by reason of being a member.

(b) A person's status as a member does not prevent or restrict law other than this chapter from imposing liability on a limited liability company because of the person's conduct.

30-25-302. STATEMENT OF AUTHORITY. (a) A limited liability company may deliver to the secretary of state for filing a statement of authority. The statement:

(1) Must include the name of the company and the information required by section 30-21-404(a), Idaho Code;

(2) With respect to any position that exists in or with respect to the company, may state the authority, or limitations on the authority, of all persons holding the position to:

(A) Execute an instrument transferring real property held in the name of the company; or

(B) Enter into other transactions on behalf of, or otherwise act for or bind, the company; and

(3) May state the authority, or limitations on the authority, of a specific person to:

(A) Execute an instrument transferring real property held in the name of the company; or

(B) Enter into other transactions on behalf of, or otherwise act for or bind, the company.

(b) To amend or cancel a statement of authority filed by the secretary of state, a limited liability company must deliver to the secretary of state for filing an amendment or cancellation stating:

(1) The name of the company;

(2) The information required by section 30-21-404(a), Idaho Code;

(3) The date the statement being affected became effective; and

(4) The contents of the amendment or a declaration that the statement is canceled.

(c) A statement of authority affects only the power of a person to bind a limited liability company to persons that are not members.

(d) Subject to subsection (c) of this section and section 30-25-103(d), Idaho Code, and except as otherwise provided in subsections (f), (g) and (h) of this section, a limitation on the authority of a person or a position contained in an effective statement of authority is not by itself evidence of any person's knowledge or notice of the limitation.

(e) Subject to subsection (c) of this section, a grant of authority not pertaining to transfers of real property and contained in an effective statement of authority is conclusive in favor of a person that gives value in reliance on the grant, except to the extent that when the person gives value:

(1) The person has knowledge to the contrary;

(2) The statement has been canceled or restrictively amended under subsection (b) of this section; or

(3) A limitation on the grant is contained in another statement of authority that became effective after the statement containing the grant became effective.

(f) Subject to subsection (c) of this section, an effective statement of authority that grants authority to transfer real property held in the name of the limited liability company is conclusive in favor of a person that gives value in reliance on the grant without knowledge to the contrary, except to the extent that when the person gives value:

(1) The statement has been canceled or restrictively amended under subsection (b) of this section; or

(2) A limitation on the grant is contained in another statement of authority that became effective after the statement containing the grant became effective.

(g) Subject to subsection (c) of this section, if an effective statement of authority contains a limitation on the authority to transfer real property held in the name of a limited liability company, all persons are deemed to know of the limitation.

(h) Subject to subsection (i) of this section, an effective statement of dissolution or termination is a cancellation of any filed statement of authority for the purposes of subsection (f) of this section and is a limitation on authority for the purposes of subsection (g) of this section.

(i) After a statement of dissolution becomes effective, a limited liability company may deliver to the secretary of state for filing a statement of authority that is designated as a post-dissolution statement of authority. The statement operates as provided in subsections (f) and (g) of this section.

(j) Unless earlier canceled, an effective statement of authority is canceled by operation of law five (5) years after the date on which the statement, or its most recent amendment, becomes effective.

(k) An effective statement of denial operates as a restrictive amendment under this section.

30-25-303. STATEMENT OF DENIAL. A person named in a filed statement of authority granting that person authority may deliver to the secretary of state for filing a statement of denial that:

(1) Provides the name of the limited liability company and the caption of the statement of authority to which the statement of denial pertains; and

(2) Denies the grant of authority.

30-25-304. LIABILITY OF MEMBERS AND MANAGERS. (a) A debt, obligation, or other liability of a limited liability company is solely the debt, obligation, or other liability of the company. A member or manager is not personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the company solely by reason of being or acting as a member or manager. This subsection applies regardless of the dissolution of the company.

(b) The failure of a limited liability company to observe formalities relating to the exercise of its powers or management of its activities and affairs is not a ground for imposing liability on a member or manager for a debt, obligation, or other liability of the company.

SECTION 46. That Chapter 25, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 4, Chapter 25, Title 30, Idaho Code, and to read as follows:

PART 4

RELATIONS OF MEMBERS TO EACH OTHER AND TO LIMITED LIABILITY COMPANY

30-25-401. BECOMING MEMBER. (a) If a limited liability company is to have only one (1) member upon formation, the person becomes a member as agreed by that person and the organizer of the company. That person and the organizer may be, but need not be, different persons. If different, the organizer acts on behalf of the initial member.

(b) If a limited liability company is to have more than one (1) member upon formation, those persons become members as agreed by the persons before the formation of the company. The organizer acts on behalf of the persons in forming the company and may be, but need not be, one (1) of the persons.

(c) After formation of a limited liability company, a person becomes a member:

(1) As provided in the operating agreement;

(2) As the result of a transaction effective under chapter 22, title 30, Idaho Code;

(3) With the affirmative vote or consent of all the members; or
(4) As provided in section 30-25-701(a)(3), Idaho Code.
(d) A person may become a member without:
(1) Acquiring a transferable interest; or
(2) Making or being obligated to make a contribution to the limited liability company.

30-25-402. FORM OF CONTRIBUTION. A contribution may consist of property transferred to, services performed for, or another benefit provided to the limited liability company or an agreement to transfer property to, perform services for, or provide another benefit to the company.

30-25-403. LIABILITY FOR CONTRIBUTIONS. (a) A person's obligation to make a contribution to a limited liability company is not excused by the person's death, disability, termination, or other inability to perform personally.

(b) If a person does not fulfill an obligation to make a contribution other than money, the person is obligated at the option of the limited liability company to contribute money equal to the value of the part of the contribution which has not been made.

(c) The obligation of a person to make a contribution may be compromised only by the affirmative vote of consent of all the members. If a creditor of a limited liability company extends credit or otherwise acts in reliance on an obligation described in subsection (a) of this section without knowledge or notice of a compromise under this subsection, the creditor may enforce the obligation.

30-25-404. SHARING OF AND RIGHT TO DISTRIBUTIONS BEFORE DISSOLUTION. (a) Any distributions made by a limited liability company before its dissolution and winding up must be in equal shares among members and persons dissociated as members, except to the extent necessary to comply with a transfer effective under section 30-25-502, Idaho Code, or charging order in effect under section 30-25-503, Idaho Code.

(b) A person has a right to a distribution before the dissolution and winding up of a limited liability company only if the company decides to make an interim distribution. A person's dissociation does not entitle the person to a distribution.

(c) A person does not have a right to demand or receive a distribution from a limited liability company in any form other than money. Except as otherwise provided in section 30-25-707(d), Idaho Code, a company may distribute an asset in kind only if each part of the asset is fungible with each other part and each person receives a percentage of the asset equal in value to the person's share of distributions.

(d) If a member or transferee becomes entitled to receive a distribution, the member or transferee is entitled to all remedies available to a creditor of the limited liability company with respect to the distribution. However, the company's obligation to make a distribution is subject to offset for any amount owed to the company by the member or a person dissociated as a member on whose account the distribution is made.

30-25-405. LIMITATIONS ON DISTRIBUTIONS. (a) A limited liability company may not make a distribution, including a distribution under section 30-25-707, Idaho Code, if after the distribution:

(1) The company would not be able to pay its debts as they become due in the ordinary course of the company's activities and affairs; or

(2) The company's total assets would be less than the sum of its total liabilities plus the amount that would be needed, if the company were to be dissolved and wound up at the time of the distribution, to satisfy the preferential rights upon dissolution and winding up of members and transferees whose preferential rights are superior to the rights of persons receiving the distribution.

(b) A limited liability company may base a determination that a distribution is not prohibited under subsection (a) of this section on:

(1) Financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances; or

(2) A fair valuation or other method that is reasonable under the circumstances.

(c) Except as otherwise provided in subsection (e) of this section, the effect of a distribution under subsection (a) of this section is measured:

(1) In the case of a distribution as defined in section 30-25-102(3)(A), Idaho Code, as of the earlier of:

(A) The date money or other property is transferred or debt is incurred by the limited liability company; or

(B) The date the person entitled to the distribution ceases to own the interest or right being acquired by the company in return for the distribution;

(2) In the case of any other distribution of indebtedness, as of the date the indebtedness is distributed; and

(3) In all other cases, as of the date:

(A) The distribution is authorized, if the payment occurs not later than one hundred twenty (120) days after that date; or

(B) The payment is made, if the payment occurs more than one hundred twenty (120) days after the distribution is authorized.

(d) A limited liability company's indebtedness to a member or transferee incurred by reason of a distribution made in accordance with this section is at parity with the company's indebtedness to its general, unsecured creditors, except to the extent subordinated by agreement.

(e) A limited liability company's indebtedness, including indebtedness issued as a distribution, is not a liability for purposes of subsection (a) of this section if the terms of the indebtedness provide that payment of principal and interest is made only if and to the extent that payment of a distribution could then be made under this section. If the indebtedness is issued as a distribution, each payment of principal or interest is treated as a distribution, the effect of which is measured on the date the payment is made.

(f) In measuring the effect of a distribution under section 30-25-707, Idaho Code, the liabilities of a dissolved limited liability company do not include any claim that has been disposed of under section 30-25-704, 30-25-705 or 30-25-706, Idaho Code.

30-25-406. LIABILITY FOR IMPROPER DISTRIBUTIONS. (a) Except as otherwise provided in subsection (b) of this section, if a member of a member-managed limited liability company or manager of a manager-managed limited liability company consents to a distribution made in violation of section 30-25-405, Idaho Code, and in consenting to the distribution fails to comply with section 30-25-409, Idaho Code, the member or manager is personally liable to the company for the amount of the distribution which exceeds the amount that could have been distributed without the violation of section 30-25-405, Idaho Code.

(b) To the extent the operating agreement of a member-managed limited liability company expressly relieves a member of the authority and responsibility to consent to distributions and imposes that authority and responsibility on one (1) or more other members, the liability stated in subsection (a) of this section applies to the other members and not the member that the operating agreement relieves of the authority and responsibility.

(c) A person that receives a distribution knowing that the distribution violated section 30-25-405, Idaho Code, is personally liable to the limited liability company, but only to the extent that the distribution received by the person exceeded the amount that could have been properly paid under section 30-25-405, Idaho Code.

(d) A person against which an action is commenced because the person is liable under subsection (a) of this section may:

(1) Implead any other person that is liable under subsection (a) of this section and seek to enforce a right of contribution from the person; and

(2) Implead any person that received a distribution in violation of subsection (c) of this section and seek to enforce a right of contribution from the person in the amount the person received in violation of subsection (c) of this section.

(e) An action under this section is barred unless commenced not later than two (2) years after the distribution.

30-25-407. MANAGEMENT OF LIMITED LIABILITY COMPANY. (a) A limited liability company is a member-managed limited liability company unless the operating agreement:

(1) Expressly provides that:

(A) The company is or will be "manager-managed";

(B) The company is or will be "managed by managers"; or

(C) Management of the company is or will be "vested in managers"; or

(2) Includes words of similar import.

(b) In a member-managed limited liability company, as among the members, the following rules apply:

(1) Except as expressly provided in this chapter, the management and conduct of the company are vested in the members.

(2) Each member has equal rights in the management and conduct of the company's activities and affairs.

(3) A difference arising among members as to a matter in the ordinary course of the activities and affairs of the company may be decided by a majority of the members.

(4) The affirmative vote or consent of all the members is required to:

(A) Undertake an act outside the ordinary course of the activities and affairs of the company; or

(B) Amend the operating agreement.

(c) In a manager-managed limited liability company, as among the members and the managers, the following rules apply:

(1) Except as expressly provided in this chapter, any matter relating to the activities and affairs of the company is decided exclusively by the manager, or, if there is more than one (1) manager, by a majority of the managers.

(2) Each manager has equal rights in the management and conduct of the company's activities and affairs.

(3) The affirmative vote or consent of all members is required to:

(A) Undertake an act outside the ordinary course of the company's activities and affairs; or

(B) Amend the operating agreement.

(4) A manager may be chosen at any time by the consent of a majority of the members and remains a manager until a successor has been chosen, unless the manager at an earlier time resigns, is removed, or dies, or, in the case of a manager that is not an individual, terminates. A manager may be removed at any time by the consent of a majority of the members without notice or cause.

(5) A person need not be a member to be a manager, but the dissociation of a member that is also a manager removes the person as a manager. If a person that is both a manager and a member ceases to be a manager, that cessation does not by itself dissociate the person as a member.

(6) A person's ceasing to be a manager does not discharge any debt, obligation, or other liability to the limited liability company or members which the person incurred while a manager.

(d) An action requiring the vote or consent of members under this chapter may be taken without a meeting, and a member may appoint a proxy or other agent to vote, consent, or otherwise act for the member by signing an appointing record, personally or by the member's agent.

(e) The dissolution of a limited liability company does not affect the applicability of this section. However, a person that wrongfully causes dissolution of the company loses the right to participate in management as a member and a manager.

(f) A limited liability company shall reimburse a member for an advance to the company beyond the amount of capital the member agreed to contribute.

(g) A payment or advance made by a member which gives rise to an obligation of the limited liability company under subsection (f) of this section or section 30-25-408(a), Idaho Code, constitutes a loan to the company which accrues interest from the date of the payment or advance.

(h) A member is not entitled to remuneration for services performed for a member-managed limited liability company, except for reasonable compensation for services rendered in winding up the activities of the company.

30-25-408. REIMBURSEMENT -- INDEMNIFICATION -- ADVANCEMENT AND INSURANCE. (a) A limited liability company shall reimburse a member of a member-managed company or the manager of a manager-managed company for any payment made by the member or manager in the course of the member's or man-

ager's activities on behalf of the company, if the member or manager complied with sections 30-25-405, 30-25-407 and 30-25-409, Idaho Code, in making the payment.

(b) A limited liability company shall indemnify and hold harmless a person with respect to any claim or demand against the person and any debt, obligation, or other liability incurred by the person by reason of the person's former or present capacity as a member or manager, if the claim, demand, debt, obligation, or other liability does not arise from the person's breach of section 30-25-405, 30-25-407 or 30-25-409, Idaho Code.

(c) In the ordinary course of its activities and affairs, a limited liability company may advance reasonable expenses, including attorney's fees and costs, incurred by a person in connection with a claim or demand against the person by reason of the person's former or present capacity as a member or manager, if the person promises to repay the company if the person ultimately is determined not to be entitled to be indemnified under subsection (b) of this section.

(d) A limited liability company may purchase and maintain insurance on behalf of a member or manager against liability asserted against or incurred by the member or manager in that capacity or arising from that status even if, under section 30-25-105(c)(7), Idaho Code, the operating agreement could not eliminate or limit the person's liability to the company for the conduct giving rise to the liability.

30-25-409. STANDARDS OF CONDUCT FOR MEMBERS AND MANAGERS. (a) A member of a member-managed limited liability company owes to the company and, subject to section 30-25-801, Idaho Code, the other members the duties of loyalty and care stated in subsections (b) and (c) of this section.

(b) The fiduciary duty of loyalty of a member in a member-managed limited liability company includes the duties:

(1) To account to the company and to hold as trustee for it any property, profit, or benefit derived by the member:

(A) In the conduct or winding up of the company's activities and affairs;

(B) From a use by the member of the company's property; or

(C) From the appropriation of a company opportunity;

(2) To refrain from dealing with the company in the conduct or winding up of the company's activities and affairs as or on behalf of a person having an interest adverse to the company; and

(3) To refrain from competing with the company in the conduct of the company's activities and affairs before the dissolution of the company.

(c) The duty of care of a member of a member-managed limited liability company in the conduct or winding up of the company's activities and affairs is to refrain from engaging in grossly negligent or reckless conduct, willful or intentional misconduct, or knowing violation of law.

(d) A member shall discharge the duties and obligations under this chapter or under the operating agreement and exercise any rights consistently with the contractual obligation of good faith and fair dealing.

(e) A member does not violate a duty or obligation under this chapter or under the operating agreement solely because the member's conduct furthers the member's own interest.

(f) All the members of a member-managed limited liability company or a manager-managed limited liability company may authorize or ratify, after full disclosure of all material facts, a specific act or transaction that otherwise would violate the duty of loyalty.

(g) It is a defense to a claim under subsection (b)(2) of this section and any comparable claim in equity or at common law that the transaction was fair to the limited liability company.

(h) If, as permitted by subsection (f) or (i)(6) of this section or the operating agreement, a member enters into a transaction with the limited liability company that otherwise would be prohibited by subsection (b)(2) of this section, the member's rights and obligations arising from the transaction are the same as those of a person that is not a member.

(i) In a manager-managed limited liability company, the following rules apply:

(1) Subsections (a), (b), (c) and (g) of this section apply to the manager or managers and not the members.

(2) The duty stated under subsection (b)(3) of this section continues until winding up is completed.

(3) Subsection (d) of this section applies to managers and members.

(4) Subsection (e) of this section applies only to members.

(5) The power to ratify under subsection (f) of this section applies only to the members.

(6) Subject to subsection (d) of this section, a member does not have any duty to the company or to any other member solely by reason of being a member.

30-25-410. RIGHTS TO INFORMATION OF MEMBER, MANAGER AND PERSON DISSOCIATED AS MEMBER. (a) In a member-managed limited liability company, the following rules apply:

(1) On reasonable notice, a member may inspect and copy during regular business hours, at a reasonable location specified by the company, any record maintained by the company regarding the company's activities, affairs, financial condition, and other circumstances, to the extent the information is material to the member's rights and duties under the operating agreement or this act.

(2) The company shall furnish to each member:

(A) Without demand, any information concerning the company's activities, affairs, financial condition, and other circumstances which the company knows and is material to the proper exercise of the member's rights and duties under the operating agreement or this act, except to the extent the company can establish that it reasonably believes the member already knows the information; and

(B) On demand, any other information concerning the company's activities, affairs, financial condition, and other circumstances, except to the extent the demand for the information demanded is unreasonable or otherwise improper under the circumstances.

(3) The duty to furnish information under paragraph (2) of this subsection also applies to each member to the extent the member knows any of the information described in paragraph (2) of this subsection.

(b) In a manager-managed limited liability company, the following rules apply:

(1) The informational rights stated in subsection (a) of this section and the duty stated in subsection (a)(3) of this section apply to the managers and not the members.

(2) During regular business hours and at a reasonable location specified by the company, a member may inspect and copy information regarding the activities, affairs, financial condition, and other circumstances of the company as is just and reasonable if:

(A) The member seeks the information for a purpose reasonably related to the member's interest as a member;

(B) The member makes a demand in a record received by the company, describing with reasonable particularity the information sought and the purpose for seeking the information; and

(C) The information sought is directly connected to the member's purpose.

(3) Not later than ten (10) days after receiving a demand pursuant to paragraph (2)(B) of this subsection, the company shall inform in a record the member that made the demand of:

(A) What information the company will provide in response to the demand and when and where the company will provide the information; and

(B) The company's reasons for declining, if the company declines to provide any demanded information.

(4) Whenever this act or an operating agreement provides for a member to vote on or give or withhold consent to a matter, before the vote is cast or consent is given or withheld, the company shall, without demand, provide the member with all information that is known to the company and is material to the member's decision.

(c) Subject to subsection (h) of this section, on ten (10) days' demand made in a record received by a limited liability company, a person dissociated as a member may have access to the information to which the person was entitled while a member if:

(1) The information pertains to the period during which the person was a member;

(2) The person seeks the information in good faith; and

(3) The person satisfies the requirements imposed on a member by subsection (b)(2) of this section.

(d) A limited liability company shall respond to a demand made pursuant to subsection (c) of this section in the manner provided in subsection (b)(3) of this section.

(e) A limited liability company may charge a person that makes a demand under this section the reasonable costs of copying, limited to the costs of labor and material.

(f) A member or person dissociated as a member may exercise rights under this section through an agent or, in the case of an individual under legal disability, a legal representative. Any restriction or condition imposed by the operating agreement or under subsection (h) of this section applies both to the agent or legal representative and to the member or person dissociated as a member.

(g) Subject to section 30-25-504, Idaho Code, the rights under this section do not extend to a person as transferee.

(h) In addition to any restriction or condition stated in its operating agreement, a limited liability company, as a matter within the ordinary course of its activities and affairs, may impose reasonable restrictions and conditions on access to and use of information to be furnished under this section, including designating information confidential and imposing nondisclosure and safeguarding obligations on the recipient. In a dispute concerning the reasonableness of a restriction under this subsection, the company has the burden of proving reasonableness.

SECTION 47. That Chapter 25, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 5, Chapter 25, Title 30, Idaho Code, and to read as follows:

PART 5
TRANSFERABLE INTERESTS AND RIGHTS OF TRANSFEREES AND CREDITORS

30-25-501. NATURE OF TRANSFERABLE INTEREST. A transferable interest is personal property.

30-25-502. TRANSFER OF TRANSFERABLE INTEREST. (a) Subject to section 30-25-503(f), Idaho Code, a transfer, in whole or in part, of a transferable interest:

(1) Is permissible, except the transfer of a transferable interest in a professional entity is not permissible without compliance with section 30-21-901(i), Idaho Code;

(2) Does not by itself cause a member's dissociation or a dissolution and winding up of the limited liability company's activities and affairs; and

(3) Subject to section 30-25-504, Idaho Code, does not entitle the transferee to:

(A) Participate in the management or conduct of the company's activities and affairs; or

(B) Except as otherwise provided in subsection (c) of this section, have access to records or other information concerning the company's activities and affairs.

(b) A transferee has the right to receive, in accordance with the transfer, distributions to which the transferor would otherwise be entitled.

(c) In a dissolution and winding up of a limited liability company, a transferee is entitled to an account of the company's transactions only from the date of dissolution.

(d) A transferable interest may be evidenced by a certificate of the interest issued by a limited liability company in a record, and, subject to this section, the interest represented by the certificate may be transferred by a transfer of the certificate.

(e) A limited liability company need not give effect to a transferee's rights under this section until the company knows or has notice of the transfer.

(f) A transfer of a transferable interest in violation of a restriction on transfer contained in the operating agreement is ineffective as to a person having knowledge or notice of the restriction at the time of transfer.

(g) Except as otherwise provided in section 30-25-602(5)(B), Idaho Code, if a member transfers a transferable interest, the transferor retains the rights of a member other than the transferable interest transferred and retains all the duties and obligations of a member.

(h) If a member transfers a transferable interest to a person that becomes a member with respect to the transferred interest, the transferee is liable for the member's obligations under sections 30-25-403 and 30-25-406, Idaho Code, known to the transferee when the transferee becomes a member.

30-25-503. CHARGING ORDER. (a) On application by a judgment creditor of a member or transferee, a court may enter a charging order against the transferable interest of the judgment debtor for the unsatisfied amount of the judgment. Except as otherwise provided in subsection (f) of this section, a charging order constitutes a lien on a judgment debtor's transferable interest and requires the limited liability company to pay over to the person to which the charging order was issued any distribution that otherwise would be paid to the judgment debtor.

(b) To the extent necessary to effectuate the collection of distributions pursuant to a charging order in effect under subsection (a) of this section, the court may:

(1) Appoint a receiver of the distributions subject to the charging order, with the power to make all inquiries the judgment debtor might have made; and

(2) Make all other orders necessary to give effect to the charging order.

(c) Upon a showing that distributions under a charging order will not pay the judgment debt within a reasonable time, the court may foreclose the lien and order the sale of the transferable interest. Except as otherwise provided in subsection (f) of this section, the purchaser at the foreclosure sale obtains only the transferable interest, does not thereby become a member, and is subject to section 30-25-502, Idaho Code.

(d) At any time before foreclosure under subsection (c) of this section, the member or transferee whose transferable interest is subject to a charging order under subsection (a) of this section may extinguish the charging order by satisfying the judgment and filing a certified copy of the satisfaction with the court that issued the charging order.

(e) At any time before foreclosure under subsection (c) of this section, a limited liability company or one (1) or more members whose transferable interests are not subject to the charging order may pay to the judgment creditor the full amount due under the judgment and thereby succeed to the rights of the judgment creditor, including the charging order.

(f) If a court orders foreclosure of a charging order lien against the sole member of a limited liability company:

(1) The court shall confirm the sale;

(2) The purchaser at the sale obtains the member's entire interest, not only the member's transferable interest;

(3) The purchaser thereby becomes a member; and

(4) The person whose interest was subject to the foreclosed charging order is dissociated as a member.

(g) This chapter does not deprive any member or transferee of the benefit of any exemption laws applicable to the transferable interest of the member or transferee.

(h) This section provides the exclusive remedy by which a person seeking in the capacity of judgment creditor to enforce a judgment against a member or transferee may satisfy the judgment from the judgment debtor's transferable interest.

30-25-504. POWER OF LEGAL REPRESENTATIVE OF DECEASED MEMBER. If a member dies, the deceased member's legal representative may exercise:

(1) The rights of a transferee provided in section 30-25-502(c), Idaho Code; and

(2) For the purposes of settling the estate, the rights the deceased member had under section 30-25-410, Idaho Code.

SECTION 48. That Chapter 25, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 6, Chapter 25, Title 30, Idaho Code, and to read as follows:

PART 6
DISSOCIATION

30-25-601. POWER TO DISSOCIATE AS MEMBER -- WRONGFUL DISSOCIATION. (a) A person has the power to dissociate as a member at any time, rightfully or wrongfully, by withdrawing as a member by express will under section 30-25-602(1), Idaho Code.

(b) A person's dissociation as a member is wrongful only if the dissociation:

(1) Is in breach of an express provision of the operating agreement; or

(2) Occurs before the completion of the winding up of the limited liability company and:

(A) The person withdraws as a member by express will;

(B) The person is expelled as a member by judicial order under section 30-25-602(6), Idaho Code;

(C) The person is dissociated under section 30-25-602(8), Idaho Code; or

(D) In the case of a person that is not a trust other than a business trust, an estate, or an individual, the person is expelled or otherwise dissociated as a member because it willfully dissolved or terminated.

(c) A person that wrongfully dissociates as a member is liable to the limited liability company and, subject to section 30-25-801, Idaho Code, to the other members for damages caused by the dissociation. The liability is in addition to any debt, obligation, or other liability of the member to the company or the other members.

30-25-602. EVENTS CAUSING DISSOCIATION. A person is dissociated as a member when:

(1) The limited liability company knows or has notice of the person's express will to withdraw as a member, but, if the person has specified a withdrawal date later than the date the company had known or had notice, on that later date;

(2) An event stated in the operating agreement as causing the person's dissociation occurs;

(3) The person's entire interest is transferred in a foreclosure sale under section 30-25-503(f), Idaho Code;

(4) The person is expelled as a member pursuant to the operating agreement;

(5) The person is expelled as a member by the affirmative vote or consent of all the other members if:

(A) It is unlawful to carry on the limited liability company's activities and affairs with the person as a member;

(B) There has been a transfer of all the person's transferable interest in the company, other than:

(i) A transfer for security purposes; or

(ii) A charging order in effect under section 30-25-503, Idaho Code, that has not been foreclosed;

(C) The person is an entity and:

(i) The company notifies the person that it will be expelled as a member because the person has filed a statement of dissolution or the equivalent, the person has been administratively dissolved, the person's charter or the equivalent has been revoked, or the person's right to conduct business has been suspended by the person's jurisdiction of formation; and

(ii) Not later than ninety (90) days after the notification, the statement of dissolution or the equivalent has not been withdrawn, rescinded, or revoked, the person has not been reinstated, or the person's charter or the equivalent or right to conduct business has not been reinstated; or

(D) The person is an unincorporated entity that has been dissolved and whose activities and affairs are being wound up;

(6) On application by the limited liability company or a member in a direct action under section 30-25-801, Idaho Code, the person is expelled as a member by judicial order because the person:

(A) Has engaged or is engaging in wrongful conduct that has affected adversely and materially, or will affect adversely and materially, the company's activities and affairs;

(B) Has committed willfully or persistently, or is committing willfully or persistently, a material breach of the operating agreement or a duty or obligation under section 30-25-409, Idaho Code; or

(C) Has engaged or is engaging in conduct relating to the company's activities and affairs which makes it not reasonably practicable to carry on the activities and affairs with the person as a member;

(7) In the case of an individual:

(A) The individual dies; or

(B) In a member-managed limited liability company:

(i) A guardian or general conservator for the individual is appointed; or

(ii) A court orders that the individual has otherwise become incapable of performing the individual's duties as a member under this chapter or the operating agreement;

(8) In a member-managed limited liability company, the person:

(A) Becomes a debtor in bankruptcy;

(B) Executes an assignment for the benefit of creditors; or

(C) Seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the person or of all or substantially all the person's property;

(9) In the case of a person that is a testamentary or inter vivos trust or is acting as a member by virtue of being a trustee of such a trust, the trust's entire transferable interest in the limited liability company is distributed;

(10) In the case of a person who is an estate or is acting as a member by virtue of being a personal representative of an estate, the estate's entire transferable interest in the limited liability company is distributed;

(11) In the case of a person that is not an individual, the existence of the person terminates;

(12) The limited liability company participates in a merger under chapter 22, title 30, Idaho Code, and:

(A) The company is not the surviving entity; or

(B) Otherwise as a result of the merger, the person ceases to be a member;

(13) The limited liability company participates in an interest exchange under chapter 22, title 30, Idaho Code, and, as a result of the interest exchange, the person ceases to be a member;

(14) The limited liability company participates in a conversion under chapter 22, title 30, Idaho Code;

(15) The limited liability company participates in a domestication under chapter 22, title 30, Idaho Code, and, as a result of the domestication, the person ceases to be a member;

(16) The limited liability company dissolves and completes winding up; or

(17) In the case of a professional entity, restrictions or limitations are placed upon a member's ability to continue to render professional services.

30-25-603. EFFECT OF DISSOCIATION. (a) If a person is dissociated as a member:

(1) The person's right to participate as a member in the management and conduct of the limited liability company's activities and affairs terminates;

(2) The person's duties and obligations under section 30-25-409, Idaho Code, as a member end with regard to matters arising and events occurring after the person's dissociation; and

(3) Subject to section 30-25-504, Idaho Code, and chapter 22, title 30, Idaho Code, any transferable interest owned by the person in the person's capacity as a member immediately before dissociation is owned by the person solely as a transferee.

(b) A person's dissociation as a member does not of itself discharge the person from any debt, obligation, or other liability to the limited liability company or the other members which the person incurred while a member.

SECTION 49. That Chapter 25, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 7, Chapter 25, Title 30, Idaho Code, and to read as follows:

PART 7
DISSOLUTION AND WINDING UP

30-25-701. EVENTS CAUSING DISSOLUTION. (a) A limited liability company is dissolved, and its activities and affairs must be wound up, upon the occurrence of any of the following:

(1) An event or circumstance that the operating agreement states causes dissolution;

(2) The affirmative vote or consent of all the members;

(3) The passage of ninety (90) consecutive days during which the company has no members unless before the end of the period:

(A) Consent to admit at least one (1) specified person as a member is given by transferees owning the rights to receive a majority of distributions as transferees at the time the consent is to be effective; and

(B) At least one (1) person becomes a member in accordance with the consent;

(4) On application by a member, the entry by the district court of an order dissolving the company on the grounds that:

(A) The conduct of all or substantially all the company's activities and affairs is unlawful; or

(B) It is not reasonably practicable to carry on the company's activities and affairs in conformity with the certificate of organization and the operating agreement;

(i) Have acted, are acting, or will act in a manner that is illegal or fraudulent; or

(ii) Have acted or are acting in a manner that is oppressive and was, is, or will be directly harmful to the applicant; or

(C) The managers or those members in control of the company:

(i) Have acted, are acting, or will act in a manner that is illegal or fraudulent; or

(ii) Have acted or are acting in a manner that is oppressive and was, is, or will be directly harmful to the applicant; or

(5) The signing and filing of a statement of administrative dissolution by the secretary of state under section 30-25-708, Idaho Code.

(b) In a proceeding brought under subsection (a)(4)(B) of this section, the court may order a remedy other than dissolution.

30-25-702. WINDING UP. (a) A dissolved limited liability company shall wind up its activities and affairs and, except as otherwise provided in section 30-25-703, Idaho Code, the company continues after dissolution only for the purpose of winding up.

(b) In winding up its activities and affairs, a limited liability company:

(1) Shall discharge the company's debts, obligations, and other liabilities, settle and close the company's activities and affairs, and marshal and distribute the assets of the company; and

(2) May:

(A) Deliver to the secretary of state for filing a statement of dissolution stating the name of the company and that the company is dissolved;

(B) Preserve the company activities, affairs, and property as a going concern for a reasonable time;

(C) Prosecute and defend actions and proceedings, whether civil, criminal, or administrative;

(D) Transfer the company's property;

(E) Settle disputes by mediation or arbitration;

(F) Deliver to the secretary of state for filing a statement of termination stating the name of the company and that the company is terminated; and

(G) Perform other acts necessary or appropriate to the winding up.

(c) If a dissolved limited liability company has no members, the legal representative of the last person to have been a member may wind up the activities and affairs of the company. If the person does so, the person has the powers of a sole manager under section 30-25-407(c), Idaho Code, and is deemed to be a manager for the purposes of section 30-25-304(a), Idaho Code.

(d) If the legal representative under subsection (c) of this section declines or fails to wind up the limited liability company's activities and affairs, a person may be appointed to do so by the consent of transferees owning a majority of the rights to receive distributions as transferees at the time the consent is to be effective. A person appointed under this subsection:

(1) Has the powers of a sole manager under section 30-25-407(c), Idaho Code, and is deemed to be a manager for the purposes of section 30-25-304(a), Idaho Code; and

(2) Shall deliver promptly to the secretary of state for filing an amendment to the company's certificate of organization stating:

(A) That the company has no members;

(B) The name and street and mailing addresses of the person; and

(C) That the person has been appointed pursuant to this subsection to wind up the company.

(e) The district court may order judicial supervision of the winding up of a dissolved limited liability company, including the appointment of a person to wind up the company's activities and affairs:

(1) On the application of a member, if the applicant establishes good cause;

(2) On the application of a transferee, if:

(A) The company does not have any members;

(B) The legal representative of the last person to have been a member declines or fails to wind up the company's activities; and

(C) Within a reasonable time following the dissolution, a person has not been appointed pursuant to subsection (c) of this section; or

(3) In connection with a proceeding under section 30-25-701(a), Idaho Code.

30-25-703. RESCINDING DISSOLUTION. (a) A limited liability company may rescind its dissolution, unless a statement of termination applicable to the company is effective, the district court has entered an order under section 30-25-701(a)(4), Idaho Code, dissolving the company, or the secretary of state has dissolved the company under section 30-25-708, Idaho Code.

(b) Rescinding dissolution under this section requires:

(1) The affirmative vote or consent of each member;

(2) If a statement of dissolution applicable to the limited liability company has been filed by the secretary of state but has not become effective, the delivery to the secretary of state for filing of a statement of withdrawal under section 30-21-208, Idaho Code, applicable to the statement of dissolution; and

(3) If a statement of dissolution applicable to the limited liability company is effective, the delivery to the secretary of state for filing of a statement of rescission stating the name of the company and that dissolution has been rescinded under this section.

(c) If a limited liability company rescinds its dissolution:

(1) The company resumes carrying on its activities and affairs as if dissolution had never occurred;

(2) Subject to paragraph (3) of this subsection, any liability incurred by the company after the dissolution and before the rescission is effective is determined as if dissolution had never occurred; and

(3) The rights of a third party arising out of conduct in reliance on the dissolution before the third party knew or had notice of the rescission may not be adversely affected.

30-25-704. KNOWN CLAIMS AGAINST DISSOLVED LIMITED LIABILITY COMPANY. (a) Except as otherwise provided in subsection (d) of this section, a dissolved limited liability company may give notice of a known claim under subsection (b) of this section, which has the effect provided in subsection (c) of this section.

(b) A dissolved limited liability company may in a record notify its known claimants of the dissolution. The notice must:

(1) Specify the information required to be included in a claim;

(2) State that a claim must be in writing and provide a mailing address to which the claim is to be sent;

(3) State the deadline for receipt of a claim, which may not be less than one hundred twenty (120) days after the date the notice is received by the claimant; and

(4) State that the claim will be barred if not received by the deadline.

(c) A claim against a dissolved limited liability company is barred if the requirements of subsection (b) of this section are met and:

(1) The claim is not received by the specified deadline; or

(2) If the claim is timely received but rejected by the company:

(A) The company causes the claimant to receive a notice in a record stating that the claim is rejected and will be barred unless the claimant commences an action against the company to enforce the claim not later than ninety (90) days after the claimant receives the notice; and

(B) The claimant does not commence the required action not later than ninety (90) days after the claimant receives the notice.

(d) This section does not apply to a claim based on an event occurring after the date of dissolution or a liability that on that date is contingent.

30-25-705. OTHER CLAIMS AGAINST DISSOLVED LIMITED LIABILITY COMPANY. (a) A dissolved limited liability company may publish notice of its dissolution and request persons having claims against the company to present them in accordance with the notice.

(b) A notice under subsection (a) of this section must:

(1) Be published at least once in a newspaper of general circulation in the county in this state in which the dissolved limited liability company's principal office is located or, if the principal office is not located in this state, in the county in which the office of the company's registered agent is or was last located;

(2) Describe the information required to be contained in a claim, state that the claim must be in writing, and provide a mailing address to which the claim is to be sent; and

(3) State that a claim against the company is barred unless an action to enforce the claim is commenced not later than three (3) years after publication of the notice.

(c) If a dissolved limited liability company publishes a notice in accordance with subsection (2) of this section, the claim of each of the following claimants is barred unless the claimant commences an action to enforce the claim against the company not later than three (3) years after the publication date of the notice:

(1) A claimant that did not receive notice in a record under section 30-25-704, Idaho Code;

(2) A claimant whose claim was timely sent to the company but not acted on; and

(3) A claimant whose claim is contingent at, or based on an event occurring after, the date of dissolution.

(d) A claim not barred under this section or section 30-25-704, Idaho Code, may be enforced:

(1) Against a dissolved limited liability company, to the extent of its undistributed assets; and

(2) Except as otherwise provided in section 30-27-706, Idaho Code, if assets of the company have been distributed after dissolution, against a member or transferee to the extent of that person's proportionate share of the claim or of the company's assets distributed to the member or transferee after dissolution, whichever is less, but a person's total liability for all claims under this paragraph may not exceed the total amount of assets distributed to the person after dissolution.

30-25-706. COURT PROCEEDINGS. (a) A dissolved limited liability company that has published a notice under section 30-25-705, Idaho Code, may file an application with the district court in the county where the company's principal office is located or, if the principal office is not located in this state, where the office of its registered agent is or was last located, for a determination of the amount and form of security to be provided for payment of claims that are reasonably expected to arise after the date of dissolution based on facts known to the company and:

(1) At the time of application:

(A) Are contingent; or

(B) Have not been made known to the company; or

(2) Are based on an event occurring after the date of dissolution.

(b) Security is not required for any claim that is or is reasonably anticipated to be barred under section 30-25-705, Idaho Code.

(c) Not later than ten (10) days after the filing of an application under subsection (a) of this section, the dissolved limited liability company shall give notice of the proceeding to each claimant holding a contingent claim known to the company.

(d) In a proceeding under this section, the court may appoint a guardian ad litem to represent all claimants whose identities are unknown. The reasonable fees and expenses of the guardian, including all reasonable expert witness fees, must be paid by the dissolved limited liability company.

(e) A dissolved limited liability company that provides security in the amount and form ordered by the court under subsection (a) of this section satisfies the company's obligations with respect to claims that are contingent, have not been made known to the company, or are based on an event occurring after the date of dissolution, and such claims may not be enforced against a member or transferee on account of assets received in liquidation.

30-25-707. DISPOSITION OF ASSETS IN WINDING UP. (a) In winding up its activities and affairs, a limited liability company shall apply its assets to discharge its obligations to creditors, including members that are creditors.

(b) After a limited liability company complies with subsection (a) of this section, any surplus must be distributed in the following order, subject to any charging order in effect under section 30-25-503, Idaho Code:

(1) To each person owning a transferable interest that reflects contributions made and not previously returned, an amount equal to the value of the unreturned contributions; and

(2) Among members and persons dissociated as members in proportion to their respective rights to share in distributions immediately before the dissolution of the company, except to the extent necessary to comply with any transfer effective under section 30-25-502, Idaho Code.

(c) If a limited liability company does not have sufficient surplus to comply with subsection (b)(1) of this section, any surplus must be distributed among the owners of transferable interests in proportion to the value of the respective unreturned contributions.

(d) All distributions made under subsections (b) and (c) of this section must be paid in money.

30-25-708. SUBJECTS COVERED OUTSIDE CHAPTER. The following subjects are covered outside this chapter:

(1) Administrative dissolution - sections 30-21-601 and 30-21-602, Idaho Code.

(2) Reinstatement - section 30-21-603, Idaho Code.

(3) Judicial review of denial of reinstatement - section 30-21-604, Idaho Code.

SECTION 50. That Chapter 25, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 8, Chapter 25, Title 30, Idaho Code, and to read as follows:

PART 8
ACTIONS BY MEMBERS

30-25-801. DIRECT ACTION BY MEMBER. (a) Subject to subsection (b) of this section, a member may maintain a direct action against another member, a manager, or the limited liability company to enforce the member's rights and protect the member's interests, including rights and interests under the operating agreement or this act or arising independently of the membership relationship.

(2) A member maintaining a direct action under this section must plead and prove an actual or threatened injury that is not solely the result of an injury suffered or threatened to be suffered by the limited liability company.

30-25-802. DERIVATIVE ACTION. A member may maintain a derivative action to enforce a right of a limited liability company if:

(1) The member first makes a demand on the other members in a member-managed limited liability company, or the managers of a manager-managed limited liability company, requesting that they cause the company to bring an action to enforce the right, and the managers or other members do not bring the action within a reasonable time; or

(2) A demand under subsection (1) of this section would be futile.

30-25-803. PROPER PLAINTIFF. A derivative action to enforce a right of a limited liability company may be maintained only by a person that is a member at the time the action is commenced and:

(1) Was a member when the conduct giving rise to the action occurred; or

(2) Whose status as a member devolved on the person by operation of law or pursuant to the terms of the operating agreement from a person that was a member at the time of the conduct.

30-25-804. PLEADING. In a derivative action, the complaint must state with particularity:

(1) The date and content of plaintiff's demand and the response to the demand by the managers or other members; or

(2) Why demand should be excused as futile.

30-25-805. SPECIAL LITIGATION COMMITTEE. (a) If a limited liability company is named as or made a party in a derivative proceeding, the company

may appoint a special litigation committee to investigate the claims asserted in the proceeding and determine whether pursuing the action is in the best interests of the company. If the company appoints a special litigation committee, on motion by the committee made in the name of the company, except for good cause shown, the court shall stay discovery for the time reasonably necessary to permit the committee to make its investigation. This subsection does not prevent the court from:

(1) Enforcing a person's right to information under section 30-25-410, Idaho Code; or

(2) Granting extraordinary relief in the form of a temporary restraining order or preliminary injunction.

(b) A special litigation committee must be composed of one (1) or more disinterested and independent individuals, who may be members.

(c) A special litigation committee may be appointed:

(1) In a member-managed limited liability company:

(A) By the consent of a majority of the members not named as parties in the proceeding; or

(B) If all members are named as parties in the proceeding, by a majority of the members named as defendants; or

(2) In a manager-managed limited liability company:

(A) By a majority of the managers not named as parties in the proceeding; or

(B) If all managers are named as parties in the proceeding, by a majority of the managers named as defendants.

(d) After appropriate investigation, a special litigation committee may determine that it is in the best interests of the limited liability company that the proceeding:

(1) Continue under the control of the plaintiff;

(2) Continue under the control of the committee;

(3) Be settled on terms approved by the committee; or

(4) Be dismissed.

(e) After making a determination under subsection (d) of this section, a special litigation committee shall file with the court a statement of its determination and its report supporting its determination and shall serve each party with a copy of the determination and report. The court shall determine whether the members of the committee were disinterested and independent and whether the committee conducted its investigation and made its recommendation in good faith, independently, and with reasonable care, with the committee having the burden of proof. If the court finds that the members of the committee were disinterested and independent and that the committee acted in good faith, independently, and with reasonable care, the court shall enforce the determination of the committee. Otherwise, the court shall dissolve the stay of discovery entered under subsection (a) of this section and allow the action to continue under the control of the plaintiff.

30-25-806. PROCEEDS AND EXPENSES. (a) Except as otherwise provided in subsection (b) of this section:

(1) Any proceeds or other benefits of a derivative action, whether by judgment, compromise, or settlement, belong to the limited liability company and not to the plaintiff; and

(2) If the plaintiff receives any proceeds, the plaintiff shall remit them immediately to the company.

(b) If a derivative action is successful in whole or in part, the court may award the plaintiff reasonable expenses, including reasonable attorney's fees and costs, from the recovery of the limited liability company.

(c) A derivative action on behalf of a limited liability company may not be voluntarily dismissed or settled without the court's approval.

SECTION 51. That Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW CHAPTER, to be known and designated as Chapter 26, Title 30, Idaho Code, and to read as follows:

CHAPTER 26
[RESERVED]

SECTION 52. That Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW CHAPTER, to be known and designated as Chapter 27, Title 30, Idaho Code, and to read as follows:

CHAPTER 27
UNINCORPORATED NONPROFIT ASSOCIATIONS

SECTION 53. That Chapter 27, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 1, Chapter 27, Title 30, Idaho Code, and to read as follows:

PART 1
GENERAL PROVISIONS

30-27-101. SHORT TITLE. This chapter may be cited as the "Idaho Uniform Unincorporated Nonprofit Association Act."

30-27-102. DEFINITIONS. (a) In this chapter:

(1) "Established practices" means the practices used by an unincorporated nonprofit association without material change during the most recent five (5) years of its existence, or if it has existed for less than five (5) years, during its entire existence.

(2) "Governing principles" means the agreements, whether oral, in a record, or implied from its established practices, or in any combination thereof, that govern the purpose or operation of an unincorporated nonprofit association and the rights and obligations of its members and managers. The term includes any amendment or restatement of the agreements constituting the governing principles.

(3) "Manager" means a person that is responsible, alone or in concert with others, for the management of an unincorporated nonprofit association.

(4) "Member" means a person that, under the governing principles, may participate in the selection of persons authorized to manage the affairs of the unincorporated nonprofit association or in the development of the policies and activities of the association.

(5) "Unincorporated nonprofit association" means an unincorporated organization consisting of two (2) or more members joined under an agreement that is oral, in a record, or implied from conduct for one (1) or more common, nonprofit purposes. The term does not include:

(A) A trust;

(B) A marriage, domestic partnership, common-law domestic relationship, civil union, or other domestic living arrangement;

(C) An organization formed under any other statute that governs the organization and operation of unincorporated associations;

(D) A joint tenancy, tenancy in common, or tenancy by the entireties even if the co-owners share use of the property for a nonprofit purpose; or

(E) A relationship under an agreement in a record that expressly provides that the relationship between the parties does not create an unincorporated nonprofit association.

(b) The following definitions outside this chapter apply to this chapter:

(1) "Person" - section 30-21-102(35), Idaho Code.

(2) "Property" - section 30-21-102(41), Idaho Code.

(3) "Record" - section 30-21-102(44), Idaho Code.

(4) "Sign" - section 30-21-102(47), Idaho Code.

(5) "State" - section 30-21-102(48), Idaho Code.

(6) "Transfer" - section 30-21-102(50), Idaho Code.

30-27-103. RELATION TO OTHER LAWS. (a) A statute governing a specific type of unincorporated nonprofit association prevails over an inconsistent provision in this chapter, to the extent of the inconsistency.

(b) This chapter supplements the law of this state that applies to nonprofit associations operating in this state. If a conflict exists, that law applies.

30-27-104. GOVERNING LAW. (a) Except as otherwise provided in subsection (b) of this section, the law of this state governs the operation in this state of an unincorporated nonprofit association formed or operating in this state.

(b) Unless the governing principles specify a different jurisdiction, the law of the jurisdiction in which an unincorporated nonprofit association has its main place of activities governs the internal affairs of the association.

30-27-105. ENTITY -- PERPETUAL EXISTENCE -- POWERS. (a) An unincorporated nonprofit association is an entity distinct from its members and managers.

(b) An unincorporated nonprofit association has perpetual duration unless the governing principles specify otherwise.

(c) An unincorporated nonprofit association has the same powers as an individual to do all things necessary or convenient to carry on its purposes.

(d) An unincorporated nonprofit association may engage in profit-making activities, but profits from any activities must be used or set aside for the association's nonprofit purposes.

30-27-106. OWNERSHIP AND TRANSFER OF PROPERTY. (a) An unincorporated nonprofit association may acquire, hold, or transfer in its name an interest in property.

(b) An unincorporated nonprofit association may be a beneficiary of a trust or contract, a legatee, or a devisee.

30-27-107. STATEMENT OF AUTHORITY AS TO REAL PROPERTY. (a) In this section, "statement of authority" means a statement authorizing a person to transfer an interest in real property held in the name of an unincorporated nonprofit association.

(b) An interest in real property held in the name of an unincorporated nonprofit association may be transferred by a person authorized to do so in a statement of authority recorded by the association in the office in the county in which a transfer of the property would be recorded.

(c) A statement of authority must state:

(1) The name of the unincorporated nonprofit association;

(2) The address in this state, including the street address, if any, of the association or, if the association does not have an address in this state, its out-of-state address;

(3) That the association is an unincorporated nonprofit association; and

(4) The name, title, or position of a person authorized to transfer an interest in real property held in the name of the association.

(d) A statement of authority must be executed in the same manner as a deed by a person other than the person authorized in the statement to transfer the interest.

(e) A filing officer may collect a fee for recording a statement of authority in the amount authorized for recording a transfer of real property.

(f) A document amending, revoking, or canceling a statement of authority or stating that the statement is unauthorized or erroneous must meet the requirements for executing and recording an original statement.

(g) Unless canceled earlier, a recorded statement of authority and its most recent amendment expire five (5) years after the date of the most recent recording.

(h) If the record title to real property is in the name of an unincorporated nonprofit association and the statement of authority is recorded in the office of the county in which a transfer of the property would be recorded, the authority of the person named under subsection (c)(4) of this section is conclusive in favor of a person that gives value without notice that the person lacks authority.

30-27-108. LIABILITY. (a) A debt, obligation, or other liability of an unincorporated nonprofit association is solely the debt, obligation, or other liability of the association. A member or manager is not personally liable, directly or indirectly, by way of contribution or otherwise for a debt, obligation, or other liability of the association solely by reason of being or acting as a member or manager. This subsection applies regardless of the dissolution of the association.

(b) A person's status as a member or manager does not prevent or restrict law other than this chapter from imposing liability on the person or the association because of the person's conduct.

(c) The failure of an unincorporated nonprofit association to observe formalities relating to the exercise of its powers or management of its activities and affairs is not a ground for imposing liability on a member or manager of the association for a debt, obligation, or other liability of the association.

30-27-109. ASSERTION AND DEFENSE OF CLAIMS. (a) An unincorporated nonprofit association may sue or be sued in its own name.

(b) A member or manager may assert a claim the member or manager has against the unincorporated nonprofit association. An association may assert a claim it has against a member or manager.

30-27-110. EFFECT OF JUDGMENT OR ORDER. A judgment or order against an unincorporated nonprofit association is not by itself a judgment or order against a member or manager.

30-27-111. SERVICE OF PROCESS. In an action or proceeding against an unincorporated nonprofit association, process may be served on an agent authorized by appointment to receive service of process, on a manager of the association, or in any other manner authorized by the law of this state.

30-27-112. ACTION OR PROCEEDING NOT ABATED BY CHANGE. An action or proceeding against an unincorporated nonprofit association does not abate merely because of a change in its members or managers.

30-27-113. VENUE. Unless otherwise provided by law other than this chapter, venue of an action against an unincorporated nonprofit association brought in this state is determined under the statutes applicable to an action brought in this state against a corporation.

30-27-114. MEMBER NOT AGENT. A member is not an agent of the association solely by reason of being a member.

30-27-115 through 30-27-124 -- RESERVED.

30-27-125. DISTRIBUTIONS PROHIBITED -- COMPENSATION AND OTHER PERMITTED PAYMENTS. (a) Except as otherwise provided in subsection (b) of this section, an unincorporated nonprofit association may not pay dividends or make distributions to a member or manager.

(b) An unincorporated nonprofit association may:

(1) Pay reasonable compensation or reimburse reasonable expenses to a member or manager for services rendered;

(2) Confer benefits on a member or manager in conformity with its nonprofit purposes;

(3) Repurchase a membership and repay a capital contribution made by a member to the extent authorized by its governing principles; or

(4) Make distributions of property to members upon winding up and termination to the extent permitted by section 30-27 128, Idaho Code.

30-27-126 -- RESERVED.

30-27-127. DISSOLUTION. An unincorporated nonprofit association may be dissolved as follows:

(1) If the governing principles provide a time or method for dissolution, at that time or by that method;

(2) If the governing principles do not provide a time or method for dissolution, upon approval by the members;

(3) If no member can be located and the association's operations have been discontinued for at least three (3) years, by the managers or, if the association has no current manager, by its last manager.

30-27-128. WINDING UP AND TERMINATION. Winding up and termination of an unincorporated nonprofit association must proceed in accordance with the following rules:

(1) All known debts and liabilities must be paid or adequately provided for.

(2) Any property subject to a condition requiring return to the person designated by the donor must be transferred to that person.

(3) Any property subject to a trust must be distributed in accordance with the trust agreement.

(4) Any remaining property must be distributed as follows:

(A) As required by law other than this chapter that requires assets of an association to be distributed to another person with similar nonprofit purposes;

(B) In accordance with the association's governing principles or in the absence of applicable governing principles, to the members of the association per capita or as the members direct; or

(C) If neither paragraph (A) nor (B) of this subsection apply, as provided in chapter 5, title 14, Idaho Code.

30-27-129. APPOINTMENT OF REGISTERED AGENT. (a) An unincorporated nonprofit association may deliver to the secretary of state for filing a statement appointing an agent authorized to receive service of process.

(b) A statement appointing a registered agent must state:

(1) The name of the unincorporated nonprofit association; and

(2) The name and street and mailing addresses in this state of the registered agent.

(c) A statement appointing a registered agent must be signed by a person authorized to manage the affairs of the unincorporated nonprofit association. The signing of the statement is an affirmation of fact that the person is authorized to manage the affairs of the unincorporated nonprofit association and that the agent has consented to serve.

(d) An amendment to or cancellation of a statement appointing a registered agent must meet the requirements for signing an original statement. An agent may resign by delivering a resignation to the office of the secretary of state for filing and giving notice to the unincorporated nonprofit asso-

ciation at the address most recently supplied to the agent by the association.

(e) The secretary of state may collect a fee for filing a statement appointing a registered agent, an amendment, a cancellation, or a resignation in the amount charged for filing similar documents.

(f) A statement appointing a registered agent takes effect on filing by the secretary of state and is effective for five (5) years after the date of filing unless canceled or terminated earlier.

(g) A statement appointing a registered agent may not be rejected for filing because the name of the unincorporated nonprofit association signing the statement is not distinguishable on the records of the secretary of state from the name of another entity appearing in those records. The filing of such a statement does not make the name of the unincorporated nonprofit association signing the statement unavailable for use by another entity.

(h) The only duty of a registered agent under this chapter is to forward to the unincorporated nonprofit association at the address most recently supplied to the agent by the association any process, notice or demand pertaining to the association which is served or received by the agent.

30-27-130. TRANSITION CONCERNING REAL AND PERSONAL PROPERTY. (a) If, before the effective date of this chapter, an interest in property was by terms of a transfer purportedly transferred to an unincorporated nonprofit association, but under the law of this state the interest did not vest in the association or in one (1) or more persons on behalf of the association under subsection (b) of this section, on the effective date of this chapter the interest vests in the association, unless the parties to the transfer have treated the transfer as ineffective.

(b) If, before the effective date of this chapter, an interest in property was by terms of a transfer purportedly transferred to an unincorporated nonprofit association, but the interest was vested in one (1) or more persons to hold the interest for members of the association, on or after the effective date of this chapter the persons, or their successors in interest, may transfer the interest to the association in its name, or the association may require that the interest be transferred to it in its name.

SECTION 54. That Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW CHAPTER, to be known and designated as Chapter 28, Title 30, Idaho Code, and to read as follows:

CHAPTER 28
[RESERVED]

SECTION 55. That Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW CHAPTER, to be known and designated as Chapter 29, Title 30, Idaho Code, and to read as follows:

CHAPTER 29
GENERAL BUSINESS CORPORATIONS

SECTION 56. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 1, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 1
GENERAL PROVISIONS

30-29-101. SHORT TITLE. This chapter shall be known and may be cited as the "Idaho Business Corporation Act."

30-29-102 through 30-29-119 -- RESERVED.

30-29-120. REQUIREMENTS FOR DOCUMENTS -- EXTRINSIC FACTS. (1) Except as otherwise permitted by subsection (3) of this section, a record delivered to the secretary of state for filing pursuant to this chapter must be signed as follows:

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

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

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

(2) Whenever a provision of this chapter permits any of the terms of a plan or a filed document to be dependent upon facts objectively ascertainable outside the plan or filed document, the following provisions apply:

(a) The manner in which the facts will operate upon the terms of the plan or filed document shall be set forth in the plan or filed document.

(b) The facts may include, but are not limited to:

(i) Any of the following that are available in a nationally recognized news or information medium either in print or electronically: statistical or market indices, market prices of any security or group of securities, interest rates, currency exchange rates, or similar economic or financial data;

(ii) A determination or action by any person or body, including the corporation or any other party, to a plan or filed document; or

(iii) The terms of, or actions taken under, an agreement or document to which the corporation is a party, or any other agreement or document.

(c) As used in this subsection:

(i) "Filed document" means a document filed with the secretary of state under any provision of this chapter except section 30-21-213, Idaho Code, or part 5, chapter 21, title 30, Idaho Code; and

(ii) "Plan" means a plan of domestication, merger or share exchange.

(d) The following provisions of a plan or filed document may not be made dependent upon facts outside the plan or filed document:

(i) The name and address of any person required in a filed document;

(ii) The registered office of any entity required in a filed document;

(iii) The registered agent of any entity required in a filed document;

(iv) The number of authorized shares and designation of each class or series of shares;

(v) The effective date of a filed document;

(vi) Any required statement in a filed document of the date on which the underlying transaction was approved or the manner in which that approval was given.

(e) If a provision of a filed document is made dependent upon a fact ascertainable outside of the filed document, and that fact is not ascertainable by reference to a source described in subsection (2)(b)(i) of this section or a document that is a matter of public record, or the affected shareholders have not received notice of the fact from the corporation, then the corporation shall file with the secretary of state articles of amendment setting forth the fact promptly after the time when the fact referred to is first ascertainable or thereafter changes. Articles of amendment under this subsection are deemed to be authorized by the authorization of the original filed document or plan to which they relate and may be filed by the corporation without further action by the board of directors or the shareholders.

(3) The annual report delivered to the secretary of state for filing under section 30-21-213, Idaho Code, shall be executed by one (1) of the persons identified in subsection (1) of this section or by another person who is authorized by the board of directors to execute the report.

30-29-121 through 30-29-139 -- RESERVED.

30-29-140. CHAPTER DEFINITIONS. As used in this chapter:

(1) "Articles of incorporation" means the original articles of incorporation, all amendments thereof, and any other documents permitted or required to be filed by a domestic business corporation with the secretary of state under any provision of this chapter. If an amendment of the articles or any document filed under this chapter restates the articles in their entirety, thenceforth the "articles" shall not include any prior documents.

(2) "Authorized shares" means the shares of all classes a domestic or foreign corporation is authorized to issue.

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

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

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

(6) "Domestic unincorporated entity" means an unincorporated entity whose internal affairs are governed by the laws of this state.

(7) "Electronic transmission" or "electronically transmitted" means any process of communication not directly involving the physical transfer of paper that is suitable for the retention, retrieval and reproduction in written form of information by the recipient.

(8) "Eligible entity" means a domestic or foreign unincorporated entity or a domestic or foreign nonprofit corporation.

(9) "Eligible interests" means interests or memberships.

(10) "Employee" includes an officer but not a director. A director may accept duties that make him also an employee.

(11) The phrase "facts objectively ascertainable outside the plan or filed document" is as set forth in section 30-29-120(2), Idaho Code.

(12) "Foreign corporation" means a corporation incorporated under a law other than the law of this state which would be a business corporation if incorporated under the laws of this state.

(13) "Foreign nonprofit corporation" means a corporation incorporated under a law other than the law of this state, which would be a nonprofit corporation if incorporated under the laws of this state.

(14) "Foreign unincorporated entity" means an unincorporated entity whose internal affairs are governed by an organic law of a jurisdiction other than this state.

(15) "Governmental subdivision" includes authority, county, district and municipality.

(16) "Membership" means the right of a member in a domestic or foreign nonprofit corporation.

(17) "Notice" is defined in section 30-29-141, Idaho Code.

(18) "Organic document" means a public organic document or a private organic document.

(19) "Owner liability" means personal liability for a debt, obligation or liability of a domestic or foreign business or nonprofit corporation or unincorporated entity that is imposed on a person:

(a) Solely by reason of the person's status as a shareholder, member or interest holder; or

(b) By the articles of incorporation, bylaws or an organic document under a provision of the organic law of an entity authorizing the articles of incorporation, bylaws or an organic document to make one (1) or more specified shareholders, members or interest holders liable in their capacity as shareholders, members or interest holders for all or specified debts, obligations or liabilities of the entity.

(20) "Record date" means the date established under part 6 or 7 of this chapter on which a corporation determines the identity of its shareholders and their shareholdings for purposes of this chapter. The determinations shall be made as of the close of business on the record date unless another time for doing so is specified when the record date is fixed.

(21) "Secretary" means the corporate officer to whom the board of directors has delegated responsibility under section 30-29-840(3), Idaho Code, for custody of the minutes of the meetings of the board of directors and of the shareholders and for authenticating records of the corporation.

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

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

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

(25) "Treasury shares" means shares of a corporation which have been issued, have been subsequently acquired by and belong to the corporation, and have not, either by reason of the acquisition or thereafter, been canceled or restored to the status of authorized but unissued shares. Treasury shares shall be deemed to be "issued" shares, but not "outstanding" shares.

(26) "Unincorporated entity" means an organization or artificial legal person that either has a separate legal existence or has the power to acquire an estate in real property in its own name and that is not any of the following: a domestic or foreign business or nonprofit corporation, an estate, a trust, a state, the United States, or a foreign government. The term includes, without limitation, a general partnership, limited liability company, limited partnership, business trust, joint stock association and incorporated nonprofit association.

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

(28) "Voting group" means all shares of one (1) or more classes or series that under the articles of incorporation or this chapter are entitled to vote and be counted together collectively on a matter at a meeting of shareholders. All shares entitled by the articles of incorporation or this chapter to vote generally on the matter are for that purpose a single voting group.

(29) "Voting power" means the current power to vote in the election of directors.

30-29-141. NOTICE. (1) Notice under this chapter must be in writing unless oral notice is reasonable under the circumstances. Notice by electronic transmission is written notice.

(2) Notice may be communicated in person; by mail or other method of delivery; or by telephone, voice mail or other electronic means. If these forms of personal notice are impracticable, notice may be communicated by a newspaper of general circulation in the area where published, or by radio, television, or other form of public broadcast communication.

(3) Written notice by a domestic or foreign corporation to its shareholder, if in a comprehensible form, is effective:

(a) Upon deposit in the United States mail, if mailed postpaid and correctly addressed to the shareholder's address shown in the corporation's current record of shareholders; or

(b) When electronically transmitted to the shareholder in a manner authorized by the shareholders.

(4) Written notice to a domestic or foreign corporation, authorized to transact business in this state, may be addressed to its registered agent or to the corporation or its secretary at its correspondence address shown in its most recent annual report or, in the case of a foreign corporation that

has not yet delivered an annual report, in its application for a certificate of authority.

(5) Except as provided in subsection (3) of this section, written notice, if in a comprehensible form, is effective at the earliest of the following:

(a) When received;

(b) Five (5) days after its deposit in the United States mail, if mailed postpaid and correctly addressed;

(c) On the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee.

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

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

SECTION 57. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 2, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 2
INCORPORATION

30-29-201. INCORPORATORS. One (1) or more persons may act as the incorporator or incorporators of a corporation by delivering articles of incorporation to the secretary of state for filing.

30-29-202. ARTICLES OF INCORPORATION. (1) The articles of incorporation must set forth:

(a) A corporate name for the corporation that satisfies the requirements of sections 30-21-301 and 30-21-302(a), Idaho Code;

(b) The number of shares the corporation is authorized to issue;

(c) The information required by section 30-21-404(a), Idaho Code; and

(d) The name and address of each incorporator.

(2) The articles of incorporation may set forth:

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

(b) Provisions not inconsistent with law regarding:

(i) The purpose or purposes for which the corporation is organized;

(ii) Managing the business and regulating the affairs of the corporation;

(iii) Defining, limiting and regulating the powers of the corporation, its board of directors, and shareholders;

(iv) A par value for authorized shares or classes of shares;

(v) The imposition of personal liability on shareholders for the debts of the corporation to a specified extent and upon specified conditions;

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

(d) A provision eliminating or limiting the liability of a director to the corporation or its shareholders for money damages for any action taken, or any failure to take any action, as a director, except liability for:

(i) The amount of a financial benefit received by a director to which he is not entitled;

(ii) An intentional infliction of harm on the corporation or the shareholders;

(iii) A violation of section 30-29-833, Idaho Code; or

(iv) An intentional violation of criminal law; and

(e) A provision permitting or making obligatory indemnification of a director for liability, as defined in section 30-29-850(5), Idaho Code, to any person for any action taken, or any failure to take any action, as a director, except liability for:

(i) Receipt of a financial benefit to which he is not entitled;

(ii) An intentional infliction of harm on the corporation or its shareholders;

(iii) A violation of section 30-29-833, Idaho Code; or

(iv) An intentional violation of criminal law.

(3) The articles of incorporation need not set forth any of the corporate powers enumerated in this chapter.

(4) Provisions of the articles of incorporation may be made dependent upon facts objectively ascertainable outside the articles of incorporation in accordance with section 30-29-120(2), Idaho Code.

30-29-203. INCORPORATION. (1) Unless a delayed effective date is specified, the corporate existence begins when the articles of incorporation are filed.

(2) The secretary of state's filing of the articles of incorporation is prima facie proof that the incorporators satisfied all conditions precedent to incorporation except in a proceeding by the state to cancel or revoke the incorporation or involuntarily dissolve the corporation.

30-29-204. LIABILITY FOR PREINCORPORATION TRANSACTIONS. All persons purporting to act as or on behalf of a corporation, when there was no incorporation under this chapter, are jointly and severally liable for all liabilities created while so acting.

30-29-205. ORGANIZATION OF CORPORATION. (1) After incorporation:

(a) If initial directors are named in the articles of incorporation, the initial directors shall hold an organizational meeting, at the call of a majority of the directors, to complete the organization of the corporation by appointing officers, adopting bylaws, and carrying on any other business brought before the meeting and shall hold an organizational meeting at the call of a majority of the incorporators:

(i) To elect directors and complete the organization of the corporation; or

(ii) To elect a board of directors, who shall complete the organization of the corporation.

(2) Action required or permitted by this chapter to be taken by incorporators at an organizational meeting may be taken without a meeting if the action taken is evidenced by one (1) or more written consents describing the action taken and signed by each incorporator.

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

30-29-206. BYLAWS. (1) The incorporators or board of directors of a corporation shall adopt initial bylaws for the corporation.

(2) The bylaws of a corporation may contain any provision for managing the business and regulating the affairs of the corporation that is not inconsistent with law or the articles of incorporation.

30-29-207. EMERGENCY BYLAWS. (1) Unless the articles of incorporation provide otherwise, the board of directors of a corporation may adopt bylaws to be effective only in an emergency defined in subsection (4) of this section. The emergency bylaws, which are subject to amendment or repeal by the shareholders, may make all provisions necessary for managing the corporation during the emergency, including:

(a) Procedures for calling a meeting of the board of directors;

(b) Quorum requirements for the meeting; and

(c) Designation of additional or substitute directors.

(2) All provisions of the regular bylaws consistent with the emergency bylaws remain effective during the emergency. The emergency bylaws are not effective after the emergency ends.

(3) Corporate action taken in good faith in accordance with the emergency bylaws:

(a) Binds the corporation; and

(b) May not be used to impose liability on a corporate director, officer, employee or agent.

(4) An emergency exists for purposes of this section if a quorum of the corporation's directors cannot readily be assembled because of some catastrophic event.

SECTION 58. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 3, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 3
PURPOSES AND POWERS

30-29-301. PURPOSES. (1) Every corporation incorporated under this chapter has the purpose of engaging in any lawful business unless a more limited purpose is set forth in the articles of incorporation.

(2) A corporation engaging in a business that is subject to regulation under another statute of this state may incorporate under this chapter only if permitted by, and subject to all limitations of, the other statute.

30-29-302. GENERAL POWERS. Unless its articles of incorporation provide otherwise, every corporation has perpetual duration and succession in

its corporate name and has the same powers as an individual to do all things necessary or convenient to carry out its business and affairs, including without limitation power:

(1) To sue and be sued, complain and defend in its corporate name;

(2) To have a corporate seal, which may be altered at will, and to use it, or a facsimile of it, by impressing or affixing it or in any other manner reproducing it;

(3) To make and amend bylaws, not inconsistent with its articles of incorporation or with the laws of this state, for managing the business and regulating the affairs of the corporation;

(4) To purchase, receive, lease, or otherwise acquire, and own, hold, improve, use, and otherwise deal with real or personal property, or any legal or equitable interest in property wherever located;

(5) To sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of all or any part of its property;

(6) To purchase, receive, subscribe for, or otherwise acquire; own, hold, vote, use, sell, mortgage, lend, pledge, or otherwise dispose of; and deal in and with shares or other interests in, or obligations of, any other entity;

(7) To make contracts and guarantees, incur liabilities, borrow money, issue its notes, bonds, and other obligations, which may be convertible into or include the option to purchase other securities of the corporation, and secure any of its obligations by mortgage or pledge of any of its property, franchises or income;

(8) To lend money, invest and reinvest its funds, and receive and hold real and personal property as security for repayment;

(9) To be a promoter, partner, member, associate or manager of any partnership, joint venture, trust or other entity;

(10) To conduct its business, locate offices, and exercise the powers granted by this chapter within or without this state;

(11) To elect directors and appoint officers, employees, and agents of the corporation, define their duties, fix their compensation, and lend them money and credit;

(12) To pay pensions and establish pension plans, pension trusts, profit-sharing plans, share bonus plans, share option plans, and benefit or incentive plans for any or all of its current or former directors, officers, employees and agents;

(13) To make donations for the public welfare or for charitable, scientific, or educational purposes;

(14) To transact any lawful business that will aid governmental policy;

(15) To make payments or donations, or do any other act, not inconsistent with law, that furthers the business and affairs of the corporation.

30-29-303. EMERGENCY POWERS. (1) In anticipation of or during an emergency defined in subsection (4) of this section, the board of directors of a corporation may:

(a) Modify lines of succession to accommodate the incapacity of any director, officer, employee or agent; and

(b) Relocate the principal office, designate alternative principal offices or regional offices, or authorize the officers to do so.

(2) During an emergency defined in subsection (4) of this section, unless emergency bylaws provide otherwise:

(a) Notice of a meeting of the board of directors need be given only to those directors whom it is practicable to reach and may be given in any practicable manner, including by publication and radio; and

(b) One (1) or more officers of the corporation present at a meeting of the board of directors may be deemed to be directors for the meeting, in order of rank and within the same rank in order of seniority, as necessary to achieve a quorum.

(3) Corporate action taken in good faith during an emergency under this section to further the ordinary business affairs of the corporation:

(a) Binds the corporation; and

(b) May not be used to impose liability on a corporate director, officer, employee or agent.

(4) An emergency exists for purposes of this section if a quorum of the corporation's directors cannot readily be assembled because of some catastrophic event.

30-29-304. ULTRA VIRES. (1) Except as provided in subsection (2) of this section, the validity of corporate action may not be challenged on the ground that the corporation lacks or lacked power to act.

(2) A corporation's power to act may be challenged:

(a) In a proceeding by a shareholder against the corporation to enjoin the act;

(b) In a proceeding by the corporation, directly, derivatively or through a receiver, trustee or other legal representative, against an incumbent or former director, officer, employee or agent of the corporation; or

(c) In a proceeding by the attorney general under section 30-29-1430, Idaho Code.

(3) In a shareholder's proceeding under subsection (2)(a) of this section to enjoin an unauthorized corporate act, the court may enjoin or set aside the act, if equitable and if all affected persons are parties to the proceeding, and may award damages for loss, other than anticipated profits, suffered by the corporation or another party because of enjoining the unauthorized act.

SECTION 59. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 4, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 4
[RESERVED]

SECTION 60. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 5, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 5
[RESERVED]

SECTION 61. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 6, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 6
SHARES AND DISTRIBUTIONS

30-29-601. AUTHORIZED SHARES. (1) The articles of incorporation must set forth any classes of shares and series of shares within a class, and the number of shares of each class and series, that the corporation is authorized to issue. If more than one (1) class or series of shares is authorized, the articles of incorporation must prescribe a distinguishing designation for each class or series and must describe, prior to the issuance of shares of a class or series, the terms, including the preferences, rights and limitations of that class or series. Except to the extent varied as permitted by this section, all shares of a class or series must have terms, including preferences, rights and limitations, that are identical with those of other shares of the same class or series.

(2) The articles of incorporation must authorize:

(a) One (1) or more classes or series of shares that together have unlimited voting rights; and

(b) One (1) or more classes or series of shares, which may be the same class or classes as those with voting rights, that together are entitled to receive the net assets of the corporation upon dissolution.

(3) The articles of incorporation may authorize one (1) or more classes or series of shares that:

(a) Have special, conditional or limited voting rights, or no right to vote, except to the extent otherwise provided by this chapter;

(b) Are redeemable or convertible as specified in the articles of incorporation:

(i) At the option of the corporation, the shareholder, or another person or upon the occurrence of a specified event;

(ii) For cash, indebtedness, securities or other property; and

(iii) At prices and in amounts specified or determined in accordance with a formula;

(c) Entitle the holders to distributions calculated in any manner, including dividends that may be cumulative, noncumulative or partially cumulative; or

(d) Have preference over any other class or series of shares with respect to distributions, including distributions upon the dissolution of the corporation.

(4) Terms of shares may be made dependent upon facts objectively ascertainable outside the articles of incorporation in accordance with section 30-29-120(2), Idaho Code.

(5) Any of the terms of shares may vary among holders of the same class or series so long as such variations are expressly set forth in the articles of incorporation.

(6) The description of the preferences, rights and limitations of classes or series of shares in subsection (3) of this section is not exhaustive.

30-29-602. TERMS OF CLASS OR SERIES DETERMINED BY BOARD OF DIRECTORS. (1) If the articles of incorporation so provide, the board of directors is authorized, without shareholder approval, to:

(a) Classify any unissued shares into one (1) or more classes or into one (1) or more series within a class;

(b) Reclassify any unissued shares of any class into one (1) or more classes or into one (1) or more series within one (1) or more classes; or

(c) Reclassify any unissued shares of any series of any class into one (1) or more classes or into one (1) or more series within a class.

(2) If the board of directors acts pursuant to subsection (1) of this section, it must determine the terms, including the preferences, rights and limitations, to the same extent permitted under section 30-29-601, Idaho Code, of:

(a) Any class of shares before the issuance of any shares of that class; or

(b) Any series within a class before the issuance of any shares of that series.

(3) Before issuing any shares of a class or series created under this section, the corporation must deliver to the secretary of state for filing articles of amendment setting forth the terms determined under subsection (1) of this section.

30-29-603. ISSUED AND OUTSTANDING SHARES. (1) A corporation may issue the number of shares of each class or series authorized by the articles of incorporation. Shares that are issued are outstanding shares until they are reacquired, redeemed, converted or canceled.

(2) The reacquisition, redemption or conversion of outstanding shares is subject to the limitations of subsection (3) of this section and to section 30-29-640, Idaho Code.

(3) At all times that shares of the corporation are outstanding, one (1) or more shares that together have unlimited voting rights and one (1) or more shares that together are entitled to receive the net assets of the corporation upon dissolution must be outstanding.

30-29-604. FRACTIONAL SHARES. (1) A corporation may:

(a) Issue fractions of a share or pay in money the value of fractions of a share;

(b) Arrange for disposition of fractional shares by the shareholders;

(c) Issue scrip in registered or bearer form entitling the holder to receive a full share upon surrendering enough scrip to equal a full share.

(2) Each certificate representing scrip must be conspicuously labeled "scrip" and must contain the information required by section 30-29-625(2), Idaho Code.

(3) The holder of a fractional share is entitled to exercise the rights of a shareholder, including the right to vote, to receive dividends, and to participate in the assets of the corporation upon liquidation. The holder of scrip is not entitled to any of these rights unless the scrip provides for them.

(4) The board of directors may authorize the issuance of scrip subject to any condition considered desirable, including:

(a) That the scrip will become void if not exchanged for full shares before a specified date; and

(b) That the shares for which the scrip is exchangeable may be sold and the proceeds paid to the scripholders.

30-29-605 through 30-29-619 -- RESERVED.

30-29-620. SUBSCRIPTION FOR SHARES BEFORE INCORPORATION. (1) A subscription for shares entered into before incorporation must be in writing and is irrevocable for six (6) months unless the subscription agreement provides a longer or shorter period or all the subscribers agree to revocation.

(2) The board of directors may determine the payment terms of subscriptions for shares that were entered into before incorporation, unless the subscription agreement specifies them. A call for payment by the board of directors must be uniform so far as practicable as to all shares of the same class or series, unless the subscription agreement specifies otherwise.

(3) Shares issued pursuant to subscriptions entered into before incorporation are fully paid and nonassessable when the corporation receives the consideration specified in the subscription agreement, provided that such consideration meets the requirements of section 30-29-621(2), Idaho Code.

(4) If a subscriber defaults in payment of money or property under a subscription agreement entered into before incorporation, the corporation may collect the amount owed as any other debt. Alternatively, unless the subscription agreement provides otherwise, the corporation may rescind the agreement and may sell the shares if the debt remains unpaid for more than twenty (20) days after the corporation sends written demand for payment to the subscriber.

(5) A subscription agreement entered into after incorporation is a contract between the subscriber and the corporation subject to section 30-29-621, Idaho Code.

(6) A subscription for stock of a corporation, whether made before or after the formation of a corporation, shall not be enforceable against the subscriber or the corporation, unless in writing and signed by the party to be bound.

30-29-621. ISSUANCE OF SHARES. (1) The powers granted in this section to the board of directors may be reserved to the shareholders by the articles of incorporation.

(2) The board of directors may authorize shares to be issued for consideration consisting of any tangible or intangible property, including cash, promissory notes, services performed, or other securities of the corporation.

(3) Before the corporation issues shares, the board of directors must determine that the consideration received or to be received for shares to be issued is adequate. That determination by the board of directors is conclusive insofar as the adequacy of consideration for the issuance of shares relates to whether the shares are validly issued, fully paid and nonassessable.

(4) When the corporation receives the consideration for which the board of directors authorized the issuance of shares, the shares issued therefor are fully paid and nonassessable.

(5) The corporation may place in escrow shares issued for a promissory note, or make other arrangements to restrict the transfer of the shares, and may credit distributions in respect of the shares against their purchase price, until the note is paid. If the note is not paid, the shares escrowed or restricted and the distributions credited may be canceled in whole or part.

(6) (a) An issuance of shares or other securities convertible into or rights exercisable for shares, in a transaction or a series of integrated transactions, requires approval of the shareholders, at a meeting at which a quorum consisting of at least a majority of the votes entitled to be cast on the matter exists, if:

(i) The shares, other securities, or rights are issued for consideration other than cash or cash equivalents; and

(ii) The voting power of shares that are issued and issuable as a result of the transaction or series of integrated transactions will comprise more than twenty percent (20%) of the voting power of the shares of the corporation that were outstanding immediately before the transaction.

(b) In this subsection:

(i) For purposes of determining the voting power of shares issued and issuable as a result of a transaction or series of integrated transactions, the voting power of shares shall be the greater of:

(A) The voting power of the shares to be issued; or

(B) The voting power of the shares that would be outstanding after giving effect to the conversion of convertible shares and other securities and the exercise of rights to be issued.

(ii) A series of transactions is integrated if consummation of one (1) transaction is made contingent on consummation of one (1) or more of the other transactions.

30-29-622. LIABILITY OF SHAREHOLDERS. (1) A purchaser from a corporation of its own shares is not liable to the corporation or its creditors with respect to the shares except to pay the consideration for which the shares were authorized to be issued as provided in section 30-29-621, Idaho Code, or specified in the subscription agreement as provided in section 30-29-620, Idaho Code.

(2) Unless otherwise provided in the articles of incorporation, a shareholder of a corporation is not personally liable for the acts or debts of the corporation except that he may become personally liable by reason of his own acts or conduct.

30-29-623. SHARE DIVIDENDS. (1) Unless the articles of incorporation provide otherwise, shares may be issued pro rata and without consideration to the corporation's shareholders or to the shareholders of one (1) or more classes or series. An issuance of shares under this subsection is a share dividend.

(2) Shares of one (1) class or series may not be issued as a share dividend in respect of shares of another class or series unless:

(a) The articles of incorporation so authorize;
(b) A majority of the votes entitled to be cast by the class or series to be issued approve the issue; or
(c) There are not outstanding shares of the class or series to be issued.
(3) If the board of directors does not fix the record date for determining shareholders entitled to a share dividend, it is the date the board of directors authorizes the share dividend.

30-29-624. SHARE OPTIONS. (1) A corporation may issue rights, options or warrants for the purchase of shares or other securities of the corporation. The board of directors shall determine:
(a) The terms upon which the rights, options or warrants are issued; and
(b) The terms, including the consideration for which the shares or other securities are to be issued. The authorization by the board of directors for the corporation to issue such rights, options or warrants constitutes authorization of the issuance of the shares or other securities for which the rights, options or warrants are exercisable.
(2) The terms and conditions of such rights, options or warrants, including those outstanding on July 1, 2004, may include, without limitation, restrictions or conditions that:
(a) Preclude or limit the exercise, transfer or receipt of such rights, options or warrants by any person or persons owning or offering to acquire a specified number or percentage of the outstanding shares or other securities of the corporation or by any transferee or transferees of any such person or persons; or
(b) Invalidate or void such rights, options or warrants held by any such person or persons or any such transferee or transferees.

30-29-625. FORM AND CONTENT OF CERTIFICATES. (1) Shares may but need not be represented by certificates. Unless this chapter or another statute expressly provides otherwise, the rights and obligations of shareholders are identical whether or not their shares are represented by certificates.
(2) At a minimum each share certificate must state on its face:
(a) The name of the issuing corporation and that it is organized under the law of this state;
(b) The name of the person to whom issued; and
(c) The number and class of shares and the designation of the series, if any, the certificate represents.
(3) If the issuing corporation is authorized to issue different classes of shares or different series within a class, the designations, relative rights, preferences and limitations applicable to each class and the variations in rights, preferences and limitations determined for each series, and the authority of the board of directors to determine variations for future series, must be summarized on the front or back of each certificate. Alternatively, each certificate may state conspicuously on its front or back that the corporation will furnish the shareholder this information on request in writing and without charge.
(4) Each share certificate:

(a) Must be signed, either manually or in facsimile, by two (2) officers designated in the bylaws or by the board of directors; and

(b) May bear the corporate seal or its facsimile.

(5) If the person who signed, either manually or in facsimile, a share certificate no longer holds office when the certificate is issued, the certificate is nevertheless valid.

30-29-626. SHARES WITHOUT CERTIFICATES. (1) Unless the articles of incorporation or bylaws provide otherwise, the board of directors of a corporation may authorize the issue of some or all of the shares of any or all of its classes or series without certificates. The authorization does not affect shares already represented by certificates until they are surrendered to the corporation.

(2) Within a reasonable time after the issue or transfer of shares without certificates, the corporation shall send the shareholder a written statement of the information required on certificates by section 30-29-625(2) and (3), Idaho Code, and, if applicable, section 30-29-627, Idaho Code.

30-29-627. RESTRICTION ON TRANSFER OF SHARES AND OTHER SECURITIES. (1) The articles of incorporation, bylaws, an agreement among shareholders, or an agreement between shareholders and the corporation may impose restrictions on the transfer or registration of transfer of shares of the corporation. A restriction does not affect shares issued before the restriction was adopted unless the holders of the shares are parties to the restriction agreement or voted in favor of the restriction.

(2) A restriction on the transfer or registration of transfer of shares is valid and enforceable against the holder or a transferee of the holder if the restriction is authorized by this section and its existence is noted conspicuously on the front or back of the certificate or is contained in the information statement required by section 30-29-626(2), Idaho Code. Unless so noted, a restriction is not enforceable against a person without knowledge of the restriction.

(3) A restriction on the transfer or registration of transfer of shares is authorized:

(a) To maintain the corporation's status when it is dependent on the number or identity of its shareholders;

(b) To preserve exemptions under federal or state securities law;

(c) For any other reasonable purpose.

(4) A restriction on the transfer or registration of transfer of shares may:

(a) Obligate the shareholder first to offer the corporation or other persons, separately, consecutively, or simultaneously, an opportunity to acquire the restricted shares;

(b) Obligate the corporation or other persons, separately, consecutively, or simultaneously, to acquire the restricted shares;

(c) Require the corporation, the holders of any class of its shares, or another person to approve the transfer of the restricted shares, if the requirement is not manifestly unreasonable;

(d) Prohibit the transfer of the restricted shares to designated persons or classes of persons, if the prohibition is not manifestly unreasonable.

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

30-29-628. EXPENSE OF ISSUE. A corporation may pay the expenses of selling or underwriting its shares, and of organizing or reorganizing the corporation, from the consideration received for shares.

30-29-629 -- RESERVED.

30-29-630. SHAREHOLDERS' PREEMPTIVE RIGHTS. (1) The shareholders of a corporation do not have a preemptive right to acquire the corporation's unissued shares except to the extent the articles of incorporation so provide.

(2) A statement included in the articles of incorporation that "the corporation elects to have preemptive rights," or words of similar import, means that the following principles apply except to the extent the articles of incorporation expressly provide otherwise:

(a) The shareholders of the corporation have a preemptive right, granted on uniform terms and conditions prescribed by the board of directors to provide a fair and reasonable opportunity to exercise the right, to acquire proportional amounts of the corporation's unissued shares upon the decision of the board of directors to issue them.

(b) A shareholder may waive his preemptive right. A waiver evidenced by a writing is irrevocable even though it is not supported by consideration.

(c) There is no preemptive right with respect to:

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

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

(iii) Shares authorized in articles of incorporation that are issued within six (6) months from the effective date of incorporation;

(iv) Shares sold otherwise than for money.

(d) Holders of shares of any class without general voting rights but with preferential rights to distributions or assets have no preemptive rights with respect to shares of any class.

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

(f) Shares subject to preemptive rights that are not acquired by shareholders may be issued to any person for a period of one (1) year after being offered to shareholders at a consideration set by the board of di-

rectors that is not lower than the consideration set for the exercise of preemptive rights. An offer at a lower consideration or after the expiration of one (1) year is subject to the shareholders' preemptive rights.

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

30-29-631. CORPORATION'S ACQUISITION OF ITS OWN SHARES. (1) A corporation may acquire its own shares. Unless a resolution of the board of directors or the corporation's articles of incorporation provide otherwise, shares so acquired constitute authorized but unissued shares.

(2) If the articles of incorporation prohibit the reissue of acquired shares, the number of authorized shares is reduced by the number of shares acquired, effective upon amendment of the articles of incorporation pursuant to section 30-29-1005(6), Idaho Code.

(3) A corporation has authority to use, hold, acquire, cancel and dispose of treasury shares.

(4) Unless the board of directors adopts an amendment to the corporation's articles of incorporation to reduce the number of authorized shares, treasury shares of the corporation that are canceled shall be treated as authorized but unissued shares.

30-29-632 through 30-29-639 -- RESERVED.

30-29-640. DISTRIBUTIONS TO SHAREHOLDERS. (1) A board of directors may authorize and the corporation may make distributions to its shareholders subject to restriction by the articles of incorporation and the limitation in subsection (3) of this section.

(2) If the board of directors does not fix the record date for determining shareholders entitled to a distribution, other than one involving a purchase, redemption or other acquisition of the corporation's shares, it is the date the board of directors authorizes the distribution.

(3) No distribution may be made if, after giving it effect:

(a) The corporation would not be able to pay its debts as they become due in the usual course of business; or

(b) The corporation's total assets would be less than the sum of its total liabilities plus, unless the articles of incorporation permit otherwise, the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution.

(4) The board of directors may base a determination that a distribution is not prohibited under subsection (3) of this section either on financial statements prepared on the basis of accounting practices and principles that are reasonable in the circumstances or on a fair valuation or other method that is reasonable in the circumstances.

(5) Except as provided in subsection (7) of this section, the effect of a distribution under subsection (3) of this section is measured:

(a) In the case of distribution by purchase, redemption or other acquisition of the corporation's shares, as of the earlier of:

(i) The date money or other property is transferred or debt incurred by the corporation; or

(ii) The date the shareholder ceases to be a shareholder with respect to the acquired shares;

(b) In the case of any other distribution of indebtedness, as of the date the indebtedness is distributed; and

(c) In all other cases, as of:

(i) The date the distribution is authorized if the payment occurs within one hundred twenty (120) days after the date of authorization; or

(ii) The date the payment is made if it occurs more than one hundred twenty (120) days after the date of authorization.

(6) A corporation's indebtedness to a shareholder incurred by reason of a distribution made in accordance with this section is at parity with the corporation's indebtedness to its general, unsecured creditors except to the extent subordinated by agreement.

(7) Indebtedness of a corporation, including indebtedness issued as a distribution, is not considered a liability for purposes of determinations under subsection (3) of this section if its terms provide that payment of principal and interest are made only if and to the extent that payment of a distribution to shareholders could then be made under this section. If the indebtedness is issued as a distribution, each payment of principal or interest is treated as a distribution, the effect of which is measured on the date the payment is actually made.

SECTION 62. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 7, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 7
SHAREHOLDERS

30-29-701. ANNUAL MEETING. (1) A corporation shall hold a meeting of shareholders annually at a time stated in or fixed in accordance with the bylaws.

(2) Annual shareholders' meetings may be held in or out of this state at the place stated in or fixed in accordance with the bylaws. If no place is stated in or fixed in accordance with the bylaws, annual meetings shall be held at the corporation's principal office.

(3) The failure to hold an annual meeting at the time stated in or fixed in accordance with a corporation's bylaws does not affect the validity of any corporate action.

30-29-702. SPECIAL MEETING. (1) A corporation shall hold a special meeting of shareholders:

(a) On call of its board of directors or the person or persons authorized to do so by the articles of incorporation or bylaws; or

(b) If the holders of at least twenty percent (20%) of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting sign, date and deliver to the corporation one (1) or more written demands for the meeting describing the purpose or pur-

poses for which it is to be held, provided that the articles of incorporation may fix a lower percentage or a higher percentage not exceeding thirty-three and one-third percent (33 1/3%) of all the votes entitled to be cast on any issue proposed to be considered. Unless otherwise provided in the articles of incorporation, a written demand for a special meeting may be revoked by a writing to that effect received by the corporation prior to the receipt by the corporation of demands sufficient in number to require the holding of a special meeting.

(2) If not otherwise fixed under section 30-29-703 or 30-29-707, Idaho Code, the record date for determining shareholders entitled to demand a special meeting is the date the first shareholder signs the demand.

(3) Special shareholders' meetings may be held in or out of this state at the place stated in or fixed in accordance with the bylaws. If no place is stated or fixed in accordance with the bylaws, special meetings shall be held at the corporation's principal office.

(4) Only business within the purpose or purposes described in the meeting notice required by section 30-29-705(3), Idaho Code, may be conducted at a special shareholders' meeting.

30-29-703. COURT-ORDERED MEETING. (1) The Idaho district court of the county where a corporation's principal office is located, or, if none in this state, Ada county, may summarily order a meeting to be held:

(a) On application of any shareholder of the corporation entitled to participate in an annual meeting if an annual meeting was not held within fifteen (15) months after its last annual meeting; or

(b) On application of a shareholder who signed a demand for a special meeting valid under section 30-29-702, Idaho Code, if:

(i) Notice of the special meeting was not given within thirty (30) days after the date the demand was delivered to the corporation's secretary; or

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

(2) The court may fix the time and place of the meeting, determine the shares entitled to participate in the meeting, specify a record date for determining shareholders entitled to notice of and to vote at the meeting, prescribe the form and content of the meeting notice, fix the quorum required for specific matters to be considered at the meeting, or direct that the votes represented at the meeting constitute a quorum for action on those matters, and enter other orders necessary to accomplish the purpose or purposes of the meeting.

30-29-704. ACTION WITHOUT MEETING. (1) Action required or permitted by this chapter to be taken at a shareholders' meeting may be taken without a meeting if the action is taken by all the shareholders entitled to vote on the action. The action must be evidenced by one (1) or more written consents bearing the date of signature and describing the action taken, signed by all the shareholders entitled to vote on the action, and delivered to the corporation for inclusion in the minutes or filing with the corporate records.

(2) If not otherwise fixed under section 30-29-703 or 30-29-707, Idaho Code, the record date for determining shareholders entitled to take action

without a meeting is the date the first shareholder signs the consent under subsection (1) of this section. No written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest date appearing on a consent delivered to the corporation in the manner required by this section, written consents signed by all shareholders entitled to vote on the action are received by the corporation. A written consent may be revoked by a writing to that effect received by the corporation prior to the receipt by the corporation of unrevoked written consents sufficient in number to take corporate action.

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

(4) If this chapter requires that notice of proposed action be given to nonvoting shareholders and the action is to be taken by unanimous consent of the voting shareholders, the corporation must give its nonvoting shareholders written notice of the proposed action at least ten (10) days before the action is taken. The notice must contain or be accompanied by the same material that, under this chapter, would have been required to be sent to nonvoting shareholders in a notice of meeting at which the proposed action would have been submitted to the shareholders for action.

30-29-705. NOTICE OF MEETING. (1) A corporation shall notify shareholders of the date, time and place of each annual and special shareholders' meeting no fewer than ten (10) nor more than sixty (60) days before the meeting date. Unless this chapter or the articles of incorporation require otherwise, the corporation is required to give notice only to shareholders entitled to vote at the meeting.

(2) Unless this chapter or the articles of incorporation require otherwise, notice of an annual meeting need not include a description of the purpose or purposes for which the meeting is called.

(3) Notice of a special meeting must include a description of the purpose or purposes for which the meeting is called.

(4) If not otherwise fixed under section 30-29-703 or 30-29-707, Idaho Code, the record date for determining shareholders entitled to notice of and to vote at an annual or special shareholders' meeting is the day before the first notice is delivered to shareholders.

(5) Unless the bylaws require otherwise, if an annual or special shareholders' meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time, or place if the new date, time, or place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is or must be fixed under section 30-29-707, Idaho Code, however, notice of the adjourned meeting must be given under this section to persons who are shareholders as of the new record date.

30-29-706. WAIVER OF NOTICE. (1) A shareholder may waive any notice required by this chapter, the articles of incorporation, or bylaws before or after the date and time stated in the notice. The waiver must be in writing, be signed by the shareholder entitled to the notice, and be delivered to the corporation for inclusion in the minutes or filing with the corporate records.

(2) A shareholder's attendance at a meeting:

(a) Waives objection to lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting;

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

30-29-707. RECORD DATE. (1) The bylaws may fix or provide the manner of fixing the record date for one (1) or more voting groups in order to determine the shareholders entitled to notice of a shareholders' meeting, to demand a special meeting, to vote, or to take any other action. If the bylaws do not fix or provide for fixing a record date, the board of directors of the corporation may fix a future date as the record date.

(2) A record date fixed under this section may not be more than seventy (70) days before the meeting or action requiring a determination of shareholders.

(3) A determination of shareholders entitled to notice of or to vote at a shareholders' meeting is effective for any adjournment of the meeting unless the board of directors fixes a new record date, which it must do if the meeting is adjourned to a date more than one hundred twenty (120) days after the date fixed for the original meeting.

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

30-29-708. CONDUCT OF THE MEETING. (1) At each meeting of shareholders, a chair shall preside. The chair shall be appointed as provided in the bylaws or, in the absence of such provision, by the board.

(2) The chair, unless the bylaws provide otherwise, shall determine the order of business and shall establish rules for the conduct of the meeting.

(3) The rules adopted for, and the conduct of, the meeting shall be fair to shareholders.

(4) The chair of the meeting shall announce at the meeting when the polls close for each matter voted upon. If no announcement is made, the polls shall be deemed to have closed upon the final adjournment of the meeting. After the polls close, no ballots, proxies or votes nor any revocations or changes thereto may be accepted.

30-29-709 through 30-29-719 -- RESERVED.

30-29-720. SHAREHOLDERS' LIST FOR MEETING. (1) After fixing a record date for a meeting, a corporation shall prepare an alphabetical list of the names of all its shareholders who are entitled to notice of a shareholders' meeting. The list must be arranged by voting group, and within each voting group by class or series of shares, and show the address of and number of shares held by each shareholder.

(2) The shareholders' list must be available for inspection by any shareholder, at least ten (10) days before the meeting for which the list was

prepared and continuing through the meeting, at the corporation's principal office or at a place identified in the meeting notice in the city where the meeting will be held. A shareholder, his agent or attorney is entitled on written demand to inspect and, subject to the requirements of section 30-29-1602(3), Idaho Code, to copy the list, during regular business hours and at his expense, during the period it is available for inspection.

(3) The corporation shall make the shareholders' list available at the meeting, and any shareholder, his agent, or attorney is entitled to inspect the list at any time during the meeting or any adjournment.

(4) If the corporation refuses to allow a shareholder, his agent or attorney to inspect the shareholders' list before or at the meeting, or copy the list as permitted by subsection (2) of this section, the Idaho district court of the county where a corporation's principal office is located, or, if none in this state, Ada county, on application of the shareholder, may summarily order the inspection or copying at the corporation's expense and may postpone the meeting for which the list was prepared until the inspection or copying is complete.

(5) Refusal or failure to prepare or make available the shareholders' list does not affect the validity of action taken at the meeting.

30-29-721. VOTING ENTITLEMENT OF SHARES. (1) Except as provided in subsections (2) and (4) of this section or unless the articles of incorporation provide otherwise, each outstanding share, regardless of class, is entitled to one (1) vote on each matter voted on at a shareholders' meeting. Only shares are entitled to vote.

(2) A corporation is not entitled to vote treasury shares. Absent special circumstances, the shares of a corporation are not entitled to vote if they are owned, directly or indirectly, by a second corporation, domestic or foreign, and the first corporation owns, directly or indirectly, a majority of the shares entitled to vote for directors of the second corporation.

(3) Subsection (2) of this section does not limit the power of a corporation to vote any shares, including its own shares, held by it in a fiduciary capacity.

(4) Redeemable shares are not entitled to vote after notice of redemption is mailed to the holders and a sum sufficient to redeem the shares has been deposited with a bank, trust company, or other financial institution under an irrevocable obligation to pay the holders the redemption price on surrender of the shares.

30-29-722. PROXIES. (1) A shareholder may vote his shares in person or by proxy.

(2) A shareholder or his agent or attorney-in-fact may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form, or by an electronic transmission. An electronic transmission must contain or be accompanied by information from which one can reasonably verify that the shareholder, the shareholder's agent, or the shareholder's attorney-in-fact authorized the transmission.

(3) An appointment of a proxy is effective when a signed appointment form or an electronic transmission of the appointment is received by the inspector of election or the officer or agent of the corporation authorized

to tabulate votes. An appointment is valid for eleven (11) months unless a longer period is expressly provided in the appointment form.

(4) An appointment of a proxy is revocable unless the appointment form or electronic transmission states that it is irrevocable and the appointment is coupled with an interest. Appointments coupled with an interest include the appointment of:

(a) A pledgee;

(b) A person who purchased or agreed to purchase the shares;

(c) A creditor of the corporation who extended it credit under terms requiring the appointment;

(d) An employee of the corporation whose employment contract requires the appointment; or

(e) A party to a voting agreement created under section 30-29-731, Idaho Code.

(5) The death or incapacity of the shareholder appointing a proxy does not affect the right of the corporation to accept the proxy's authority unless notice of the death or incapacity is received by the inspector of election or the officer or agent of the corporation authorized to tabulate votes before the proxy exercises his authority under the appointment.

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

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

(8) Subject to section 30-29-724, Idaho Code, and to any express limitation on the proxy's authority stated in the appointment form or electronic transmission, a corporation is entitled to accept the proxy's vote or other action as that of the shareholder making the appointment.

30-29-723. SHARES HELD BY NOMINEES. (1) A corporation may establish a procedure by which the beneficial owner of shares that are registered in the name of a nominee is recognized by the corporation as the shareholder. The extent of this recognition may be determined in the procedure.

(2) The procedure may set forth:

(a) The types of nominees to which it applies;

(b) The rights or privileges that the corporation recognizes in a beneficial owner;

(c) The manner in which the procedure is selected by the nominee;

(d) The information that must be provided when the procedure is selected;

(e) The period for which selection of the procedure is effective; and

(f) Other aspects of the rights and duties created.

30-29-724. CORPORATION'S ACCEPTANCE OF VOTES. (1) If the name signed on a vote, consent, waiver or proxy appointment corresponds to the name of a shareholder, the corporation if acting in good faith is entitled to accept the vote, consent, waiver or proxy appointment and give it effect as the act of the shareholder.

(2) If the name signed on a vote, consent, waiver or proxy appointment does not correspond to the name of its shareholder, the corporation if acting in good faith is nevertheless entitled to accept the vote, consent, waiver or proxy appointment and give it effect as the act of the shareholder if:

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

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

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

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

(e) Two (2) or more persons are the shareholder as cotenants or fiduciaries and the name signed purports to be the name or at least one (1) of the co-owners and the person signing appears to be acting on behalf of all the co-owners.

(3) The corporation is entitled to reject a vote, consent, waiver or proxy appointment if the inspector of election or the officer or agent of the corporation authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.

(4) The corporation and its officer or agent who accepts or rejects a vote, consent, waiver or proxy appointment in good faith and in accordance with the standards of this section or section 30-29-722(2), Idaho Code, are not liable in damages to the shareholder for the consequences of the acceptance or rejection.

(5) Corporate action based on the acceptance or rejection of a vote, consent, waiver or proxy appointment under this section or section 30-29-722(2), Idaho Code, is valid unless a court of competent jurisdiction determines otherwise.

30-29-725. QUORUM AND VOTING REQUIREMENTS FOR VOTING GROUPS. (1) Shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. Unless the articles of incorporation or this chapter provide otherwise, a majority of the votes entitled to be cast on the matter by the voting group constitutes a quorum of that voting group for action on that matter.

(2) Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

(3) If a quorum exists, action on a matter, other than the election of directors, by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the articles of incorporation or this chapter requires a greater number of affirmative votes.

(4) An amendment of articles of incorporation adding, changing or deleting a quorum or voting requirement for a voting group greater than specified in subsection (1) or (3) of this section is governed by section 30-29-727, Idaho Code.

(5) The election of directors is governed by section 30-29-728, Idaho Code.

30-29-726. ACTION BY SINGLE AND MULTIPLE VOTING GROUPS. (1) If the articles of incorporation or this chapter provide for voting by a single voting group on a matter, action on that matter is taken when voted upon by that voting group as provided in section 30-29-725, Idaho Code.

(2) If the articles of incorporation or this chapter provide for voting by two (2) or more voting groups on a matter, action on that matter is taken only when voted upon by each of those voting groups counted separately as provided in section 30-29-725, Idaho Code. Action may be taken by one (1) voting group on a matter even though no action is taken by another voting group entitled to vote on the matter.

30-29-727. GREATER QUORUM OR VOTING REQUIREMENTS. (1) The articles of incorporation may provide for a greater quorum or voting requirement for shareholders, or voting groups of shareholders, than is provided for by this chapter.

(2) An amendment to the articles of incorporation that adds, changes or deletes a greater quorum or voting requirement must meet the same quorum requirement and be adopted by the same vote and voting groups required to take action under the quorum and voting requirements then in effect or proposed to be adopted, whichever is greater.

30-29-728. VOTING FOR DIRECTORS -- CUMULATIVE VOTING. (1) Unless otherwise provided in the articles of incorporation, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present.

(2) Shareholders do not have a right to cumulate their votes for directors unless the articles of incorporation so provide.

(3) A statement included in the articles of incorporation that "[all] [a designated voting group of shareholders] are entitled to cumulate their votes for directors," or words of similar import, means that the shareholders designated are entitled to multiply the number of votes they are entitled to cast by the number of directors for whom they are entitled to vote and cast the product for a single candidate or distribute the product among two (2) or more candidates.

30-29-729. INSPECTORS OF ELECTION. (1) A corporation having any shares listed on a national securities exchange or regularly traded in a market maintained by one (1) or more members of a national or affiliated se-

curities association shall, and any other corporation may, appoint one (1) or more inspectors to act at a meeting of shareholders and make a written report of the inspectors' determinations. Each inspector shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of the inspector's ability.

(2) The inspectors shall:

(a) Ascertain the number of shares outstanding and the voting power of each;

(b) Determine the shares represented at a meeting;

(c) Determine the validity of proxies and ballots;

(d) Count all votes; and

(e) Determine the result.

(3) An inspector may be an officer or employee of the corporation.

30-29-730. VOTING TRUSTS. (1) One (1) or more shareholders may create a voting trust, conferring on a trustee the right to vote or otherwise act for them, by signing an agreement setting out the provisions of the trust, which may include anything consistent with its purpose, and transferring their shares to the trustee. When a voting trust agreement is signed, the trustee shall prepare a list of the names and addresses of all owners of beneficial interests in the trust, together with the number and class of shares each transferred to the trust, and deliver copies of the list and agreement to the corporation's principal office.

(2) A voting trust becomes effective on the date the first shares subject to the trust are registered in the trustee's name. A voting trust is valid for not more than ten (10) years after its effective date unless extended under subsection (3) of this section.

(3) All or some of the parties to a voting trust may extend it for additional terms of not more than ten (10) years each by signing written consent to the extension. An extension is valid for ten (10) years from the date the first shareholder signs the extension agreement. The voting trustee must deliver copies of the extension agreement and list of beneficial owners to the corporation's principal office. An extension agreement binds only those parties signing it.

30-29-731. VOTING AGREEMENTS. (1) Two (2) or more shareholders may provide for the manner in which they will vote their shares by signing an agreement for that purpose. A voting agreement created under this section is not subject to the provisions of section 30-29-730, Idaho Code.

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

30-29-732. SHAREHOLDER AGREEMENTS. (1) An agreement among the shareholders of a corporation that complies with this section is effective among the shareholders and the corporation even though it is inconsistent with one (1) or more other provisions of this chapter in that it:

(a) Eliminates the board of directors or restricts the discretion or powers of the board of directors;

(b) Governs the authorization or making of distributions whether or not in proportion to ownership of shares, subject to limitations in section 30-29-640, Idaho Code;

(c) Establishes who shall be directors or officers of the corporation, or their terms of office or manner of selection or removal;

(d) Governs, in general or in regard to specific matters, the exercise or division of voting power by or between the shareholders and directors or by or among any of them, including use of weighted voting rights or director proxies;

(e) Establishes the terms and conditions of any agreement for the transfer or use of property or the provision of services between the corporation and any shareholder, director, officer or employee of the corporation or among any of them;

(f) Transfers to one (1) or more shareholders or other persons all or part of the authority to exercise the corporate powers or to manage the business and affairs of the corporation, including the resolution of any issue about which there exists a deadlock among directors or shareholders;

(g) Requires dissolution of the corporation at the request of one (1) or more of the shareholders or upon the occurrence of a specified event or contingency; or

(h) Otherwise governs the exercise of the corporate powers or the management of the business and affairs of the corporation or the relationship among the shareholders, the directors and the corporation, or among any of them, and is not contrary to public policy.

(2) An agreement authorized by this section shall be:

(a) Set forth:

(i) In the articles of incorporation or bylaws and approved by all persons who are shareholders at the time of the agreement; or

(ii) In a written agreement that is signed by all persons who are shareholders at the time of the agreement and is made known to the corporation;

(b) Subject to amendment only by all persons who are shareholders at the time of the amendment, unless the agreement provides otherwise; and

(c) Valid for ten (10) years, unless the agreement provides otherwise.

(3) The existence of an agreement authorized by this section shall be noted conspicuously on the front or back of each certificate for outstanding shares or on the information statement required by section 30-29-626(2), Idaho Code. If at the time of the agreement the corporation has shares outstanding represented by certificates, the corporation shall recall the outstanding certificates and issue substitute certificates that comply with this subsection. The failure to note the existence of the agreement on the certificate or information statement shall not affect the validity of the agreement or any action taken pursuant to it. Any purchaser of shares who, at the time of purchase, did not have knowledge of the existence of the agreement shall be entitled to rescission of the purchase.

A purchaser shall be deemed to have knowledge of the existence of the agreement if its existence is noted on the certificate or information statement for the shares in compliance with this subsection and, if the shares are not represented by a certificate, the information statement is delivered

to the purchaser at or prior to the time of purchase of the shares. An action to enforce the right of rescission authorized by this subsection must be commenced within the earlier of ninety (90) days after discovery of the existence of the agreement or two (2) years after the time of purchase of the shares.

(4) An agreement authorized by this section shall cease to be effective when shares of the corporation are listed on a national securities exchange or regularly traded in a market maintained by one (1) or more members of a national or affiliated securities association. If the agreement ceases to be effective for any reason, the board of directors may, if the agreement is contained or referred to in the corporation's articles of incorporation or bylaws, adopt an amendment to the articles of incorporation or bylaws, without shareholder action, to delete the agreement and any references to it.

(5) An agreement authorized by this section that limits the discretion or powers of the board of directors shall relieve the directors of, and impose upon the person or persons in whom such discretion or powers are vested, liability for acts or omissions imposed by law on directors to the extent that the discretion or powers of the directors are limited by the agreement.

(6) The existence or performance of an agreement authorized by this section shall not be a ground for imposing personal liability on any shareholder for the acts or debts of the corporation even if the agreement or its performance treats the corporation as if it were a partnership or results in failure to observe the corporate formalities otherwise applicable to the matters governed by the agreement.

(7) Incorporators or subscribers for shares may act as shareholders with respect to an agreement authorized by this section if no shares have been issued when the agreement is made.

30-29-733 through 30-29-739 -- RESERVED.

30-29-740. DEFINITIONS. As used in sections 30-29-741 through 30-29-747, Idaho Code, "derivative proceeding" means a civil suit in the right of a domestic corporation or, to the extent provided in section 30-29-747, Idaho Code, in the right of a foreign corporation.

30-29-741. STANDING. A shareholder may not commence or maintain a derivative proceeding unless the shareholder:

(1) Was a shareholder of the corporation at the time of the act or omission complained of or became a shareholder through transfer by operation of law from one (1) who was a shareholder at that time; and

(2) Fairly and adequately represents the interests of the corporation in enforcing the right of the corporation.

30-29-742. DEMAND. No shareholder may commence a derivative proceeding until:

(1) A written demand has been made upon the corporation to take suitable action; and

(2) Ninety (90) days have expired from the date the demand was made unless the shareholder has earlier been notified that the demand has been re-

jected by the corporation or unless irreparable injury to the corporation would result by waiting for the expiration of the ninety (90) day period.

30-29-743. STAY OF PROCEEDINGS. If the corporation commences an inquiry into the allegations made in the demand or complaint, the court may stay any derivative proceeding for such period as the court deems appropriate.

30-29-744. DISMISSAL. (1) A derivative proceeding shall be dismissed by the court on motion by the corporation if one (1) of the groups specified in subsection (2) or (6) of this section has determined in good faith after conducting a reasonable inquiry upon which its conclusions are based that the maintenance of the derivative proceeding is not in the best interests of the corporation.

(2) Unless a panel is appointed pursuant to subsection (6) of this section, the determination in subsection (1) of this section shall be made by:

(a) A majority vote of independent directors present at a meeting of the board of directors if the independent directors constitute a quorum;

(b) A majority vote of a committee consisting of two (2) or more independent directors appointed by majority vote of independent directors present at a meeting of the board of directors, whether or not such independent directors constituted a quorum.

(3) None of the following shall by itself cause a director to be considered not independent for purposes of this section:

(a) The nomination or election of the director by persons who are defendants in the derivative proceeding or against whom action is demanded;

(b) The naming of the director as a defendant in the derivative proceeding or as a person against whom action is demanded; or

(c) The approval by the director of the act being challenged in the derivative proceeding or demand if the act resulted in no personal benefit to the director.

(4) If a derivative proceeding is commenced after a determination has been made rejecting a demand by a shareholder, the complaint shall allege with particularity facts establishing either:

(a) That a majority of the board of directors did not consist of independent directors at the time the determination was made; or

(b) That the requirements of subsection (1) of this section have not been met.

(5) If a majority of the board of directors does not consist of independent directors at the time the determination is made, the corporation shall have the burden of proving that the requirements of subsection (1) of this section have been met. If a majority of the board of directors consists of independent directors at the time the determination is made, the plaintiff shall have the burden of proving that the requirements of subsection (1) of this section have not been met.

(6) The court may appoint a panel of one (1) or more independent persons upon motion by the corporation to make a determination whether the maintenance of the derivative proceeding is in the best interests of the corporation. In such case, the plaintiff shall have the burden of proving that the requirements of subsection (1) of this section have not been met.

30-29-745. DISCONTINUANCE OR SETTLEMENT. A derivative proceeding may not be discontinued or settled without the court's approval. If the court determines that a proposed discontinuance or settlement will substantially affect the interests of the corporation's shareholders or a class of shareholders, the court shall direct that notice be given to the shareholders affected.

30-29-746. PAYMENT OF EXPENSES. On termination of the derivative proceeding the court may:

(1) Order the corporation to pay the plaintiff's reasonable expenses, including counsel fees, incurred in the proceeding if it finds that the proceeding has resulted in a substantial benefit to the corporation;

(2) Order the plaintiff to pay any defendant's reasonable expenses, including counsel fees, incurred in defending the proceeding if it finds that the proceeding was commenced or maintained without reasonable cause or for an improper purpose; or

(3) Order a party to pay an opposing party's reasonable expenses, including counsel fees, incurred because of the filing of a pleading, motion or other paper, if it finds that the pleading, motion or other paper was not well grounded in fact, after reasonable inquiry, or warranted by existing law or a good faith argument for the extension, modification or reversal of existing law and was interposed for an improper purpose, such as to harass or cause unnecessary delay or needless increase in the cost of litigation.

30-29-747. APPLICABILITY TO FOREIGN CORPORATIONS. In any derivative proceeding in the right of a foreign corporation, the matters covered by sections 30-29-740 through 30-29-746, Idaho Code, shall be governed by the laws of the jurisdiction of incorporation of the foreign corporation except for sections 30-29-743, 30-29-745 and 30-29-746, Idaho Code.

SECTION 63. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 8, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 8
DIRECTORS AND OFFICERS

30-29-801. REQUIREMENT FOR AND DUTIES OF BOARD OF DIRECTORS. (1) Except as provided in section 30-29-732, Idaho Code, each corporation must have a board of directors.

(2) All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation managed by or under the direction of, its board of directors, subject to any limitation set forth in the articles of incorporation or in an agreement authorized under section 30-29-732, Idaho Code.

30-29-802. QUALIFICATIONS OF DIRECTORS. The articles of incorporation or bylaws may prescribe qualifications for directors. A director need not be a resident of this state or a shareholder of the corporation unless the articles of incorporation or bylaws so prescribe.

30-29-803. NUMBER AND ELECTION OF DIRECTORS. (1) A board of directors must consist of one (1) or more individuals, with the number specified in or fixed in accordance with the articles of incorporation or bylaws.

(2) The number of directors may be increased or decreased from time to time by amendment to, or in the manner provided in, the articles of incorporation or the bylaws.

(3) Directors are elected at the first annual shareholders' meeting and at each annual meeting thereafter unless their terms are staggered under section 30-29-806, Idaho Code.

30-29-804. ELECTION OF DIRECTORS BY CERTAIN CLASSES OF SHAREHOLDERS. If the articles of incorporation authorize dividing the shares into classes, the articles may also authorize the election of all or a specified number of directors by the holders of one (1) or more authorized classes of shares. A class, or classes, of shares entitled to elect one (1) or more directors is a separate voting group for purposes of the election of directors.

30-29-805. TERMS OF DIRECTORS GENERALLY. (1) The terms of the initial directors of a corporation expire at the first shareholders' meeting at which directors are elected.

(2) The terms of all other directors expire at the next annual shareholders' meeting following their election unless their terms are staggered under section 30-29-806, Idaho Code.

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

(4) A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

(5) Despite the expiration of a director's term, he continues to serve until his successor is elected and qualifies or until there is a decrease in the number of directors.

30-29-806. STAGGERED TERMS FOR DIRECTORS. The articles of incorporation may provide for staggering the terms of directors by dividing the total number of directors into two (2) or three (3) groups, with each group containing one-half (1/2) or one-third (1/3) of the total, as near as may be. In that event, the terms of directors in the first group expire at the first annual shareholders' meeting after their election, the terms of the second group expire at the second annual shareholders' meeting after their election, and the terms of the third group, if any, expire at the third annual shareholders' meeting after their election. At each annual shareholders' meeting held thereafter, directors shall be chosen for a term of two (2) or three (3) years, as the case may be, to succeed those whose terms expire.

30-29-807. RESIGNATION OF DIRECTORS. (1) A director may resign at any time by delivering written notice to the board of directors, its chairman, or the corporation.

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

30-29-808. REMOVAL OF DIRECTORS BY SHAREHOLDERS. (1) The shareholders may remove one (1) or more directors with or without cause unless the articles of incorporation provide that directors may be removed only for cause.

(2) If a director is elected by a voting group of shareholders, only the shareholders of that voting group may participate in the vote to remove him.

(3) If cumulative voting is authorized, a director may not be removed if the number of votes sufficient to elect him under cumulative voting is voted against his removal. If cumulative voting is not authorized, a director may be removed only if the number of votes cast to remove him exceeds the number of votes cast not to remove him.

(4) A director may be removed by the shareholders only at a meeting called for the purpose of removing him and the meeting notice must state that the purpose, or one (1) of the purposes, of the meeting is removal of the director.

30-29-809. REMOVAL OF DIRECTORS BY JUDICIAL PROCEEDING. (1) The Idaho district court of the county where a corporation's principal office is located, or, if none in this state, Ada county, may remove a director of the corporation from office in a proceeding commenced by or in the right of the corporation if the court finds that:

(a) The director engaged in fraudulent conduct with respect to the corporation or its shareholders, grossly abused the position of director, or intentionally inflicted harm on the corporation; and

(b) Considering the director's course of conduct and the inadequacy of other available remedies, removal would be in the best interest of the corporation.

(2) A shareholder proceeding on behalf of the corporation under subsection (1) of this section shall comply with all the requirements of sections 30-29-741 through 30-29-747, Idaho Code, except section 30-29-741(1), Idaho Code.

(3) The court, in addition to removing the director, may bar the director from reelection for a period prescribed by the court.

(4) Nothing in this section limits the equitable powers of the court to order other relief.

30-29-810. VACANCY ON BOARD. (1) Unless the articles of incorporation provide otherwise, if a vacancy occurs on a board of directors, including a vacancy resulting from an increase in the number of directors:

(a) The shareholders may fill the vacancy;

(b) The board of directors may fill the vacancy; or

(c) If the directors remaining in office constitute fewer than a quorum of the board, they may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office.

(2) If the vacant office was held by a director elected by a voting group of shareholders, only the holders of shares of that voting group are entitled to vote to fill the vacancy if it is filled by the shareholders.

(3) A vacancy that will occur at a specific later date, by reason of a resignation effective at a later date under section 30-29-807(2), Idaho Code, or otherwise, may be filled before the vacancy occurs but the new director may not take office until the vacancy occurs.

30-29-811. COMPENSATION OF DIRECTORS. Unless the articles of incorporation or bylaws provide otherwise, the board of directors may fix the compensation of directors.

30-29-812 through 30-29-819 -- RESERVED.

30-29-820. MEETINGS. (1) The board of directors may hold regular or special meetings in or out of this state.

(2) Unless the articles of incorporation or bylaws provide otherwise, any or all directors may participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

30-29-821. ACTION WITHOUT MEETING. (1) Except to the extent that the articles of incorporation or bylaws require that action by the board of directors be taken at a meeting, action required or permitted by this act to be taken by the board of directors may be taken without a meeting if each director signs a consent describing the action to be taken and delivers it to the corporation.

(2) Action taken under this section is the act of the board of directors when one (1) or more consents signed by all the directors are delivered to the corporation. The consent may specify the time at which the action taken thereunder is to be effective. A director's consent may be withdrawn by a revocation signed by the director and delivered to the corporation prior to delivery to the corporation of unrevoked written consents signed by all the directors.

(3) A consent signed under this section has the effect of action taken at a meeting of the board of directors and may be described as such in any document.

30-29-822. NOTICE OF MEETING. (1) Unless the articles of incorporation or bylaws provide otherwise, regular meetings of the board of directors may be held without notice of the date, time, place or purpose of the meeting.

(2) Unless the articles of incorporation or bylaws provide for a longer or shorter period, special meetings of the board of directors must be preceded by at least two (2) days' notice of the date, time and place of the meeting. The notice need not describe the purpose of the special meeting unless required by the articles of incorporation or bylaws.

30-29-823. WAIVER OF NOTICE. (1) A director may waive any notice required by this chapter, the articles of incorporation, or bylaws before or after the date and time stated in the notice. Except as provided by subsection (2) of this section, the waiver must be filed in writing, signed by the director entitled to the notice, and filed with the minutes or corporate records.

(2) A director's attendance at or participation in a meeting waives any required notice to him of the meeting unless the director at the beginning of the meeting, or promptly upon his arrival, objects to holding the meeting

or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

30-29-824. QUORUM AND VOTING. (1) Unless the articles of incorporation or bylaws require a greater number or unless otherwise specifically provided in this chapter, a quorum of a board of directors consists of:

(a) A majority of the fixed number of directors if the corporation has a fixed board size; or

(b) A majority of the number of directors prescribed, or if no number is prescribed the number in office immediately before the meeting begins, if the corporation has a variable-range size board.

(2) The articles of incorporation or bylaws may authorize a quorum of a board of directors to consist of no fewer than one-third (1/3) of the fixed or prescribed number of directors determined under subsection (1) of this section.

(3) If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the board of directors unless the articles of incorporation or bylaws require the vote of a greater number of directors.

(4) A director who is present at a meeting of the board of directors or a committee of the board of directors when corporate action is taken is deemed to have assented to the action taken unless:

(a) He objects at the beginning of the meeting, or promptly upon his arrival, to holding it or transacting business at the meeting;

(b) His dissent or abstention from the action taken is entered in the minutes of the meeting; or

(c) He delivers written notice of his dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a director who votes in favor of the action taken.

30-29-825. COMMITTEES. (1) Unless this chapter, the articles of incorporation or the bylaws provide otherwise, a board of directors may create one (1) or more committees and appoint one (1) or more members of the board of directors to serve on any such committee.

(2) Unless this chapter otherwise provides, the creation of a committee and appointment of members to it must be approved by the greater of:

(a) A majority of all the directors in office when the action is taken; or

(b) The number of directors required by the articles of incorporation or bylaws to take action under section 30-29-824, Idaho Code.

(3) Sections 30-29-820 through 30-29-824, Idaho Code, apply both to committees of the board and to their members.

(4) To the extent specified by the board of directors or in the articles of incorporation or bylaws, each committee may exercise the powers of the board of directors under section 30-29-801, Idaho Code.

(5) A committee may not, however:

(a) Authorize or approve distributions, except according to a formula or method, or within limits, prescribed by the board of directors;

(b) Approve or propose to shareholders action that this chapter requires be approved by shareholders;

(c) Fill vacancies on the board of directors or, subject to subsection (7) of this section, on any of its committees; or

(d) Adopt, amend or repeal bylaws.

(6) The creation of, delegation of authority to, or action by a committee does not alone constitute compliance by a director with the standards of conduct described in section 30-29-830, Idaho Code.

(7) The board of directors may appoint one (1) or more directors as alternate members of any committee to replace any absent or disqualified member during the member's absence or disqualification. Unless the articles of incorporation or the bylaws or the resolution creating the committee provide otherwise, in the event of the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, unanimously, may appoint another director to act in place of the absent or disqualified member.

30-29-826 through 30-29-829 -- RESERVED.

30-29-830. STANDARDS FOR DIRECTORS. (1) Each member of the board of directors, when discharging the duties of a director, shall act:

(a) In good faith; and

(b) In a manner the director reasonably believes to be in the best interests of the corporation.

(2) The members of the board of directors or a committee of the board, when becoming informed in connection with their decision-making function or devoting attention to their oversight function, shall discharge their duties with the care that a person in a like position would reasonably believe appropriate under similar circumstances.

(3) In discharging board or committee duties a director, who does not have knowledge that makes reliance unwarranted, is entitled to rely on the performance by any of the persons specified in subsection (5)(a) or (c) of this section to whom the board may have delegated, formally or informally by course of conduct, the authority or duty to perform one (1) or more of the board's functions that are delegable under applicable law.

(4) In discharging board or committee duties a director, who does not have knowledge that makes reliance unwarranted, is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data prepared or presented by any of the persons specified in subsection (5) of this section.

(5) A director is entitled to rely, in accordance with subsection (3) or (4) of this section, on:

(a) One (1) or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the functions performed or the information, opinion, reports or statements provided;

(b) Legal counsel, public accountants, or other persons retained by the corporation as to matters involving skills or expertise the director reasonably believes are matters:

(i) Within the particular person's professional or expert competence; or

(ii) As to which the particular person merits confidence; or

(c) A committee of the board of directors of which the director is not a member if the director reasonably believes the committee merits confidence.

30-29-831. STANDARDS OF LIABILITY FOR DIRECTORS. (1) A director shall not be liable to the corporation or its shareholders for any decision to take or not to take action, or any failure to take any action, as a director, unless the party asserting liability in a proceeding establishes that:

(a) Any provision in the articles of incorporation authorized by section 30-29-202(2)(d), Idaho Code, or the protection afforded by section 30-29-861, Idaho Code, for action taken in compliance with section 30-29-862 or 30-29-863, Idaho Code, if interposed as a bar to the proceeding by the director, does not preclude liability; and

(b) The challenged conduct consisted or was the result of:

(i) Action not in good faith; or

(ii) A decision:

(A) That the director did not reasonably believe to be in the best interests of the corporation; or

(B) As to which the director was not informed to an extent the director reasonably believed appropriate in the circumstances; or

(iii) A lack of objectivity due to the director's familial, financial, or business relationship with, or a lack of independence due to the director's domination or control by, another person having a material interest in the challenged conduct:

(A) Which relationship or which domination or control could reasonably be expected to have affected the director's judgment respecting the challenged conduct in a manner adverse to the corporation; and

(B) After a reasonable expectation to such effect has been established, the director shall not have established that the challenged conduct was reasonably believed by the director to be in the best interests of the corporation; or

(iv) A sustained failure of the director to be informed about the business and affairs of the corporation, or other material failure of the director to discharge the oversight function; or

(v) Receipt of a financial benefit to which the director was not entitled or any other breach of the director's duties to deal fairly with the corporation and its shareholders that is actionable under applicable law.

(2) The party seeking to hold the director liable:

(a) For money damages, shall also have the burden of establishing that:

(i) Harm to the corporation or its shareholders has been suffered; and

(ii) The harm suffered was proximately caused by the director's challenged conduct; or

(b) For other money payment under a legal remedy, such as compensation for the unauthorized use of corporate assets, shall also have whatever persuasion burden may be called for to establish that the payment sought is appropriate in the circumstances; or

(c) For other money payment under an equitable remedy, such as profit recovery by or disgorgement to the corporation, shall also have whatever persuasion burden may be called for to establish that the equitable remedy sought is appropriate in the circumstances.

(3) Nothing contained in this section shall:

(a) In any instance where fairness is at issue, such as consideration of the fairness of a transaction to the corporation under section 30-29-861(2)(c), Idaho Code, alter the burden of proving the fact or lack of fairness otherwise applicable;

(b) Alter the fact or lack of liability of a director under another section of this chapter, such as the provisions governing the consequences of an unlawful distribution under section 30-29-833, Idaho Code, or a transactional interest under section 30-29-861, Idaho Code; or

(c) Affect any rights to which the corporation or a shareholder may be entitled under another statute of this state or the United States.

30-29-832 -- RESERVED.

30-29-833. DIRECTORS' LIABILITY FOR UNLAWFUL DISTRIBUTIONS. (1) A director who votes for or assents to a distribution in excess of what may be authorized and made pursuant to section 30-29-640(1) or 30-29-1409(1), Idaho Code, is personally liable to the corporation for the amount of the distribution that exceeds what could have been distributed without violating section 30-29-640(1) or 30-29-1409(1), Idaho Code, if the party asserting liability establishes that when taking the action the director did not comply with section 30-29-830, Idaho Code.

(2) A director held liable under subsection (1) of this section for an unlawful distribution is entitled to:

(a) Contribution from every other director who could be held liable under subsection (1) of this section for the unlawful distribution; and

(b) Recoupment from each shareholder of the pro rata portion of the amount of the unlawful distribution the shareholder accepted knowing the distribution was made in violation of section 30-29-640(1) or 30-29-1409(1), Idaho Code.

(3) A proceeding to enforce:

(a) The liability of a director under subsection (1) of this section is barred unless it is commenced within two (2) years after the date:

(i) On which the effect of the distribution was measured under section 30-29-640(5) or (7), Idaho Code; or

(ii) As of which the violation of section 30-29-640(1), Idaho Code, occurred as the consequence of disregard of a restriction in the articles of incorporation; or

(iii) On which the distribution of assets to shareholders under section 30-29-1409(1), Idaho Code, was made; or

(b) Contribution or recoupment under subsection (2) of this section is barred unless it is commenced within one (1) year after the liability of

the claimant has been finally adjudicated under subsection (1) of this section.

30-29-834 through 30-29-839 -- RESERVED.

30-29-840. REQUIRED OFFICERS. (1) A corporation has the offices described in its bylaws or designated by the board of directors in accordance with the bylaws.

(2) The board of directors may elect individuals to fill one (1) or more offices of the corporation. An officer may appoint one (1) or more officers if authorized by the bylaws or the board of directors.

(3) The bylaws or the board of directors shall assign to one (1) of the officers responsibility for preparing the minutes of the directors' and shareholders' meetings and for maintaining and authenticating the records of the corporation required to be kept under section 30-29-1601(1) and (2), Idaho Code.

(4) The same individual may simultaneously hold more than one (1) office in a corporation.

30-29-841. DUTIES OF OFFICERS. Each officer has the authority and shall perform the duties set forth in the bylaws or, to the extent consistent with the bylaws, the duties prescribed by the board of directors or by direction of an officer authorized by the board of directors to prescribe the duties of other officers.

30-29-842. STANDARDS OF CONDUCT FOR OFFICERS. (1) An officer, when performing in such capacity, shall act:

(a) In good faith;

(b) With the care that a person in a like position would reasonably exercise under similar circumstances; and

(c) In a manner the officer reasonably believes to be in the best interests of the corporation.

(2) In discharging those duties an officer, who does not have knowledge that makes reliance unwarranted, is entitled to rely on:

(a) The performance of properly delegated responsibilities by one (1) or more employees of the corporation whom the officer reasonably believes to be reliable and competent in performing the responsibilities delegated; or

(b) Information, opinions, reports or statements, including financial statements and other financial data, prepared or presented by one (1) or more employees of the corporation whom the officer reasonably believes to be competent in the matters presented or by legal counsel, public accountants or other persons retained by the corporation as to matters involving skill or expertise the officer reasonably believes are matters:

(i) Within the particular person's professional or expert competence; or

(ii) As to which the particular person merits confidence.

(3) An officer shall not be liable to the corporation or its shareholders for any decision to take or not to take action or any failure to take action, as an officer, if the duties of the office are performed in compliance

with this section. Whether an officer who does not comply with this section shall have liability will depend in such instance on applicable law, including those principles of section 30-29-831, Idaho Code, that have relevance.

30-29-843. RESIGNATION AND REMOVAL OF OFFICERS. (1) An officer may resign at any time by delivering notice to the corporation. A resignation is effective when the notice is delivered unless the notice specifies a later effective time. If a resignation is made effective at a later time and the board or the appointing officer accepts the future effective time, the board or the appointing officer may fill the pending vacancy before the effective time if the board or the appointing officer provides that the successor does not take office until the effective time.

(2) An officer may be removed at any time with or without cause by:

(a) The board of directors;

(b) The officer who appointed such officer, unless the bylaws or the board of directors provide otherwise; or

(c) Any other officer if authorized by the bylaws or the board of directors.

(3) In this section "appointing officer" means the officer, including any successor to that officer, who appointed the officer resigning or being removed.

30-29-844. CONTRACT RIGHTS OF OFFICERS. (1) The appointment of an officer does not itself create contract rights.

(2) An officer's removal does not affect the officer's contract rights, if any, with the corporation. An officer's resignation does not affect the corporation's contract rights, if any, with the officer.

30-29-845 through 30-29-849 -- RESERVED.

30-29-850. DEFINITIONS. For purposes of this section and sections 30-29-851 through 30-29-859, Idaho Code:

(1) "Corporation" includes any domestic or foreign predecessor entity of a corporation in a merger.

(2) "Director" or "officer" means an individual who is or was a director or officer, respectively, of a corporation or who, while a director or officer of the corporation, is or was serving at the corporation's request as a director, officer, partner, trustee, employee or agent of another domestic or foreign corporation, partnership, joint venture, trust, employee benefit plan or other entity. A director or officer is considered to be serving an employee benefit plan at the corporation's request if his duties to the corporation also impose duties on, or otherwise involve services by, him to the plan or to participants in or beneficiaries of the plan. "Director" or "officer" includes, unless the context requires otherwise, the estate or personal representative of a director or officer.

(3) "Disinterested director" means a director who, at the time of a vote referred to in section 30-29-853(3), Idaho Code, or a vote or selection referred to in section 30-29-855(2) or (3), Idaho Code, is not:

(a) A party to the proceeding; or

(b) An individual having a familial, financial, professional or employment relationship with the director whose indemnification or advance for expenses is the subject of the decision being made, which relationship would, in the circumstances, reasonably be expected to exert an influence on the director's judgment when voting on the decision being made.

(4) "Expenses" includes counsel fees.

(5) "Liability" means the obligation to pay a judgment, settlement, penalty, fine, including an excise tax assessed with respect to an employee benefit plan, or reasonable expenses incurred with respect to a proceeding.

(6) "Official capacity" means:

(a) When used with respect to a director, the office of director in a corporation; and

(b) When used with respect to an officer, as contemplated in section 30-29-856, Idaho Code, the office in a corporation held by the officer.

"Official capacity" does not include service for any other domestic or foreign corporation or any partnership, joint venture, trust, employee benefit plan or other entity.

(7) "Party" means an individual who was, is or is threatened to be made, a defendant or respondent in a proceeding.

(8) "Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative and whether formal or informal.

30-29-851. PERMISSIBLE INDEMNIFICATION. (1) Except as otherwise provided in this section, a corporation may indemnify an individual who is a party to a proceeding because he is a director against liability incurred in the proceeding if:

(a) (i) He conducted himself in good faith; and

(ii) He reasonably believed:

(A) In the case of conduct in his official capacity, that his conduct was in the best interests of the corporation; and

(B) In all cases, that his conduct was at least not opposed to the best interests of the corporation; and

(iii) In the case of any criminal proceeding, he had no reasonable cause to believe his conduct was unlawful; or

(b) He engaged in conduct for which broader indemnification has been made permissible or obligatory under a provision of the articles of incorporation, as authorized by section 30-29-202(2)(e), Idaho Code.

(2) A director's conduct with respect to an employee plan for a purpose he reasonably believed to be in the best interests of the participants in, and the beneficiaries of, the plan is conduct that satisfies the requirement of subsection (1)(a)(ii)(B) of this section.

(3) The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, is not, of itself, determinative that the director did not meet the relevant standard of conduct described in this section.

(4) Unless ordered by a court under section 30-29-854(1)(c), Idaho Code, a corporation may not indemnify a director:

(a) In connection with a proceeding by or in the right of the corporation, except for reasonable expenses incurred in connection with the proceeding if it is determined that the director has met the relevant standard of conduct under subsection (1) of this section; or

(b) In connection with any proceeding with respect to conduct for which he was adjudged liable on the basis that he received a financial benefit to which he was not entitled, whether or not involving action in his official capacity.

30-29-852. MANDATORY INDEMNIFICATION. A corporation shall indemnify a director who was wholly successful, on the merits or otherwise, in the defense of any proceeding to which he was a party because he was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding.

30-29-853. ADVANCE FOR EXPENSES. (1) A corporation may, before final disposition of a proceeding, advance funds to pay for or reimburse the reasonable expenses incurred by a director who is a party to a proceeding because he is a director if he delivers to the corporation:

(a) A written affirmation of his good faith belief that he has met the relevant standard of conduct described in section 30-29-851, Idaho Code, or that the proceeding involves conduct for which liability has been eliminated under a provision of the articles of incorporation as authorized by section 30-29-202(2)(d), Idaho Code; and

(b) His written undertaking to repay any funds advanced if he is not entitled to mandatory indemnification under section 30-29-852, Idaho Code, and it is ultimately determined under section 30-29-854 or 30-29-855, Idaho Code, that he has not met the relevant standard of conduct described in section 30-29-851, Idaho Code.

(2) The undertaking required by subsection (1)(b) of this section must be an unlimited general obligation of the director but need not be secured and may be accepted without reference to the financial ability of the director to make repayment.

(3) Authorizations under this section shall be made:

(a) By the board of directors:

(i) If there are two (2) or more disinterested directors, by a majority vote of all the disinterested directors, a majority of whom shall for such purposes constitute a quorum, or by a majority of the members of a committee of two (2) or more disinterested directors appointed by such a vote; or

(ii) If there are fewer than two (2) disinterested directors, by the vote necessary for action by the board in accordance with section 30-29-824(3), Idaho Code, in which authorization directors who do not qualify as disinterested directors may participate; or

(b) By the shareholders, but shares owned by or voted under the control of a director who at the time does not qualify as a disinterested director may not be voted on the authorization.

30-29-854. COURT-ORDERED INDEMNIFICATION AND ADVANCE FOR EXPENSES. (1) A director who is a party to a proceeding because he is a director

may apply for indemnification or an advance for expenses to the court conducting the proceeding or to another court of competent jurisdiction. After receipt of an application and after giving any notice it considers necessary, the court shall:

(a) Order indemnification if the court determines that the director is entitled to mandatory indemnification under section 30-29-852, Idaho Code;

(b) Order indemnification or advance for expenses if the court determines that the director is entitled to indemnification or advance for expenses pursuant to a provision authorized by section 30-29-858(1), Idaho Code; or

(c) Order indemnification or advance for expenses if the court determines, in view of all the relevant circumstances, that it is fair and reasonable:

(i) To indemnify the director; or

(ii) To advance expenses to the director, even if he has not met the relevant standard of conduct set forth in section 30-29-851(1), Idaho Code, failed to comply with section 30-29-853, Idaho Code, or was adjudged liable in a proceeding referred to in section 30-29-851(4)(a) or (b), Idaho Code, but if he was adjudged so liable his indemnification shall be limited to reasonable expenses incurred in connection with the proceeding.

(2) If the court determines that the director is entitled to indemnification under subsection (1)(a) of this section or to indemnification or advance for expenses under subsection (1)(b) of this section, it shall also order the corporation to pay the director's reasonable expenses incurred in connection with obtaining court-ordered indemnification or advance for expenses. If the court determines that the director is entitled to indemnification or advance for expenses under subsection (1)(c) of this section, it may also order the corporation to pay the director's reasonable expenses to obtain court-ordered indemnification or advance for expenses.

30-29-855. DETERMINATION AND AUTHORIZATION OF INDEMNIFICATION. (1) A corporation may not indemnify a director under section 30-29-851, Idaho Code, unless authorized for a specific proceeding after a determination has been made that indemnification of the director is permissible because he has met the relevant standard of conduct set forth in section 30-29-851, Idaho Code.

(2) The determination shall be made:

(a) If there are two (2) or more disinterested directors, by the board of directors by a majority vote of all the disinterested directors, a majority of whom shall for such purpose constitute a quorum, or by a majority of the members of a committee of two (2) or more disinterested directors appointed by such a vote;

(b) By special legal counsel:

(i) Selected in the manner prescribed in paragraph (a) of this subsection; or

(ii) If there are fewer than two (2) disinterested directors, selected by the board of directors, in which selection directors who do not qualify as disinterested directors may participate; or

(c) By the shareholders, but shares owned by or voted under the control of a director who at the time does not qualify as a disinterested director may not be voted on the determination.

(3) Authorization of indemnification shall be made in the same manner as the determination that indemnification is permissible, except that if there are fewer than two (2) disinterested directors or if the determination is made by special legal counsel, authorization of indemnification shall be made by those entitled under subsection (2)(b)(ii) of this section to select special legal counsel.

30-29-856. OFFICERS. (1) A corporation may indemnify and advance expenses under this part to an officer of the corporation who is a party to a proceeding because he is an officer of the corporation:

(a) To the same extent as a director; and

(b) If he is an officer but not a director, to such further extent as may be provided by the articles of incorporation, the bylaws, a resolution of the board of directors, or contract except for:

(i) Liability in connection with a proceeding by or in the right of the corporation other than for reasonable expenses incurred in connection with the proceeding; or

(ii) Liability arising out of conduct that constitutes:

(A) Receipt by him of a financial benefit to which he is not entitled;

(B) An intentional infliction of harm on the corporation or the shareholders; or

(C) An intentional violation of criminal law.

(2) The provisions of subsection (1)(b) of this section shall apply to an officer who is also a director if the basis on which he is made a party to the proceeding is an act or omission solely as an officer.

(3) An officer of a corporation who is not a director is entitled to mandatory indemnification under section 30-29-852, Idaho Code, and may apply to a court under section 30-29-854, Idaho Code, for indemnification or an advance for expenses, in each case to the same extent to which a director may be entitled to indemnification or advance for expenses under those provisions.

30-29-857. INSURANCE. A corporation may purchase and maintain insurance on behalf of an individual who is a director or officer of the corporation, or who, while a director or officer of the corporation, serves at the corporation's request as a director, officer, partner, trustee, employee or agent of another domestic or foreign corporation, partnership, joint venture, trust, employee benefit plan, or other entity, against liability asserted against or incurred by him in that capacity or arising from his status as a director or officer, whether or not the corporation would have power to indemnify or advance expenses to him against the same liability under this part; provided that banks, savings and loan associations and credit unions chartered under the laws of the state of Idaho may provide indemnification only by insurance.

30-29-858. VARIATION BY CORPORATE ACTION -- APPLICATION OF INDEMNIFICATION PROVISIONS. (1) A corporation may, by a provision in its articles of incorporation or bylaws or in a resolution approved by its board of directors or shareholders, obligate itself in advance of the act or omission giving rise to a proceeding to provide indemnification in accordance with section 30-29-851, Idaho Code, or advance funds to pay for or reimburse expenses in accordance with section 30-29-853, Idaho Code. Any such obligatory provision shall be deemed to satisfy the requirements for authorization referred to in section 30-29-853(3), Idaho Code, and in section 30-29-855(3), Idaho Code. Any such provision that obligates the corporation to provide indemnification to the fullest extent permitted by law shall be deemed to obligate the corporation to advance funds to pay for or reimburse expenses in accordance with section 30-29-853, Idaho Code, to the fullest extent permitted by law, unless the provision specifically provides otherwise.

(2) Any provision pursuant to subsection (1) of this section shall not obligate the corporation to indemnify or advance expenses to a director of a predecessor of the corporation, pertaining to conduct with respect to the predecessor, unless otherwise specifically provided. Any provision for indemnification or advance for expenses in the articles of incorporation, bylaws, or a resolution of the board of directors or shareholders of a predecessor of the corporation in a merger or in a contract to which the predecessor is a party, existing at the time the merger takes effect, shall be governed by section 30-22-206, Idaho Code.

(3) A corporation may, by a provision in its articles of incorporation, limit any of the rights to indemnification or advance for expenses created by or pursuant to this part, other than the rights to mandatory indemnification under section 30-29-852, Idaho Code, and to court-ordered indemnification and advance for expenses under section 30-29-854, Idaho Code.

(4) Sections 30-29-850 through 30-29-859, Idaho Code, do not limit a corporation's power to pay or reimburse expenses incurred by a director or an officer in connection with his appearance as a witness in a proceeding at a time when he is not a party.

(5) Sections 30-29-850 through 30-29-859, Idaho Code, do not limit a corporation's power to indemnify, advance expenses to or provide or maintain insurance on behalf of an employee or agent.

30-29-859. EXCLUSIVITY. A corporation may provide indemnification or advance expenses to a director or an officer only as permitted by sections 30-29-850 through 30-29-859, Idaho Code.

30-29-860. DEFINITIONS. For purposes of this section and sections 30-29-861 through 30-29-863, Idaho Code:

(1) "Conflicting interest" with respect to a corporation means the interest a director of the corporation has respecting a transaction effected or proposed to be effected by the corporation, or by a subsidiary of the corporation or any other entity in which the corporation has a controlling interest, if:

(a) Whether or not the transaction is brought before the board of directors of the corporation for action, the director knows at the time of commitment that he or a related person is a party to the transaction

or has a beneficial financial interest in or so closely linked to the transaction and of such financial significance to the director or a related person that the interest would reasonably be expected to exert an influence on the director's judgment if he were called upon to vote on the transaction; or

(b) The transaction is brought, or is of such character and significance to the corporation that it would in the normal course be brought, before the board of directors of the corporation for action, and the director knows at the time of commitment that any of the following persons is either a party to the transaction or has a beneficial financial interest in or so closely linked to the transaction and of such financial significance to the person that the interest would reasonably be expected to exert an influence on the director's judgment if he were called upon to vote on the transaction:

(i) An entity, other than the corporation, of which the director is a director, general partner, agent or employee;

(ii) A person that controls one (1) or more of the entities specified in subparagraph (i) of this paragraph or an entity that is controlled by, or is under common control with, one (1) or more of the entities specified in subparagraph (i) of this paragraph; or

(iii) An individual who is a general partner, principal or employer of the director.

(2) "Director's conflicting interest transaction" with respect to a corporation means a transaction effected or proposed to be effected by the corporation, or by a subsidiary of the corporation or any other entity in which the corporation has a controlling interest, respecting that a director of the corporation has a conflicting interest.

(3) "Related person" of a director means:

(a) The spouse, or a parent or sibling thereof, of the director, or a child, grandchild, sibling, parent, or spouse of any thereof, of the director, or an individual having the same home as the director, or a trust or estate of which an individual specified in this paragraph (a) is a substantial beneficiary; or

(b) A trust, estate, incompetent, conservatee or minor of which the director is a fiduciary.

(4) "Required disclosure" means disclosure by the director who has a conflicting interest of:

(a) The existence and nature of his conflicting interest; and

(b) All facts known to him respecting the subject matter of the transaction that an ordinarily prudent person would reasonably believe to be material to a judgment about whether or not to proceed with the transaction.

(5) "Time of commitment" respecting a transaction means the time when the transaction is consummated or, if made pursuant to contract, the time when the corporation, or its subsidiary or the entity in which it has a controlling interest, becomes contractually obligated so that its unilateral withdrawal from the transaction would entail significant loss, liability, or other damage.

30-29-861. JUDICIAL ACTION. (1) A transaction effected or proposed to be effected by a corporation or by a subsidiary of the corporation, or any other entity in which the corporation has a controlling interest, that is not a director's conflicting interest transaction may not be enjoined, set aside, or give rise to an award of damages or other sanctions, in a proceeding by a shareholder or by or in the right of the corporation, because a director of the corporation, or any person with whom or which he has a personal, economic, or other association, has an interest in the transaction.

(2) A director's conflicting interest transaction may not be enjoined, set aside, or give rise to an award of damages or other sanctions, in a proceeding by a shareholder or by or in the right of the corporation, because the director, or any person with whom or which he has a personal, economic, or other association, has an interest in the transaction, if:

(a) Directors' action respecting the transaction was at any time taken in compliance with section 30-29-862, Idaho Code;

(b) Shareholders' action respecting the transaction was at any time taken in compliance with section 30-29-863, Idaho Code; or

(c) The transaction, judged according to the circumstances at the time of commitment, is established to have been fair to the corporation.

30-29-862. DIRECTORS' ACTION. (1) Directors' action respecting a transaction is effective for purposes of section 30-29-861(2)(a), Idaho Code, if the transaction received the affirmative vote of a majority, but no fewer than two (2), of those qualified directors on the board of directors or on a duly empowered committee of the board who voted on the transaction after either required disclosure to them, to the extent the information was not known by them, or compliance with subsection (2) of this section; provided that action by a committee is so effective only if:

(a) All of its members are qualified directors; and

(b) Its members are either all the qualified directors on the board or are appointed by the affirmative vote of a majority of the qualified directors on the board.

(2) If a director has a conflicting interest respecting a transaction, but neither he nor a related person of the director specified in section 30-29-860(3)(a), Idaho Code, is a party to the transaction, and if the director has a duty under law or professional canon, or a duty of confidentiality to another person, respecting information relating to the transaction such that the director may not make the disclosure described in section 30-29-860(4)(b), Idaho Code, then disclosure is sufficient for purposes of subsection (1) of this section if the director:

(a) Discloses to the directors voting on the transaction the existence and nature of his conflicting interest and informs them of the character and limitations imposed by that duty before their vote on the transaction; and

(b) Plays no part, directly or indirectly, in their deliberations or vote.

(3) A majority, but no fewer than two (2), of all the qualified directors on the board of directors, or on the committee, constitutes a quorum for purposes of action that complies with this section. Directors' action that

otherwise complies with this section is not affected by the presence or vote of a director who is not a qualified director.

(4) For purposes of this section, "qualified director" means, with respect to a director's conflicting interest transaction, any director who does not have either:

(a) A conflicting interest respecting the transaction; or

(b) A familial, financial, professional or employment relationship with a second director who does have a conflicting interest respecting the transaction, which relationship would, in the circumstances, reasonably be expected to exert an influence on the first director's judgment when voting on the transaction.

30-29-863. SHAREHOLDERS' ACTION. (1) Shareholders' action respecting a transaction is effective for purposes of section 30-29-861(2)(b), Idaho Code, if a majority of the votes entitled to be cast by the holders of all qualified shares were cast in favor of the transaction after:

(a) Notice to shareholders describing the director's conflicting interest transaction;

(b) Provision of the information referred to in subsection (4) of this section; and

(c) Required disclosure to the shareholders who voted on the transaction, to the extent the information was not known by them.

(2) For purposes of this section, "qualified shares" means any shares entitled to vote with respect to the director's conflicting interest transaction except shares that, to the knowledge, before the vote, of the secretary, or other officer or agent of the corporation authorized to tabulate votes, are beneficially owned, or the voting of which is controlled, by a director who has a conflicting interest respecting the transaction or by a related person of the director, or both.

(3) A majority of the votes entitled to be cast by the holders of all qualified shares constitutes a quorum for purposes of action that complies with this section. Subject to the provisions of subsections (4) and (5) of this section, shareholders' action that otherwise complies with this section is not affected by the presence of holders, or the voting of shares that are not qualified shares.

(4) For purposes of compliance with subsection (1) of this section, a director who has a conflicting interest respecting the transaction shall, before the shareholders' vote, inform the secretary, or other officer or agent of the corporation authorized to tabulate votes, of the number, and the identity of persons holding or controlling the vote, of all shares that the director knows are beneficially owned, or the voting of which is controlled, by the director or by a related person of the director, or both.

(5) If a shareholders' vote does not comply with subsection (1) of this section solely because of a failure of a director to comply with subsection (4) of this section, and if the director establishes that his failure did not determine and was not intended by him to influence the outcome of the vote, the court may, with or without further proceedings respecting section 30-29-861(2)(c), Idaho Code, take such action respecting the transaction and the director, and give such effect, if any, to the shareholders' vote, as it considers appropriate in the circumstances.

SECTION 64. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 9, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 9
[RESERVED]

SECTION 65. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 10, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 10
AMENDMENT OF ARTICLES OF INCORPORATION AND BYLAWS

30-29-1001. AUTHORITY TO AMEND ARTICLES OF INCORPORATION. (1) A corporation may amend its articles of incorporation at any time to add or change a provision that is required or permitted in the articles of incorporation as of the effective date of the amendment or to delete a provision that is not required to be contained in the articles of incorporation.

(2) A shareholder of the corporation does not have a vested property right resulting from any provision in the articles of incorporation, including provisions relating to management, control, capital structure, dividend, entitlement, or purpose or duration of the corporation.

30-29-1002. AMENDMENT BEFORE ISSUANCE OF SHARES. If a corporation has not yet issued shares, its board of directors, or its incorporators if it has no board of directors, may adopt one (1) or more amendments to the corporation's articles of incorporation.

30-29-1003. AMENDMENT BY BOARD OF DIRECTORS AND SHAREHOLDERS. If a corporation has issued shares, an amendment to the articles of incorporation shall be adopted in the following manner:

(1) The proposed amendment must be adopted by the board of directors.

(2) Except as provided in sections 30-29-1005, 30-29-1007 and 30-29-1008, Idaho Code, after adopting the proposed amendment, the board of directors must submit the amendment to the shareholders for their approval. The board of directors must also transmit to the shareholders a recommendation that the shareholders approve the amendment, unless the board of directors makes a determination that because of conflicts of interest or other special circumstances it should not make such a recommendation, in which case the board of directors must transmit to the shareholders the basis for that determination.

(3) The board of directors may condition its submission of the amendment to the shareholders on any basis.

(4) If the amendment is required to be approved by the shareholders, and the approval is to be given at a meeting, the corporation must notify each shareholder, whether or not entitled to vote, of the meeting of shareholders at which the amendment is to be submitted for approval. The notice must state that the purpose, or one (1) of the purposes, of the meeting is to consider the amendment and must contain or be accompanied by a copy of the amendment.

(5) Unless the articles of incorporation, or the board of directors acting pursuant to subsection (3) of this section, require a greater vote or a greater number of shares to be present, approval of the amendment requires the approval of the shareholders at a meeting at which a quorum consisting of at least a majority of the votes entitled to be cast on the amendment exists, and, if any class or series of shares is entitled to vote as a separate group on the amendment, except as provided in section 30-29-1004(3), Idaho Code, the approval of each such separate voting group at a meeting at which a quorum of the voting group consisting of at least a majority of the votes entitled to be cast on the amendment by that voting group exists.

30-29-1004. VOTING ON AMENDMENTS BY VOTING GROUPS. Except as otherwise provided in the articles of incorporation:

(1) If a corporation has more than one (1) class of shares outstanding, the holders of the outstanding shares of a class, whether voting or nonvoting in whole or in part, are entitled to vote as a separate voting group, if shareholder voting is otherwise required by this chapter, on a proposed amendment to the articles of incorporation if the amendment would:

(a) Increase or decrease the aggregate number of authorized shares of the class;

(b) Effect an exchange or reclassification of all or part of the shares of the class into shares of another class;

(c) Effect an exchange or reclassification, or create the right of exchange, of all or part of the shares of another class into shares of the class;

(d) Change the rights, preferences or limitations of all or part of the shares of the class;

(e) Change the shares of all or part of the class into a different number of shares of the same class;

(f) Create a new class of shares having rights or preferences with respect to distributions or to dissolution that are prior, superior or substantially equal to the shares of the class;

(g) Increase the rights, preferences or number of authorized shares of any class that, after giving effect to the amendment, have rights or preferences with respect to distributions or to dissolution that are prior, superior or substantially equal to the shares of the class;

(h) Limit or deny an existing preemptive right of all or part of the shares of the class; or

(i) Cancel or otherwise affect rights to distributions that have accumulated but not yet been authorized on all or part of the shares of the class.

(2) If a proposed amendment would affect a series of a class of shares in one (1) or more of the ways described in subsection (1) of this section, the shares of that series are entitled to vote as a separate voting group on the proposed amendment.

(3) If a proposed amendment that entitles the holders of two (2) or more classes or series of shares to vote as separate voting groups under this section would affect those two (2) or more classes or series in the same or a substantially similar way, the holders of shares of all the classes or series so affected must vote together as a single voting group on the proposed amend-

ment, unless otherwise provided in the articles of incorporation or required by the board of directors.

30-29-1005. AMENDMENT BY BOARD OF DIRECTORS. Unless the articles of incorporation provide otherwise, a corporation's board of directors may adopt amendments to the corporation's articles of incorporation without shareholder approval:

(1) To extend the duration of the corporation if it was incorporated at a time when limited duration was required by law;

(2) To delete the names and addresses of the initial directors;

(3) To change the information required by section 30-405, Idaho Code, on its registered agent;

(4) If the corporation has only one (1) class of shares outstanding:

(a) To change each issued and unissued authorized share of the class into a greater number of whole shares of that class; or

(b) To increase the number of authorized shares of the class to the extent necessary to permit the issuance of shares as a share dividend;

(5) To change the corporate name by substituting the word "corporation," "incorporated," "company," "limited," or the abbreviation "corp.," "inc.," "co.," or "ltd.," for a similar word or abbreviation in the name, or by adding, deleting or changing a geographical attribution for the name;

(6) To reflect a reduction in authorized shares, as a result of the operation of section 30-29-631(2), Idaho Code, when the corporation has acquired its own shares and the articles of incorporation prohibit the reissue of the acquired shares;

(7) To delete a class of shares from the articles of incorporation, as a result of the operation of section 30-29-631(2), Idaho Code, when there are no remaining shares of the class because the corporation has acquired all shares of the class and the articles of incorporation prohibit the reissue of the acquired shares; or

(8) To make any change expressly permitted by section 30-29-602(1) or (2), Idaho Code, to be made without shareholder approval.

30-29-1006. ARTICLES OF AMENDMENT. After an amendment to the articles of incorporation has been adopted and approved in the manner required by this chapter and by the articles of incorporation, the corporation shall deliver to the secretary of state for filing articles of amendment, which shall set forth:

(1) The name of the corporation;

(2) The text of each amendment adopted;

(3) If an amendment provides for an exchange, reclassification, or cancellation of issued shares, provisions for implementing the amendment if not contained in the amendment itself;

(4) The date of each amendment's adoption; and

(5) If an amendment:

(a) Was adopted by the incorporators or board of directors without shareholder approval, a statement that the amendment was duly approved by the incorporators or by the board of directors, as the case may be, and that shareholder approval was not required;

(b) Required approval by the shareholders, a statement that the amendment was duly approved by the shareholders in the manner required by this chapter and by the articles of incorporation; or

(c) Is being filed pursuant to section 30-29-120(2)(e), Idaho Code, a statement to that effect.

30-29-1007. RESTATED ARTICLES OF INCORPORATION. (1) A corporation's board of directors may restate its articles of incorporation at any time, with or without shareholder approval, to consolidate all amendments into a single document.

(2) If the restated articles include one (1) or more new amendments that require shareholder approval, the amendments must be adopted and approved as provided in section 30-29-1003, Idaho Code.

(3) A corporation that restates its articles of incorporation shall deliver to the secretary of state for filing articles of restatement setting forth the name of the corporation and the text of the restated articles of incorporation together with a certificate that states the restated articles consolidate all amendments into a single document and, if a new amendment is included in the restated articles, which also includes the statements required under section 30-29-1006, Idaho Code.

(4) Duly adopted restated articles of incorporation supersede the original articles of incorporation and all amendments thereto.

(5) The secretary of state may certify restated articles of incorporation, as the articles of incorporation currently in effect, without including the certificate information required by subsection (3) of this section.

30-29-1008. AMENDMENT PURSUANT TO REORGANIZATION. (1) A corporation's articles of incorporation may be amended without action by the board of directors or shareholders to carry out a plan of reorganization ordered or decreed by a court of competent jurisdiction under the authority of a law of the United States.

(2) The individual or individuals designated by the court shall deliver to the secretary of state for filing articles of amendment setting forth:

(a) The name of the corporation;

(b) The text of each amendment approved by the court;

(c) The date of the court's order or decree approving the articles of amendment;

(d) The title of the reorganization proceeding in which the order or decree was entered; and

(e) A statement that the court had jurisdiction of the proceeding under federal statute.

(3) This section does not apply after entry of a final decree in the reorganization proceeding even though the court retains jurisdiction of the proceeding for limited purposes unrelated to consummation of the reorganization plan.

30-29-1009. EFFECT OF AMENDMENT. An amendment to the articles of incorporation does not affect a cause of action existing against or in favor of the corporation, a proceeding to which the corporation is a party, or the existing rights of persons other than shareholders of the corporation. An

amendment changing a corporation's name does not abate a proceeding brought by or against the corporation in its former name.

30-29-1010 through 30-29-1019 -- RESERVED.

30-29-1020. AMENDMENT BY BOARD OF DIRECTORS OR SHAREHOLDERS. (1) A corporation's shareholders may amend or repeal the corporation's bylaws.

(2) A corporation's board of directors may amend or repeal the corporation's bylaws unless:

(a) The articles of incorporation or section 30-29-1021, Idaho Code, reserve that power exclusively to the shareholders in whole or in part; or

(b) The shareholders in amending, repealing, or adopting a bylaw expressly provide that the board of directors may not amend, repeal, or reinstate that bylaw.

30-29-1021. BYLAW INCREASING QUORUM OR VOTING REQUIREMENT FOR DIRECTORS. (1) A bylaw that increases a quorum or voting requirement for the board of directors may be amended or repealed:

(a) If originally adopted by the shareholders, only by the shareholders unless the bylaws otherwise provide;

(b) If adopted by the board of directors, either by the shareholders or by the board of directors.

(2) A bylaw adopted or amended by the shareholders that increases a quorum or voting requirement for the board of directors may provide that it can be amended or repealed only by a specified vote of either the shareholders or the board of directors.

(3) Action by the board of directors under subsection (1) of this section to amend or repeal a bylaw that changes the quorum or voting requirement for the board of directors must meet the same quorum requirement and be adopted by the same vote required to take action under the quorum and voting requirement then in effect or proposed to be adopted, whichever is greater.

SECTION 66. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 11, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 11
MERGER AND SHARE EXCHANGE

30-29-1101 through 30-29-1103 -- RESERVED.

30-29-1104. ACTION ON A PLAN OF MERGER OR SHARE EXCHANGE. In the case of a domestic corporation that is a party to a merger or share exchange:

(1) The plan of merger or share exchange must be adopted by the board of directors.

(2) Except as provided in subsection (7) of this section and in section 30-29-1105, Idaho Code, after adopting the plan of merger or share exchange the board of directors must submit the plan to the shareholders for their approval. The board of directors must also transmit to the shareholders a recommendation that the shareholders approve the plan, unless the board of directors makes a determination that because of conflicts of interest or

other special circumstances it should not make such a recommendation, in which case the board of directors must transmit to the shareholders the basis for that determination.

(3) The board of directors may condition its submission of the plan of merger or share exchange to the shareholders on any basis.

(4) If the plan of merger or share exchange is required to be approved by the shareholders, and if the approval is to be given at a meeting, the corporation must notify each shareholder, whether or not entitled to vote, of the meeting of shareholders at which the plan is to be submitted for approval. The notice must state that the purpose, or one (1) of the purposes, of the meeting is to consider the plan and must contain or be accompanied by a copy or summary of the plan. If the corporation is to be merged into an existing corporation or eligible entity, the notice shall also include or be accompanied by a copy or summary of the articles of incorporation or organizational documents of that corporation or eligible entity. If the corporation is to be merged into a corporation or eligible entity that is to be created pursuant to the merger, the notice shall include or be accompanied by a copy or a summary of the articles of incorporation or organizational documents of the new corporation or eligible entity.

(5) Unless the articles of incorporation, or the board of directors acting pursuant to subsection (3) of this section, requires a greater vote or a greater number of votes to be present, approval of the plan of merger or share exchange require the approval of the shareholders at a meeting at which a quorum consisting of at least a majority of the votes entitled to be cast on the plan exists, and, if any class or series of shares is entitled to vote as a separate group on the plan of merger or share exchange, the approval of each such separate voting group at a meeting at which a quorum of the voting group consisting of at least a majority of the votes entitled to be cast on the merger or share exchange by that voting group is present.

(6) Separate voting by voting groups is required:

(a) On a plan of merger, by each class or series of shares that:

(i) Are to be converted under the plan of merger into other securities, interests, obligations, rights to acquire shares, other securities or interests, cash, other property, or any combination of the foregoing; or

(ii) Would be entitled to vote as a separate group on a provision in the plan that, if contained in a proposed amendment to articles of incorporation, would require action by separate voting groups under section 30-29-1004, Idaho Code;

(b) On a plan of share exchange by each class or series of shares included in the exchange, with each class or series constituting a separate voting group; and

(c) On a plan of merger or share exchange, if the voting group is entitled under the articles of incorporation to vote as a voting group to approve a plan of merger or share exchange.

(7) Unless the articles of incorporation otherwise provide, approval by the corporation's shareholders of a plan of merger or share exchange is not required if:

(a) The corporation will survive the merger or is the acquiring corporation in a share exchange;

(b) Except for amendments permitted by section 30-29-1005, Idaho Code, its articles of incorporation will not be changed;

(c) Each shareholder of the corporation whose shares were outstanding immediately before the effective date of the merger or share exchange will hold the same number of shares, with identical preferences, limitations, and relative rights, immediately after the effective date of change; and

(d) The issuance in the merger or share exchange of shares or other securities convertible into or rights exercisable for shares does not require a vote under section 30-29-621(6), Idaho Code.

(8) If as a result of a merger or share exchange one (1) or more shareholders of a domestic corporation would become subject to owner liability for the debts, obligations or liabilities of any other person or entity, approval of the plan of merger or share exchange shall require the execution, by each such shareholder, of a separate written consent to become subject to such owner liability.

30-29-1105. MERGER BETWEEN PARENT AND SUBSIDIARY OR BETWEEN SUBSIDIARIES. (1) A domestic parent corporation that owns shares of a domestic or foreign corporation that carry at least ninety percent (90%) of the voting power of each class and series of the outstanding shares of the subsidiary that have voting power may merge the subsidiary into itself or into another such subsidiary, without the approval of the board of directors or shareholders of the subsidiary unless the articles of incorporation of any of the corporations otherwise provide, and unless, in the case of a foreign subsidiary, approval by the subsidiary's board of directors or shareholders is required by the laws under which the subsidiary is organized.

(2) If under subsection (1) of this section approval of a merger by the subsidiary's shareholders is not required, the parent corporation shall, within ten (10) days after the effective date of the merger, notify each of the subsidiary's shareholders that the merger has become effective.

(3) Except as provided in subsections (1) and (2) of this section, a merger between a parent and a subsidiary shall be governed by the provisions of this part applicable to mergers generally.

SECTION 67. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 12, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 12
DISPOSITION OF ASSETS

30-29-1201. DISPOSITION OF ASSETS NOT REQUIRING SHAREHOLDER APPROVAL. No approval of the shareholders of a corporation is required, unless the articles of incorporation otherwise provide:

(1) To sell, lease, exchange, or otherwise dispose of any or all of the corporation's assets in the usual and regular course of business;

(2) To mortgage, pledge, dedicate to the repayment of indebtedness, whether with or without recourse, or otherwise encumber any or all of the corporation's assets, whether or not in the usual and regular course of business; or

(3) To transfer any or all of the corporation's assets to one (1) or more corporations or eligible entities all the shares or interests of which are owned by the corporation; or

(4) To distribute assets pro rata to the holders of one (1) or more classes or series of the corporation's shares.

30-29-1202. SHAREHOLDER APPROVAL OF CERTAIN DISPOSITIONS. (1) A sale, lease, exchange or other disposition of assets, other than a disposition described in section 30-29-1201, Idaho Code, requires approval of the corporation's shareholders if the disposition would leave the corporation without a significant continuing business activity. If a corporation retains a business activity that represented at least twenty-five percent (25%) of total assets at the end of the most recently completed fiscal year, and twenty-five percent (25%) of either income from continuing operations before taxes or revenues from continuing operations for that fiscal year, in each case of the corporation and its subsidiaries on a consolidated basis, the corporation will conclusively be deemed to have retained a significant continuing business activity.

(2) A disposition that requires approval of the shareholders under subsection (1) of this section shall be initiated by a resolution by the board of directors authorizing the disposition. After adoption of such a resolution, the board of directors shall submit the proposed disposition to the shareholders for their approval. The board of directors shall also transmit to the shareholders a recommendation that the shareholders approve the proposed disposition, unless the board of directors makes a determination that because of conflicts of interest or other special circumstances it should not make such a recommendation, in which case the board of directors shall transmit to the shareholders the basis for that determination.

(3) The board of directors may condition its submission of a disposition to the shareholders under subsection (1) of this section on any basis.

(4) If a disposition is required to be approved by the shareholders under subsection (1) of this section, and if the approval is to be given at a meeting, the corporation shall notify each shareholder, whether or not entitled to vote, of the meeting of shareholders at which the disposition is to be submitted for approval. The notice shall state that the purpose, or one (1) of the purposes, of the meeting is to consider the disposition and shall contain a description of the disposition, including the terms and conditions thereof and the consideration to be received by the corporation.

(5) Unless the articles of incorporation or the board of directors, acting pursuant to subsection (3) of this section, require a greater vote or a greater number of votes to be present, the approval of a disposition by the shareholders shall require the approval of the shareholders at a meeting at which a quorum consisting of at least a majority of the votes entitled to be cast on the disposition exists.

(6) After a disposition has been approved by the shareholders under subsection (2) of this section, and at any time before the disposition has been consummated, it may be abandoned by the corporation without action by the shareholders, subject to any contractual rights of other parties to the disposition.

(7) A disposition of assets in the course of dissolution under part 14 of this chapter is not governed by this section.

(8) The assets of a direct or indirect consolidated subsidiary shall be deemed the assets of the parent corporation for the purposes of this section.

SECTION 68. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 13, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 13
APPRAISAL RIGHTS

30-29-1301. DEFINITIONS. In this part:

(1) "Affiliate" means a person that directly or indirectly through one (1) or more intermediaries controls, is controlled by, or is under common control with another person or is a senior executive thereof. For purposes of section 30-29-1302(2)(d), Idaho Code, a person is deemed to be an affiliate of its senior executives.

(2) "Beneficial shareholder" means a person who is the beneficial owner of shares held in a voting trust or by a nominee on the beneficial owner's behalf.

(3) "Corporation" means the issuer of the shares held by a shareholder demanding appraisal and, for matters covered in sections 30-29-1322 through 30-29-1331, Idaho Code, includes the surviving entity in a merger.

(4) "Fair value" means the value of the corporation's shares determined:

(a) Immediately before the effectuation of the corporate action to which the shareholder objects;

(b) Using customary and current valuation concepts and techniques generally employed for similar businesses in the context of the transaction requiring appraisal; and

(c) Without discounting for lack of marketability or minority status except, if appropriate, for amendments to the articles pursuant to section 30-29-1302(1)(e), Idaho Code.

(5) "Interest" means interest from the effective date of the corporate action until the date of payment, at the rate of interest on judgments in this state on the effective date of the corporate action.

(6) "Preferred shares" means a class or series of shares whose holders have preference over any other class or series with respect to distributions.

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

(8) "Senior executive" means the chief executive officer, chief operating officer, chief financial officer, and anyone in charge of a principal business unit or function.

(9) "Shareholder" means both a record shareholder and a beneficial shareholder.

30-29-1302. RIGHT TO APPRAISAL. (1) A shareholder is entitled to appraisal rights, and to obtain payment of the fair value of that shareholder's shares in the event of any of the following corporate actions:

(a) Consummation of a merger to which the corporation is a party:

(i) If shareholder approval is required for the merger by section 30-29-1104, Idaho Code, and the shareholder is entitled to vote on the merger, except that appraisal rights shall not be available to any shareholder of the corporation with respect to shares of any class or series that remain outstanding after consummation of the merger; or

(ii) If the corporation is a subsidiary and the merger is governed by section 30-29-1105, Idaho Code;

(b) Consummation of a share exchange to which the corporation is a party as the corporation whose shares will be acquired, if the shareholder is entitled to vote on the exchange, except that appraisal rights shall not be available to any shareholder of the corporation with respect to any class or series of shares of the corporation that is not exchanged;

(c) Consummation of a disposition of assets pursuant to section 30-29-1202, Idaho Code, if the shareholder is entitled to vote on the disposition;

(d) An amendment of the articles of incorporation with respect to a class or series of shares that reduces the number of shares of a class or series owned by the shareholder to a fraction of a share if the corporation has the obligation or right to repurchase the fractional share so created; or

(e) Any other amendment to the articles of incorporation, merger, share exchange or disposition of assets to the extent provided by the articles of incorporation, bylaws or a resolution of the board of directors.

(2) Notwithstanding subsection (1) of this section, the availability of appraisal rights under subsection (1)(a), (b), (c) and (d) of this section shall be limited in accordance with the following provisions:

(a) Appraisal rights shall not be available for the holders of shares of any class or series of shares that are:

(i) Listed on the New York stock exchange or the American stock exchange or designated as a national market system security on an interdealer quotation system by the national association of securities dealers, inc.; or

(ii) Not so listed or designated, but have at least two thousand (2,000) shareholders and the outstanding shares of such class or series have a market value of at least twenty million dollars ($20,000,000), exclusive of the value of such shares held by its subsidiaries, senior executives, directors and beneficial shareholders owning more than ten percent (10%) of such shares.

(b) The applicability of paragraph (a) of this subsection shall be determined as of:

(i) The record date fixed to determine the shareholders entitled to receive notice of, and vote at, the meeting of shareholders to act upon the corporate action requiring appraisal rights; or

(ii) The day before the effective date of such corporate action if there is no meeting of shareholders.

(c) Paragraph (a) of this subsection shall not be applicable and appraisal rights shall be available pursuant to subsection (1) of this section for the holders of any class or series of shares who are required by the terms of the corporate action requiring appraisal rights to accept for such shares anything other than cash or shares of any class or any series of shares of any corporation, or any other proprietary interest of any other entity, that satisfies the standards set forth in paragraph (a) of this subsection at the time the corporate action becomes effective.

(d) Paragraph (a) of this subsection shall not be applicable and appraisal rights shall be available pursuant to subsection (1) of this section for the holders of any class or series of shares where:

(i) Any of the shares or assets of the corporation are being acquired or converted, whether by merger, share exchange or otherwise, pursuant to the corporate action by a person, or by an affiliate of a person, who:

(A) Is, or at any time in the one (1) year period immediately preceding approval by the board of directors of the corporate action requiring appraisal rights was, the beneficial owner of twenty percent (20%) or more of the voting power of the corporation, excluding any shares acquired pursuant to an offer for all shares having voting power if such offer was made within one (1) year prior to the corporate action requiring appraisal rights for consideration of the same kind and of a value equal to or less than that paid in connection with the corporate action; or

(B) Directly or indirectly has, or at any time in the one (1) year period immediately preceding approval by the board of directors of the corporation of the corporate action requiring appraisal rights had, the power, contractually or otherwise, to cause the appointment or election of twenty-five percent (25%) or more of the directors to the board of directors of the corporation; or

(ii) Any of the shares or assets of the corporation are being acquired or converted, whether by merger, share exchange or otherwise, pursuant to such corporate action by a person, or by an affiliate of a person, who is, or at any time in the one (1) year period immediately preceding approval by the board of directors of the corporate action requiring appraisal rights was, a senior executive or director of the corporation or a senior executive of any affiliate thereof, and that senior executive or director will receive, as a result of the corporate action, a financial benefit not generally available to other shareholders as such, other than:

(A) Employment, consulting, retirement or similar benefits established separately and not as part of or in contemplation of the corporate action; or

(B) Employment, consulting, retirement or similar benefits established in contemplation of, or as part of, the corporate action that are not more favorable than those existing before the corporate action or, if more favorable, that have

been approved on behalf of the corporation in the same manner as is provided in section 30-29-862, Idaho Code; or

(C) In the case of a director of the corporation who will, in the corporate action, become a director of the acquiring entity in the corporate action or one (1) of its affiliates, rights and benefits as a director that are provided on the same basis as those afforded by the acquiring entity generally to other directors of such entity or such affiliate.

(e) For the purposes of paragraph (d) of this subsection only, the term "beneficial owner" means any person who, directly or indirectly, through any contract, arrangement, or understanding, other than a revocable proxy, has or shares the power to vote, or to direct the voting of, shares, provided that a member of a national securities exchange shall not be deemed to be a beneficial owner of securities held directly or indirectly by it on behalf of another person solely because such member is the record holder of such securities if the member is precluded by the rules of such exchange from voting without instruction on contested matters or matters that may affect substantially the rights or privileges of the holders of the securities to be voted. When two (2) or more persons agree to act together for the purpose of voting their shares of the corporation, each member of the group formed thereby shall be deemed to have acquired beneficial ownership, as of the date of such agreement, of all voting shares of the corporation beneficially owned by any member of the group.

(3) Notwithstanding any other provision of this section, the articles of incorporation as originally filed or any amendment thereto may limit or eliminate appraisal rights for any class or series of preferred shares, but any such limitation or elimination contained in an amendment to the articles of incorporation that limits or eliminates appraisal rights for any of such shares that are outstanding immediately prior to the effective date of such amendment or that the corporation is or may be required to issue or sell thereafter pursuant to any conversion, exchange or other right existing immediately before the effective date of such amendment shall not apply to any corporate action that becomes effective within one (1) year of that date if such action would otherwise afford appraisal rights.

(4) A shareholder entitled to appraisal rights under this part may not challenge a completed corporate action for which appraisal rights are available unless such corporate action:

(a) Was not effectuated in accordance with the applicable provisions of part 10, 11 or 12 of this chapter or the corporation's articles of incorporation, bylaws or board of directors' resolution authorizing the corporate action; or

(b) Was procured as a result of fraud or material misrepresentation.

30-29-1303. ASSERTION OF RIGHTS BY NOMINEES AND BENEFICIAL OWNERS. (1) A record shareholder may assert appraisal rights as to fewer than all the shares registered in the record shareholder's name but owned by a beneficial shareholder only if the record shareholder objects with respect to all shares of the class or series owned by the beneficial shareholder and notifies the corporation in writing of the name and address of each benefi-

cial shareholder on whose behalf appraisal rights are being asserted. The rights of a record shareholder who asserts appraisal rights for only part of the shares held of record in the record shareholder's name under this subsection shall be determined as if the shares as to which the record shareholder objects and the record shareholder's other shares were registered in the names of different record shareholders.

(2) A beneficial shareholder may assert appraisal rights as to shares held on behalf of the shareholder only if such shareholder:

(a) Submits to the corporation the record shareholder's written consent to the assertion of such rights no later than the date referred to in section 30-29-1322(2)(b)(ii), Idaho Code; and

(b) Does so with respect to all shares of the class or series that are beneficially owned by the beneficial shareholder.

30-29-1304 through 30-29-1319 -- RESERVED.

30-29-1320. NOTICE OF APPRAISAL RIGHTS. (1) If proposed corporate action described in section 30-29-1302(1), Idaho Code, is to be submitted to a vote at a shareholders' meeting, the meeting notice must state that the corporation has concluded that shareholders are, are not or may be entitled to assert appraisal rights under this part. If the corporation concludes that appraisal rights are or may be available, a copy of this part must accompany the meeting notice sent to those record shareholders entitled to exercise appraisal rights.

(2) In a merger pursuant to section 30-29-1105, Idaho Code, the parent corporation must notify in writing all record shareholders of the subsidiary who are entitled to assert appraisal rights that the corporate action became effective. Such notice must be sent within ten (10) days after the corporate action became effective and include the materials described in section 30-29-1322, Idaho Code.

30-29-1321. NOTICE OF INTENT TO DEMAND PAYMENT. (1) If proposed corporate action requiring appraisal rights under section 30-29-1302, Idaho Code, is submitted to a vote at a shareholders' meeting, a shareholder who wishes to assert appraisal rights with respect to any class or series of shares:

(a) Must deliver to the corporation before the vote is taken written notice of the shareholder's intent to demand payment if the proposed action is effectuated; and

(b) Must not vote, or cause or permit to be voted, any shares of such class or series in favor of the proposed action.

(2) A shareholder who does not satisfy the requirements of subsection (1) of this section is not entitled to payment under this part.

30-29-1322. APPRAISAL NOTICE AND FORM. (1) If proposed corporate action requiring appraisal rights under section 30-29-1302, Idaho Code, becomes effective, the corporation must deliver a written appraisal notice and form required by subsection (2)(a) of this section to all shareholders who satisfied the requirements of section 30-29-1321, Idaho Code. In the case of a merger under section 30-29-1105, Idaho Code, the parent must deliver a

written appraisal notice and form to all record shareholders who may be entitled to assert appraisal rights.

(2) The appraisal notice must be sent no earlier than the date the corporate action became effective and no later than ten (10) days after such date and must:

(a) Supply a form that specifies the date of the first announcement to shareholders of the principal terms of the proposed corporate action and requires the shareholder asserting appraisal rights to certify:

(i) Whether or not beneficial ownership of those shares for which appraisal rights are asserted was acquired before that date; and

(ii) That the shareholder did not vote for the transaction;

(b) State:

(i) Where the form must be sent and where certificates for certificated shares must be deposited and the date by which those certificates must be deposited, which date may not be earlier than the date for receiving the required form under subsection (2)(b)(ii) of this section;

(ii) A date by which the corporation must receive the form, which date may not be fewer than forty (40) days nor more than sixty (60) days after the date the appraisal notice and form in subsection (1) of this section are sent, and state that the shareholder shall have waived the right to demand appraisal with respect to the shares unless the form is received by the corporation by such specified date;

(iii) The corporation's estimate of the fair value of the shares;

(iv) That, if requested in writing, the corporation will provide, to the shareholders so requesting, within ten (10) days after the date specified in subparagraph (ii) of this paragraph the number of shareholders who return the forms by the specified date and the total number of shares owned by them; and

(v) The date by which the notice to withdraw under section 30-29-1323, Idaho Code, must be received, which date must be within twenty (20) days after the date specified in subparagraph (ii) of this paragraph; and

(c) Be accompanied by a copy of this part.

30-29-1323. PERFECTION OF RIGHTS -- RIGHT TO WITHDRAW. (1) A shareholder who receives notice pursuant to section 30-29-1322, Idaho Code, and who wishes to exercise appraisal rights must certify on the form sent by the corporation whether the beneficial owner of such shares acquired beneficial ownership of the shares before the date required to be set forth in the notice pursuant to section 30-29-1322(2)(a), Idaho Code. If a shareholder fails to make this certification, the corporation may elect to treat the shareholder's shares as after-acquired shares under section 30-29-1325, Idaho Code. In addition, a shareholder who wishes to exercise appraisal rights must execute and return the form and, in the case of certificated shares, deposit the shareholder's certificates in accordance with the terms of the notice by the date referred to in the notice pursuant to section 30-29-1322(2)(b)(ii), Idaho Code. Once a shareholder deposits that shareholder's certificates or, in the case of uncertificated shares, returns the

executed forms, that shareholder loses all rights as a shareholder, unless the shareholder withdraws pursuant to subsection (2) of this section.

(2) A shareholder who has complied with subsection (1) of this section may nevertheless decline to exercise appraisal rights and withdraw from the appraisal process by so notifying the corporation in writing by the date set forth in the appraisal notice pursuant to section 30-29-1322(2)(b)(v), Idaho Code. A shareholder who fails to so withdraw from the appraisal process may not thereafter withdraw without the corporation's written consent.

(3) A shareholder who does not execute and return the form and, in the case of certificated shares, deposit that shareholder's share certificates where required, each by the date set forth in the notice described in section 30-29-1322(2), Idaho Code, shall not be entitled to payment under this part.

30-29-1324. PAYMENT. (1) Except as provided in section 30-29-1325, Idaho Code, within thirty (30) days after the form required by section 30-29-1322(2)(b)(ii), Idaho Code, is due, the corporation shall pay in cash to those shareholders who complied with section 30-29-1323(1), Idaho Code, the amount the corporation estimates to be the fair value of their shares, plus interest.

(2) The payment to each shareholder pursuant to subsection (1) of this section must be accompanied by:

(a) Financial statements of the corporation that issued the shares to be appraised, consisting of a balance sheet as of the end of a fiscal year ending not more than sixteen (16) months before the date of payment, an income statement for that year, a statement of changes in shareholders' equity for that year, and the latest available interim financial statements, if any;

(b) A statement of the corporation's estimate of the fair value of the shares, which estimate must equal or exceed the corporation's estimate given pursuant to section 30-29-1322(2)(b)(iii), Idaho Code; and

(c) A statement that shareholders described in subsection (1) of this section have the right to demand further payment under section 30-29-1326, Idaho Code, and that if any shareholder does not do so within the time period specified therein, such shareholder shall be deemed to have accepted such payment in full satisfaction of the corporation's obligations under this part.

30-29-1325. AFTER ACQUIRED SHARES. (1) A corporation may elect to withhold payment required by section 30-29-1324, Idaho Code, from any shareholder who did not certify that beneficial ownership of all of the shareholder's shares for which appraisal rights are asserted was acquired before the date set forth in the appraisal notice sent pursuant to section 30-29-1322(2)(a), Idaho Code.

(2) If the corporation elected to withhold payment under subsection (1) of this section, it must, within thirty (30) days after the form required by section 30-29-1322(2)(b)(ii), Idaho Code, is due, notify all shareholders who are described in subsection (1) of this section:

(a) Of the information required by section 30-29-1324(2)(a), Idaho Code;

(b) Of the corporation's estimate of fair value pursuant to section 30-29-1324(2)(b), Idaho Code;

(c) That they may accept the corporation's estimate of fair value, plus interest, in full satisfaction of their demands or demand appraisal under section 30-29-1326, Idaho Code;

(d) That those shareholders who wish to accept such offer must so notify the corporation of their acceptance of the corporation's offer within thirty (30) days after receiving the offer; and

(e) That those shareholders who do not satisfy the requirements for demanding appraisal under section 30-29-1326, Idaho Code, shall be deemed to have accepted the corporation's offer.

(3) Within ten (10) days after receiving the shareholder's acceptance pursuant to subsection (2) of this section, the corporation must pay in cash the amount it offered under subsection (2)(b) of this section to each shareholder who agreed to accept the corporation's offer in full satisfaction of the shareholder's demand.

(4) Within forty (40) days after sending the notice described in subsection (2) of this section, the corporation must pay in cash the amount it offered to pay under subsection (2)(b) of this section to each shareholder described in subsection (2)(e) of this section.

30-29-1326. PROCEDURE IF SHAREHOLDER DISSATISFIED WITH PAYMENT OR OFFER. (1) A shareholder paid pursuant to section 30-29-1324, Idaho Code, who is dissatisfied with the amount of the payment must notify the corporation in writing of that shareholder's estimate of the fair value of the shares and demand payment of that estimate plus interest, less any payment under section 30-29-1324, Idaho Code. A shareholder offered payment under section 30-29-1325, Idaho Code, who is dissatisfied with that offer must reject the offer and demand payment of the shareholder's stated estimate of the fair value of the shares plus interest.

(2) A shareholder who fails to notify the corporation in writing of that shareholder's demand to be paid the shareholder's stated estimate of the fair value plus interest under subsection (1) of this section within thirty (30) days after receiving the corporation's payment or offer of payment under section 30-29-1324 or 30-29-1325, Idaho Code, respectively, waives the right to demand payment under this section and shall be entitled only to the payment made or offered pursuant to those respective sections.

30-29-1327 through 30-29-1329 -- RESERVED.

30-29-1330. COURT ACTION. (1) If a shareholder makes demand for payment under section 30-29-1326, Idaho Code, that remains unsettled, the corporation shall commence a proceeding within sixty (60) days after receiving the payment demand and petition the court to determine the fair value of the shares and accrued interest. If the corporation does not commence the proceeding within the sixty (60) day period, it shall pay in cash to each shareholder the amount demanded pursuant to section 30-29-1326, Idaho Code, plus interest.

(2) The corporation shall commence the proceeding in the appropriate court of the county where the corporation's principal office is located, or,

if none in this state, Ada county. If the corporation is a foreign corporation, it shall commence the proceeding in the county in this state where the principal office of the domestic corporation merged with the foreign corporation was located or, if the domestic corporation did not have its principal office in this state at the time of the transaction, in Ada county.

(3) The corporation shall make all shareholders, whether or not residents of this state, whose demands remain unsettled parties to the proceeding, as in an action against their shares, and all parties must be served with a copy of the petition. Nonresidents may be served by registered or certified mail or by publication as provided by law.

(4) The jurisdiction of the court in which the proceeding is commenced under subsection (2) of this section is plenary and exclusive. The court may appoint one (1) or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. The appraisers shall have the powers described in the order appointing them or in any amendment to it. The shareholders demanding appraisal rights are entitled to the same discovery rights as parties in other civil proceedings. There shall be no right to a jury trial.

(5) Each shareholder made a party to the proceeding is entitled to judgment:

(a) For the amount, if any, by which the court finds the fair value of the shareholder's shares, plus interest, exceeds the amount paid by the corporation to the shareholder for such shares; or

(b) For the fair value, plus interest, of the shareholder's shares for which the corporation elected to withhold payment under section 30-29-1325, Idaho Code.

30-29-1331. COURT COSTS AND COUNSEL FEES. (1) The court in an appraisal proceeding commenced under section 30-29-1330, Idaho Code, shall determine all costs of the proceeding, including the reasonable compensation and expenses of appraisers appointed by the court. The court shall assess the costs against the corporation, except that the court may assess costs against all or some of the shareholders demanding appraisal, in amounts the court finds equitable, to the extent the court finds such shareholders acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this part.

(2) The court in an appraisal proceeding may also assess the fees and expenses of counsel and experts for the respective parties, in amounts the court finds equitable:

(a) Against the corporation and in favor of any or all shareholders demanding appraisal if the court finds the corporation did not substantially comply with the requirements of section 30-29-1320, 30-29-1322, 30-29-1324 or 30-29-1325, Idaho Code; or

(b) Against either the corporation or a shareholder demanding appraisal, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted arbitrarily, vexatiously, or not in good faith with respect to the rights provided by this part.

(3) If the court in an appraisal proceeding finds that the services of counsel for any shareholder were of substantial benefit to other sharehold-

ers similarly situated, and that the fees for those services should not be assessed against the corporation, the court may award to such counsel reasonable fees to be paid out of the amounts awarded to shareholders who were benefited.

(4) To the extent the corporation fails to make a required payment pursuant to section 30-29-1324, 30-29-1325 or 30-29-1326, Idaho Code, the shareholder may sue directly for the amount owed and, to the extent successful, shall be entitled to recover from the corporation all costs and expenses of the suit, including counsel fees.

SECTION 69. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 14, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 14
DISSOLUTION

30-29-1401. DISSOLUTION BY INCORPORATORS OR INITIAL DIRECTORS. A majority of the incorporators or initial directors of a corporation that has not issued shares or has not commenced business may dissolve the corporation by delivering to the secretary of state for filing articles of dissolution that set forth:

(1) The name of the corporation;

(2) The date of its incorporation;

(3) Either:

(a) That none of the corporation's shares has been issued; or

(b) That the corporation has not commenced business;

(4) That no debt of the corporation remains unpaid;

(5) That the net assets of the corporation remaining after winding up have been distributed to the shareholders, if shares were issued; and

(6) That a majority of the incorporators or initial directors authorized the dissolution.

30-29-1402. DISSOLUTION BY BOARD OF DIRECTORS AND SHAREHOLDERS. (1) A corporation's board of directors may propose dissolution for submission to the shareholders.

(2) For a proposal to dissolve to be adopted:

(a) The board of directors must recommend dissolution to the shareholders unless the board of directors determines that because of conflicts of interest or other special circumstances it should make no recommendation and communicates the basis for its determination to the shareholders; and

(b) The shareholders entitled to vote must approve the proposal to dissolve as provided in subsection (5) of this section.

(3) The board of directors may condition its submission of the proposal for dissolution on any basis.

(4) The corporation shall notify each shareholder, whether or not entitled to vote, of the proposed shareholders' meeting. The notice must also state that the purpose, or one (1) of the purposes, of the meeting is to consider dissolving the corporation.

(5) Unless the articles of incorporation or the board of directors, acting pursuant to subsection (3) of this section, require a greater vote, a greater number of shares to be present, or a vote by voting groups, adoption of the proposal to dissolve shall require the approval of the shareholders at a meeting at which a quorum consisting of at least a majority of the votes entitled to be cast exists.

30-29-1403. ARTICLES OF DISSOLUTION. (1) At any time after dissolution is authorized, the corporation may dissolve by delivering to the secretary of state for filing articles of dissolution setting forth:

(a) The name of the corporation;

(b) The date dissolution was authorized; and

(c) If dissolution was approved by the shareholders, a statement that the proposal to dissolve was duly approved by the shareholders in the manner required by this chapter and by the articles of incorporation.

(2) A corporation is dissolved upon the effective date of its articles of dissolution.

(3) For purposes of this part, "dissolved corporation" means a corporation whose articles of dissolution have become effective and includes a successor entity to which the remaining assets of the corporation are transferred subject to its liabilities for purposes of liquidation.

30-29-1404. REVOCATION OF DISSOLUTION. (1) A corporation may revoke its dissolution within one hundred twenty (120) days of its effective date.

(2) Revocation of dissolution must be authorized in the same manner as the dissolution was authorized unless that authorization permitted revocation by action of the board of directors alone, in which event the board of directors may revoke the dissolution without shareholder action.

(3) After the revocation of dissolution is authorized, the corporation may revoke the dissolution by delivering to the secretary of state for filing articles of revocation of dissolution, together with a copy of its articles of dissolution, that set forth:

(a) The name of the corporation;

(b) The effective date of the dissolution that was revoked;

(c) The date that the revocation of dissolution was authorized;

(d) If the corporation's board of directors or incorporators revoked the dissolution, a statement to that effect;

(e) If the corporation's board of directors revoked a dissolution authorized by the shareholders, a statement that revocation was permitted by action by the board of directors alone pursuant to that authorization; and

(f) If shareholder action was required to revoke the dissolution, the information required by section 30-29-1403(1)(c), Idaho Code.

(4) Revocation of dissolution is effective upon the effective date of the articles of revocation of dissolution.

(5) When the revocation of dissolution is effective, it relates back to and takes effect as of the effective date of the dissolution and the corporation resumes carrying on its business as if dissolution had never occurred.

30-29-1405. EFFECT OF DISSOLUTION. (1) A dissolved corporation continues its corporate existence but may not carry on any business except that appropriate to wind up and liquidate its business and affairs, including:

(a) Collecting its assets;

(b) Disposing of its properties that will not be distributed in kind to its shareholders;

(c) Discharging or making provision for discharging its liabilities;

(d) Distributing its remaining property among its shareholders according to their interests; and

(e) Doing every other act necessary to wind up and liquidate its business and affairs.

(2) Dissolution of a corporation does not:

(a) Transfer title to the corporation's property;

(b) Prevent transfer of its shares or securities, although the authorization to dissolve may provide for closing the corporation's share transfer records;

(c) Subject its directors or officers to standards of conduct different from those prescribed in part 8 of this chapter;

(d) Change quorum or voting requirements for its board of directors or shareholders; change provisions for selection, resignation, or removal of its directors or officers or both; or change provisions for amending its bylaws;

(e) Prevent commencement of a proceeding by or against the corporation in its corporate name;

(f) Abate or suspend a proceeding pending by or against the corporation on the effective date of dissolution; or

(g) Terminate the authority of the registered agent of the corporation.

30-29-1406. KNOWN CLAIMS AGAINST DISSOLVED CORPORATION. (1) A dissolved corporation may dispose of the known claims against it by notifying its known claimants in writing of the dissolution at any time after its effective date.

(2) The written notice must:

(a) Describe information that must be included in a claim;

(b) Provide a mailing address where a claim may be sent;

(c) State the deadline, which may not be fewer than one hundred twenty (120) days from the effective date of the written notice, by which the dissolved corporation must receive the claim; and

(d) State that the claim will be barred if not received by the deadline.

(3) A claim against the dissolved corporation is barred:

(a) If a claimant who was given written notice under subsection (2) of this section does not deliver the claim to the dissolved corporation by the deadline; or

(b) If a claimant whose claim was rejected by the dissolved corporation does not commence a proceeding to enforce the claim within ninety (90) days from the effective date of the rejection notice.

(4) For purposes of this section, "claim" does not include a contingent liability or a claim based on an event occurring after the effective date of dissolution.

30-29-1407. OTHER CLAIMS AGAINST DISSOLVED CORPORATION. (1) A dissolved corporation may also publish notice of its dissolution and request that persons with claims against the dissolved corporation present them in accordance with the notice.

(2) The notice must:

(a) Be published one (1) time in a newspaper of general circulation in the county where the dissolved corporation's principal office is or was located or, if none in this state, in Ada county;

(b) Describe the information that must be included in a claim and provide a mailing address where the claim may be sent; and

(c) State that a claim against the dissolved corporation will be barred unless a proceeding to enforce the claim is commenced within two (2) years after the publication of the notice.

(3) If the dissolved corporation publishes a newspaper notice in accordance with subsection (2) of this section, the claim of each of the following claimants is barred unless the claimant commences a proceeding to enforce the claim against the dissolved corporation within two (2) years after the publication date of the newspaper notice:

(a) A claimant who was not given written notice under section 30-29-1406, Idaho Code;

(b) A claimant whose claim was timely sent to the dissolved corporation but not acted on;

(c) A claimant whose claim is contingent or based on an event occurring after the effective date of dissolution.

(4) A claim that is not barred by section 30-29-1406(3), Idaho Code, or subsection (3) of this section may be enforced:

(a) Against the dissolved corporation, to the extent of its undistributed assets; or

(b) Except as provided in section 30-29-1408(4), Idaho Code, if the assets have been distributed in liquidation, against a shareholder of the dissolved corporation to the extent of the shareholder's pro rata share of the claim or the corporate assets distributed to the shareholder in liquidation, whichever is less, but a shareholder's total liability for all claims under this section may not exceed the total amount of assets distributed to the shareholder.

30-29-1408. COURT PROCEEDING. (1) A dissolved corporation that has published a notice under section 30-29-1407, Idaho Code, may file an application with the district court of the county where the dissolved corporation's principal office is located, or, if none in this state, Ada county, for a determination of the amount and form of security to be provided for payment of claims that are contingent or have not been made known to the dissolved corporation or that are based on an event occurring after the effective date of dissolution but that, based on the facts known to the dissolved corporation, are reasonably estimated to arise after the effective date of dissolution. Provision need not be made for any claim that is or is reasonably anticipated to be barred under section 30-29-1407(3), Idaho Code.

(2) Within ten (10) days after the filing of the application, notice of the proceeding shall be given by the dissolved corporation to each claimant

holding a contingent claim whose contingent claim is shown on the records of the dissolved corporation.

(3) The court may appoint a guardian ad litem to represent all claimants whose identities are unknown in any proceeding brought under this section. The reasonable fees and expenses of such guardian, including all reasonable expert witness fees, shall be paid by the dissolved corporation.

(4) Provision by the dissolved corporation for security in the amount and the form ordered by the court under subsection (1) of this section shall satisfy the dissolved corporation's obligations with respect to claims that are contingent, have not been made known to the dissolved corporation or are based on an event occurring after the effective date of dissolution, and such claims may not be enforced against a shareholder who received assets in liquidation.

30-29-1409. DIRECTOR DUTIES. (1) Directors shall cause the dissolved corporation to discharge or make reasonable provision for the payment of claims and make distributions of assets to shareholders after payment or provision for claims.

(2) Directors of a dissolved corporation that has been disposed of claims under section 30-29-1406, 30-29-1407 or 30-29-1408, Idaho Code, shall not be liable for breach of subsection (1) of this section, with respect to claims against the dissolved corporation that are barred or satisfied under section 30-29-1406, 30-29-1407 or 30-29-1408, Idaho Code.

30-29-1410 through 30-29-1429 -- RESERVED.

30-29-1430. GROUNDS FOR JUDICIAL DISSOLUTION. The Idaho district court designated in section 30-29-1431(1), Idaho Code, may dissolve a corporation:

(1) In a proceeding by the attorney general if it is established that:

(a) The corporation obtained its articles of incorporation through fraud; or

(b) The corporation has continued to exceed or abuse the authority conferred upon it by law;

(2) In a proceeding by a shareholder if it is established that:

(a) The directors are deadlocked in the management of the corporate affairs, the shareholders are unable to break the deadlock, and irreparable injury to the corporation is threatened or being suffered because of the deadlock;

(b) The directors or those in control of the corporation have acted or are acting in a manner that is illegal, oppressive or fraudulent, and irreparable injury to the corporation is threatened or being suffered by reason thereof; or

(c) The shareholders are deadlocked in voting power and have failed, for a period that includes at least two (2) consecutive annual meeting dates to elect successors to directors whose terms have expired;

(3) In a proceeding by a creditor if it is established that:

(a) The creditor's claim has been reduced to judgment, the execution on the judgment returned unsatisfied, and the corporation is insolvent; or

(b) The corporation has admitted in writing that the creditor's claim is due and owing and the corporation is insolvent; or

(4) In a proceeding by the corporation to have its voluntary dissolution continued under court supervision.

30-29-1431. PROCEDURE FOR JUDICIAL DISSOLUTION. (1) Venue for a proceeding by the attorney general to dissolve a corporation lies in Ada county. Venue for a proceeding brought by any other party named in section 30-29-1430, Idaho Code, lies in the county where a corporation's principal office is or was located or, if none in this state, in Ada county.

(2) It is not necessary to make shareholders parties to the proceeding to dissolve a corporation unless relief is sought against them individually.

(3) A court in a proceeding brought to dissolve a corporation may issue injunctions, appoint a receiver or custodian pendente lite with all powers and duties the court directs, take other action required to preserve the corporate assets wherever located, and carry on the business of the corporation until a full hearing can be held.

(4) Within ten (10) days of the commencement of a proceeding under section 30-29-1430(2), Idaho Code, to dissolve a corporation that has no shares listed on a national securities exchange or regularly traded in a market maintained by one (1) or more members of a national or affiliated securities association, the corporation must send to all shareholders, other than the petitioner, a notice stating that the shareholders may be entitled to avoid the dissolution of the corporation by electing to purchase the petitioner's shares under section 30-29-1434, Idaho Code, and accompanied by a copy of section 30-29-1434, Idaho Code.

30-29-1432. RECEIVERSHIP OR CUSTODIANSHIP. (1) A court in a judicial proceeding brought to dissolve a corporation may appoint one (1) or more receivers to wind up and liquidate, or one (1) or more custodians to manage, the business and affairs of the corporation. The court shall hold a hearing, after notifying all parties to the proceeding and any interested persons designated by the court, before appointing a receiver or custodian. The court appointing a receiver or custodian has exclusive jurisdiction over the corporation and all of its property, wherever located.

(2) The court may appoint an individual or a domestic or foreign corporation, authorized to transact business in this state, as a receiver or custodian. The court may require the receiver or custodian to post bond, with or without sureties, in an amount the court directs.

(3) The court shall describe the powers and duties of the receiver or custodian in its appointing order, which may be amended from time to time. Among other powers:

(a) The receiver:

(i) May dispose of all or any part of the assets of the corporation, wherever located, at a public or private sale, if authorized by the court; and

(ii) May sue and defend in his own name as receiver of the corporation in all courts of this state;

(b) The custodian may exercise all of the powers of the corporation, through or in place of its board of directors, to the extent necessary

to manage the affairs of the corporation in the best interests of its shareholders and creditors.

(4) The court during a receivership, may redesignate the receiver a custodian, and during a custodianship may redesignate the custodian a receiver, if doing so is in the best interests of the corporation, its shareholders, and creditors.

(5) The court from time to time during the receivership or custodianship may order compensation paid and expense disbursements or reimbursements made to the receiver or custodian and his counsel from the assets of the corporation or proceeds from the sale of the assets.

30-29-1433. DECREE OF DISSOLUTION. (1) If after a hearing the court determines that one (1) or more grounds for judicial dissolution described in section 30-29-1430, Idaho Code, exist, it may enter a decree dissolving the corporation and specifying the effective date of the dissolution, and the clerk of the court shall deliver a certified copy of the decree to the secretary of state, who shall file it.

(2) After entering the decree of dissolution, the court shall direct the winding up and liquidation of the corporation's business and affairs in accordance with section 30-29-1405, Idaho Code, and the notification of claimants in accordance with sections 30-29-1406 and 30-29-1407, Idaho Code.

30-29-1434. ELECTION TO PURCHASE IN LIEU OF DISSOLUTION. (1) In a proceeding under section 30-29-1430(2), Idaho Code, to dissolve a corporation that has no shares listed on a national securities exchange or regularly traded in a market maintained by one (1) or more members of a national or affiliated securities association, the corporation may elect or, if it fails to elect, one (1) or more shareholders may elect to purchase all shares owned by the petitioning shareholder at the fair value of the shares. In a proceeding under section 30-29-1430(2), Idaho Code, to dissolve a corporation that has shares listed on a national securities exchange or regularly traded in a market maintained by one (1) or more members of a national or affiliated securities association, the corporation may elect to purchase all shares owned by the petitioning shareholder at the fair value of the shares. An election pursuant to this section shall be irrevocable unless the court determines that it is equitable to set aside or modify the election.

(2) An election to purchase pursuant to this section may be filed with the court at any time within ninety (90) days after the filing of the petition under section 30-29-1430(2), Idaho Code, or at such later time as the court in its discretion may allow. If the election to purchase is filed by one (1) or more shareholders, the corporation shall, within ten (10) days thereafter, give written notice to all shareholders, other than the petitioner. The notice must state the name and number of shares owned by the petitioner and the name and number of shares owned by each electing shareholder and must advise the recipients of their right to join in the election to purchase shares in accordance with this section. Shareholders who wish to participate must file notice of their intention to join in the purchase no later than thirty (30) days after the effective date of the notice to them. All shareholders who have filed an election or notice of their intention to par-

ticipate in the election to purchase thereby become parties to the proceeding and shall participate in the purchase in proportion to their ownership of shares as of the date the first election was filed, unless they otherwise agree or the court otherwise directs. After an election has been filed by the corporation or one (1) or more shareholders, the proceeding under section 30-29-1430(2), Idaho Code, may not be discontinued or settled, nor may the petitioning shareholder sell or otherwise dispose of his shares, unless the court determines that it would be equitable to the corporation and the shareholders, other than the petitioner, to permit such discontinuance, settlement, sale, or other disposition.

(3) If, within sixty (60) days of the filing of the first election, the parties reach agreement as to the fair value and terms of purchase of the petitioner's shares, the court shall enter an order directing the purchase of petitioner's shares upon the terms and conditions agreed to by the parties.

(4) If the parties are unable to reach an agreement as provided for in subsection (3) of this section, the court, upon application of any party, shall stay the section 30-29-1430(2), Idaho Code, proceedings and determine the fair value of the petitioner's shares as of the day before the date on which the petition under section 30-29-1430(2), Idaho Code, was filed or as of such other date as the court deems appropriate under the circumstances.

(5) Upon determining the fair value of the shares, the court shall enter an order directing the purchase upon such terms and conditions as the court deems appropriate, which may include payment of the purchase price in installments, where necessary in the interests of equity, provision for security to assure payment of the purchase price and any additional costs, fees, and expenses as may have been awarded, and, if the shares are to be purchased by shareholders, the allocation of shares among them. In allocating petitioner's shares among holders of different classes of shares, the court should attempt to preserve the existing distribution of voting rights among holders of different classes insofar as practicable and may direct that holders of a specific class or classes shall not participate in the purchase. Interest may be allowed at the rate and from the date determined by the court to be equitable, but if the court finds that the refusal of the petitioning shareholder to accept an offer of payment was arbitrary or otherwise not in good faith, no interest shall be allowed. If the court finds that the petitioning shareholder had probable grounds for relief under section 30-29-1430(2)(b), Idaho Code, it may award to the petitioning shareholder reasonable fees and expenses of counsel and of any experts employed by him.

(6) Upon entry of an order under subsection (3) or (5) of this section, the court shall dismiss the petition to dissolve the corporation under section 30-29-1430, Idaho Code, and the petitioning shareholder shall no longer have any rights or status as a shareholder of the corporation, except the right to receive the amounts awarded to him by the order of the court that shall be enforceable in the same manner as any other judgment.

(7) The purchase ordered pursuant to subsection (5) of this section shall be made within ten (10) days after the date the order becomes final unless before that time the corporation files with the court a notice of its intention to adopt articles of dissolution pursuant to sections 30-29-1402 and 30-29-1403, Idaho Code, which articles must then be adopted and filed within fifty (50) days thereafter. Upon filing of such articles of dissolu-

tion, the corporation shall be dissolved in accordance with the provisions of sections 30-29-1405 through 30-29-1407, Idaho Code, and the order entered pursuant to subsection (5) of this section shall no longer be of any force or effect, except that the court may award the petitioning shareholder reasonable fees and expenses in accordance with the provisions of the last sentence of subsection (5) of this section and the petitioner may continue to pursue any claims previously asserted on behalf of the corporation.

(8) Any payment by the corporation pursuant to an order under subsection (3) or (5) of this section, other than an award of fees and expenses pursuant to subsection (5) of this section, is subject to the provisions of section 30-29-640, Idaho Code.

30-29-1435 through 30-29-1439 -- RESERVED.

30-29-1440. DEPOSIT WITH STATE TREASURER. Assets of a dissolved corporation that should be transferred to a creditor, claimant or shareholder of the corporation who cannot be found or who is not competent to receive them shall be reduced to cash and deposited with the state.

SECTION 70. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 15, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 15
[RESERVED]

SECTION 71. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 16, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 16
RECORDS AND REPORTS

30-29-1601. CORPORATE RECORDS. (1) A corporation shall keep as permanent records minutes of all meetings of its shareholders and board of directors, a record of all actions taken by the shareholders or board of directors without a meeting, and a record of all actions taken by a committee of the board of directors in place of the board of directors on behalf of the corporation.

(2) A corporation shall maintain appropriate accounting records.

(3) A corporation or its agent shall maintain a record of its shareholders, in a form that permits preparation of a list of the names and addresses of all shareholders, in alphabetical order by class of shares showing the number and class of shares held by each.

(4) A corporation shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

(5) A corporation shall keep a copy of the following records at its principal office:

(a) Its articles or restated articles of incorporation, all amendments to them currently in effect, and any notices to shareholders referred

to in section 30-29-120(2)(e), Idaho Code, regarding facts on which a filed document is dependent;

(b) Its bylaws or restated bylaws and all amendments to them currently in effect;

(c) Resolutions adopted by its board of directors creating one (1) or more classes or series of shares, and fixing their relative rights, preferences, and limitations, if shares issued pursuant to those resolutions are outstanding;

(d) The minutes of all shareholders' meetings, and records of all action taken by shareholders without a meeting, for the past three (3) years;

(e) All written communications to shareholders generally within the past three (3) years, including the financial statements furnished for the past three (3) years under section 30-29-1620, Idaho Code;

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

(g) Its most recent annual report delivered to the secretary of state under section 30-29-1622, Idaho Code.

30-29-1602. INSPECTION OF RECORDS BY SHAREHOLDERS. (1) A shareholder of a corporation is entitled to inspect and copy, during regular business hours at the corporation's principal office, any of the records of the corporation described in section 30-29-1601(5), Idaho Code, if he gives the corporation written notice of his demand at least five (5) business days before the date on which he wishes to inspect and copy.

(2) A shareholder of a corporation is entitled to inspect and copy, during regular business hours at a reasonable location specified by the corporation, any of the following records of the corporation if the shareholder meets the requirements of subsection (3) of this section and gives the corporation written notice of his demand at least five (5) days before the date on which he wishes to inspect and copy:

(a) Excerpts from minutes of any meeting of the board of directors, records of any action of a committee of the board of directors while acting in place of the board of directors on behalf of the corporation, minutes of any meeting of the shareholders, and records of action taken by the shareholders or board of directors without a meeting, to the extent not subject to inspection under section 30-29-1602(1), Idaho Code;

(b) Accounting records of the corporation; and

(c) The record of shareholders.

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

(a) He has been a holder of record of shares or of voting trust certificates for at least six (6) months immediately preceding his demand or shall be the holder of record of, or the holder of record of voting trust certificates for, at least five percent (5%) of all the outstanding shares of the corporation;

(b) His demand is made in good faith and for a proper purpose;

(c) He describes with reasonable particularity his purpose and the records he desires to inspect; and

(d) The records are directly connected with his purpose.

(4) The right of inspection granted by this section may not be abolished or limited by a corporation's articles of incorporation or bylaws.

(5) This section does not affect:

(a) The right of a shareholder to inspect records under section 30-29-720, Idaho Code, or, if the shareholder is in litigation with the corporation, to the same extent as any other litigant; or

(b) The power of a court, independently of this chapter, to compel the production of corporate records for examination.

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

30-29-1603. SCOPE OF INSPECTION RIGHT. (1) A shareholder's agent or attorney has the same inspection and copying rights as the shareholder represented.

(2) The right to copy records under section 30-29-1602, Idaho Code, includes, if reasonable, the right to receive copies by xerographic or other means, including copies through an electronic transmission if available and so requested by the shareholder.

(3) The corporation may comply at its expense with a shareholder's demand to inspect the record of shareholders under section 30-29-1602(2)(c), Idaho Code, by providing the shareholder with a list of shareholders that was compiled no earlier than the date of the shareholder's demand.

(4) The corporation may impose a reasonable charge, covering the costs of labor and material, for copies of any documents provided to the shareholder. The charge may not exceed the estimated cost of production, reproduction or transmission of the records.

30-29-1604. COURT-ORDERED INSPECTION. (1) If a corporation does not allow a shareholder who complies with section 30-29-1602(1), Idaho Code, to inspect and copy any records required by that subsection to be available for inspection, the Idaho district court of the county where the corporation's principal office is located or, if none in this state, Ada county, may summarily order inspection and copying of the records demanded at the corporation's expense upon application of the shareholder.

(2) If a corporation does not within a reasonable time allow a shareholder to inspect and copy any other record, the shareholder who complies with section 30-29-1602(2) and (3), Idaho Code, may apply to the Idaho district court of the county where the corporation's principal office is located or, if none in this state, Ada county, for an order to permit inspection and copying of the records demanded. The court shall dispose of an application under this subsection on an expedited basis.

(3) If the court orders inspection and copying of the records demanded, it shall also order the corporation to pay the shareholder's costs, including reasonable counsel fees, incurred to obtain the order unless the corporation proves that it refused inspection in good faith because it had a reasonable basis for doubt about the right of the shareholder to inspect the records demanded.

(4) If the court orders inspection and copying of the records demanded, it may impose reasonable restrictions on the use or distribution of the records by the demanding shareholder.

30-29-1605. INSPECTION OF RECORDS BY DIRECTORS. (1) A director of a corporation is entitled to inspect and copy the books, records and documents of the corporation at any reasonable time to the extent reasonably related to the performance of the director's duties as a director, including duties as a member of a committee, but not for any other purpose or in any manner that would violate any duty to the corporation.

(2) The district court of the county where the corporation's principal office is located, or if none in this state, Ada county, may order inspection and copying of the books, records and documents at the corporation's expense upon application of a director who has been refused such inspection rights unless the corporation establishes that the director is not entitled to such inspection rights. The court shall dispose of an application under this subsection on an expedited basis.

(3) If an order is issued, the court may include provisions protecting the corporation from undue burden or expense, and prohibiting the director from using information obtained upon exercise of the inspection rights in a manner that would violate a duty to the corporation, and may also order the corporation to reimburse the director for the director's costs, including reasonable counsel fees, incurred in connection with the application.

30-29-1606. EXCEPTION TO NOTICE REQUIREMENT. (1) Whenever notice is required to be given under any provision of this chapter to any shareholder, such notice shall not be required to be given if:

(a) Notice of two (2) consecutive annual meetings, and all notices of meetings during the period between such two (2) consecutive annual meetings, have been sent to such shareholder at such shareholder's address as shown on the records of the corporation and have been returned undeliverable; or

(b) All, but not less than two (2), payments of dividends on securities during a twelve (12) month period, or two (2) consecutive payments of dividends on securities during a period of more than twelve (12) months, have been sent to such shareholder at such shareholder's address as shown on the records of the corporation and have been returned undeliverable.

(2) If any such shareholder shall deliver to the corporation a written notice setting forth such shareholder's then-current address, the requirement that notice be given to such shareholder shall be reinstated.

30-29-1607 through 30-29-1619 -- RESERVED.

30-29-1620. FINANCIAL STATEMENTS FOR SHAREHOLDERS. (1) A corporation upon written shareholder request shall furnish its shareholders annual financial statements or, if annual financial statements are not available, other appropriate accounting records, which may be consolidated or combined statements of the corporation and one (1) or more of its subsidiaries, as appropriate, that include a balance sheet as of the end of the fiscal year, an income statement for that year, and a statement of changes in shareholders' equity for the year unless that information appears elsewhere in the financial statements. If financial statements are prepared for the corporation

on the basis of generally accepted accounting principles, the annual financial statements must also be prepared on that basis.

(2) If any annual financial statements furnished pursuant to subsection (1) of this section are reported upon by a public accountant, his report must accompany them. If not, the statements must be accompanied by a statement of the president or the person responsible for the corporation's accounting records:

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

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

30-29-1621. OTHER REPORTS TO SHAREHOLDERS. (1) If a corporation indemnifies or advances expenses to a director under section 30-29-851, 30-29-852, 30-29-853 or 30-29-854, Idaho Code, in connection with a proceeding by or in the right of the corporation, the corporation shall report the indemnification or advance in writing to the shareholders with or before the notice of the next shareholders' meeting.

(2) If a corporation issues or authorizes the issuance of shares for promissory notes, the corporation shall report in writing to the shareholders the number of shares authorized or issued, and the consideration received by the corporation, with or before the notice of the next shareholders' meeting.

SECTION 72. That Chapter 29, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 17, Chapter 29, Title 30, Idaho Code, and to read as follows:

PART 17
TRANSITION PROVISIONS

30-29-1701. APPLICATION OF CHAPTER TO EXISTING DOMESTIC CORPORATIONS. This chapter applies to all domestic corporations in existence on the effective date of this chapter that were incorporated under any general statute of this state providing for incorporation of corporations for profit if power to amend or repeal the statute under which the corporation was incorporated was reserved.

30-29-1702. APPLICATION TO QUALIFIED FOREIGN CORPORATIONS. A foreign corporation authorized to transact business in this state on the effective date of this chapter is subject to this chapter, but is not required to obtain a new certificate of authority to transact business under this chapter.

30-29-1703. SAVING PROVISIONS. (1) Except as provided in subsection (2) of this section, the repeal of a statute by this chapter does not affect:

(a) The operation of the statute or any action taken under it before its repeal;

(b) Any ratification, right, remedy, privilege, obligation or liability acquired, accrued, or incurred under the statute before its repeal;

(c) Any violation of the statute, or any penalty, forfeiture or punishment incurred because of the violation, before its repeal; or

(d) Any proceeding, reorganization or dissolution commenced under the statute before its repeal, and the proceeding, reorganization or dissolution may be completed in accordance with the statute as if it had not been repealed.

(2) If a penalty or punishment imposed for violation of a statute repealed by this chapter is reduced by this chapter, the penalty or punishment if not already imposed shall be imposed in accordance with this chapter.

30-29-1704. SEVERABILITY. If any provision of this chapter or its application to any person or circumstance is held invalid by a court of competent jurisdiction, the invalidity does not affect other provisions or applications of the chapter that can be given effect without the invalid provision or application, and to this end the provisions of the chapter are severable.

SECTION 73. That Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW CHAPTER, to be known and designated as Chapter 30, Title 30, Idaho Code, and to read as follows:

CHAPTER 30
IDAHO NONPROFIT CORPORATION ACT

SECTION 74. That Chapter 30, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 1, Chapter 30, Title 30, Idaho Code, and to read as follows:

PART 1
GENERAL PROVISIONS

30-30-101. SHORT TITLE. This act shall be known and may be cited as the "Idaho Nonprofit Corporation Act" and shall apply to any type of lawful nonprofit corporation formed under the provisions of this act or other laws of this state.

30-30-102. FILING REQUIREMENTS. (1) Except as otherwise permitted by subsection (2) of this section, a record delivered to the secretary of state for filing pursuant to this chapter must be signed as follows:

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

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

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

(2) The annual report delivered to the secretary of state for filing under section 30-21-213, Idaho Code, shall be executed by one (1) of the persons identified in subsection (1) of this section or by another person who is authorized by the board of directors to execute the report.

30-30-103. DEFINITIONS. Unless the context otherwise requires in this chapter:

(1) "Approved by or approval by the members" means approved or ratified by the affirmative vote of a majority of the votes represented and voting at a duly held meeting at which a quorum is present, which affirmative votes also constitute a majority of the required quorum, or by a written ballot or written consent in conformity with this act or by the affirmative vote, written ballot or written consent of such greater proportion, including the votes of all the members of any class, unit or grouping as may be provided in the articles, bylaws or this act for any specified member action.

(2) "Articles of incorporation" or "articles" includes amended and restated articles of incorporation and articles of merger.

(3) "Board" or "board of directors" means the board of directors by whatever name it is designated, except that no person or group of persons are the board of directors merely because of powers delegated to that person or group pursuant to section 30-30-601, Idaho Code.

(4) "Bylaws" means the code or codes of rules, other than the articles, adopted pursuant to this act for the regulation or management of the affairs of the corporation irrespective of the name or names by which such rules are designated.

(5) "Class" refers to a group of memberships that have the same rights with respect to voting, dissolution, redemption and transfer. For the purpose of this section, rights shall be considered the same if they are determined by a formula applied uniformly.

(6) "Cooperative corporation" or "cooperative" means any nonprofit corporation, operating on a cooperative basis, owned, operated, organized and maintained by its members, for the purpose of providing goods or services to its members.

(7) "Delegates" means those persons elected or appointed to vote in a representative assembly for the election of a director or directors or on other matters.

(8) "Directors" means individuals, designated in the articles or bylaws or elected by the incorporators, and their successors and individuals elected or appointed by any other name or title to act as members of the board.

(9) "Distribution" means the payment of a dividend or any part of the income or profit of a corporation to its members, directors or officers.

(10) "Employee" does not include an officer or director who is not otherwise employed by the corporation.

(11) "Foreign nonprofit corporation" means a corporation organized under a law other than the laws of this state that would be a nonprofit corporation if formed under the laws of this state.

(12) "Governmental subdivision" includes authority, county, district and municipality.

(13) "Member" shall also mean stockholder or shareholder, wherever and whenever those terms are used in this act, and shall apply to all nonprofit corporations formed under this act or other laws of this state that have stockholders or shareholders and issue shares of stock instead of memberships.

(14) "Membership" refers to the rights and obligations a member or members have pursuant to a corporation's articles, bylaws and this act.

(15) "Notice" is defined in section 30-30-104, Idaho Code.

(16) "Record date" means the date on which a corporation determines the identity of its members for the purposes of this act.

(17) "Secretary" means the corporate officer to whom the board of directors has delegated responsibility under section 30-30-621(2), Idaho Code, for custody of the minutes of the director and member meetings and for authenticating the records of the corporation.

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

(19) "Vote" includes authorization by written ballot, absentee ballot and written consent.

(20) "Voting power" means the total number of votes entitled to be cast for the election of directors at the time the determination of voting power is made, excluding a vote that is contingent upon the happening of a condition or event that has not occurred at the time. Where a class is entitled to vote as a class for directors, the determination of voting power of the class shall be based on the percentage of the number of directors the class is entitled to elect out of the total number of authorized directors.

30-30-104. NOTICE. (1) Notice may be oral or written. Notice by electronic transmission is written notice.

(2) Notice may be communicated: in person; by telephone or voice mail; by telegraph, teletype or other electronic means; or by mail or private carrier; if these forms of personal notice are impracticable, notice may be communicated by publication for ten (10) days pursuant to section 60-109, Idaho Code.

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

(4) Written notice, if in a comprehensible form, is effective at the earliest of the following:

(a) When received;

(b) Five (5) days after its deposit in the United States mail, as evidenced by sworn affidavit or postmark, if mailed correctly addressed and with first class postage affixed;

(c) On the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee;

(d) When electronically transmitted to a member in a manner authorized by the members.

(5) Written notice is correctly addressed to a member of a domestic or foreign nonprofit corporation if addressed to the member's address shown in the corporation's current list of members.

(6) A written notice or report delivered as part of a newsletter, magazine or other publication regularly sent to members shall constitute a written notice or report if addressed or delivered to the member's address shown in the corporation's current list of members, or in the case of members who are residents of the same household and who have the same address in the cor-

poration's current list of members, if addressed or delivered to one of such members, at the address appearing on the current list of members.

(7) Written notice is correctly addressed to a domestic or foreign nonprofit corporation authorized to transact business in this state, other than in its capacity as a member, if addressed to its registered agent or to its secretary at its principal office shown in its most recent annual report or, in the case of a foreign nonprofit corporation that has not yet delivered an annual report, in its application for a certificate of authority.

(8) If section 30-30-505(2), Idaho Code, or any other provision of this act prescribes notice requirements for particular circumstances, those requirements govern. If articles or bylaws prescribe notice requirements, not inconsistent with this section or other provisions of this act, those requirements govern.

30-30-105. PRIVATE FOUNDATION. Except where otherwise determined by a court of competent jurisdiction, a corporation that is a private foundation as defined in section 509(a) of the Internal Revenue Code of 1986, as amended:

(1) Shall distribute such amounts for each taxable year at such time and in such manner as not to subject the corporation to tax under section 4942 of the code.

(2) Shall not engage in any act of self-dealing as defined in section 4941(d) of the code.

(3) Shall not retain any excess business holdings as defined in section 4943(c) of the code.

(4) Shall not make any taxable expenditures as defined in section 4944 of the code.

(5) Shall not make any taxable expenditures as defined in section 4945(d) of the code.

(6) Shall be authorized to terminate its status as a private foundation in a manner described in section 507(b)(1) of the Internal Revenue Code.

All references in this section to sections of the code shall be to such sections of the Internal Revenue Code of 1986, as amended from time to time, or to corresponding provisions of subsequent internal revenue laws of the United States.

30-30-106. JUDICIAL RELIEF. (1) If for any reason it is impractical or impossible for any corporation to call or conduct a meeting of its members, delegates or directors, or otherwise obtain their consent, in the manner prescribed by its articles, bylaws or this act, then upon petition of a director, officer, delegate or member, the district court may order that such a meeting be called or that a written ballot or other form of obtaining the vote of members, delegates or directors be authorized, in such a manner as the court finds fair and equitable under the circumstances.

(2) The court shall, in an order issued pursuant to this section, provide for a method of notice reasonably designed to give actual notice to all persons who would be entitled to notice of a meeting held pursuant to the articles, bylaws and this act, whether or not the method results in actual notice to all such persons or conforms to the notice requirements that would

otherwise apply. In a proceeding under this section the court may determine who the members or directors are.

(3) The order issued pursuant to this section may dispense with any requirements relating to the holding of or voting at meetings or obtaining votes, including any requirement as to quorums or as to the number or percentage of votes needed for approval, that would otherwise be imposed by the articles, bylaws or this act.

(4) Whenever practical, any order issued pursuant to this section shall limit the subject matter of meetings or other forms of consent authorized to items, including amendments to the articles or bylaws, the resolution of which will or may enable the corporation to continue managing its affairs without further resort to this section; provided however, that an order under this section may also authorize the obtaining of whatever votes and approvals are necessary for the dissolution, merger or sale of assets.

(5) Any meeting or other method of obtaining the vote of members, delegates or directors conducted pursuant to an order issued under this section, and that complies with all the provisions of such order, is for all purposes a valid meeting or vote, as the case may be, and shall have the same force and effect as if it complied with every requirement imposed by the articles, bylaws and this act.

(6) Any member of a cooperative association that provides electric service may apply to the district court of the county where the member's service entrance is located for a determination that the cooperative association's charges for electric service to that member are fair, just and reasonable and are not discriminatory or preferential. In the event that the court determines that the rate is not fair, just and reasonable or is discriminatory or preferential, the court shall remand the matter to the cooperative association to alter or amend the rate in conformance with the standards set forth herein.

30-30-107. RELIGIOUS CORPORATIONS -- CONSTITUTIONAL PROTECTIONS. If religious doctrine governing the affairs of a religious corporation is inconsistent with the provisions of this act on the same subject, the religious doctrine shall control to the extent required by the constitution of the United States or the constitution of this state or both.

SECTION 75. That Chapter 30, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 2, Chapter 30, Title 30, Idaho Code, and to read as follows:

PART 2
INCORPORATION

30-30-201. INCORPORATORS. One (1) or more persons may act as the incorporator or incorporators of a corporation by delivering articles of incorporation to the secretary of state for filing.

30-30-202. ARTICLES OF INCORPORATION. (1) The articles of incorporation must set forth:

(a) A corporate name for the corporation that satisfies the requirements of sections 30-21-301 and 30-21-302(a), Idaho Code;

(b) The purpose or purposes for which the corporation is organized, which may be, either alone or in combination with other purposes, the transaction of any lawful activity;
(c) The names and addresses of the individuals who are to serve as the initial directors;
(d) The information required by section 30-21-404(a), Idaho Code;
(e) The name and address of each incorporator;
(f) Whether or not the corporation will have members; and
(g) Provisions not inconsistent with law regarding the distribution of assets on dissolution.
(2) The articles of incorporation may set forth:
(a) Provisions not inconsistent with law regarding:
(i) Managing and regulating the affairs of the corporation;
(ii) Defining, limiting and regulating the powers of the corporation, its board of directors, and members or any class of members; and
(iii) The characteristics, qualifications, rights, limitations and obligations attaching to each or any class of members.
(b) Any provision that under this act is required or permitted to be set forth in the bylaws.
(3) Each incorporator named in the articles must sign the articles.
(4) The articles of incorporation need not set forth any of the corporation powers enumerated in this act.
(5) The articles of incorporation may authorize assessments to be levied upon all members or classes of membership alike, or upon the outstanding shares of stock of the corporation that issues shares of stock instead of memberships pursuant to its articles of incorporation, or in different amounts or proportions or upon a different basis upon different members or classes of membership, and may exempt some members or classes of membership from assessments. The articles of incorporation may fix the amount and method of collection of assessments, or may authorize the board of directors to fix the amount thereof, from time to time, and may make them payable at such times or intervals, and upon such notice and by such methods as the directors may prescribe. Assessments may be made enforceable by civil action or by the forfeiture of membership, or both, or by the sale of shares of the capital stock of a stockholder in a corporation that issues shares of stock instead of memberships, when authorized by the articles of incorporation of said corporation, upon notice given in writing twenty (20) days before commencement of such action or such forfeiture. If the articles of incorporation so provide, assessments may be secured by a lien upon real property to which membership rights are appurtenant, if appropriate, or upon the shares of stock of a stockholder or shareholder corporation, when authorized by its articles of incorporation.

30-30-203. INCORPORATION. (1) Unless a delayed effective date is specified, the corporate existence begins when the articles of incorporation are filed.
(2) The secretary of state's filing of the articles of incorporation is conclusive proof that the incorporators satisfied all conditions precedent

to incorporation except in a proceeding by the state to cancel or revoke the incorporation or involuntarily dissolve the corporation.

30-30-204. LIABILITY. All persons purporting to act as or on behalf of a corporation, knowing there was no incorporation under this act, are jointly and severally liable for all liabilities created while so acting.

30-30-205. ORGANIZATION OF CORPORATION. (1) After incorporation:

(a) If initial directors are named in the articles of incorporation, the initial directors shall hold an organizational meeting, at the call of a majority of the directors, to complete the organization of the corporation by appointing officers, adopting bylaws and carrying on any other business brought before the meeting;

(b) If initial directors are not named in the articles, the incorporator or incorporators shall hold an organizational meeting at the call of a majority of the incorporators:

(i) To elect directors and complete the organization of the incorporation; or

(ii) To elect a board of directors who shall complete the organization of the corporation.

(2) Action required or permitted by this act to be taken by incorporators at an organizational meeting may be taken without a meeting if the action taken is evidenced by one (1) or more written consents describing the action taken and signed by each incorporator.

(3) An organizational meeting may be held in or out of this state in accordance with section 30-30-613, Idaho Code.

30-30-206. BYLAWS. (1) The board of directors or members of a corporation shall adopt the initial bylaws for the corporation.

(2) The bylaws may contain any provision for regulating and managing the affairs of the corporation that is not inconsistent with law or the articles of incorporation.

(3) The patrons of a cooperative corporation, by dealing with the corporation, acknowledge that the terms and provisions of the articles of incorporation and bylaws, as well as policies, rules and regulations, shall constitute and be a contract between the corporation and each patron, and both the corporation and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions.

30-30-207. EMERGENCY BYLAWS AND POWERS. (1) Unless the articles provide otherwise, the directors of a corporation may adopt, amend or repeal bylaws to be effective only in an emergency defined in subsection (4) of this section. The emergency bylaws, which are subject to amendment or repeal by the members, may provide special procedures necessary for managing the corporation during the emergency, including:

(a) How to call a meeting of the board;

(b) Quorum requirements for the meeting; and

(c) Designation of additional or substitute directors.

(2) All provisions of the regular bylaws consistent with the emergency bylaws remain effective during the emergency. The emergency bylaws are not effective after the emergency ends.

(3) Corporate action taken in good faith in accordance with the emergency bylaws:

(a) Binds the corporation; and

(b) May not be used to impose liability on a corporate director, officer, employee, or agent.

(4) An emergency exists for purposes of this section if a quorum of the corporation's directors cannot readily be assembled because of some catastrophic event.

SECTION 76. That Chapter 30, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 3, Chapter 30, Title 30, Idaho Code, and to read as follows:

PART 3
PURPOSES AND POWERS

30-30-301. PURPOSES. (1) One (1) or more persons may act as the incorporator or incorporators of a corporation by delivering articles of incorporation to the secretary of state for filing.

(2) A corporation engaging in an activity that is subject to regulation under another statute of this state may incorporate under this act only if incorporation under this act is not prohibited by the other statute. The corporation shall be subject to all limitations of the other statute.

30-30-302. GENERAL POWERS. Unless its articles of incorporation provide otherwise, every corporation has perpetual duration and succession in its corporate name and has the same powers as an individual to do all things necessary or convenient to carry out its affairs including, without limitation, power:

(1) To sue and be sued, complain and defend in its corporate name;

(2) To have a corporate seal, which may be altered at will, and to use it, or a facsimile of it, by impressing or affixing or in any other manner reproducing it;

(3) To make and amend bylaws not inconsistent with its articles of incorporation or with the laws of this state, for regulating and managing the affairs of the corporation;

(4) To purchase, receive, lease or otherwise acquire and to own, hold, improve, use and otherwise deal with real property, including water and water rights, and personal property, or any legal or equitable interest in property, wherever located;

(5) To sell, convey, mortgage, pledge, lease, exchange and otherwise dispose of all or any part of its property;

(6) To purchase, receive, subscribe for or otherwise acquire, own, hold, vote, use, sell, mortgage, lend, pledge, or otherwise dispose of, and deal in and with, shares or other interests in or obligations of any entity;

(7) To make contracts and guaranties, incur liabilities, borrow money, issue notes, bonds and other obligations, and secure any of its obligations by mortgage or pledge of any of its property, franchises or income;

(8) To lend money, invest and reinvest its funds, and receive and hold real and personal property as security for repayment, except as limited by section 30-30-620, Idaho Code;

(9) To be a promoter, partner, member, associate or manager of any partnership, joint venture, trust or other entity;

(10) To conduct its activities, locate offices and exercise the powers granted by this act within or without this state;

(11) To elect or appoint directors, officers, employees and agents of the corporation, define their duties and fix their compensation;

(12) To pay pensions and establish pension plans, pension trusts and other benefit and incentive plans for any or all of its current or former directors, officers, employees and agents;

(13) To make donations not inconsistent with law for the public welfare or for charitable, religious, scientific or educational purposes and for other purposes that further the corporate interest;

(14) To impose dues, assessments, admission and transfer fees upon its members and to levy assessments upon the outstanding shares of stock, of a corporation with capital stock, if authorized by the articles of incorporation of that corporation;

(15) To establish conditions for admission of members, admit members and issue memberships;

(16) To carry on a business; and

(17) To do all things necessary or convenient, not inconsistent with law, to further the activities and affairs of the corporation.

30-30-303. EMERGENCY POWERS. (1) In anticipation of or during an emergency defined in subsection (4) of this section, the board of directors of a corporation may:

(a) Modify lines of succession to accommodate the incapacity of any director, officer, employee or agent; and

(b) Relocate the principal office, designate alternative principal offices or regional offices, or authorize the officer to do so.

(2) During an emergency defined in subsection (4) of this section, unless emergency bylaws provide otherwise:

(a) Notice of a meeting of the board of directors need be given only to those directors it is practicable to reach and may be given in any practicable manner, including by publication and radio; and

(b) One (1) or more officers of the corporation present at a meeting of the board of directors may be deemed to be directors for the meeting, in order of rank and within the same rank in order of seniority, as necessary to achieve a quorum.

(3) Corporate action taken in good faith during an emergency under this section to further the ordinary affairs of the corporation:

(a) Binds the corporation; and

(b) May not be used to impose liability on a corporate director, officer, employee or agent.

(4) An emergency exists for purposes of this section if a quorum of the corporation's directors cannot readily be assembled because of some catastrophic event.

30-30-304. ULTRA VIRES. (1) Except as provided in subsection (2) of this section, the validity of corporate action may not be challenged on the ground that the corporation lacks or lacked power to act.

(2) A corporation's power to act may be challenged in a proceeding against the corporation to enjoin an act where a third party has not acquired rights. The proceeding may be brought by a director, or by a member or members in a derivative proceeding.

(3) A corporation's power to act may be challenged in a proceeding against an incumbent or former director, officer, employee or agent of the corporation. The proceeding may be brought by a director, the corporation, directly, derivatively, or through a receiver, a trustee or other legal representative.

SECTION 77. That Chapter 30, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 4, Chapter 30, Title 30, Idaho Code, and to read as follows:

PART 4
MEMBERSHIP

30-30-401. ADMISSION OF MEMBERS. (1) The articles or bylaws may establish criteria or procedures for admission of members.

(2) No person shall be admitted as a member without his or her consent.

(3) No person who is not an incorporator shall become a member of a cooperative corporation unless such person shall agree to use services furnished by the corporation when such service shall be available through its facilities.

30-30-402. CONSIDERATION. Except as provided in its articles or bylaws, a corporation may admit members for no consideration or for such consideration as is determined by the board, or by the articles of incorporation.

30-30-403. NO REQUIREMENT OF MEMBERS. A corporation, except a cooperative corporation, is not required to have members.

30-30-404. DIFFERENCES IN RIGHTS AND OBLIGATIONS OF MEMBERS. All members shall have the same rights and obligations with respect to voting, dissolution, redemption and transfer, unless the articles or bylaws establish classes of membership with different rights or obligations or divide voting rights by voting districts. All members shall have the same rights and obligations with respect to any other matters, except as set forth in or authorized by the articles or bylaws.

30-30-405. TRANSFERS. Where transfer rights have been provided, no restriction on them shall be binding with respect to a member holding a membership issued prior to the adoption of the restriction unless the restriction is approved by the members and the affected member.

30-30-406. MEMBER'S LIABILITY TO THIRD PARTIES. A member of a corporation is not, as such, personally liable for the acts, debts, liabilities or obligations of the corporation.

30-30-407. MEMBER'S LIABILITY FOR DUES, ASSESSMENTS AND FEES. A member may become liable to the corporation for dues, assessments or fees.

30-30-408. RESIGNATION. (1) A member may resign at any time. A person ceases to be a stockholder only when that person's shares of stock have all been disposed of.

(2) The resignation of a member, or the disposal of all stock of a stockholder, does not relieve the member from any obligations the member may have to the corporation as a result of obligations incurred or commitments made prior to resignation.

(3) The provisions of title 42, Idaho Code, shall also apply to all resignations pursuant to this section if a company or corporation is regulated or governed pursuant to that title.

30-30-409. TERMINATION, EXPULSION AND SUSPENSION. (1) No member, except a member of a religious corporation, may be expelled or suspended, and no membership or memberships in such corporations may be terminated or suspended except pursuant to a procedure that is fair and reasonable and is carried out in good faith.

(2) A procedure is fair and reasonable when either:

(a) The articles or bylaws set forth a procedure that provides:

(i) Not less than fifteen (15) days' prior written notice of the expulsion, suspension or termination and the reasons therefor; and

(ii) An opportunity for the member to be heard, orally or in writing, not less than five (5) days before the effective date of the expulsion, suspension or termination by a person or persons authorized to decide that the proposed expulsion, termination or suspension not take place; or

(b) It is fair and reasonable taking into consideration all of the relevant facts and circumstances.

(3) Any written notice given by mail must be given by first class or certified mail sent to the last address of the member shown on the corporation's records.

(4) Any proceeding challenging an expulsion, suspension or termination, including a proceeding in which defective notice is alleged, must be commenced within one (1) year after the effective date of the expulsion, suspension or termination.

(5) A member who has been expelled or suspended may be liable to the corporation for dues, assessments or fees as a result of obligations incurred or commitments made prior to expulsion or suspension.

30-30-410. PURCHASE OF MEMBERSHIPS. A corporation may purchase the membership of a member who resigns or whose membership is terminated for the amount and pursuant to the conditions set forth in or authorized by its arti-

cles or bylaws. No payment shall be made in violation of section 30-30-904, Idaho Code.

30-30-411. DERIVATIVE SUITS. (1) A proceeding may be brought in the right of a domestic or foreign nonprofit corporation to procure a judgment in its favor by:

(a) Any member or members having five percent (5%) or more of the voting power or by fifty (50) members, whichever is less; or

(b) Any director.

(2) In any such proceeding, each complainant shall be a member or director at the time of bringing the proceeding.

(3) A complaint in a proceeding brought in the right of a corporation must be verified and alleged with particularity to the demand made, if any, to obtain action by the directors and either why the complainants could not obtain the action or why they did not make the demand. If a demand for action was made and the corporation's investigation of the demand is in progress when the proceeding is filed, the court may stay the suit until the investigation is completed.

(4) On termination of the proceeding, the court may require the complainants to pay any defendant's reasonable expenses, including attorney's fees, incurred in defending the suit if it finds that the proceeding was commenced frivolously or in bad faith.

(5) If the proceeding on behalf of the corporation results in the corporation taking some action requested by the complainants or otherwise was successful, in whole or in part, or if anything was received by the complainants as the result of a judgment, compromise or settlement of an action or claim, the court may award the complainants reasonable expenses, including attorney's fees.

30-30-412. DELEGATES. (1) A corporation may provide in its articles or bylaws for delegates having some or all of the authority of members.

(2) The articles or bylaws may set forth provisions relating to:

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

(b) Calling, noticing, holding and conducting meetings of delegates; and

(c) Carrying on corporate activities during and between meetings of delegates.

SECTION 78. That Chapter 30, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 5, Chapter 30, Title 30, Idaho Code, and to read as follows:

PART 5
MEMBER MEETINGS

30-30-501. ANNUAL AND REGULAR MEETINGS. (1) A corporation with members shall hold a membership meeting annually at a time stated in or fixed in accordance with the bylaws.

(2) A corporation with members may hold regular membership meetings at the times stated in or fixed in accordance with the bylaws.

(3) Annual and regular membership meetings may be held in or out of this state at the place stated in or fixed in accordance with the bylaws. If no place is stated in or fixed in accordance with the bylaws, annual and regular meetings shall be held at the corporation's principal office.

(4) At the annual meeting:

(a) The president and chief financial officer shall report on the activities and financial condition of the corporation; and

(b) The members shall consider and act upon such other matters as may be raised consistent with the notice requirements of section 30-30-505, Idaho Code.

(5) At regular meetings the members shall consider and act upon such matters as may be raised consistent with the notice requirements of section 30-30-505, Idaho Code.

(6) The failure to hold an annual or regular meeting at a time stated in or fixed in accordance with a corporation's bylaws does not affect the validity of any corporate action.

30-30-502. SPECIAL MEETING. (1) A corporation with members shall hold a special meeting of members:

(a) On call of its board or the person or persons authorized to do so by the articles or bylaws; or

(b) Except as provided in the articles or bylaws of a religious corporation if the holders of at least ten percent (10%) of the voting power of any corporation sign, date and deliver to any corporate officer one (1) or more written demands for the meeting describing the purpose or purposes for which it is to be held.

(2) The close of business on the thirtieth day before delivery of the demand or demands for a special meeting to any corporate officer is the record date for the purpose of determining whether the ten percent (10%) requirement of subsection (1) of this section has been met.

(3) If a notice for a special meeting demanded under subsection (1)(b) of this section is not given pursuant to section 30-30-505, Idaho Code, within thirty (30) days after the date the written demand or demands are delivered to a corporate officer, regardless of the requirements of subsection (4) of this section, a person signing the demand or demands may set the time and place of the meeting and give notice pursuant to section 30-30-505, Idaho Code.

(4) Special meetings of members may be held in or out of this state at the place stated in or fixed in accordance with the bylaws. If no place is stated or fixed in accordance with the bylaws, special meetings shall be held at the corporation's principal office.

(5) Only those matters that are within the purpose or purposes described in the meeting notice required in section 30-30-505, Idaho Code, may be conducted at a special meeting of members.

30-30-503. COURT-ORDERED MEETINGS. (1) The district court of the county where a corporation's principal office is located or, if none in this state, Ada county, may summarily order a meeting to be held:

(a) On application of any member or other person entitled to participate in an annual or regular meeting, if an annual meeting was not held

within the earlier of six (6) months after the end of the corporation's fiscal year or fifteen (15) months after its last annual meeting; or

(b) On application of any member or other person entitled to participate in a regular meeting, if a regular meeting is not held within forty (40) days after the date it was required to be held; or

(c) On application of a member who signed a demand for a special meeting valid under section 30-30-502, Idaho Code, a person or persons entitled to call a special meeting, if:

(i) Notice of the special meeting was not given within thirty (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.

(2) 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 purpose or purposes of the meeting.

(3) If the court orders a meeting, it may also order the corporation to pay the member's costs, including reasonable attorney's fees, incurred to obtain the order.

30-30-504. ACTION BY WRITTEN CONSENT. (1) Unless limited or prohibited by the articles or bylaws, action required or permitted by this act to be approved by the members may be approved without a meeting of members if the action is approved by members holding at least eighty percent (80%) of the voting power. The action must be evidenced by one (1) or more written consents describing the action taken, signed by those members representing at least eighty percent (80%) of the voting power, and delivered to the corporation for inclusion in the minutes or filing with the corporate records.

(2) If not otherwise determined under section 30-30-503 or 30-30-507, Idaho Code, the record date for determining members entitled to take action without a meeting is the date the first member signs the consent under subsection (1) of this section.

(3) A consent signed under this section has the effect of a meeting vote and may be described as such in any document filed with the secretary of state.

(4) Written notice of member approval pursuant to this section shall be given to all members who have not signed the written consent. If written notice is required, member approval pursuant to this section shall be effective ten (10) days after such written notice is given.

30-30-505. NOTICE OF MEETING. (1) A corporation shall give notice consistent with its bylaws of meetings of members in a fair and reasonable manner.

(2) Any notice that conforms to the requirements of subsection (3) of this section is fair and reasonable, but other means of giving notice may also be fair and reasonable when all the circumstances are considered; pro-

vided however, that notice of matters referred to in subsection (3)(b) of this section must be given as provided in subsection (3) of this section.

(3) Notice is fair and reasonable if:

(a) The corporation notifies its members of the place, date, and time of each annual, regular and special meeting of members no fewer than ten (10) days, or if notice is mailed by other than first class or registered mail, thirty (30) days, nor more than sixty (60) days before the meeting date;

(b) Notice of an annual or regular meeting includes a description of any matters or matters that must be approved by the members under section 30-22-203, 30-22-303, 30-22-403, 30-22-503, 30-30-619, 30-30-626, 30-30-703, 30-30-709, 30-30-903 or 30-30-1003, Idaho Code; and

(c) Notice of a special meeting includes a description of the matter or matters for which the meeting is called.

(4) Unless the bylaws require otherwise, if an annual, regular or special meeting of members is adjourned to a different date, time or place, notice need not be given of the new date, time or place, if the new date, time or place is announced at the meeting before adjournment. If a new record date for the adjourned meeting is or must be fixed under section 30-30-507, Idaho Code, however, notice of the adjourned meeting must be given under this section to the members of record as of the new record date.

(5) When giving notice of an annual, regular or special meeting of members, a corporation shall give notice of a matter a member intends to raise at the meeting if:

(a) Requested in writing to do so by a person entitled to call a special meeting; and

(b) The request is received by the secretary or president of the corporation at least ten (10) days before the corporation gives notice of the meeting.

30-30-506. WAIVER OF NOTICE. (1) A member may waive any notice required in this act, the articles or bylaws before or after the date and time stated in the notice. The waiver must be in writing, be signed by the member entitled to the notice, and be delivered to the corporation for inclusion in the minutes or filing with the corporate records.

(2) A member's attendance at a meeting:

(a) Waives objection to lack of notice or defective notice of the meeting, unless the member at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; or

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

30-30-507. RECORD DATE -- DETERMINING MEMBERS ENTITLED TO NOTICE AND VOTE. (1) The bylaws of a corporation may fix or provide the manner of fixing a date as the record date for determining the members entitled to notice of a members' meeting. If the bylaws do not fix or provide for fixing such a record date, the board may fix a future date as such a record date. If no such record date is fixed, members at the close of business on the business

day preceding the day on which notice is given, or if notice is waived, at the close of business on the business day preceding the day on which the meeting is held, are entitled to notice of the meeting.

(2) The bylaws of a corporation may fix or provide the manner of fixing a date as the record date for determining the members entitled to vote at a members' meeting. If the bylaws do not fix or provide for fixing such a record date, the board may fix a future date as such a record date. If no such record date is fixed, members on the date of the meeting who are otherwise eligible to vote are entitled to vote at the meeting.

(3) The bylaws may fix or provide the manner for determining a date as the record date for the purpose of determining the members entitled to exercise any rights in respect of any other lawful action. If the bylaws do not fix or provide for fixing such a record date, the board may fix in advance such a record date. If no such record date is fixed, members at the close of business on the day on which the board adopts the resolution relating thereto, or the sixtieth day prior to the date of such other action, whichever is later, are entitled to exercise such rights.

(4) A record date fixed under this section may not be more than seventy (70) days before the meeting or action requiring a determination of members occurs.

(5) A determination of members entitled to notice of or to vote at a membership meeting is effective for any adjournment of the meeting unless the board fixes a new date for determining the right to notice or the right to vote, which it must do if the meeting is adjourned to a date more than seventy (70) days after the record date for determining members entitled to notice of the original meeting.

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

30-30-508. ACTION BY MAILED WRITTEN BALLOT OR ABSENTEE BALLOT. (1) Unless prohibited or limited by the articles or bylaws, any action that may be taken at any annual, regular or special meeting of members may be taken without a meeting if the corporation delivers a written ballot to every member entitled to vote on the matter. The articles or bylaws may provide that the members may vote by mail or by absentee ballot on any corporate action that may be taken at any annual, regular or special meeting of members.

(2) A written ballot for action taken without a meeting shall:

(a) Set forth each proposed action; and

(b) Provide an opportunity to vote for or against each proposed action.

(3) Approval by written ballot alone pursuant to this section when a meeting is not held shall be valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action and when 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.

(4) All solicitations for votes by written ballot shall:

(a) Indicate the number of responses needed to meet the quorum requirements;

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

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

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

30-30-509. MEMBERS' LIST FOR MEETING. (1) After fixing a record date for a notice of a meeting, a corporation shall prepare an alphabetical list of the names of all its members who are entitled to notice of the meeting. The list must show the address and number of votes each member is entitled to vote at the meeting. The corporation shall prepare on a current basis through the time of the membership meeting a list of members, if any, who are entitled to vote at the meeting but not entitled to notice of the meeting. This list shall be prepared on the same basis and be part of the list of members.

(2) The list of members must be available for inspection by any member for the purpose of communication with other members concerning the meeting, beginning two (2) business days after notice is given of the meeting for which the list was prepared and continuing through the meeting, at the corporation's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. A member or a member's agent or attorney is entitled on written demand to inspect and, subject to the limitations of sections 30-30-1102(3) and 30-30-1104, Idaho Code, to copy the list, at a reasonable time and at the member's expense, during the period it is available for inspection.

(3) The corporation shall make the list of members available at the meeting, and any member or a member's agent or attorney is entitled to inspect the list at any time during the meeting or any adjournment.

(4) If the corporation refuses to allow a member or a member's agent or attorney to inspect the list of members before or at the meeting or copy the list as permitted by subsection (2) of this section, the district court of the county where a corporation's principal office is located, or if none in this state, Ada county, on application of the member, may summarily order the inspection or copying at the corporation's expense and may postpone the meeting for which the list was prepared until the inspection or copying is complete and may order the corporation to pay the member's costs, including reasonable attorney's fees, incurred to obtain the order.

(5) Unless a written demand to inspect and copy a membership list has been made under subsection (2) of this section prior to 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.

(6) The articles or bylaws of a religious corporation may limit or abolish the rights of a member under this section to inspect and copy any corporate record.

30-30-510. VOTING ENTITLEMENT GENERALLY. (1) Unless the articles or bylaws provide otherwise, each member is entitled to one (1) vote on each

matter voted on by the members, or by one (1) vote for each share of stock in a corporation that issues shares of stock instead of memberships, when authorized by the articles of incorporation of said corporation.

(2) Unless the articles or bylaws provide otherwise, if a membership stands of record in the names of two (2) or more persons, their acts with respect to voting shall have the following effect:

(a) If only one (1) votes, such act binds all; and

(b) If more than one (1) votes, the vote shall be divided on a pro rata basis.

30-30-511. QUORUM REQUIREMENTS. (1) Unless this act, the articles or bylaws provide for a higher or lower quorum, ten percent (10%) of the votes entitled to be cast on a matter must be represented in person, by proxy, by mailed written ballot or by absentee ballot at a meeting of members to constitute a quorum on that matter.

(2) A bylaw amendment to decrease the quorum for any member action may be approved by the members or, unless prohibited by the bylaws, by the board.

(3) A bylaw amendment to increase the quorum required for any member action must be approved by the members.

(4) Unless one-third (1/3) or more of the voting power is present in person, by proxy, by mailed written ballot or by absentee ballot, the only matters that may be voted upon at an annual or regular meeting of members are those matters that are described in the meeting notice.

30-30-512. VOTING REQUIREMENTS. (1) Unless this act, the articles or the bylaws require a greater vote or voting by class, if a quorum is present, the affirmative vote of the votes represented and voting, which affirmative votes also constitute a majority of the required quorum, is the act of the members.

(2) A bylaw amendment to increase or decrease the vote required for any member action must be approved by the members.

30-30-513. PROXIES. (1) Unless the articles or bylaws prohibit or limit proxy voting, a member may appoint a proxy to vote or otherwise act for the member by signing an appointment form either personally or by an attorney-in-fact.

(2) 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 eleven (11) months unless a different period is expressly provided in the appointment form; provided however, that no proxy shall be valid for more than three (3) years from its date of execution.

(3) An appointment of a proxy is revocable by the member.

(4) 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.

(5) Appointment of a proxy is revoked by the person appointing the proxy:

(a) Attending any meeting and voting in person; or

(b) Signing and delivering to the secretary or other officer or agent authorized to tabulate proxy votes either a written statement that the appointment of the proxy is revoked or a subsequent appointment form.

(6) Subject to section 30-30-516, Idaho Code, and any 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.

(7) The articles or bylaws of a corporation may prescribe reasonable conditions under which proxy voting may be exercised.

30-30-514. CUMULATIVE VOTING FOR DIRECTORS. (1) If the articles or bylaws specifically provide for cumulative voting by members, members may so vote by multiplying the number of votes the members are entitled to cast by the number of directors for whom they are entitled to vote, and cast the product for a single candidate or distribute the product among two (2) or more candidates.

(2) Cumulative voting is not authorized at a particular meeting unless:

(a) The meeting notice or statement accompanying the notice states that cumulative voting will take place; or

(b) A member gives notice during the meeting and before the vote is taken of the member's intent to cumulate votes, and if one (1) member gives this notice all other members participating in the election are entitled to cumulate their votes without giving further notice.

(3) A director elected by cumulative voting may be removed by the members without cause if the requirements of section 30-30-608, Idaho Code, are met unless the votes cast against removal, or not consenting in writing to such removal, would be sufficient to elect such director if voted cumulatively at an election at which the same total number of votes were cast, or, if such action is taken by written ballot, all memberships entitled to vote were voted, and the entire number of directors authorized at the time of the director's most recent election were then being elected.

(4) Members may not cumulatively vote if the directors and members are identical.

30-30-515. OTHER METHODS OF ELECTING DIRECTORS. A corporation may provide in its articles or bylaws for election of directors by members or delegates:

(1) On the basis of chapter or other organizational unit;

(2) By region or other geographic unit, including voting district and, in respect to each such voting district, the articles or bylaws shall describe the boundaries thereof and designate the number of directors that shall be elected by the members residing therein;

(3) By preferential voting; or

(4) By any other reasonable method.

30-30-516. CORPORATION'S ACCEPTANCE OF VOTES. (1) If the name signed on a vote, consent, waiver or proxy appointment corresponds to the name of a member, the corporation, if acting in good faith, is entitled to accept the vote, consent, waiver or proxy appointment and give it effect as the act of the member.

(2) 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, is nevertheless entitled to accept the vote, consent, waiver or proxy appointment and give it effect as the act of the member if:

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

(b) The name signed purports to be that of an 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;

(c) Two (2) or more persons hold the membership as cotenants or fiduciaries and the name signed purports to be the name of at least one (1) of the coholders and the person signing appears to be acting on behalf of all the coholders; and

(d) If:

(i) The name signed purports to be that of an administrator, executor, 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;

(ii) 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.

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

(4) The corporation and its officer or agent who accepts or rejects a vote, consent, waiver or proxy appointment in good faith and in accordance with the standards of this section are not liable in damages to the member for the consequences of the acceptance or rejection.

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

(6) Contested elections shall be referred to the board of directors, which shall, after reviewing all ballots, proxies, reports of election inspectors or judges, and any other relevant documents or materials, certify the results of the election. In the case of a tie vote between candidates, the tie shall be determined by a toss of a coin. If allowed by the bylaws of the corporation, the board of directors shall have the power to call a new election if, after reviewing all relevant documents and information, the board of directors is unable to certify the results of the election.

30-30-517. VOTING AGREEMENTS. (1) If the articles or bylaws specifically allow for voting agreements, two (2) or more members may provide for

the manner in which they will vote by signing an agreement for that purpose. Such agreements may be valid for a period of up to ten (10) years.

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

SECTION 79. That Chapter 30, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 6, Chapter 30, Title 30, Idaho Code, and to read as follows:

PART 6
DIRECTORS AND OFFICERS

30-30-601. REQUIREMENT FOR AND DUTIES OF BOARD. (1) Each corporation must have a board of directors.

(2) Except as provided in this act or subsection (3) of this section, all corporate powers shall be exercised by or under the authority of, and the affairs of the corporation managed under the direction of, its board.

(3) The articles may authorize a person or persons to exercise some or all of the powers that would otherwise be exercised by a board. To the extent so authorized, any such person or persons shall have the duties and responsibilities of the directors, and the directors shall be relieved to that extent from such duties and responsibilities.

30-30-602. QUALIFICATIONS OF DIRECTORS. All directors must be individuals. If the corporation is a cooperative, all directors must be members of the corporation, provided, that unless otherwise provided in the bylaws, a person who has the right to vote on behalf of an entity that is a member of the corporation may serve as a director. The articles or bylaws may prescribe other qualifications for directors.

30-30-603. NUMBER OF DIRECTORS. (1) The board of directors must consist of three (3) or more individuals, with the number specified in or fixed in accordance with the articles or bylaws. Notwithstanding the foregoing, the board of directors of a religious corporation must consist of at least one (1) individual, with the number specified in or fixed in accordance with the articles or bylaws.

(2) The number of directors may be increased or decreased within the limitations contained in subsection (1) of this section from time to time by amendment to or in the manner prescribed in the articles or bylaws.

30-30-604. ELECTION, DESIGNATION AND APPOINTMENT OF DIRECTORS. (1) If the corporation has members, all the directors, except the initial directors, shall be elected at the first annual meeting of members, and at each annual meeting thereafter, unless the articles or bylaws provide some other time or method of election, or provide that some of the directors are appointed by some other person or designated.

(2) If the corporation does not have members, all the directors, except the initial directors, shall be elected, appointed or designated as provided in the articles or bylaws. If no method of designation or appointment is set forth in the articles or bylaws, the directors, other than the initial directors, shall be elected by the board.

30-30-605. TERMS OF DIRECTORS GENERALLY. (1) The articles or bylaws must specify the terms of directors. Except for designated or appointed directors, the terms of directors may not exceed five (5) years. In the absence of any term specified in the articles or bylaws, the term of each director shall be one (1) year. Directors may be elected for successive terms.

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

(3) Except as provided in the articles or bylaws:

(a) The term of a director filling a vacancy in the office of a director elected by members expires at the next election of directors by members; and

(b) The term of a director filling any other vacancy expires at the end of the unexpired term that such director is filling.

(4) Despite the expiration of a director's term, the director continues to serve until the director's successor is elected, designated or appointed, and qualifies, or until there is a decrease in the number of directors.

30-30-606. STAGGERED TERMS FOR DIRECTORS. 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 several groups need not be uniform.

30-30-607. RESIGNATION OF DIRECTORS. (1) A director may resign at any time by delivering written notice to the board of directors, its presiding officer or to the president or secretary.

(2) A resignation is effective when the notice is effective unless the notice specifies a future effective date. If a resignation is made effective at a future 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.

30-30-608. REMOVAL OF DIRECTORS ELECTED BY MEMBERS OR DIRECTORS. (1) The members may remove one (1) or more directors elected by them without cause.

(2) If a director is elected by a class, chapter or other organizational unit or by region or other geographic grouping, the director may be removed only by the members of that class, chapter, unit or grouping.

(3) Except as provided in subsection (9) of this section, a director may be removed under subsection (1) or (2) of this section only if the number of votes cast to remove the director would be sufficient to elect the director at a meeting to elect directors.

(4) If cumulative voting is authorized, a director may not be removed if the number of votes sufficient to elect the director under cumulative voting is voted against the director's removal, or if the director was elected by a class, chapter, unit or grouping of members, a director may not be removed if the number of votes sufficient to elect the director by that class, chapter, unit or grouping is voted against the director's removal.

(5) A director elected by members may be removed by the members only at a meeting called for the purpose of removing the director and the meeting no-

tice must state that the purpose, or one (1) of the purposes, of the meeting is removal of the director.

(6) In computing whether a director is protected from removal under subsections (2) through (4) of this section, it should be assumed that the votes against removal are cast in an election for the number of directors of the class to which the director to be removed belonged on the date of that director's election.

(7) An entire board of directors may be removed under subsections (1) through (5) of this section.

(8) A director elected by the board may be removed without cause by the vote of two-thirds (2/3) of the directors then in office or such greater number as is set forth in the articles or bylaws; provided however, that a director elected by the board to fill the vacancy of a director elected by the members may be removed without cause by the members, but not the board.

(9) If, at the beginning of a director's term on the board, the articles or bylaws provide that the director may be removed for missing a specified number of board meetings, the board may remove the director for failing to attend the specified number of meetings. The director may be removed only if a majority of the directors then in office vote for the removal.

(10) The articles or bylaws of a religious corporation may:

(a) Limit the application of this section; and

(b) Set forth the vote and procedures by which the board or any person may remove with or without cause a director elected by the members or the board.

30-30-609. REMOVAL OF DESIGNATED OR APPOINTED DIRECTORS. (1) A designated director may be removed by an amendment to the articles or bylaws deleting or changing the designation.

(2) Appointed directors:

(a) Except as otherwise provided in the articles or bylaws, an appointed director may be removed without cause by the person appointing the director;

(b) 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; and

(c) A removal is effective when the notice is effective unless the notice specifies a future effective date.

30-30-610. VACANCY ON BOARD. (1) Unless the articles or bylaws provide otherwise, and except as provided in subsections (2) and (3) of this section, if a vacancy occurs on a board of directors, including a vacancy resulting from an increase in the number of directors:

(a) The members, if any, may fill the vacancy. If the 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 of the class, chapter, unit or grouping are entitled to vote to fill the vacancy if it is filled by the members;

(b) The board of directors may fill the vacancy; or

(c) If the directors remaining in office constitute fewer than a quorum of the board, they may fill the vacancy by the affirmative vote of a majority of all the directors remaining in office.

(2) Unless the articles or bylaws provide otherwise, if a vacant office was held by an appointed director, only the person who appointed the director may fill the vacancy.

(3) If a vacant office was held by a designated director, the vacancy shall be filled as provided in the articles or bylaws. In the absence of an applicable article or bylaw provision, the vacancy may not be filled by the board.

(4) A vacancy that will occur at a specific later date, by reason of a resignation effective at a later date under section 30-30-607(2), Idaho Code, or otherwise, may be filled before the vacancy occurs but the new director may not take office until the vacancy occurs.

30-30-611. COMPENSATION OF DIRECTORS. Unless the articles or bylaws provide otherwise, a board of directors may fix the compensation, fees, insurance or benefits, if any, of directors.

30-30-612. REGULAR AND SPECIAL MEETINGS. (1) If the time and place of a directors' meeting is fixed by the bylaws or the board, the meeting is a regular meeting. All other meetings are special meetings.

(2) A board of directors may hold regular or special meetings in or out of this state.

(3) Unless the articles or bylaws provide otherwise, a board may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

30-30-613. ACTION WITHOUT MEETING. (1) Unless the articles or bylaws provide otherwise, action required or permitted by this act to be taken at a board of directors' meeting may be taken without a meeting if the action is taken by all members of the board. The action must be evidenced by one (1) or more written consents describing the action taken, signed by each director, and included in the minutes filed with the corporate records reflecting the action taken.

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

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

30-30-614. CALL AND NOTICE OF MEETINGS. (1) Unless the articles, bylaws or subsection (3) of this section provides otherwise, regular meetings of the board may be held without notice.

(2) Unless the articles, bylaws or subsection (3) of this section provides otherwise, special meetings of the board must be preceded by at least two (2) days' notice to each director of the date, time, and place, but not the purpose, of the meeting.

(3) In corporations without members, any board action to remove a director or to approve a matter that would require approval by the members if the corporation had members shall not be valid unless each director is given at least seven (7) days' written notice that the matter will be voted upon at a directors' meeting or unless notice is waived pursuant to section 30-30-615, Idaho Code.

(4) Unless the articles or bylaws provide otherwise, the presiding officer of the board, the president or twenty percent (20%) of the directors then in office may call and give notice of a meeting of the board.

30-30-615. WAIVER OF NOTICE. (1) A director may, at any time before, during or after the meeting, waive any notice required by this act, the articles or bylaws. Except as provided in subsection (2) of this section, the waiver must be in writing, signed by the director entitled to the notice, and filed with the minutes or the corporate records.

(2) A director's attendance at or participation in a meeting waives any required notice of the meeting unless the director upon arriving at the meeting or prior to the vote on a matter not noticed in conformity with this act, the articles or bylaws objects to lack of notice and does not thereafter vote for or assent to the objected to action.

30-30-616. QUORUM AND VOTING. (1) Except as otherwise provided in this act, the articles or bylaws, a quorum of a board of directors consists of a majority of the directors in office immediately before a meeting begins. In no event may the articles or bylaws authorize a quorum of fewer than the greater of one-third (1/3) of the number of directors in office or two (2) directors.

(2) If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the board unless this act, the articles or bylaws require the vote of a greater number of directors.

30-30-617. COMMITTEES OF THE BOARD. (1) Unless prohibited or limited by the articles or bylaws, a board of directors may create one (1) or more committees of the board and appoint members of the board to serve on them. Each committee shall have two (2) or more directors, who serve at the pleasure of the board.

(2) The creation of a committee and appointment of members to it must be approved by the greater of:

(a) A majority of all the directors in office when the action is taken; or

(b) The number of directors required by the articles or bylaws to take action under section 30-30-616, Idaho Code.

(3) Sections 30-30-612 through 30-30-616, Idaho Code, which govern meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the board, apply to committees of the board and their members as well.

(4) To the extent specified by the board of directors or in the articles or bylaws, each committee of the board may exercise the board's authority under section 30-30-601, Idaho Code.

(5) A committee of the board may not, however:

(a) Authorize distributions;
(b) Approve or recommend to members dissolution, merger, or the sale, pledge or transfer of all or substantially all of the corporation's assets;
(c) Elect, appoint or remove directors or fill vacancies on the board or on any of its committees; or
(d) Adopt, amend or repeal the articles or bylaws.
(6) The creation of, delegation of authority to, or action by a committee does not alone constitute compliance by a director with the standards of conduct described in section 30-30-618, Idaho Code.

30-30-618. GENERAL STANDARDS FOR DIRECTORS. (1) A director shall discharge his duties as a director, including his duties as a member of a committee:
(a) In good faith;
(b) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
(c) In a manner the director reasonably believes to be in the best interests of the corporation.
(2) In discharging his duties, a director is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by:
(a) One (1) or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented;
(b) Legal counsel, public accountants or other persons as to matters the director reasonably believes are within the person's professional or expert competence;
(c) A committee of the board of which the director is not a member, as to matters within its jurisdiction, if the director reasonably believes the committee merits confidence; or
(d) In the case of religious corporations, religious authorities and ministers, priests, rabbis or other persons whose position or duties in the religious organization the director believes justify reliance and confidence and whom the director believes to be reliable and competent in the matters presented.
(3) A director is not acting in good faith if the director has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (2) of this section unwarranted.
(4) A director is not liable to the corporation, any member, or any other person for any action taken or not taken as a director, if the director acted in compliance with this section.
(5) A director shall not be deemed to be a trustee with respect to the corporation or with respect to any property held or administered by the corporation, including, without limit, property that may be subject to restrictions imposed by the donor or transferor of such property.

30-30-619. DIRECTOR -- CONFLICT OF INTEREST. (1) A conflict of interest transaction is a transaction with the corporation in which a director of the corporation has a direct or indirect interest. A conflict of interest

transaction is not voidable or the basis for imposing liability on the director if the transaction was fair at the time it was entered into or is approved as provided in subsection (2) of this section.

(2) A transaction in which a director of a corporation has a conflict of interest may be approved if:

(a) The material facts of the transaction and the director's interest were disclosed or known to the board of directors or a committee of the board and the board or committee of the board authorized, approved or ratified the transaction; or

(b) The material facts of the transaction and the director's interest were disclosed or known to the members and they authorized, approved or ratified the transaction.

(3) For purposes of this section, a director of the corporation has an indirect interest in a transaction if:

(a) Another entity in which the director has a material interest or in which the director is a general partner is a party to the transaction; or

(b) Another entity of which the director is a director, officer or trustee is a party to the transaction.

(4) For purposes of subsection (2) of this section, a conflict of interest transaction is authorized, approved or ratified, if it receives the affirmative vote of a majority of the directors on the board or on the committee, who have no direct or indirect interest in the transaction. If a majority of the directors on the board who have no direct or indirect interest in the transaction vote to authorize, approve or ratify the transaction, a quorum is present for the purpose of taking action under this section. The presence of, or a vote cast by, a director with a direct or indirect interest in the transaction does not affect the validity of any action taken under subsection (2)(a) of this section if the transaction is otherwise approved as provided in subsection (2) of this section.

(5) For purposes of subsection (2)(b) of this section, a conflict of interest transaction is authorized, approved or ratified by the members if it receives a majority of the votes entitled to be counted under this subsection. Votes cast by or voted under the control of a director who has a direct or indirect interest in the transaction, and votes cast by or voted under the control of an entity described in subsection (3)(a) of this section, may not be counted in a vote of members to determine whether to authorize, approve or ratify a conflict of interest transaction under subsection (2)(b) of this section. The vote of these members, however, is counted in determining whether the transaction is approved under other sections of this act. A majority of the voting power, whether or not present, that are entitled to be counted in a vote on the transaction under this subsection constitutes a quorum for the purpose of taking action under this section.

(6) The articles, bylaws or a resolution of the board may impose additional requirements on conflict of interest transactions.

30-30-620. LOANS TO OR GUARANTEES FOR DIRECTORS AND OFFICERS. (1) Except with regard to loan or guarantee programs available to all members, a corporation may not lend money to or guarantee the obligation of a director or officer of the corporation, provided that a cooperative corporation may

lend money to or guarantee the obligation of a director or officer with regard to loan or guarantee programs available to all members.

(2) The fact that a loan or guarantee is made in violation of this section does not affect the borrower's liability on the loan.

30-30-621. REQUIRED OFFICERS. (1) Unless otherwise provided in the articles or bylaws, a corporation shall have a president, a secretary, a treasurer and such other officers as are appointed by the board. Except in the case of religious corporations, any two (2) or more offices may be held by the same person, except the offices of president and secretary. A religious corporation is not required to have officers.

(2) The bylaws or the board shall delegate to one (1) of the officers responsibility for preparing minutes of the directors' and members' meetings and for authenticating records of the corporation.

(3) The same individual may simultaneously hold more than one (1) office in a corporation.

30-30-622. DUTIES AND AUTHORITY OF OFFICERS. Each officer has the authority and shall perform the duties set forth in the bylaws or, to the extent consistent with the bylaws, the duties and authority prescribed in a resolution of the board or by direction of an officer authorized by the board to prescribe the duties and authority of other officers.

30-30-623. STANDARDS OF CONDUCT FOR OFFICERS. (1) An officer with discretionary authority shall discharge his duties under that authority:

(a) In good faith;

(b) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and

(c) In a manner the officer reasonably believes to be in the best interests of the corporation and its members, if any.

(2) In discharging his duties, an officer is entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, if prepared or presented by:

(a) One (1) or more officers or employees of the corporation who the officer reasonably believes to be reliable and competent in the matters presented;

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

(c) In the case of religious corporations, religious authorities and ministers, priests, rabbis or other persons whose position or duties in the religious organization the officer believes justify reliance and confidence and who the officer believes to be reliable and competent in the matters presented.

(3) An officer is not acting in good faith if the officer has knowledge concerning the matter in question that makes reliance otherwise permitted by subsection (2) of this section unwarranted.

(4) An officer is not liable to the corporation, any member, or other person for any action taken or not taken as an officer, if the officer acted in compliance with this section.

30-30-624. RESIGNATION AND REMOVAL OF OFFICERS. (1) An officer may resign at any time by delivering notice to the corporation. A resignation is effective when the notice is effective unless the notice specifies a future effective date. If a resignation is made effective at a future date and the corporation accepts the future effective date, its board of directors may fill the pending vacancy before the effective date if the board provides that the successor does not take office until the effective date.

(2) A board may remove any officer at any time with or without cause.

30-30-625. OFFICERS' AUTHORITY TO EXECUTE DOCUMENTS. Any contract or other instrument in writing executed or entered into between a corporation and any other person is not invalidated as to the corporation by any lack of authority of the signing officers in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the contract or other instrument if it is signed by any two (2) officers in category 1 of this section or by one (1) officer in category 1 of this section and one (1) officer in category 2 of this section.

Category 1 -- The presiding officer of the board and the president.

Category 2 -- A vice president, the secretary, treasurer and executive director.

30-30-626. INDEMNIFICATION OF OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS. (1) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorney's fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner that he reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(2) A corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against ex-

penses, including attorney's fees, actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in that such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses that such court shall deem proper.

(3) To the extent that a director, officer, employee or agent of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in subsection (1) or (2) of this section, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses, including attorney's fees, actually and reasonably incurred by him in connection herewith.

(4) Any determination under subsection (1) or (2) of this section, unless ordered by a court, shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsection (1) or (2) of this section. Such determination shall be made:

(a) By the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding; or

(b) If such quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or

(c) By the members.

(5) Expenses, including attorney's fees, incurred in defending a civil or criminal action, suit or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation as authorized in this section.

(6) The indemnification and advancement of expenses provided by, or granted pursuant to the other subsections of this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office.

(7) A corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this section;

provided that credit unions chartered under the laws of the state of Idaho may provide indemnification only by insurance.

(8) For the purposes of this section, the term "corporation" includes, in addition to the resulting corporation, all constituent corporations and their predecessors absorbed in a consolidation or merger, which, if separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents.

(9) The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, and personal representatives of such a person.

SECTION 80. That Chapter 30, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 7, Chapter 30, Title 30, Idaho Code, and to read as follows:

PART 7
AMENDMENT OF ARTICLES OF INCORPORATION AND BYLAWS

30-30-701. AUTHORITY TO AMEND ARTICLES. A corporation may amend its articles of incorporation at any time to add or change a provision that is required or permitted in the articles or to delete a provision not required in the articles. Whether a provision is required or permitted in the articles is determined as of the effective date of the amendment.

30-30-702. AMENDMENT OF ARTICLES BY DIRECTORS. (1) Unless the articles provide otherwise, a corporation's board of directors may adopt one (1) or more amendments to the corporation's articles without member approval:

(a) To extend the duration of the corporation if it was incorporated at a time when limited duration was required by law;

(b) To delete the names and addresses of the initial directors;

(c) To change the information required by section 30-21-404(a)(1), Idaho Code;

(d) To change the corporate name by substituting the word "corporation," "incorporated," "company," "limited," or the abbreviation "corp.," "inc.," "co.," or "ltd.," for a similar word or abbreviation in the name, or by adding, deleting or changing a geographical attribution to the name; or

(e) To make any other change expressly permitted by this act to be made by director action.

(2) If a corporation has no members, its incorporators, until directors have been chosen, and thereafter its board of directors, may adopt one (1) or more amendments to the corporation's articles subject to any approval required pursuant to section 30-30-801, Idaho Code. The corporation shall provide notice of any meeting at which an amendment is to be voted upon. The notice shall be in accordance with section 30-30-614(3), Idaho Code. The notice must also state that the purpose, or one (1) of the purposes, of the meeting is to consider a proposed amendment to the articles and contain or be accompanied by a copy or summary of the amendment or state the general nature

of the amendment. The amendment must be approved by a majority of the directors in office at the time the amendment is adopted.

30-30-703. AMENDMENT OF ARTICLES BY DIRECTORS AND MEMBERS. (1) Unless this act, the articles, bylaws, the members, acting pursuant to subsection (2) of this section, or the board of directors, acting pursuant to subsection (3) of this section, require a greater vote or voting by class, an amendment to a corporation's articles to be adopted must be approved:

(a) By the board, if the amendment does not relate to the number of directors, the composition of the board, the term of office of directors, or the method or way in which directors are elected or selected;

(b) Except as provided in section 30-30-702(1), Idaho Code, by the members by two-thirds (2/3) of the votes cast or a majority of the voting power, whichever is less; and

(c) In writing by any person or persons whose approval is required by a provision of the articles authorized in this section.

(2) The members may condition the amendment's adoption on receipt of a higher percentage of affirmative votes or on any other basis.

(3) If the board initiates an amendment to the articles or board approval is required in subsection (1) of this section to adopt an amendment to the articles, the board may condition the amendment's adoption on receipt of a higher percentage of affirmative votes or any other basis.

(4) If the board or the members seek to have the amendment approved by the members at a membership meeting, the corporation shall give notice to its members of the proposed membership meeting in writing in accordance with section 30-30-505, Idaho Code. The notice must state that the purpose, or one (1) of the purposes, of the meeting is to consider the proposed amendment and contain or be accompanied by a copy or summary of the amendment.

(5) If the board or the members seek to have the amendment approved by the members by written consent or written ballot or absentee ballot, the material soliciting the approval shall contain or be accompanied by a copy or summary of the amendment.

30-30-704. CLASS VOTING BY MEMBERS ON AMENDMENTS TO ARTICLES. (1) The members of a class in a corporation are entitled to vote as a class on a proposed amendment to the articles if the amendment would:

(a) Affect the rights, privileges, preferences, restrictions or conditions of that class as to voting, dissolution, redemption or transfer of memberships in a manner different than such amendment would affect another class;

(b) Change the rights, privileges, preferences, restrictions or conditions of that class as to voting, dissolution, redemption or transfer by changing the rights, privileges, preferences, restrictions or conditions of another class;

(c) Increase or decrease the number of memberships authorized for that class;

(d) Increase the number of memberships authorized for another class;

(e) Effect an exchange, reclassification or termination of the memberships of that class; or

(f) Authorize a new class of memberships.

(2) The members of a class of a religious corporation are entitled to vote as a class on a proposed amendment to the articles only if a class vote is provided for in the articles or bylaws.

(3) If a class is to be divided into two (2) or more classes as a result of an amendment to the articles of a corporation, the amendment must be approved by the members of each class that would be created by the amendment.

(4) Except as provided in the articles or bylaws of a religious corporation, if a class vote is required to approve an amendment to the articles of a corporation, the amendment must be approved by the members of the class by two-thirds (2/3) of the votes cast by the class or a majority of the voting power of the class, whichever is less.

(5) A class of members of a corporation, except a religious corporation, is entitled to the voting rights granted in this section although the articles and bylaws provide that the class may not vote on the proposed amendment.

30-30-705. ARTICLES OF AMENDMENT. A corporation amending its articles shall deliver to the secretary of state articles of amendment setting forth:

(1) The name of the corporation;

(2) The text of each amendment adopted;

(3) The date of each amendment's adoption;

(4) If approval of members was not required, a statement to that effect and a statement that the amendment was approved by a sufficient vote of the board of directors or incorporators;

(5) If approval by members was required:

(a) The designation, number of memberships outstanding, number of votes entitled to be cast by each class entitled to vote separately on the amendment, and number of votes of each class indisputably voting on the amendment; and

(b) Either the total number of votes cast for and against the amendment by each class entitled to vote separately on the amendment or the total number of undisputed votes cast for the amendment by each class and a statement that the number cast for the amendment by each class was sufficient for approval by that class.

(6) If approval of the amendment by some person or persons other than the members, the board or the incorporators is required pursuant to section 30-30-801, Idaho Code, a statement that the approval was obtained.

30-30-706. RESTATED ARTICLES OF INCORPORATION. (1) A corporation's board of directors may restate its articles of incorporation at any time with or without approval by members or any other person.

(2) The restatement may include one (1) or more amendments to the articles. If the restatement includes an amendment requiring approval by the members or any other person, it must be adopted as provided in section 30-30-703, Idaho Code.

(3) If the restatement includes an amendment requiring approval by members, the board must submit the restatement to the members for their approval.

(4) If the board seeks to have the restatement approved by the members at a membership meeting, the corporation shall notify each of its members of

the proposed membership meeting in writing in accordance with section 30-30-505, Idaho Code. The notice must also state that the purpose, or one (1) of the purposes, of the meeting is to consider the proposed restatement and contain or be accompanied by a copy or summary of the restatement that identifies any amendments or other change it would make in the articles.

(5) If the board seeks to have the restatement approved by the members by written ballot or written consent, the material soliciting the approval shall contain or be accompanied by a copy or summary of the restatement that identifies any amendments or other change it would make in the articles.

(6) A restatement requiring approval by the members must be approved by the same vote as an amendment to articles under section 30-30-703, Idaho Code.

(7) If the restatement includes an amendment requiring approval pursuant to section 30-30-801, Idaho Code, the board must submit the restatement for such approval.

(8) A corporation restating its articles shall deliver to the secretary of state articles of restatement setting forth the name of the corporation and the text of the restated articles of incorporation together with a certificate setting forth:

(a) Whether the restatement contains an amendment to the articles requiring approval by the members or any other person other than the board of directors and, if it does not, that the board of directors adopted the restatement; or

(b) If the restatement contains an amendment to the articles requiring approval by the members, the information required by section 30-30-705, Idaho Code; and

(c) If the restatement contains an amendment to the articles requiring approval by a person whose approval is required pursuant to section 30-30-801, Idaho Code, a statement that such approval was obtained.

(9) Duly adopted restated articles of incorporation supersede the original articles of incorporation and all amendments to them.

(10) The secretary of state may certify restated articles of incorporation, as the articles of incorporation currently in effect.

30-30-707. EFFECT OF AMENDMENT AND RESTATEMENT OF ARTICLES. An amendment to articles of incorporation does not affect a cause of action existing against or in favor of the corporation, a proceeding to which the corporation is a party, any requirement or limitation imposed upon the corporation or any property held by it by virtue of any trust upon which such property is held by the corporation or the existing rights of persons other than members of the corporation. An amendment changing a corporation's name does not abate a proceeding brought by or against the corporation in its former name.

30-30-708. AMENDMENT OF BYLAWS BY DIRECTORS. If a corporation has no members, its incorporators, until directors have been chosen, and thereafter its board of directors, may adopt one (1) or more amendments to the corporation's bylaws subject to any approval required pursuant to section 30-30-801, Idaho Code. The corporation shall provide notice of any meeting of directors at which an amendment is to be approved. The notice shall be in accordance with section 30-30-614(3), Idaho Code. The notice must also

state that the purpose, or one (1) of the purposes, of the meeting is to consider a proposed amendment to the bylaws and contain or be accompanied by a copy or summary of the amendment or state the general nature of the amendment. The amendment must be approved by a majority of the directors in office at the time the amendment is adopted.

30-30-709. AMENDMENT OF BYLAWS BY DIRECTORS AND MEMBERS. (1) Unless the articles or bylaws provide otherwise, an amendment to a corporation's bylaws to be adopted must be approved:

(a) By a simple majority of the board;

(b) By the members by a simple majority of the votes cast or a majority of the voting power, whichever is less; and

(c) In writing by any person or persons whose approval is required by a provision of the articles authorized in section 30-30-801, Idaho Code.

(2) If the board initiates an amendment to the bylaws or board approval is required to adopt an amendment to the bylaws, the board may condition the amendment's adoption on receipt of a higher percentage of affirmative votes or on any other basis.

(3) If the board or the members seek to have the amendment approved by the members at a membership meeting, the corporation shall give notice to its members of the proposed membership meeting in writing in accordance with section 30-30-505, Idaho Code. The notice must also state that the purpose, or one (1) of the purposes, of the meeting is to consider the proposed amendment and contain or be accompanied by a copy or summary of the amendment.

(4) If the board or the members seek to have the amendment approved by the members by written consent or written ballot or absentee ballot, the material soliciting the approval shall contain or be accompanied by a copy or summary of the amendment.

30-30-710. CLASS VOTING BY MEMBERS ON AMENDMENTS TO BYLAWS. (1) If the members of a class in a corporation are entitled to vote as a class on amendments to the bylaws, they may vote as a class on a proposed amendment to the bylaws if the amendment would:

(a) Affect the rights, privileges, preferences, restrictions or conditions of that class as to voting, dissolution, redemption or transfer of memberships in a manner different than such amendment would affect another class;

(b) Change the rights, privileges, preferences, restrictions or conditions of that class as to voting, dissolution, redemption or transfer by changing the rights, privileges, preferences, restrictions or conditions of another class;

(c) Increase or decrease the number of memberships authorized for that class;

(d) Increase the number of memberships authorized for another class;

(e) Effect an exchange, reclassification or termination of all or part of the memberships of that class; or

(f) Authorize a new class of memberships.

(2) The members of a class of a religious corporation are entitled to vote as a class on a proposed amendment to the bylaws only if a class vote is provided for in the articles or bylaws.

(3) If a class is to be divided into two (2) or more classes as a result of an amendment to the bylaws, the amendment must be approved by the members of each class that would be created by the amendment; and

(4) If a class vote is required to approve an amendment to the bylaws, the amendment must be approved by the members of the class by two-thirds (2/3) of the votes cast by the class or a majority of the voting power of the class, whichever is less.

(5) A class of members is entitled to the voting rights granted by this section although the articles and bylaws provide that the class may not vote on the proposed amendment.

SECTION 81. That Chapter 30, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 8, Chapter 30, Title 30, Idaho Code, and to read as follows:

PART 8
MERGER AND MEMBERSHIP EXCHANGES

30-30-801. APPROVAL BY THIRD PERSONS. The articles may require an amendment to the articles or bylaws to be approved in writing by a specified person or persons other than the board. Such an article provision may only be amended with the approval in writing of such person or persons.

30-30-802. APPROVAL OF PLAN OF MERGER. (1) One (1) or more nonprofit corporations may merge into a business or nonprofit corporation, if the plan of merger is approved as provided in section 30-30-803, Idaho Code.

(2) The plan of merger must set forth:

(a) The name of each corporation planning to merge and the name of the surviving corporation into which each plans to merge;

(b) The terms and conditions of the planned merger;

(c) The manner and basis, if any, of converting memberships of each merging corporation into memberships, obligations or securities of the surviving or any other corporation or into cash or other property in whole or part.

(3) The plan of merger may set forth:

(a) Any amendments to the articles of incorporation or bylaws of the surviving corporation to be effected by the planned merger; and

(b) Other provisions relating to the planned merger.

30-30-803. ACTION ON PLAN BY BOARD, MEMBERS AND THIRD PERSONS. (1) Unless this act, the articles, bylaws or the board of directors or members, acting pursuant to subsection (3) of this section, require a greater vote or voting by class, a plan of merger to be adopted must be approved:

(a) By the board;

(b) By the members, if any, by two-thirds (2/3) of the votes cast or a majority of the voting power, whichever is less; and

(c) In writing by any person or persons whose approval is required by a provision of the articles authorized in section 30-30-801, Idaho Code, for an amendment to the articles or bylaws.

(2) If the corporation does not have members, the merger must be approved by a majority of the directors in office at the time the merger is ap-

proved. In addition, the corporation shall provide notice of any directors' meeting at which such approval is to be obtained in accordance with section 30-30-614(3), Idaho Code. The notice must also state that the purpose, or one (1) of the purposes, of the meeting is to consider the proposed merger.

(3) The board may condition its submission of the proposed merger, and the members may condition their approval of the merger, on receipt of a higher percentage of affirmative votes or on any other basis.

(4) If the board seeks to have the plan approved by the members at a membership meeting, the corporation shall give notice to its members of the proposed membership meeting in accordance with section 30-30-505, Idaho Code. The notice must also state that the purpose, or one (1) of the purposes, of the meeting is to consider the plan of merger and contain or be accompanied by a copy or summary of the plan. The copy or summary of the plan for members of the surviving corporation shall include any provision that, if contained in a proposed amendment to the articles of incorporation or bylaws, would entitle members to vote on the provision. The copy or summary of the plan for members of the disappearing corporation shall include a copy or summary of the articles and bylaws that will be in effect immediately after the merger takes effect.

(5) If the board seeks to have the plan approved by the members by written consent or written ballot or absentee ballot, the material soliciting the approval shall contain or be accompanied by a copy or summary of the plan. The copy or summary of the plan for members of the surviving corporation shall include any provision that, if contained in a proposed amendment to the articles of incorporation or bylaws, would entitle members to vote on the provision. The copy or summary of the plan for members of the disappearing corporation shall include a copy or summary of the articles and bylaws that will be in effect immediately after the merger takes effect.

(6) Voting by a class of members is required on a plan of merger if the plan contains a provision that, if contained in a proposed amendment to articles of incorporation or bylaws, would entitle the class of members to vote as a class on the proposed amendment under section 30-30-704 or 30-30-710, Idaho Code. The plan is approved by a class of members by two-thirds (2/3) of the votes cast by the class or a majority of the voting power of the class, whichever is less.

(7) After a merger is adopted, and at any time before articles of merger are filed, the planned merger may be abandoned, subject to any contractual rights, without further action by members or other persons who approved the plan in accordance with the procedure set forth in the plan of merger or, if none is set forth, in the manner determined by the board of directors.

SECTION 82. That Chapter 30, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 9, Chapter 30, Title 30, Idaho Code, and to read as follows:

PART 9
DISPOSITION OF ASSETS

30-30-901. BEQUESTS, DEVISES AND GIFTS. Any bequest, devise, gift, grant or promise contained in a will or other instrument of donation, subscription, or conveyance, that is made to a constituent corporation and that

takes effect or remains payable after the merger, inures to the surviving corporation unless the will or other instrument otherwise specifically provides.

30-30-902. SALE OF ASSETS IN REGULAR COURSE OF ACTIVITIES AND MORTGAGE OF ASSETS. (1) A corporation may on the terms and conditions and for the consideration determined by the board of directors:

(a) Sell, lease, exchange or otherwise dispose of all, or substantially all, of its property in the usual and regular course of its activities; or

(b) Mortgage, pledge, dedicate to the repayment of indebtedness, whether with or without recourse, or otherwise encumber any or all of its property whether or not in the usual and regular course of its activities.

(2) Unless the articles require it, approval of the members or any other person of a transaction described in subsection (1) of this section is not required.

30-30-903. SALE OF ASSETS OTHER THAN IN REGULAR COURSE OF ACTIVITIES. (1) A corporation may sell, lease, exchange, or otherwise dispose of all, or substantially all, of its property, with or without the goodwill, other than in the usual and regular course of its activities on the terms and conditions and for the consideration determined by the corporation's board if the proposed transaction is authorized in subsection (2) of this section.

(2) Unless this act, the articles, bylaws or the board of directors or members, acting pursuant to subsection (4) of this section, require a greater vote or voting by class, the proposed transaction to be authorized must be approved:

(a) By the board;

(b) By the members by a simple majority of the votes cast or a majority of the voting power, whichever is less; and

(c) In writing by any person or persons whose approval is required by a provision of the articles authorized in section 30-30-505, Idaho Code, for an amendment to the articles or bylaws.

(3) If the corporation does not have members the transaction must be approved by a vote of a majority of the directors in office at the time the transaction is approved. In addition, the corporation shall provide notice of any directors' meeting at which such approval is to be obtained in accordance with section 30-30-614(3), Idaho Code. The notice must also state that the purpose, or one (1) of the purposes, of the meeting is to consider the sale, lease, exchange or other disposition of all, or substantially all, of the property or assets of the corporation and contain or be accompanied by a copy or summary of a description of the transaction.

(4) The board may condition its submission of the proposed transaction, and the members may condition their approval of the transaction, on receipt of a higher percentage of affirmative votes or on any other basis.

(5) If the corporation seeks to have the transaction approved by the members at a membership meeting, the corporation shall give notice to its members of the proposed membership meeting in accordance with section 30-30-505, Idaho Code. The notice must also state that the purpose, or one (1) of

the purposes, of the meeting is to consider the sale, lease, exchange, or other disposition of all, or substantially all, of the property or assets of the corporation and contain or be accompanied by a copy or summary of a description of the transaction.

(6) If the board needs to have the transaction approved by the members by written consent or written ballot or absentee ballot, the material soliciting the approval shall contain or be accompanied by a copy or summary of a description of the transaction.

(7) After a sale, lease, exchange, or other disposition of property is authorized, the transaction may be abandoned, subject to any contractual rights, without further action by the members or any other person who approved the transaction in accordance with the procedure set forth in the resolution proposing the transaction or, if none is set forth, in the manner determined by the board of directors.

30-30-904. PROHIBITED DISTRIBUTIONS. Except as authorized in section 30-30-905, Idaho Code, a corporation shall not make any distributions.

30-30-905. AUTHORIZED DISTRIBUTIONS. (1) Corporations may make distributions upon dissolution in conformity with section 30-30-1005 or 30-30-1006, Idaho Code.

(2) The operations of a corporation that is a cooperative corporation shall be so conducted that all members will, through their membership, furnish capital for the corporation as provided in the corporation's bylaws. No interest or dividends shall be paid or payable by the corporation on any capital furnished by its members. The corporation is obligated to account on a membership basis to all its members for all amounts received and receivable from the furnishing of service and from other sources in excess of operating costs and expenses properly chargeable against the furnishing of service. The corporation is obligated to pay by credits to a capital account for each member all such amounts in excess of operating costs and expenses. The books and records of the corporation shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member. In the event of dissolution or liquidation of the corporation, after all outstanding indebtedness of the corporation shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the board shall determine that the financial condition of the corporation will not be impaired thereby, the capital credited to members' accounts may be retired in full or in part.

SECTION 83. That Chapter 30, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 10, Chapter 30, Title 30, Idaho Code, and to read as follows:

PART 10
DISSOLUTION

30-30-1001. DISSOLUTION BY INCORPORATORS OR DIRECTORS AND THIRD PERSONS. (1) A majority of the incorporators or directors of a corporation that has no members may, prior to the organization meeting of directors and subject to any approval required by the articles or bylaws, dissolve the corporation by delivering to the secretary of state articles of dissolution.

(2) The corporation shall give notice of any meeting at which dissolution will be approved. The notice shall be in accordance with section 30-30-614(3), Idaho Code. The notice must also state that the purpose, or one (1) of the purposes, of the meeting is to consider dissolution of the corporation.

(3) The incorporators or directors in approving dissolution shall adopt a plan of dissolution indicating to whom the assets owned or held by the corporation will be distributed after all creditors have been paid.

30-30-1002. DISSOLUTION BY DIRECTORS, MEMBERS AND THIRD PERSONS. (1) Unless this act, the articles, bylaws or the board of directors or members, acting pursuant to subsection (3) of this section, require a greater vote or voting by class, dissolution is authorized if it is approved:

(a) By the board;

(b) By the members, if any, by two-thirds (2/3) of the votes cast or a majority of the voting power, whichever is less; and

(c) In writing by any person or persons whose approval is required by a provision of the articles authorized in section 30-30-801, Idaho Code, for an amendment to the articles or bylaws.

(2) If the corporation does not have members, dissolution must be approved by a vote of a majority of the directors in office at the time the transaction is approved. In addition, the corporation shall provide notice of any directors' meeting at which such approval is to be obtained in accordance with section 30-30-614(3), Idaho Code. The notice must also state that the purpose, or one (1) of the purposes, of the meeting is to consider dissolution of the corporation and contain or be accompanied by a copy or summary of the plan of dissolution.

(3) The board may condition its submission of the proposed dissolution, and the members may condition their approval of the dissolution on receipt of a higher percentage of affirmative votes or on any other basis.

(4) If the board seeks to have dissolution approved by the members at a membership meeting, the corporation shall give notice to its members of the proposed membership meeting in accordance with section 30-30-505, Idaho Code. The notice must also state that the purpose, or one (1) of the purposes, of the meeting is to consider dissolving the corporation and contain or be accompanied by a copy or summary of the plan of dissolution.

(5) If the board seeks to have dissolution approved by the members by written consent or written ballot, the material soliciting the approval shall contain or be accompanied by a copy or summary of the plan of dissolution.

(6) The plan of dissolution shall indicate to whom the assets owned or held by the corporation will be distributed after all creditors have been paid.

30-30-1003. ARTICLES OF DISSOLUTION. (1) At any time after dissolution is authorized, the corporation may dissolve by delivering to the secretary of state articles of dissolution setting forth:

(a) The name of the corporation;

(b) The date dissolution was authorized;

(c) A statement that dissolution was approved by a sufficient vote of the board;

(d) If approval of members was not required, a statement to that effect and a statement that dissolution was approved by a sufficient vote of the board of directors or incorporators;

(e) If approval by members was required:

(i) The designation, number of memberships outstanding, number of votes entitled to be cast by each class entitled to vote separately on dissolution, and number of votes of each class indisputably voting on dissolution; and

(ii) Either the total number of votes cast for and against dissolution by each class entitled to vote separately on dissolution or the total number of undisputed votes cast for dissolution by each class and a statement that the number cast for dissolution by each class was sufficient for approval by that class; and

(f) If approval of dissolution by some person or persons other than the members, the board or the incorporators is required pursuant to section 30-30-1002(1)(c), Idaho Code, a statement that the approval was obtained.

(2) A corporation is dissolved upon the effective date of its articles of dissolution.

30-30-1004. EFFECT OF DISSOLUTION. (1) A dissolved corporation continues its corporate existence but may not carry on any activities except those appropriate to wind up and liquidate its affairs, including:

(a) Preserving and protecting its assets and minimizing its liabilities;

(b) Discharging or making provision for discharging its liabilities and obligations;

(c) Disposing of its properties that will not be distributed in kind;

(d) Returning, transferring or conveying assets held by the corporation upon a condition requiring return, transfer or conveyance, which condition occurs by reason of the dissolution, in accordance with such condition;

(e) Transferring, subject to any contractual or legal requirements, its assets as provided in or authorized by its articles of incorporation or bylaws;

(f) If no provision has been made in its articles or bylaws for distribution of assets on dissolution, it may transfer, subject to any contractual or legal requirement, its assets:

(i) To one (1) or more persons described in section 501(c)(3) of the Internal Revenue Code; or

(ii) To its members or, if it has no members, to those persons whom the corporation holds itself out as benefiting or serving; and

(g) Doing every other act necessary to wind up and liquidate its assets and affairs.

(2) Dissolution of a corporation does not:

(a) Transfer title to the corporation's property;

(b) Subject its directors or officers to standards of conduct different from those prescribed in sections 30-30-618 and 30-30-623, Idaho Code;

(c) Change quorum or voting requirements for its board or members; change provisions for selection, resignation or removal of its directors or officers or both; or change provisions for amending its bylaws;

(d) Prevent commencement of a proceeding by or against the corporation in its corporate name;

(e) Abate or suspend a proceeding pending by or against the corporation on the effective date of dissolution; or

(f) Terminate the authority of the registered agent.

30-30-1005. KNOWN CLAIMS AGAINST DISSOLVED CORPORATION. (1) The directors of a dissolved corporation may dispose of the known claims against it by following the procedure described in this section.

(2) The directors of a dissolved corporation shall notify its known claimants in writing of the dissolution at any time after its effective date. The written notice must:

(a) Describe information that must be included in a claim;

(b) Provide a mailing address where a claim may be sent;

(c) State the deadline, which may not be fewer than one hundred twenty (120) days from the effective date of the written notice, by which the dissolved corporation must receive the claim; and

(d) State that the claim will be barred if not received by the deadline.

(3) A claim against the dissolved corporation is barred:

(a) If a claimant who was given written notice under subsection (2) of this section does not deliver the claim to the dissolved corporation by the deadline; or

(b) If a claimant whose claim was rejected by the dissolved corporation does not commence a proceeding to enforce the claim within ninety (90) days from the effective date of the rejection notice.

(4) For purposes of this section, "claim" does not include a contingent liability or a claim based on an event occurring after the effective date of dissolution.

30-30-1006. UNKNOWN CLAIMS AGAINST DISSOLVED CORPORATION. (1) The directors of a dissolved corporation may also publish notice of its dissolution and request that persons with claims against the corporation present them in accordance with the notice.

(2) The notice must:

(a) Be published one (1) time in a newspaper of general circulation in the county where the dissolved corporation's principal office is or was located, or, if none in this state, in Ada county;

(b) Describe the information that must be included in a claim and provide a mailing address where the claim may be sent; and

(c) State that a claim against the corporation will be barred unless a proceeding to enforce the claim is commenced within five (5) years after publication of the notice.

(3) If the directors of a dissolved corporation publish a newspaper notice in accordance with subsection (2) of this section, the claim of each of the following claimants is barred unless the claimant commences a proceeding to enforce the claim against the dissolved corporation within five (5) years after the publication date of the newspaper notice:

(a) A claimant who did not receive written notice under section 30-30-1005, Idaho Code;

(b) A claimant whose claim was timely sent to the dissolved corporation but not acted on; and

(c) A claimant whose claim is contingent or based on an event occurring after the effective date of dissolution.

(4) A claim may be enforced under this section:

(a) Against the dissolved corporation to the extent of its undistributed assets; or

(b) If the assets have been distributed in liquidation, against any person, other than a creditor of the corporation, to whom the corporation distributed its property to the extent of the distributee's pro rata share of the claim or the corporate assets distributed to such person in liquidation, whichever is less, but the distributee's total liability for all claims under this section may not exceed the total amount of assets distributed to the distributee.

SECTION 84. That Chapter 30, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 11, Chapter 30, Title 30, Idaho Code, and to read as follows:

PART 11
RECORDS AND REPORTS

30-30-1101. CORPORATE RECORDS. (1) A corporation shall keep as permanent records minutes of all meetings of its members and board of directors, a record of all actions taken by the members or directors without a meeting, and a record of all actions taken by committees of the board of directors as authorized in section 30-30-617(4), Idaho Code.

(2) A corporation shall maintain appropriate accounting records.

(3) A corporation shall maintain a record of its members in a form that permits preparation of a list of the name and address of all members, in alphabetical order by class, showing the number of votes each member is entitled to cast.

(4) A corporation shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.

(5) A corporation shall keep a copy of the following records at its principal office:

(a) Its articles or restated articles of incorporation and all amendments to them currently in effect;

(b) Its bylaws or restated bylaws and all amendments to them currently in effect;

(c) Resolutions adopted by its board of directors relating to the characteristics, qualifications, rights, limitations and obligations of members or any class or category of members;
(d) The minutes of all meetings of members and records of all actions approved by the members for the past three (3) years;
(e) All written communications to members generally within the past seven (7) years, including the financial statements furnished for the past seven (7) years under section 30-30-1105, Idaho Code;
(f) A list of the names and business or home addresses of its current directors and officers; and
(g) Its most recent annual report delivered to the secretary of state under section 30-21-213, Idaho Code.

30-30-1102. INSPECTION OF RECORDS BY MEMBERS. (1) Subject to subsection (5) of this section and section 30-30-1103(3), Idaho Code, a member is entitled to inspect and copy, at a reasonable time and location specified by the corporation, any of the records of the corporation described in section 30-30-1101(5), Idaho Code, if the member gives the corporation written notice or a written demand at least fifteen (15) business days before the date on which the member wishes to inspect and copy.
(2) Subject to paragraph (c) of this subsection, a member is entitled to inspect and copy, at a reasonable time and reasonable location specified by the corporation, any of the following records of the corporation if the member meets the requirements of subsection (3) of this section and gives the corporation written notice at least fifteen (15) business days before the date on which the member wishes to inspect and copy:
(a) Excerpts from any records required to be maintained under section 30-30-1101(1), Idaho Code, to the extent not subject to inspection under subsection (1) of this section;
(b) Accounting records of the corporation; and
(c) Subject to section 30-30-1104, Idaho Code, the membership list.
(3) A member may inspect and copy the records identified in subsection (2) of this section only if:
(a) The member's demand is made in good faith and for a proper purpose reasonably related to the member's interest as a member of the corporation;
(b) The member describes with reasonable particularity the purpose and the records the member desires to inspect;
(c) The records are directly connected with this purpose; and
(d) The board of directors shall determine whether a member's request is for a proper purpose.
(4) The provisions of this section do not affect:
(a) The right of a member to inspect records under section 30-30-509, Idaho Code, or, if the member is in litigation with the corporation, to the same extent as any other litigant; or
(b) The board of directors may restrict or deny inspection of personnel and employment records and confidential attorney-client communications if it determines that such restriction or denial of access to said records or information is in the best interests of the corporation.

(5) The articles or bylaws of a religious corporation may limit or abolish the right of a member under this section to inspect and copy any corporate record.

30-30-1103. SCOPE OF INSPECTION RIGHTS. (1) A member's agent or attorney has the same inspection and copying rights as the member the agent or attorney represents.

(2) The right to copy records under section 30-30-1102, Idaho Code, includes, if reasonable, the right to receive copies made by photographic, xerographic, or other means.

(3) The corporation may impose a reasonable charge, covering the costs of labor and material, for copies of any documents provided to the member. The charge may not exceed the estimated cost of production or reproduction of the records.

(4) The corporation may comply with a member's demand to inspect the record of members under section 30-30-1102(2)(c), Idaho Code, by providing the member with a list of its members that was compiled no earlier than the date of the member's demand.

30-30-1104. LIMITATIONS ON USE OF MEMBERSHIP LIST. Without consent of the board, a membership list or any part thereof may not be obtained or used by any person for any purpose unrelated to a member's interest as a member. Without limiting the generality of the foregoing and without the consent of the board, a membership list or any part thereof may not be:

(1) Used to solicit money or property unless such money or property will be used solely to solicit the votes of the members in an election to be held by the corporation;

(2) Used for any commercial purpose; or

(3) Sold to or purchased by any person.

30-30-1105. FINANCIAL STATEMENTS FOR MEMBERS. (1) Except as provided in the articles or bylaws of a religious corporation, a corporation upon written demand from a member shall furnish that member its latest annual financial statements, which may be consolidated or combined statements of the corporation and one (1) or more of its subsidiaries or affiliates, as appropriate, that include a balance sheet as of the end of the fiscal year and statement of operations for that year. If financial statements are prepared for the corporation on the basis of generally accepted accounting principles, the annual financial statements must also be prepared on that basis.

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

(a) Stating the president's or other person's reasonable belief as to whether the statements were prepared on the basis of generally accepted accounting principles and, if not, describing the basis of preparation; and

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

30-30-1106. REPORT OF INDEMNIFICATION TO MEMBERS. If a corporation indemnifies or advances expenses to a director under section 30-30-626, Idaho Code, in connection with a proceeding by or in the right of the corporation, the corporation shall report the indemnification or advance in writing to the members with or before the notice of the next meeting of members.

SECTION 85. That Chapter 30, Title 30, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW PART, to be known and designated as Part 12, Chapter 30, Title 30, Idaho Code, and to read as follows:

PART 12
TRANSITION PROVISIONS

30-30-1201. APPLICATION TO EXISTING DOMESTIC NONPROFIT CORPORATIONS. This chapter applies to all domestic nonprofit corporations in existence on July 1, 1993, that were incorporated under the laws of this state.

30-30-1202. APPLICATION TO QUALIFIED FOREIGN NONPROFIT CORPORATION. A foreign nonprofit corporation authorized to transact business in this state on July 1, 1993, is subject to this chapter but is not required to obtain a new certificate of authority to transact business under this chapter.

30-30-1203. APPLICATION TO CANAL COMPANIES AND CAREY ACT COMPANIES. Should any provision of this chapter, as it pertains to canal companies or Carey act companies, conflict with the provisions of title 42, Idaho Code, the provisions of title 42, Idaho Code, shall prevail.

30-30-1204. SAVING PROVISIONS. (1) Except as provided in subsection (2) of this section, the repeal of a statute by this chapter does not affect:

(a) The operation of the statute or any action taken under it before its repeal;

(b) Any ratification, right, remedy, privilege, obligation or liability acquired, accrued or incurred under the statute before its repeal;

(c) Any violation of the statute or any penalty, forfeiture or punishment incurred because of the violation, before its repeal;

(d) Any proceeding, reorganization or dissolution commenced under the statute before its repeal, and the proceeding, reorganization, or dissolution may be completed in accordance with the statute as if it had not been repealed; or

(e) Any meeting of members or directors or action by written consent noticed or any action taken before its repeal as a result of a meeting of members or directors or action by written consent.

(2) If a penalty or punishment imposed for violation of a statute repealed by this chapter is reduced by this chapter, the penalty or punishment if not already imposed shall be imposed in accordance with this chapter.

(3) Except as specifically provided in this chapter, this chapter shall not affect the provisions of other statutes applicable to any form of nonprofit corporation.