

SENATE BILL NO. 338—COMMITTEE ON JUDICIARY

MARCH 24, 2005

Referred to Committee on Judiciary

SUMMARY—Makes various changes concerning business associations. (BDR 7-728)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to business associations; enacting certain provisions pertaining to real estate investment trusts; revising the provisions governing voting rights and the use of proxies; clarifying the provisions governing the treatment of fractional shares of stock under certain circumstances; revising the provisions pertaining to treasury shares; authorizing a limited-liability company to create series of members' interests with separate rights, powers or duties; clarifying the procedures pertaining to dissenters' rights under certain circumstances; providing that business associations must staff their registered offices during business hours; revising the provisions governing the adoption of fictitious names by business associations and natural persons; enacting provisions governing securitization transactions; revising various other provisions concerning business associations; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 **Section 1.** NRS 78.120 is hereby amended to read as follows:
2 78.120 1. Subject only to such limitations as may be
3 provided by this chapter, or the articles of incorporation of the
4 corporation, the board of directors has full control over the affairs of
5 the corporation.



2. Except as otherwise provided in this subsection and subject to the bylaws, if any, adopted by the stockholders, the directors may make the bylaws of the corporation. Unless otherwise prohibited by any bylaw adopted by the stockholders, the directors may adopt, amend or repeal any bylaw, including any bylaw adopted by the stockholders. The articles of incorporation may grant the authority to adopt, *amend or repeal* bylaws exclusively to the directors.

3. The selection of a period for the achievement of corporate goals is the responsibility of the directors.

Sec. 2. NRS 78.1955 is hereby amended to read as follows:

78.1955 1. If the voting powers, designations, preferences, limitations, restrictions and relative rights of any class or series of stock have been established by a resolution of the board of directors pursuant to a provision in the articles of incorporation, a certificate of designation setting forth the resolution must be signed by an officer of the corporation and filed with the Secretary of State. A certificate of designation signed and filed pursuant to this section must become effective before the issuance of any shares of the class or series.

2. Unless otherwise provided in the articles of incorporation or the certificate of designation being amended, if no shares of a class or series of stock established by a resolution of the board of directors have been issued, the designation of the class or series, the number of the class or series and the voting powers, designations, preferences, limitations, restrictions and relative rights of the class or series may be amended by a resolution of the board of directors pursuant to a certificate of amendment filed in the manner provided in subsection 4.

3. Unless otherwise provided in the articles of incorporation or the certificate of designation, if shares of a class or series of stock established by a resolution of the board of directors have been issued, the designation of the class or series, the number of the class or series and the voting powers, designations, preferences, limitations, restrictions and relative rights of the class or series may be amended by a resolution of the board of directors only if the amendment is approved as provided in this subsection. Unless otherwise provided in the articles of incorporation or the certificate of designation, the proposed amendment adopted by the board of directors must be approved by the vote of stockholders holding shares in the corporation entitling them to exercise a majority of the voting power, or such greater proportion of the voting power as may be required by the articles of incorporation or the certificate of designation, of:

(a) The class or series of stock being amended; and



(b) Each class and each series of stock which, before amendment, is senior to the class or series being amended as to the payment of distributions upon dissolution of the corporation, regardless of any limitations or restrictions on the voting power of that class or series.

4. A certificate of amendment to a certificate of designation must be signed by an officer of the corporation and filed with the Secretary of State and must:

(a) Set forth the original designation and the new designation, if the designation of the class or series is being amended;

(b) State that no shares of the class or series have been issued or state that the approval of the stockholders required pursuant to subsection 3 has been obtained; and

(c) Set forth the amendment to the class or series or set forth the designation of the class or series, the number of the class or series and the voting powers, designations, preferences, limitations, restrictions and relative rights of the class or series, as amended.

5. A certificate filed pursuant to subsection 1 or 4 ~~becomes~~ *is* effective upon filing *the certificate* with the Secretary of State or upon a later date specified in the certificate, which must not be ~~later~~ *more* than 90 days after the certificate is filed.

6. If shares of a class or series of stock established by a certificate of designation are not outstanding, the corporation may file a certificate which states that no shares of the class or series are outstanding and which contains the resolution of the board of directors authorizing the withdrawal of the certificate of designation establishing the class or series of stock. The certificate must be signed by an officer of the corporation and filed with the Secretary of State. Upon filing the certificate and payment of the fee required pursuant to NRS 78.765, all matters contained in the certificate of designation regarding the class or series of stock are eliminated from the articles of incorporation.

7. NRS 78.380, 78.385 and 78.390 do not apply to certificates of amendment filed pursuant to this section.

Sec. 3. NRS 78.205 is hereby amended to read as follows:

78.205 1. A corporation is not obligated to but may sign and deliver a certificate for or including a fraction of a share.

2. In lieu of signing and delivering a certificate for a fraction of a share, a corporation may:

(a) Pay to any person otherwise entitled to become a holder of a fraction of a share ~~;~~

~~—— (1) The appraised value of that share if the appraisal was properly demanded pursuant to this chapter or chapter 92A of NRS; or~~



~~—— (2) If no appraisal was demanded or an appraisal was not properly demanded,]~~ an amount in cash *based on a per share value, and that value or the method of determining that value must be specified [for that purpose as the value of the fraction]* in the articles, plan of reorganization, plan of merger or exchange, resolution of the board of directors, or other instrument pursuant to which the fractional share would otherwise be issued ; ~~[, or, if not specified, then as may be determined for that purpose by the board of directors of the issuing corporation;]~~

(b) Issue such additional fraction of a share as is necessary to increase the fractional share to a full share; or

(c) Sign and deliver registered or bearer scrip over the manual or facsimile signature of an officer of the corporation or of its agent for that purpose, exchangeable as provided on the scrip for full share certificates, but the scrip does not entitle the holder to any rights as a stockholder except as provided on the scrip. The scrip may provide that it becomes void unless the rights of the holders are exercised within a specified period and may contain any other provisions or conditions that the corporation deems advisable. Whenever any scrip ceases to be exchangeable for full share certificates, the shares that would otherwise have been issuable as provided on the scrip are deemed to be treasury shares unless the scrip contains other provisions for their disposition.

3. ~~[The provisions of this section do not prevent a person who holds a fractional share from disputing the appraised value of a share pursuant to NRS 92A.300 to 92A.500, inclusive, if the person is otherwise entitled to exercise such rights.]~~ *Any proposed corporate action that would result in money or scrip being delivered instead of fractional shares to stockholders who:*

(a) *Before the proposed corporate action becomes effective, hold 1 percent or more of the outstanding shares of the affected class or series; and*

(b) *Would otherwise be entitled to receive fractions of shares in exchange for the cancellation of all their outstanding shares, ➤ is subject to the provisions of NRS 92A.300 to 92A.500, inclusive. If the proposed corporate action is subject to those provisions, any stockholder who is obligated to accept money or scrip rather than receive a fraction of a share resulting from the action taken pursuant to this section may dissent in accordance with the provisions of NRS 92A.300 to 92A.500, inclusive, and obtain payment of the fair value of the fraction of a share to which the stockholder would otherwise be entitled.*



Sec. 4. NRS 78.209 is hereby amended to read as follows:

78.209 1. A change pursuant to NRS 78.207 is not effective until after the filing in the Office of the Secretary of State of a certificate, signed by an officer of the corporation, setting forth:

(a) The current number of authorized shares and the par value, if any, of each class or series, if any, of shares before the change;

(b) The number of authorized shares and the par value, if any, of each class or series, if any, of shares after the change;

(c) The number of shares of each affected class or series, if any, to be issued after the change in exchange for each issued share of the same class or series;

(d) The provisions, if any, for the issuance of fractional shares, or for the payment of money or the issuance of scrip to stockholders otherwise entitled to a fraction of a share and the percentage of outstanding shares affected thereby; and

(e) That any required approval of the stockholders has been obtained.

➤ The provisions in the articles of incorporation of the corporation regarding the authorized number and par value, if any, of the changed class or series, if any, of shares shall be deemed amended as provided in the certificate at the effective date and time of the change.

2. Unless an increase or decrease of the number of authorized shares pursuant to NRS 78.207 is accomplished by an action that otherwise requires an amendment to the articles of incorporation of the corporation, such an amendment is not required by that section.

3. A certificate filed pursuant to subsection 1 ~~becomes~~ *is* effective upon filing *the certificate* with the Secretary of State or upon a later date specified in the certificate, which must not be ~~later~~ *more* than 90 days after the certificate is filed.

4. If a certificate filed pursuant to subsection 1 specifies an effective date, the board of directors may terminate the effectiveness of the certificate by resolution. A certificate of termination must:

(a) Be filed with the Secretary of State before the effective date specified in the certificate filed pursuant to subsection 1;

(b) Identify the certificate being terminated;

(c) State that the effectiveness of the certificate has been terminated;

(d) Be signed by an officer of the corporation; and

(e) Be accompanied by the fee required pursuant to NRS 78.765.

Sec. 5. NRS 78.211 is hereby amended to read as follows:

78.211 1. The board of directors may authorize shares to be issued for consideration consisting of any tangible or intangible property or benefit to the corporation, including, but not limited to, cash, promissory notes, services performed, contracts for services to



1 be performed or other securities of the corporation. The judgment of
2 the board of directors as to the consideration received for the shares
3 issued is conclusive in the absence of actual fraud in the transaction.

4 2. When the corporation receives the consideration for which
5 the board of directors authorized the issuance of shares, the shares
6 issued therefor are fully paid.

7 3. The corporation may place in escrow shares issued for a
8 contract for future services or benefits or a promissory note, or make
9 any other arrangements to restrict the transfer of the shares. The
10 corporation may credit distributions made for the shares against
11 their purchase price, until the services are performed, the benefits
12 are received or the promissory note is paid. If the services are not
13 performed, the benefits are not received or the promissory note is
14 not paid, the shares escrowed or restricted and the distributions
15 credited may be cancelled in whole or in part.

16 4. *For the purposes of this section, "benefit to the*
17 *corporation" includes, without limitation, the authorization of the*
18 *issuance of shares to up to 100 persons without consideration for*
19 *the sole purpose of qualifying the corporation as a real estate*
20 *investment trust pursuant to 26 U.S.C. §§ 856 et seq., as amended,*
21 *or any successor provision, and any regulations adopted pursuant*
22 *thereto.*

23 **Sec. 6.** NRS 78.242 is hereby amended to read as follows:

24 78.242 1. Subject to the limitation imposed by NRS
25 104.8204, a written restriction on the transfer or registration of
26 transfer of the stock of a corporation, if permitted by this section,
27 may be enforced against the holder of the restricted stock or any
28 successor or transferee of the holder, including an executor,
29 administrator, trustee, guardian or other fiduciary entrusted with like
30 responsibility for the person or estate of the holder.

31 2. A restriction on the transfer or registration of transfer of the
32 stock of a corporation may be imposed by the articles of
33 incorporation or by the bylaws or by an agreement among any
34 number of stockholders or between one or more stockholders and
35 the corporation. No restriction so imposed is binding with respect to
36 stocks issued before the adoption of the restriction unless the
37 stockholders are parties to an agreement or voted in favor of the
38 restriction.

39 3. A restriction on the transfer or the registration of transfer of
40 shares is valid and enforceable against the transferee of the
41 stockholder if the restriction is not prohibited by other law and its
42 existence is noted conspicuously on the front or back of the stock
43 certificate or is contained in the statement of information required
44 by NRS 78.235. Unless so noted, a restriction is not enforceable
45 against a person without knowledge of the restriction.



1 4. A restriction on the transfer or registration of transfer of
2 stock of a corporation is permitted, without limitation by this
3 enumeration, if it:

4 (a) Obligates the stockholder first to offer to the corporation or
5 to any other stockholder or stockholders of the corporation or to any
6 other person or persons or to any combination of the foregoing a
7 prior opportunity, to be exercised within a reasonable time, to
8 acquire the stock;

9 (b) Obligates the corporation or any holder of stock of the
10 corporation or any other person or any combination of the foregoing
11 to purchase stock which is the subject of an agreement respecting
12 the purchase and sale of the stock;

13 (c) Requires the corporation or any stockholder or stockholders
14 to consent to any proposed transfer of the stock or to approve the
15 proposed transferee of stock;

16 (d) Prohibits the transfer of the stock to designated persons or
17 classes of persons, and such designation is not manifestly
18 unreasonable; or

19 (e) Prohibits the transfer of stock:

20 (1) To maintain the corporation's status when it is dependent
21 on the number or identity of its stockholders;

22 (2) To preserve exemptions under federal or state laws
23 governing taxes or securities ~~§~~, *including, without limitation, the*
24 *qualification of the corporation as a real estate investment trust*
25 *pursuant to 26 U.S.C. §§ 856 et seq., as amended, or any successor*
26 *provision, and any regulations adopted pursuant thereto; or*

27 (3) For any other reasonable purpose.

28 5. For the purposes of this section, "stock" includes a security
29 convertible into or carrying a right to subscribe for or to acquire
30 stock.

31 **Sec. 7.** NRS 78.283 is hereby amended to read as follows:

32 78.283 1. As used in this section, "treasury shares" means
33 shares of a corporation issued and thereafter acquired by the
34 corporation or another entity, the majority of whose outstanding
35 voting power to elect its general partner, directors, managers
36 or members of the governing body is beneficially held, directly or
37 indirectly, by the corporation, which have not been retired or
38 restored to the status of unissued shares.

39 2. Treasury shares *held by the corporation* do not carry voting
40 rights or participate in distributions, may not be counted as
41 outstanding shares for any purpose and may not be counted as assets
42 of the corporation for the purpose of computing the amount
43 available for distributions.

44 3. *Treasury shares held by another entity, the majority of*
45 *whose outstanding voting power to elect its general partner,*



directors, managers or members of the governing body is beneficially held, directly or indirectly, by the corporation, do not carry voting rights and, unless otherwise determined by the board of directors of the corporation, do not participate in distributions, may not be counted as outstanding shares for any purpose and may not be counted as assets of the entity.

4. Unless the articles of incorporation provide otherwise, treasury shares may be retired and restored to the status of authorized and unissued shares without an amendment to the articles of incorporation or may be disposed of for such consideration as the board of directors may determine.

~~B-1~~ 5. This section does not limit the right of a corporation to vote its shares held by it in a fiduciary capacity.

Sec. 8. NRS 78.350 is hereby amended to read as follows:

78.350 1. Unless otherwise provided in the articles of incorporation, or in the resolution providing for the issuance of the stock adopted by the board of directors pursuant to authority expressly vested in it by the provisions of the articles of incorporation, every stockholder of record of a corporation is entitled at each meeting of stockholders thereof to one vote for each share of stock standing in his name on the records of the corporation. If the articles of incorporation, or the resolution providing for the issuance of the stock adopted by the board of directors pursuant to authority expressly vested in it by the articles of incorporation, provides for more or less than one vote per share for any class or series of shares on any matter, every reference in this chapter to a majority or other proportion of stock shall be deemed to refer to a majority or other proportion of the voting power of all of the shares or those classes or series of shares, as may be required by the articles of incorporation, or in the resolution providing for the issuance of the stock adopted by the board of directors pursuant to authority expressly vested in it by the provisions of the articles of incorporation, or the provisions of this chapter.

2. Unless a period of more than 60 days or a period of less than 10 days is prescribed or fixed in the articles of incorporation, the directors may prescribe a period not exceeding 60 days before any meeting of the stockholders during which no transfer of stock on the books of the corporation may be made, or may fix, in advance, a record date not more than 60 or less than 10 days before the date of any such meeting as the date as of which stockholders entitled to notice of and to vote at such meetings must be determined. Only stockholders of record on that date are entitled to notice or to vote at such a meeting. If a record date is not fixed, the record date is at the close of business on the day before the day on which the first notice



1 is given or, if notice is waived, at the close of business on the day
2 before the meeting is held. A determination of stockholders of
3 record entitled to notice of or to vote at a meeting of stockholders
4 applies to an adjournment of the meeting unless the board of
5 directors fixes a new record date for the adjourned meeting. The
6 board of directors must fix a new record date if the meeting is
7 adjourned to a date more than 60 days later than the date set for the
8 original meeting.

9 3. The board of directors may adopt a resolution prescribing a
10 date upon which the stockholders of record entitled to give written
11 consent pursuant to NRS 78.320 must be determined. The date
12 prescribed by the board of directors may not precede or be more
13 than 10 days after the date the resolution is adopted by the board of
14 directors. If the board of directors does not adopt a resolution
15 prescribing a date upon which the stockholders of record entitled to
16 give written consent pursuant to NRS 78.320 must be determined
17 and:

18 (a) No prior action by the board of directors is required by this
19 chapter ~~§~~ *or chapter 92A of NRS before the matter is submitted*
20 *for consideration by the stockholders*, the date is the first date on
21 which a valid, written consent is delivered in accordance with the
22 provisions of NRS 78.320.

23 (b) Prior action by the board of directors is required by this
24 chapter ~~§~~ *or chapter 92A of NRS before the matter is submitted*
25 *for consideration by the stockholders*, the date is at the close of
26 business on the day the board of directors adopts the resolution.

27 4. The provisions of this section do not restrict the directors
28 from taking action to protect the interests of the corporation and its
29 stockholders, including, but not limited to, adopting or signing
30 plans, arrangements or instruments that deny rights, privileges,
31 power or authority to a holder or holders of a specified number of
32 shares or percentage of share ownership or voting power.

33 **Sec. 9.** NRS 78.355 is hereby amended to read as follows:

34 78.355 1. At any meeting of the stockholders of any
35 corporation any stockholder may designate another person or
36 persons to act as a proxy or proxies. If any stockholder designates
37 two or more persons to act as proxies, a majority of those persons
38 present at the meeting, or, if only one is present, then that one has
39 and may exercise all of the powers conferred by the stockholder
40 upon all of the persons so designated unless the stockholder
41 provides otherwise.

42 2. Without limiting the manner in which a stockholder may
43 authorize another person or persons to act for him as proxy pursuant
44 to subsection 1, the following constitute valid means by which a
45 stockholder may grant such authority:



1 (a) A stockholder may sign a writing authorizing another person
2 or persons to act for him as proxy. The proxy may be limited to
3 action on designated matters.

4 (b) A stockholder may authorize another person or persons to
5 act for him as proxy by transmitting or authorizing the transmission
6 of an electronic record to the person who will be the holder of the
7 proxy or to a firm which solicits proxies or like agent who is
8 authorized by the person who will be the holder of the proxy to
9 receive the transmission. Any such electronic record must either set
10 forth or be submitted with information from which it can be
11 determined that the electronic record was authorized by the
12 stockholder. If it is determined that the electronic record is valid, the
13 persons appointed by the corporation to count the votes of
14 stockholders and determine the validity of proxies and ballots or
15 other persons making those determinations must specify the
16 information upon which they relied.

17 3. Any copy, communication by electronic transmission or
18 other reliable reproduction of the record created pursuant to
19 subsection 2 may be substituted for the original record for any
20 purpose for which the original record could be used, if the copy,
21 communication by electronic transmission or other reproduction is a
22 complete reproduction of the entire original record.

23 4. Except as otherwise provided in subsection 5, no such proxy
24 is valid after the expiration of 6 months from the date of its creation
25 unless the stockholder specifies in it the length of time for which it
26 is to continue in force, which may not exceed 7 years from the date
27 of its creation. Subject to these restrictions, any proxy properly
28 created is not revoked and continues in full force and effect until
29 ~~another~~:

30 (a) *Another* instrument or transmission revoking it or a properly
31 created proxy bearing a later date is filed with or transmitted to the
32 secretary of the corporation or another person or persons appointed
33 by the corporation to count the votes of stockholders and determine
34 the validity of proxies and ballots ~~and~~; or

35 (b) *The stockholder revokes the proxy by attending the meeting*
36 *and voting the stockholder's shares in person, in which case, any*
37 *vote cast by the person or persons designated by the stockholder to*
38 *act as a proxy or proxies must be disregarded by the corporation*
39 *when the votes are counted.*

40 5. A proxy shall be deemed irrevocable if the written
41 authorization states that the proxy is irrevocable ~~and~~, *but is*
42 *irrevocable* only for as long as it is coupled with an interest
43 sufficient in law to support an irrevocable power, ~~such as~~
44 *including, without limitation,* the appointment as proxy of a
45 pledgee, a person who purchased or agreed to purchase the shares, a



1 creditor of the corporation who extended it credit under terms
2 requiring the appointment, an employee of the corporation whose
3 employment contract requires the appointment or a party to a voting
4 agreement created pursuant to subsection 3 of NRS 78.365. ~~[A]~~
5 *Unless otherwise provided in the proxy, a* proxy made irrevocable
6 pursuant to this subsection is revoked when the interest with which
7 it is coupled is extinguished ~~[I]~~, *but the corporation may honor the*
8 *proxy until notice of the extinguishment of the proxy is received by*
9 *the corporation.* A transferee for value of shares subject to an
10 irrevocable proxy may revoke the proxy if he did not know of its
11 existence when he acquired the shares and the existence of the
12 irrevocable appointment was not noted conspicuously on the
13 certificate representing the shares or on the information statement
14 for shares without certificates.

15 *6. If any stockholder subject to a properly created irrevocable*
16 *proxy attends any meeting of the stockholders for which the*
17 *authorization grants authority to act on the stockholder's behalf at*
18 *the meeting to a proxy or proxies, unless expressly otherwise*
19 *provided in the written authorization or electronic record:*

20 *(a) Only the proxy or proxies may have and exercise all the*
21 *powers of the stockholder at the meeting; and*

22 *(b) Only a vote of the proxy or proxies may be regarded by the*
23 *corporation when the votes are counted.*

24 **Sec. 10.** NRS 78.380 is hereby amended to read as follows:

25 78.380 1. At least two-thirds of the incorporators or of the
26 board of directors of any corporation, if no voting stock of the
27 corporation has been issued, may amend the articles of
28 incorporation of the corporation by signing and filing with the
29 Secretary of State a certificate amending, modifying, changing or
30 altering the articles, in whole or in part. The certificate must state
31 that:

32 (a) The signers thereof are at least two-thirds of the
33 incorporators or of the board of directors of the corporation, and
34 state the name of the corporation; and

35 (b) As of the date of the certificate, no voting stock of the
36 corporation has been issued.

37 2. A certificate filed pursuant to this section is effective upon
38 filing the certificate with the Secretary of State or upon a later date
39 specified in the certificate, which must not be ~~[later]~~ *more* than 90
40 days after the certificate is filed.

41 3. If a certificate specifies an effective date and if no voting
42 stock of the corporation has been issued, the board of directors may
43 terminate the effectiveness of a certificate by filing a certificate of
44 termination with the Secretary of State that:

45 (a) Identifies the certificate being terminated;



(b) States that no voting stock of the corporation has been issued;

(c) States that the effectiveness of the certificate has been terminated;

(d) Is signed by at least two-thirds of the board of directors of the corporation; and

(e) Is accompanied by the fee required pursuant to NRS 78.765.

4. This section does not permit the insertion of any matter not in conformity with this chapter.

Sec. 11. NRS 78.390 is hereby amended to read as follows:

78.390 1. Every amendment to the articles of incorporation must be made in the following manner:

(a) The board of directors must adopt a resolution setting forth the amendment proposed and either call a special meeting of the stockholders entitled to vote on the amendment or direct that the proposed amendment be considered at the next annual meeting of the stockholders entitled to vote on the amendment.

(b) At the meeting, of which notice must be given to each stockholder entitled to vote pursuant to the provisions of this section, a vote of the stockholders entitled to vote in person or by proxy must be taken for and against the proposed amendment. If it appears upon the canvassing of the votes that stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, as provided in subsections 2 and 4, or as may be required by the provisions of the articles of incorporation, have voted in favor of the amendment, an officer of the corporation shall sign a certificate setting forth the amendment, or setting forth the articles of incorporation as amended, and the vote by which the amendment was adopted.

(c) The certificate so signed must be filed with the Secretary of State.

2. Except as otherwise provided in this subsection, if any proposed amendment would adversely alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series adversely affected by the amendment regardless of limitations or restrictions on the voting power thereof. The amendment does not have to be approved by the vote of the holders of shares representing a majority of the voting power of each class or series whose preference or rights are adversely affected by the



1 amendment if the articles of incorporation specifically deny the right
2 to vote on such an amendment.

3 3. Provision may be made in the articles of incorporation
4 requiring, in the case of any specified amendments, a larger
5 proportion of the voting power of stockholders than that required by
6 this section.

7 4. Different series of the same class of shares do not constitute
8 different classes of shares for the purpose of voting by classes
9 except when the series is adversely affected by an amendment in a
10 different manner than other series of the same class.

11 5. The resolution of the stockholders approving the proposed
12 amendment may provide that at any time before the effective date of
13 the amendment, notwithstanding approval of the proposed
14 amendment by the stockholders, the board of directors may, by
15 resolution, abandon the proposed amendment without further action
16 by the stockholders.

17 6. A certificate filed pursuant to subsection 1 ~~{becomes}~~ *is*
18 effective upon filing *the certificate* with the Secretary of State or
19 upon a later date specified in the certificate, which must not be
20 ~~{later}~~ *more* than 90 days after the certificate is filed.

21 7. If a certificate filed pursuant to subsection 1 specifies an
22 effective date and if the resolution of the stockholders approving the
23 proposed amendment provides that the board of directors may
24 abandon the proposed amendment pursuant to subsection 5, the
25 board of directors may terminate the effectiveness of the certificate
26 by resolution and by filing a certificate of termination with the
27 Secretary of State that:

28 (a) Is filed before the effective date specified in the certificate
29 filed pursuant to subsection 1;

30 (b) Identifies the certificate being terminated;

31 (c) States that, pursuant to the resolution of the stockholders, the
32 board of directors is authorized to terminate the effectiveness of the
33 certificate;

34 (d) States that the effectiveness of the certificate has been
35 terminated;

36 (e) Is signed by an officer of the corporation; and

37 (f) Is accompanied by a filing fee of \$175.

38 **Sec. 12.** NRS 78.403 is hereby amended to read as follows:

39 78.403 1. A corporation may restate, or amend and restate, in
40 a single certificate the entire text of its articles of incorporation as
41 amended by filing with the Secretary of State a certificate in the
42 manner provided in this section. If the certificate alters or amends
43 the articles in any manner, it must comply with the provisions of
44 NRS 78.380, 78.385 and 78.390, as applicable.



2. If the certificate does not alter or amend the articles, it must be signed by an officer of the corporation and state that he has been authorized to sign the certificate by resolution of the board of directors adopted on the date stated, and that the certificate correctly sets forth the text of the articles of incorporation as amended to the date of the certificate.

3. The following may be omitted from the restated articles:

(a) The names, addresses, signatures and acknowledgments of the incorporators;

(b) The names and addresses of the members of the past and present boards of directors; and

(c) The name and address of the resident agent.

4. Whenever a corporation is required to file a certified copy of its articles, in lieu thereof it may file a certified copy of the most recent certificate restating its articles as amended, subject to the provisions of subsection 2, together with certified copies of all certificates of amendment filed subsequent to the restated articles and certified copies of all certificates supplementary to the original articles.

5. A certificate filed pursuant to this section is effective upon filing the certificate with the Secretary of State or upon a later date specified in the certificate, which must not be more than 90 days after the certificate is filed.

Sec. 13. NRS 78A.180 is hereby amended to read as follows:

78A.180 1. A corporation may voluntarily terminate its status as a close corporation, and cease to be subject to the provisions of this chapter, by amending the certificate of incorporation to delete therefrom the additional provisions required or permitted by NRS 78A.020 to be stated in the certificate of incorporation of a close corporation. An amendment must be adopted and become effective in accordance with NRS 78.390, except that it must be approved by a vote of the holders of record of at least two-thirds of the voting shares of each class of stock of the corporation that are outstanding.

2. The certificate of incorporation of a close corporation may provide that on any amendment to terminate the status as a close corporation, a vote greater than two-thirds or a vote of all shares of any class may be required. If the certificate of incorporation contains such a provision, that provision may not be amended, repealed or modified by any vote less than that required to terminate the status of the corporation as a close corporation.

3. A certificate filed pursuant to this section is effective upon filing the certificate with the Secretary of State or upon a later date specified in the certificate, which must not be more than 90 days after the certificate is filed.



Sec. 14. NRS 82.346 is hereby amended to read as follows:

82.346 1. If the first meeting of the directors has not taken place and if there are no members, a majority of the incorporators of a corporation may amend the original articles by signing and proving in the manner required for original articles, and filing with the Secretary of State a certificate amending, modifying, changing or altering the original articles, in whole or in part. The certificate must state that:

(a) The signers thereof are a majority of the original incorporators of the corporation; and

(b) As of the date of the certification, no meeting of the directors has taken place and the corporation has no members other than the incorporators.

2. ~~[The amendment]~~ *A certificate filed pursuant to this section is effective upon ~~[the filing of]~~ filing the certificate with the Secretary of State ~~[.]~~ or upon a later date specified in the certificate, which must not be more than 90 days after the certificate is filed.*

3. This section does not permit the insertion of any matter not in conformity with this chapter.

4. The Secretary of State shall charge the fee allowed by law for filing the amended certificate of incorporation.

Sec. 15. NRS 82.356 is hereby amended to read as follows:

82.356 1. Each amendment adopted pursuant to the provisions of NRS 82.351 must be made in the following manner:

(a) The board of directors must adopt a resolution setting forth the amendment proposed, approve it and, if the corporation has members entitled to vote on an amendment to the articles, call a meeting, either annual or special, of the members. The amendment must also be approved by each public official or other person whose approval of an amendment of articles is required by the articles.

(b) At the meeting of members, of which notice must be given to each member entitled to vote pursuant to the provisions of this section, a vote of the members entitled to vote in person or by proxy must be taken for and against the proposed amendment. A majority of a quorum of the voting power of the members or such greater proportion of the voting power of members as may be required in the case of a vote by classes, as provided in subsection 3, or as may be required by the articles, must vote in favor of the amendment.

(c) Upon approval of the amendment by the directors, or if the corporation has members entitled to vote on an amendment to the articles, by both the directors and those members, and such other persons or public officers, if any, as are required to do so by the articles, an officer of the corporation must sign a certificate setting forth the amendment, or setting forth the articles as amended, that



1 the public officers or other persons, if any, required by the articles
2 have approved the amendment, and the vote of the members and
3 directors by which the amendment was adopted.

4 (d) The certificate so signed must be filed in the Office of the
5 Secretary of State.

6 2. ~~Upon filing the certificate, the articles of incorporation are~~
7 ~~amended accordingly.]~~ *A certificate filed pursuant to this section is*
8 *effective upon filing the certificate with the Secretary of State or*
9 *upon a later date specified in the certificate, which must not be*
10 *more than 90 days after the certificate is filed.*

11 3. If any proposed amendment would alter or change any
12 preference or any relative or other right given to any class of
13 members, then the amendment must be approved by the vote, in
14 addition to the affirmative vote otherwise required, of the holders of
15 a majority of a quorum of the voting power of each class of
16 members affected by the amendment regardless of limitations or
17 restrictions on their voting power.

18 4. In the case of any specified amendments, the articles may
19 require a larger vote of members than that required by this section.

20 **Sec. 16.** NRS 82.371 is hereby amended to read as follows:

21 82.371 1. A corporation may restate, or amend and restate, in
22 a single certificate the entire text of its articles as amended by filing
23 with the Secretary of State a certificate which must set forth the
24 articles as amended to the date of the certificate. If the certificate
25 alters or amends the articles in any manner, it must comply with the
26 provisions of NRS 82.346, 82.351 and 82.356, as applicable, and
27 must be accompanied by:

28 (a) A resolution; or

29 (b) A form prescribed by the Secretary of State,

30 ➤ setting forth which provisions of the articles of incorporation on
31 file with the Secretary of State are being altered or amended.

32 2. If the certificate does not alter or amend the articles, it must
33 be signed by an officer of the corporation and must state that he has
34 been authorized to sign the certificate by resolution of the board of
35 directors adopted on the date stated, and that the certificate correctly
36 sets forth the text of the articles as amended to the date of the
37 certificate.

38 3. The following may be omitted from the restated articles:

39 (a) The names, addresses, signatures and acknowledgments of
40 the incorporators;

41 (b) The names and addresses of the members of the past and
42 present board of directors; and

43 (c) The name and address of the resident agent.

44 4. Whenever a corporation is required to file a certified copy of
45 its articles, in lieu thereof it may file a certified copy of the most



1 recent certificate restating its articles as amended, subject to the
2 provisions of subsection 2, together with certified copies of all
3 certificates of amendment filed after the restated articles and
4 certified copies of all certificates supplementary to the original
5 articles.

6 *5. A certificate filed pursuant to this section is effective upon*
7 *filing the certificate with the Secretary of State or upon a later*
8 *date specified in the certificate, which must not be more than 90*
9 *days after the certificate is filed.*

10 **Sec. 17.** NRS 82.451 is hereby amended to read as follows:

11 82.451 1. A corporation may be dissolved and its affairs
12 wound up voluntarily if the board of directors adopts a resolution to
13 that effect and calls a meeting of the members entitled to vote to
14 take action upon the resolution. The resolution must also be
15 approved by any person or superior organization whose approval is
16 required by a provision of the articles authorized by NRS 82.091.
17 The meeting of the members must be held with due notice. If at the
18 meeting the members entitled to exercise a majority of all the voting
19 power consent by resolution to the dissolution, a certificate signed
20 by an officer of the corporation setting forth that the dissolution has
21 been approved in compliance with this section, together with a list
22 of the names and addresses, either residence or business, of the
23 president, the secretary and the treasurer, or the equivalent thereof,
24 and all the directors of the corporation, must be filed in the Office of
25 the Secretary of State.

26 2. If a corporation has no members entitled to vote upon a
27 resolution calling for the dissolution of the corporation, the
28 corporation may be dissolved and its affairs wound up voluntarily
29 by the board of directors if it adopts a resolution to that effect. The
30 resolution must also be approved by any person or superior
31 organization whose approval is required by a provision of the
32 articles authorized by NRS 82.091. A certificate setting forth that
33 the dissolution has been approved in compliance with this section
34 and a list of the officers and directors, signed as provided in
35 subsection 1, must be filed in the Office of the Secretary of State.

36 3. Upon the dissolution of any corporation under the provisions
37 of this section or upon the expiration of its period of corporate
38 existence, the directors are the trustees of the corporation in
39 liquidation and in winding up the affairs of the corporation. The act
40 of a majority of the directors as trustees remaining in office is the
41 act of the directors as trustees.

42 *4. A certificate filed pursuant to this section is effective upon*
43 *filing the certificate with the Secretary of State or upon a later*
44 *date specified in the certificate, which must not be more than 90*
45 *days after the certificate is filed.*



1 **Sec. 18.** Chapter 86 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 19 and 20 of this act.

3 **Sec. 19.** *“Series” and “series of members” are synonymous*
4 *terms and, unless the context otherwise requires, mean a series of*
5 *members’ interests having separate rights, powers or duties with*
6 *respect to property, obligations or profits and losses associated*
7 *with property or obligations, which are specified in the articles of*
8 *organization or operating agreement or specified by one or more*
9 *members or managers or other persons as provided in the articles*
10 *of organization or operating agreement.*

11 **Sec. 20. 1.** *For any limited-liability company where*
12 *management is vested in one or more managers and where no*
13 *member’s interest in the limited-liability company has been issued,*
14 *at least two-thirds of the organizers or the managers of the*
15 *limited-liability company may amend the articles of organization*
16 *of the limited-liability company by signing and filing with the*
17 *Secretary of State a certificate amending, modifying, changing or*
18 *altering the articles, in whole or in part. The certificate must state*
19 *that:*

20 (a) *The signers thereof are at least two-thirds of the organizers*
21 *or the managers of the limited-liability company, and state the*
22 *name of the limited-liability company; and*

23 (b) *As of the date of the certificate, no member’s interest in the*
24 *limited-liability company has been issued.*

25 **2.** *A certificate filed pursuant to this section is effective upon*
26 *filing the certificate with the Secretary of State or upon a later*
27 *date specified in the certificate, which must not be more than 90*
28 *days after the certificate is filed.*

29 **3.** *If a certificate filed pursuant to this section specifies an*
30 *effective date and if no member’s interest in the limited-liability*
31 *company has been issued, the managers of the limited-liability*
32 *company may terminate the effectiveness of the certificate by filing*
33 *a certificate of termination with the Secretary of State that:*

34 (a) *Identifies the certificate being terminated;*

35 (b) *States that no member’s interest in the limited-liability*
36 *company has been issued;*

37 (c) *States that the effectiveness of the certificate has been*
38 *terminated;*

39 (d) *Is signed by at least two-thirds of the managers; and*

40 (e) *Is accompanied by a filing fee of \$175.*

41 **4.** *This section does not permit the insertion of any matter not*
42 *in conformity with this chapter.*

43 **Sec. 21.** NRS 86.011 is hereby amended to read as follows:

44 86.011 As used in this chapter, unless the context otherwise
45 requires, the words and terms defined in NRS 86.022 to 86.128,



1 inclusive, *and section 19 of this act* have the meanings ascribed to
2 them in those sections.

3 **Sec. 22.** NRS 86.161 is hereby amended to read as follows:

4 86.161 1. The articles of organization must set forth:

5 (a) The name of the limited-liability company;

6 (b) The name and complete street address of its resident agent,
7 and the mailing address of the resident agent if different from the
8 street address;

9 (c) The name and address, either residence or business, of each
10 of the organizers signing the articles; ~~and~~

11 (d) If the company is to be managed by:

12 (1) One or more managers, the name and address, either
13 residence or business, of each initial manager; or

14 (2) The members, the name and address, either residence or
15 business, of each initial member ~~and~~; *and*

16 *(e) If the company is to have one or more series of members*
17 *and the debts or liabilities of any series are to be enforceable*
18 *against the assets of that series only and not against the assets of*
19 *another series or the company generally, a statement to that effect*
20 *and a statement:*

21 *(1) Setting forth the relative rights, powers and duties of the*
22 *series; or*

23 *(2) Indicating that the relative rights, powers and duties of*
24 *the series will be set forth in the operating agreement or*
25 *established as provided in the operating agreement.*

26 2. The articles may set forth any other provision, not
27 inconsistent with law, which the members elect to set out in the
28 articles of organization for the regulation of the internal affairs of
29 the company, including any provisions which under this chapter are
30 required or permitted to be set out in the operating agreement of the
31 company.

32 3. It is not necessary to set out in the articles of organization:

33 (a) The rights of the members to contract debts on behalf of the
34 limited-liability company if the limited-liability company is
35 managed by its members;

36 (b) The rights of the manager or managers to contract debts on
37 behalf of the limited-liability company if the limited-liability
38 company is managed by a manager or managers; or

39 (c) Any of the powers enumerated in this chapter.

40 **Sec. 23.** NRS 86.171 is hereby amended to read as follows:

41 86.171 1. The name of a limited-liability company formed
42 under the provisions of this chapter must contain the words
43 "Limited-Liability Company," "Limited Liability Company,"
44 "Limited Company," or "Limited" or the abbreviations "Ltd.,"



1 "L.L.C.," "L.C.," "LLC" or "LC." The word "Company" may be
2 abbreviated as "Co."

3 2. The name proposed for a limited-liability company must be
4 distinguishable on the records of the Secretary of State from the
5 names of all other artificial persons formed, organized, registered or
6 qualified pursuant to the provisions of this title that are on file in the
7 Office of the Secretary of State and all names that are reserved in
8 the Office of the Secretary of State pursuant to the provisions of this
9 title. If a proposed name is not so distinguishable, the Secretary of
10 State shall return the articles of organization to the organizer, unless
11 the written, acknowledged consent of the holder of the name on file
12 or reserved name to use the same name or the requested similar
13 name accompanies the articles of organization.

14 3. For the purposes of this section and NRS 86.176, a proposed
15 name is not distinguishable from a name on file or reserved name
16 solely because one or the other contains distinctive lettering, a
17 distinctive mark, a trademark or a trade name, or any combination
18 thereof.

19 4. The name of a limited-liability company whose charter has
20 been revoked, which has merged and is not the surviving entity or
21 whose existence has otherwise terminated is available for use by any
22 other artificial person.

23 5. The Secretary of State shall not accept for filing any articles
24 of organization for any limited-liability company if the name of the
25 limited-liability company contains the word "accountant,"
26 "accounting," "accountancy," "auditor" or "auditing" unless the
27 Nevada State Board of Accountancy certifies that the limited-
28 liability company:

29 (a) Is registered pursuant to the provisions of chapter 628 of
30 NRS; or

31 (b) Has filed with the Nevada State Board of Accountancy under
32 penalty of perjury a written statement that the limited-liability
33 company is not engaged in the practice of accounting and is not
34 offering to practice accounting in this State.

35 6. The Secretary of State shall not accept for filing any articles
36 of organization or certificate of amendment of articles of
37 organization of any limited-liability company formed or existing
38 pursuant to the laws of this State which provides that the name of
39 the limited-liability company contains the word "bank" or "trust"
40 unless:

41 (a) It appears from the articles of organization or the certificate
42 of amendment that the limited-liability company proposes to carry
43 on business as a banking or trust company, exclusively or in
44 connection with its business as a bank, savings and loan association
45 or thrift company; and



(b) The articles of organization or certificate of amendment is first approved by the Commissioner of Financial Institutions.

7. The Secretary of State shall not accept for filing any articles of organization or certificate of amendment of articles of organization of any limited-liability company formed or existing pursuant to the provisions of this chapter if it appears from the articles or the certificate of amendment that the business to be carried on by the limited-liability company is subject to supervision by the Commissioner of Insurance or by the Commissioner of Financial Institutions unless the articles or certificate of amendment is approved by the Commissioner who will supervise the business of the ~~Foreign~~ limited-liability company.

8. Except as otherwise provided in subsection 7, the Secretary of State shall not accept for filing any articles of organization or certificate of amendment of articles of organization of any limited-liability company formed or existing pursuant to the laws of this State which provides that the name of the limited-liability company contains the words "engineer," "engineered," "engineering," "professional engineer," "registered engineer" or "licensed engineer" unless:

(a) The State Board of Professional Engineers and Land Surveyors certifies that the principals of the limited-liability company are licensed to practice engineering pursuant to the laws of this State; or

(b) The State Board of Professional Engineers and Land Surveyors certifies that the limited-liability company is exempt from the prohibitions of NRS 625.520.

9. The Secretary of State may adopt regulations that interpret the requirements of this section.

Sec. 24. NRS 86.221 is hereby amended to read as follows:

86.221 1. The articles of organization of a limited-liability company may be amended for any purpose, not inconsistent with law, as determined by all of the members or permitted by the articles or an operating agreement.

2. An amendment must be made in the form of a certificate setting forth:

(a) The name of the limited-liability company;

(b) Whether the limited-liability company is managed by managers or members; and

(c) The amendment to the articles of organization.

3. The certificate of amendment must be signed by a manager of the company or, if management is not vested in a manager, by a member.

4. Restated articles of organization may be signed and filed in the same manner as a certificate of amendment. If the certificate



1 alters or amends the articles in any manner, it must be accompanied
2 by:

3 (a) A resolution; or

4 (b) A form prescribed by the Secretary of State,

5 ➔ setting forth which provisions of the articles of organization on
6 file with the Secretary of State are being altered or amended.

7 *5. The following may be omitted from the restated articles of*
8 *organization:*

9 (a) *The names, addresses, signatures and acknowledgments of*
10 *the organizers;*

11 (b) *The names and addresses of the past and present members*
12 *or managers; and*

13 (c) *The name and address of the resident agent.*

14 **Sec. 25.** NRS 86.291 is hereby amended to read as follows:

15 86.291 1. Except as otherwise provided in this section or the
16 articles of organization, management of a limited-liability company
17 is vested in its members in proportion to their contribution to its
18 capital, as adjusted from time to time to reflect properly any
19 additional contributions or withdrawals by the members.

20 2. *Unless otherwise provided in the articles of organization or*
21 *operating agreement, the management of a series is vested in the*
22 *members associated with the series in proportion to their*
23 *contribution to the capital of the series, as adjusted from time to*
24 *time to reflect properly any additional contribution or withdrawals*
25 *from the assets or income of the series by the members associated*
26 *with the series.*

27 3. If provision is made in the articles of organization,
28 management of the company may be vested in a manager or
29 managers, who may but need not be members, in the manner
30 prescribed by the operating agreement of the company. The
31 manager or managers also hold the offices and have the
32 responsibilities accorded to them by the members and set out in the
33 operating agreement.

34 **Sec. 26.** NRS 86.296 is hereby amended to read as follows:

35 86.296 1. The articles of organization or operating agreement
36 of a limited-liability company may create classes of members or
37 managers, define their relative rights, powers and duties, and may
38 authorize the creation, in the manner provided in the operating
39 agreement, of additional classes of members or managers with the
40 relative rights, powers and duties as may from time to time be
41 established, including, without limitation, rights, powers and duties
42 senior to existing classes of members or managers. The articles of
43 organization or operating agreement may provide that any member,
44 or class or group of members, has voting rights that differ from
45 other classes or groups.



2. *The articles of organization or operating agreement of a limited-liability company may create one or more series of members, or vest authority in one or more members or managers of the company or in other persons to create one or more series of members, including, without limitation, rights, powers and duties senior to existing series of members. The articles of organization or operating agreement may provide that any member associated with a series has voting rights that differ from other members or series, or no voting rights at all. A series may have separate powers, rights or duties with respect to specified property or obligations of the company or profits and losses associated with specified property or obligations, and any series may have a separate business purpose or investment objective.*

3. *The debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to a particular series are enforceable against the assets of that series only, and not against the assets of the company generally or any other series, if:*

(a) *Separate and distinct records are maintained for the series and the assets associated with the series are held, directly or indirectly, including through a nominee or otherwise, and accounted for separately from the other assets of the company and any other series; and*

(b) *The articles of organization comply, or an amendment to the articles complies, with the provisions of paragraph (e) of subsection 1 of NRS 86.161.*

➔ *Unless otherwise provided in the articles of organization or operating agreement, no debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to the company generally or any other series are enforceable against the assets of the series.*

4. *The articles of organization or operating agreement may provide that the debts, liabilities, obligations and expenses incurred, contracted for or otherwise existing with respect to a particular series are enforceable against the assets of that series only, and not against the assets of the company generally or any other series.*

5. *Unless otherwise provided in the articles of organization or operating agreement, any event described in this chapter or in the articles of organization or operating agreement that causes a manager to cease to be a manager with respect to a series does not, in itself, cause the manager to cease to be a manager with respect to the company or with respect to any other series. Unless otherwise provided in the articles of organization or operating agreement, any event described in this chapter or in the articles of*



organization or operating agreement that causes a manager to cease to be associated with a series does not, in itself, cause the member to cease to be associated with any other series, terminate the continued membership of a member in the company or cause the termination of the series, regardless of whether the member was the last remaining member associated with the series.

Sec. 27. NRS 86.226 is hereby amended to read as follows:

86.226 1. A signed certificate of amendment, or a certified copy of a judicial decree of amendment, must be filed with the Secretary of State. A person who signs a certificate as an agent, officer or fiduciary of the limited-liability company need not exhibit evidence of his authority as a prerequisite to filing. Unless the Secretary of State finds that a certificate does not conform to law, upon his receipt of all required filing fees he shall file the certificate.

2. A certificate of amendment or judicial decree of amendment is effective upon filing *the certificate* with the Secretary of State or upon a later date specified in the certificate or judicial decree, which must not be more than 90 days after the certificate or judicial decree is filed.

3. If a certificate specifies an effective date and if the resolution of the members approving the proposed amendment provides that one or more managers or, if management is not vested in a manager, one or more members may abandon the proposed amendment, then those managers or members may terminate the effectiveness of the certificate by filing a certificate of termination with the Secretary of State that:

(a) Is filed before the effective date specified in the certificate or judicial decree filed pursuant to subsection 1;

(b) Identifies the certificate being terminated;

(c) States that, pursuant to the resolution of the members, the manager of the company or, if management is not vested in a manager, a designated member is authorized to terminate the effectiveness of the certificate;

(d) States that the effectiveness of the certificate has been terminated;

(e) Is signed by a manager of the company or, if management is not vested in a manager, a designated member; and

(f) Is accompanied by a filing fee of \$175.

Sec. 28. NRS 86.343 is hereby amended to read as follows:

86.343 1. ~~[A]~~ *Except as otherwise provided in subsection 2, a* distribution of the profits and contributions of a limited-liability company must not be made if, after giving it effect:

(a) The company would not be able to pay its debts as they become due in the usual course of business; or



(b) Except as otherwise specifically permitted by the articles of organization, the total assets of the company would be less than the sum of its total liabilities.

2. *A distribution of the profits and contributions of a series of the company must not be made if, after giving it effect:*

(a) *The company would not be able to pay the debts of the series from assets of the series as debts of the series become due in the usual course of business; or*

(b) *Except as otherwise specifically permitted by the articles of organization, the total assets of the series would be less than the sum of the total liabilities of the series.*

3. The manager or, if management of the company is not vested in a manager or managers, the members may base a determination that a distribution is not prohibited pursuant to this section on:

(a) Financial statements prepared on the basis of accounting practices that are reasonable in the circumstances;

(b) A fair valuation, including unrealized appreciation and depreciation; or

(c) Any other method that is reasonable in the circumstances.

~~[3-]~~ 4. The effect of a distribution pursuant to this section must be measured:

(a) In the case of a distribution by purchase, redemption or other acquisition by the company of member's interests, as of the earlier of:

(1) The date on which money or other property is transferred or debt incurred by the company; or

(2) The date on which the member ceases to be a member with respect to his acquired interest.

(b) In the case of any other distribution of indebtedness, as of the date on which the indebtedness is distributed.

(c) In all other cases, as of:

(1) The date on which the distribution is authorized if the payment occurs within 120 days after the date of authorization; or

(2) The date on which the payment is made if it occurs more than 120 days after the date of authorization.

~~[4-]~~ 5. Indebtedness of the company, *or a series of the company*, including indebtedness issued as a distribution, is not considered a liability for purposes of determinations pursuant to this section if its terms provide that payment of principal and interest are to be made only if and to the extent that payment of a distribution to the members could then be made pursuant to this section. If the indebtedness is issued as a distribution, each payment of principal or interest must be treated as a distribution, the effect of which must be measured as of the date of payment.



~~[5.]~~ 6. Except as otherwise provided in subsection ~~[6.]~~ 7, a member who receives a distribution in violation of this section is liable to the limited-liability company for the amount of the distribution. This subsection does not affect the validity of an obligation or liability of a member created by an agreement or other applicable law for the amount of a distribution.

~~[6.—Unless otherwise agreed, a]~~

7. A member who receives a distribution from a limited-liability company *in violation of this section* is not liable *to the limited-liability company and, in the event of its dissolution or insolvency, to its creditors, or any of them,* for the amount of the distribution after the expiration of 3 years after the date of the distribution unless an action to recover the distribution from the member is commenced before the expiration of the 3-year period following the distribution.

Sec. 29. NRS 86.491 is hereby amended to read as follows:

86.491 1. A limited-liability company ~~{organized pursuant to this chapter}~~ must be dissolved and its affairs wound up:

(a) At the time, if any, specified in the articles of organization;

(b) Upon the occurrence of an event specified in an operating agreement;

(c) Unless otherwise provided in the articles of organization or operating agreement, upon the affirmative vote or written agreement of all the members; or

(d) Upon entry of a decree of judicial dissolution pursuant to NRS 86.495.

2. *The affairs of a series of a limited-liability company must be wound up:*

(a) At the time, if any, specified in the articles of organization;

(b) Upon the occurrence of an event specified in the operating agreement;

(c) Unless otherwise provided in the articles of organization or operating agreement, upon the affirmative vote or written agreement of all the members associated with the series; or

(d) Upon entry of a decree of judicial termination of the series pursuant to NRS 86.495.

3. *Unless otherwise provided in the articles of organization or operating agreement, upon the occurrence of an event requiring the affairs of a series to be wound up, a manager of the series who has not wrongfully terminated the series or, if none, the members associated with a series, or a person approved by all those members, may wind up the affairs of the series. Unless otherwise provided in the articles of organization or operating agreement, the person or persons winding up the affairs of the series:*



1 (a) *May take all actions necessary or proper to wind up the*
2 *affairs of the series; and*

3 (b) *Shall distribute the assets of the series as provided in NRS*
4 *86.521 to the creditors of the series and the members associated*
5 *with the series.*

6 4. Except as otherwise provided in the articles of organization
7 or operating agreement, the death, retirement, resignation,
8 expulsion, bankruptcy, dissolution or dissociation of a member or
9 any other event affecting a member, including, without limitation, a
10 sole member, does not:

11 (a) Terminate the status of the person as a member; or

12 (b) Cause the limited-liability company to be dissolved or its
13 affairs to be wound up.

14 ~~3.1~~ 5. Except as otherwise provided in the articles of
15 organization or operating agreement, upon the death of a natural
16 person who is the sole member of a limited-liability company ~~it~~ *or*
17 *the sole member associated with a series*, the status of the member,
18 including the member's interest, may pass to the heirs, successors
19 and assigns of the member by will or applicable law. The heir,
20 successor or assign of the member's interest becomes a substituted
21 member pursuant to NRS 86.351, subject to administration as
22 provided by applicable law, without the permission or consent of the
23 heirs, successors or assigns or those administering the estate of the
24 deceased member.

25 **Sec. 30.** NRS 86.495 is hereby amended to read as follows:

26 86.495 1. Upon application by or for a member, the district
27 court may decree dissolution of a limited-liability company
28 whenever it is not reasonably practicable to carry on the business of
29 the company in conformity with the articles of organization or
30 operating agreement.

31 2. *Upon application by or for a member of a series, the*
32 *district court may decree the termination of the series only, and*
33 *not the dissolution of the company, whenever it is not reasonably*
34 *practicable to carry on the business of the series in conformity*
35 *with the articles of organization or operating agreement.*

36 **Sec. 31.** NRS 86.541 is hereby amended to read as follows:

37 86.541 1. The signed articles of dissolution must be filed
38 with the Secretary of State. Articles of dissolution ~~become~~ *are*
39 effective upon filing *the articles* with the Secretary of State ~~it~~ *or*
40 *upon a later date specified in the articles, which must not be more*
41 *than 90 days after the articles are filed.*

42 2. Upon the filing of the articles of dissolution *or upon a later*
43 *date specified in the articles*, the existence of the company ceases,
44 except for the purpose of suits, other proceedings and appropriate
45 action as provided in this chapter. The manager or managers in



1 office at the time of dissolution, or the survivors of them, are
2 thereafter trustees for the members and creditors of the dissolved
3 company and as such have authority to distribute any property of the
4 company discovered after dissolution, convey real estate and take
5 such other action as may be necessary on behalf of and in the name
6 of the dissolved company.

7 **Sec. 32.** NRS 86.544 is hereby amended to read as follows:

8 86.544 Before transacting business in this State, a foreign
9 limited-liability company must register with the Secretary of State.
10 In order to register, a foreign limited-liability company must submit
11 to the Secretary of State an application for registration as a foreign
12 limited-liability company, signed by a manager of the company or,
13 if management is not vested in a manager, a member of the
14 company and a signed certificate of acceptance of a resident agent.
15 The application for registration must set forth:

16 1. The name of the foreign limited-liability company and, if
17 different, the name under which it proposes to register and transact
18 business in this State;

19 2. The state and date of its formation;

20 3. The name and address of the resident agent in this State
21 whom the foreign limited-liability company elects to appoint;

22 4. A statement that the Secretary of State is appointed the agent
23 of the foreign limited-liability company for service of process if the
24 authority of the resident agent has been revoked, or if the resident
25 agent has resigned or cannot be found or served with the exercise of
26 reasonable diligence;

27 5. The address of the office required to be maintained in the
28 state of its organization by the laws of that state or, if not so
29 required, of the principal office of the foreign limited-liability
30 company;

31 6. The name and business address of each manager or, if
32 management is not vested in a manager, each member; ~~and~~

33 7. The address of the office at which is kept a list of the names
34 and addresses of the members and their capital contributions,
35 together with an undertaking by the foreign limited-liability
36 company to keep those records until the registration in this State of
37 the foreign limited-liability company is cancelled or withdrawn ~~and~~;
38 *and*

39 8. *If the foreign limited-liability company has one or more*
40 *series of members and if the debts or liabilities of a series are*
41 *enforceable against the assets of that series only and not against*
42 *the assets of the company generally or another series, a statement*
43 *to that effect.*



1 **Sec. 33.** NRS 86.547 is hereby amended to read as follows:

2 86.547 1. A foreign limited-liability company may cancel its
3 registration by filing with the Secretary of State a certificate of
4 cancellation signed by a manager of the company or, if management
5 is not vested in a manager, a member of the company. The
6 certificate, which must be accompanied by the required fees, must
7 set forth:

8 (a) The name of the foreign limited-liability company;

9 (b) The effective date of the cancellation if other than the date of
10 the filing of the certificate of cancellation ~~is~~, *which must not be*
11 *more than 90 days after the certificate is filed;* and

12 (c) Any other information deemed necessary by the manager of
13 the company or, if management is not vested in a manager, a
14 member of the company.

15 2. A cancellation pursuant to this section does not terminate the
16 authority of the Secretary of State to accept service of process on the
17 foreign limited-liability company with respect to causes of action
18 arising from the transaction of business in this State by the foreign
19 limited-liability company.

20 **Sec. 34.** NRS 87.460 is hereby amended to read as follows:

21 87.460 1. A certificate of registration of a registered limited-
22 liability partnership may be amended by filing with the Secretary of
23 State a certificate of amendment. The certificate of amendment must
24 set forth:

25 (a) The name of the registered limited-liability partnership; and

26 (b) The change to the information contained in the original
27 certificate of registration or any other certificates of amendment.

28 2. The certificate of amendment must be:

29 (a) Signed by a managing partner of the registered limited-
30 liability partnership; and

31 (b) Accompanied by a fee of \$175.

32 3. *A certificate filed pursuant to this section is effective upon*
33 *filing the certificate with the Secretary of State or upon a later*
34 *date specified in the certificate, which must not be more than 90*
35 *days after the certificate is filed.*

36 **Sec. 35.** NRS 88.355 is hereby amended to read as follows:

37 88.355 1. A certificate of limited partnership is amended by
38 filing a certificate of amendment thereto in the Office of the
39 Secretary of State. The certificate must set forth:

40 (a) The name of the limited partnership; and

41 (b) The amendment.

42 2. Within 30 days after the happening of any of the following
43 events an amendment to a certificate of limited partnership
44 reflecting the occurrence of the event or events must be filed:

45 (a) The admission of a new general partner;



- 1 (b) The withdrawal of a general partner; or
- 2 (c) The continuation of the business under NRS 88.550 after an
- 3 event of withdrawal of a general partner.

4 3. A general partner who becomes aware that any statement in
5 a certificate of limited partnership was false when made or that any
6 arrangements or other facts described, except the address of its
7 office or the name or address of its resident agent, have changed,
8 making the certificate inaccurate in any respect, shall promptly
9 amend the certificate.

10 4. A certificate of limited partnership may be amended at any
11 time for any other proper purpose the general partners determine.

12 5. No person has any liability because an amendment to a
13 certificate of limited partnership has not been filed to reflect the
14 occurrence of any event referred to in subsection 2 if the amendment
15 is filed within the 30-day period specified in subsection 2.

16 6. *A certificate of amendment filed pursuant to this section is*
17 *effective upon filing the certificate with the Secretary of State or*
18 *upon a later date specified in the certificate, which must not be*
19 *more than 90 days after the certificate is filed.*

20 7. A restated certificate of limited partnership may be signed
21 and filed in the same manner as a certificate of amendment. If the
22 certificate alters or amends the certificate of limited partnership in
23 any manner, it must be accompanied by:

- 24 (a) A resolution; or
- 25 (b) A form prescribed by the Secretary of State,
- 26 ↪ setting forth which provisions of the certificate of limited
- 27 partnership on file with the Secretary of State are being altered or
- 28 amended.

29 **Sec. 36.** NRS 88.360 is hereby amended to read as follows:

30 88.360 A certificate of limited partnership must be cancelled
31 upon the dissolution and the commencement of winding up of the
32 partnership or at any other time there are no limited partners. A
33 certificate of cancellation must be filed in the Office of the Secretary
34 of State and set forth:

- 35 1. The name of the limited partnership;
- 36 2. The reason for filing the certificate of cancellation;
- 37 3. The effective date ~~[, which must be a date certain.]~~ of *the*
38 cancellation if ~~[it is not to be effective upon]~~ *other than the date of*
39 *the filing of the certificate [;], which must not be more than 90*
40 *days after the certificate is filed;* and
- 41 4. Any other information the general partners filing the
- 42 certificate determine.

43 **Sec. 37.** NRS 88.380 is hereby amended to read as follows:

44 88.380 1. A signed copy of the certificate of limited
45 partnership and of any certificates of amendment or cancellation or



1 of any judicial decree of amendment or cancellation must be
2 delivered to the Secretary of State. A person who signs a certificate
3 as an agent or fiduciary need not exhibit evidence of his authority as
4 a prerequisite to filing. Unless the Secretary of State finds that any
5 certificate does not conform to law, upon receipt of all filing fees
6 required by law he shall file the certificate.

7 2. Upon the filing of a certificate of amendment or judicial
8 decree of amendment ~~in the Office of~~ with the Secretary of State
9 ~~[]~~ *or upon a later date specified in the certificate, which must not*
10 *be more than 90 days after the certificate is filed,* the certificate of
11 limited partnership is amended as set forth therein, and upon the
12 effective date of a certificate of cancellation or a judicial decree
13 thereof, the certificate of limited partnership is cancelled.

14 **Sec. 38.** NRS 88.595 is hereby amended to read as follows:

15 88.595 A foreign limited partnership may cancel its
16 registration by filing with the Secretary of State a certificate of
17 cancellation signed by a general partner. The certificate must set
18 forth:

- 19 1. The name of the foreign limited partnership;
- 20 2. The reason for filing the certificate of cancellation;
- 21 3. The effective date of the cancellation if other than the date of
22 the filing of the certificate ~~[of cancellation;]~~ *, which must not be*
23 *more than 90 days after the certificate is filed;* and
- 24 4. Any other information deemed necessary by the general
25 partners of the partnership.

26 ↪ A cancellation does not terminate the authority of the Secretary
27 of State to accept service of process on the foreign limited
28 partnership with respect to causes of action arising out of the
29 transactions of business in this State.

30 **Sec. 39.** NRS 88A.420 is hereby amended to read as follows:

31 88A.420 A certificate of trust must be cancelled upon the
32 completion or winding up of the business trust and its termination.
33 A certificate of cancellation must be signed by a trustee, filed with
34 the Secretary of State, and set forth:

- 35 1. The name of the business trust;
- 36 2. ~~[A future effective date of the certificate of cancellation, if it~~
37 ~~is not to be effective upon filing, which may]~~ *The effective date of*
38 *the cancellation if other than the date of the filing of the*
39 *certificate, which must* not be more than 90 days after the certificate
40 is filed; and
- 41 3. Any other information the trustee determines to include.

42 **Sec. 40.** NRS 88A.740 is hereby amended to read as follows:

43 88A.740 A foreign business trust may cancel its registration by
44 filing with the Secretary of State a certificate of cancellation signed
45 by a trustee. The certificate must set forth:



1 1. The name of the foreign business trust;
2 2. The effective date of the cancellation if other than the date of
3 the filing of the certificate ~~[of cancellation;]~~ , *which must not be*
4 *more than 90 days after the certificate is filed;* and

5 3. Any other information deemed necessary by the trustee.
6 ➔ A cancellation does not terminate the authority of the Secretary
7 of State to accept service of process on the foreign business trust
8 with respect to causes of action arising out of the transaction of
9 business in this State.

10 **Sec. 41.** NRS 92A.100 is hereby amended to read as follows:
11 92A.100 1. Except as limited by NRS 78.411 to 78.444,
12 inclusive, one or more domestic entities may merge into another
13 entity if the plan of merger is approved pursuant to the provisions of
14 this chapter.

15 2. Except as otherwise provided in NRS 92A.180, the plan of
16 merger must set forth:

17 (a) The name ~~[, address]~~ and jurisdiction of organization ~~[and~~
18 ~~governing law]~~ of each constituent entity;

19 (b) The name, jurisdiction of organization and kind of entity or
20 entities that will survive the merger;

21 (c) The terms and conditions of the merger; and

22 (d) The manner and basis , *if any*, of converting the owner's
23 interests of each constituent entity into owner's interests, rights to
24 purchase owner's interests, or other securities of the surviving or
25 other entity or into cash or other property in whole or in part ~~[]~~ *or*
26 *cancelling such owner's interests in whole or in part.*

27 3. The plan of merger may set forth:

28 (a) Amendments to the constituent documents of the surviving
29 entity; and

30 (b) Other provisions relating to the merger.

31 4. The plan of merger must be in writing.

32 **Sec. 42.** NRS 92A.105 is hereby amended to read as follows:

33 92A.105 1. Except as limited by NRS 78.411 to 78.444,
34 inclusive, one domestic general partnership or one domestic entity,
35 except a domestic nonprofit corporation, may convert into a
36 domestic entity of a different type or a foreign entity if the plan of
37 conversion is approved pursuant to the provisions of this chapter.

38 2. The plan of conversion must be in writing and set forth the:

39 (a) Name of the constituent entity and the proposed name for the
40 resulting entity;

41 (b) ~~[Address of the constituent entity and the resulting entity;~~

42 ~~—(e)]~~ Jurisdiction of the law that governs the constituent entity;

43 ~~[(d)]~~ (c) Jurisdiction of the law that will govern the resulting
44 entity;

45 ~~[(e)]~~ (d) Terms and conditions of the conversion;



1 ~~{(f)}~~ (e) Manner and basis , *if any*, of converting the owner's
2 interest or the interest of a partner in a general partnership of the
3 constituent entity into owner's interests, rights of purchase and other
4 securities in the resulting entity ~~{; and~~
5 ~~—(g)}~~ *or cancelling such owner's interests in whole or in part;*
6 *and*

7 (f) Full text of the ~~{constituent}~~ *charter* documents of the
8 resulting entity.

9 3. The plan of conversion may set forth other provisions
10 relating to the conversion.

11 **Sec. 43.** NRS 92A.110 is hereby amended to read as follows:

12 92A.110 1. Except as a corporation is limited by NRS 78.411
13 to 78.444, inclusive, one or more domestic entities may acquire all
14 of the outstanding owner's interests of one or more classes or series
15 of another entity not already owned by the acquiring entity or an
16 affiliate thereof if the plan of exchange is approved pursuant to the
17 provisions of this chapter.

18 2. The plan of exchange must set forth:

19 (a) The name ~~{; address}~~ and jurisdiction of organization ~~{and~~
20 ~~governing law}~~ of each constituent entity;

21 (b) The name, jurisdiction of organization and kind of each
22 entity whose owner's interests will be acquired by one or more other
23 entities;

24 (c) The terms and conditions of the exchange; and

25 (d) The manner and basis , *if any*, of exchanging the owner's
26 interests to be acquired for owner's interests, rights to purchase
27 owner's interests, or other securities of the acquiring or any other
28 entity or for cash or other property in whole or in part ~~{;}~~ *or*
29 *cancelling such owner's interests in whole or in part.*

30 3. The plan of exchange may set forth other provisions relating
31 to the exchange.

32 4. This section does not limit the power of a domestic entity to
33 acquire all or part of the owner's interests or one or more class or
34 series of owner's interests of another person through a voluntary
35 exchange or otherwise.

36 5. The plan of exchange must be in writing.

37 **Sec. 44.** NRS 92A.120 is hereby amended to read as follows:

38 92A.120 1. After adopting a plan of merger, exchange or
39 conversion, the board of directors of each domestic corporation that
40 is a constituent entity in the merger or conversion, or the board of
41 directors of the domestic corporation whose shares will be acquired
42 in the exchange, must submit the plan of merger, except as
43 otherwise provided in NRS 92A.130 and 92A.180, the plan of
44 conversion or the plan of exchange for approval by its stockholders



1 who are entitled to vote on the plan **§ in accordance with the**
2 **provisions of this section.**

3 2. For a plan of merger, conversion or exchange to be
4 approved:

5 (a) The board of directors must recommend the plan of merger,
6 conversion or exchange to the stockholders, unless the board of
7 directors determines that because of a conflict of interest or other
8 special circumstances it should make no recommendation and it
9 communicates the basis for its determination to the stockholders
10 with the plan; and

11 (b) The stockholders entitled to vote must approve the plan.

12 3. The board of directors may condition its submission of the
13 proposed merger, conversion or exchange on any basis. **The**
14 **provisions of this section or this chapter must not be construed to**
15 **permit a board of directors to submit, or to agree to submit, a plan**
16 **of merger, conversion or exchange to the stockholders without the**
17 **recommendation of the board required pursuant to paragraph (a)**
18 **of subsection 2 unless the board of directors determines that**
19 **because of a conflict of interest or other special circumstances it**
20 **should make no recommendation and it communicates the basis**
21 **for its determination to the stockholders with the plan. Any**
22 **agreement of the board of directors to submit a plan of merger,**
23 **conversion or exchange to the stockholders notwithstanding an**
24 **adverse recommendation of the board of directors shall be deemed**
25 **to be of no force or effect.**

26 4. Unless the plan of merger, conversion or exchange is
27 approved by the written consent of stockholders pursuant to
28 subsection 7, the domestic corporation must notify each stockholder,
29 whether or not he is entitled to vote, of the proposed stockholders'
30 meeting in accordance with NRS 78.370. The notice must also state
31 that the purpose, or one of the purposes, of the meeting is to
32 consider the plan of merger, conversion or exchange and must
33 contain or be accompanied by a copy or summary of the plan.

34 5. Unless this chapter, the articles of incorporation, the
35 resolutions of the board of directors establishing the class or series
36 of stock or the board of directors acting pursuant to subsection 3
37 require a greater vote or a vote by classes of stockholders, the plan
38 of merger or conversion must be approved by a majority of the
39 voting power of the stockholders.

40 6. Unless the articles of incorporation or the resolution of the
41 board of directors establishing a class or series of stock provide
42 otherwise, or unless the board of directors acting pursuant to
43 subsection 3 requires a greater vote, the plan of exchange must be
44 approved by a majority of the voting power of each class and each
45 series to be exchanged pursuant to the plan of exchange.



1 7. Unless otherwise provided in the articles of incorporation or
2 the bylaws of the domestic corporation, the plan of merger,
3 conversion or exchange may be approved by written consent as
4 provided in NRS 78.320.

5 8. If an officer, director or stockholder of a domestic
6 corporation, which will be the constituent entity in a conversion,
7 will have any liability for the obligations of the resulting entity after
8 the conversion because he will be the owner of an owner's interest
9 in the resulting entity, then that officer, director or stockholder must
10 also approve the plan of conversion.

11 9. Unless otherwise provided in the articles of incorporation or
12 bylaws of a domestic corporation, a plan of merger, conversion or
13 exchange may contain a provision that permits amendment of the
14 plan of merger, conversion or exchange at any time after the
15 stockholders of the domestic corporation approve the plan of
16 merger, conversion or exchange, but before the articles of merger,
17 conversion or exchange become effective, without obtaining the
18 approval of the stockholders of the domestic corporation for the
19 amendment if the amendment does not:

20 (a) Alter or change the manner or basis of exchanging an
21 owner's interest to be acquired for owner's interests, rights to
22 purchase owner's interests, or other securities of the acquiring entity
23 or any other entity, or for cash or other property in whole or in part;
24 or

25 (b) Alter or change any of the terms and conditions of the plan
26 of merger, conversion or exchange in a manner that adversely
27 affects the stockholders of the domestic corporation.

28 10. ~~{This section does not prevent or restrict a}~~ A board of
29 directors ~~{from cancelling}~~ *shall cancel* the proposed meeting or
30 ~~{removing}~~ *remove* the plan of merger, conversion or exchange
31 from consideration at the meeting if the board of directors
32 determines that it is not advisable to submit the plan of merger,
33 conversion or exchange to the stockholders for approval.

34 **Sec. 45.** NRS 92A.180 is hereby amended to read as follows:

35 92A.180 1. A parent domestic corporation, whether or not for
36 profit, parent domestic limited-liability company, unless otherwise
37 provided in the articles of organization or operating agreement, or
38 parent domestic limited partnership owning at least 90 percent of the
39 outstanding shares of each class of a subsidiary corporation ~~{}~~
40 *entitled to vote on a merger*, 90 percent of the percentage or other
41 interest in the capital and profits of a subsidiary limited-liability
42 company then owned by each class of members *entitled to vote on a*
43 *merger* or 90 percent of the percentage or other interest in the
44 capital and profits of a subsidiary limited partnership then owned by
45 both the general partners and each class of limited partners *entitled*



1 *to vote on a merger* may merge the subsidiary into itself without
2 approval of the owners of the owner's interests of the parent
3 domestic corporation, domestic limited-liability company or
4 domestic limited partnership or the owners of the owner's interests
5 of a subsidiary domestic corporation, subsidiary domestic limited-
6 liability company or subsidiary domestic limited partnership.

7 2. A parent domestic corporation, whether or not for profit,
8 parent domestic limited-liability company, unless otherwise
9 provided in the articles of organization ~~§~~ *or operating agreement*,
10 or parent domestic limited partnership owning at least 90 percent of
11 the outstanding shares of each class of a subsidiary corporation ~~§~~
12 *entitled to vote on a merger*, 90 percent of the percentage or other
13 interest in the capital and profits of a subsidiary limited-liability
14 company then owned by each class of members ~~§~~ *entitled to vote*
15 *on a merger*, or 90 percent of the percentage or other interest in the
16 capital and profits of a subsidiary limited partnership then owned by
17 both the general partners and each class of limited partners *entitled*
18 *to vote on a merger* may merge with and into the subsidiary without
19 approval of the owners of the owner's interests of the subsidiary
20 domestic corporation, subsidiary domestic limited-liability company
21 or subsidiary domestic limited partnership.

22 3. The board of directors of a parent corporation, the managers
23 of a parent limited-liability company with managers unless
24 otherwise provided in the operating agreement, all members of a
25 parent limited-liability company without managers unless otherwise
26 provided in the operating agreement, or all general partners of a
27 parent limited partnership shall adopt a plan of merger that sets
28 forth:

29 (a) The names of the parent and subsidiary; and

30 (b) The manner and basis of converting the owner's interests of
31 the disappearing entity into the owner's interests, obligations or
32 other securities of the surviving or any other entity or into cash or
33 other property in whole or in part.

34 4. The parent shall mail a copy or summary of the plan of
35 merger to each owner of the subsidiary who does not waive the
36 mailing requirement in writing.

37 5. Articles of merger under this section may not contain
38 amendments to the constituent documents of the surviving entity
39 except that the name of the surviving entity may be changed.

40 6. The articles of incorporation of a domestic corporation, the
41 articles of organization of a domestic limited-liability company, the
42 certificate of limited partnership of a domestic limited partnership or
43 the certificate of trust of a domestic business trust may forbid that
44 entity from entering into a merger pursuant to this section.



Sec. 46. NRS 92A.380 is hereby amended to read as follows:

92A.380 1. Except as otherwise provided in NRS 92A.370 and 92A.390, any stockholder is entitled to dissent from, and obtain payment of the fair value of his shares in the event of any of the following corporate actions:

(a) Consummation of a conversion or plan of merger to which the domestic corporation is a constituent entity:

(1) If approval by the stockholders is required for the conversion or merger by NRS 92A.120 to 92A.160, inclusive, or the articles of incorporation, regardless of whether the stockholder is entitled to vote on the conversion or plan of merger; or

(2) If the domestic corporation is a subsidiary and is merged with its parent pursuant to NRS 92A.180.

(b) Consummation of a plan of exchange to which the domestic corporation is a constituent entity as the corporation whose subject owner's interests will be acquired, if his shares are to be acquired in the plan of exchange.

(c) Any corporate action taken pursuant to a vote of the stockholders to the extent that the articles of incorporation, bylaws or a resolution of the board of directors provides that voting or nonvoting stockholders are entitled to dissent and obtain payment for their shares.

(d) Any corporate action not described in paragraph (a), (b) or (c) that will result in the stockholder receiving money or scrip instead of fractional shares.

2. A stockholder who is entitled to dissent and obtain payment pursuant to NRS 92A.300 to 92A.500, inclusive, may not challenge the corporate action creating his entitlement unless the action is unlawful or fraudulent with respect to him or the domestic corporation.

Sec. 47. NRS 92A.420 is hereby amended to read as follows:

92A.420 1. If a proposed corporate action creating dissenters' rights is submitted to a vote at a stockholders' meeting, a stockholder who wishes to assert dissenter's rights:

(a) Must deliver to the subject corporation, before the vote is taken, written notice of his intent to demand payment for his shares if the proposed action is effectuated; and

(b) Must not vote his shares in favor of the proposed action.

2. If a proposed corporate action creating dissenters' rights is taken by written consent of the stockholders, a stockholder who wishes to assert dissenters' rights must not consent to or approve the proposed corporate action.

3. A stockholder who does not satisfy the requirements of subsection 1 *or 2* and NRS 92A.400 is not entitled to payment for his shares under this chapter.



1 **Sec. 48.** NRS 92A.430 is hereby amended to read as follows:

2 92A.430 1. ~~[If a proposed corporate action creating~~
3 ~~dissenters' rights is authorized at a stockholders' meeting, the]~~ *The*
4 subject corporation shall deliver a written dissenter's notice to all
5 stockholders ~~[who satisfied the requirements]~~ *entitled* to assert
6 ~~[those]~~ *dissenters'* rights.

7 2. The dissenter's notice must be sent no later than 10 days
8 after the effectuation of the corporate action, and must:

9 (a) State where the demand for payment must be sent and where
10 and when certificates, if any, for shares must be deposited;

11 (b) Inform the holders of shares not represented by certificates
12 to what extent the transfer of the shares will be restricted after the
13 demand for payment is received;

14 (c) Supply a form for demanding payment that includes the date
15 of the first announcement to the news media or to the stockholders
16 of the terms of the proposed action and requires that the person
17 asserting dissenter's rights certify whether or not he acquired
18 beneficial ownership of the shares before that date;

19 (d) Set a date by which the subject corporation must receive the
20 demand for payment, which may not be less than 30 nor more than
21 60 days after the date the notice is delivered; and

22 (e) Be accompanied by a copy of NRS 92A.300 to 92A.500,
23 inclusive.

24 **Sec. 49.** NRS 14.020 is hereby amended to read as follows:

25 14.020 1. Every corporation, *miscellaneous organization*
26 *described in chapter 81 of NRS*, limited-liability company, limited-
27 liability partnership, limited partnership, limited-liability limited
28 partnership, business trust and municipal corporation created and
29 existing under the laws of *this State*, any other state, territory or
30 foreign government, or the Government of the United States, doing
31 business in this State shall appoint and keep in this State a resident
32 agent who resides or is located in this State, upon whom all legal
33 process and any demand or notice authorized by law to be served
34 upon it may be served in the manner provided in subsection 2. The
35 corporation, *miscellaneous organization*, limited-liability company,
36 limited-liability partnership, limited partnership, limited-liability
37 limited partnership, business trust or municipal corporation shall file
38 with the Secretary of State a certificate of acceptance of
39 appointment signed by its resident agent. The certificate must set
40 forth the full name and *street* address of the resident agent. A
41 certificate of change of resident agent must be filed in the manner
42 provided in title 7 of NRS if the corporation, *miscellaneous*
43 *organization*, limited-liability company, limited-liability
44 partnership, limited partnership, limited-liability limited partnership,
45 business trust or municipal corporation desires to change its resident



1 agent. A certificate of name change of resident agent must be filed
2 in the manner provided in title 7 of NRS if the name of a resident
3 agent is changed as a result of a merger, conversion, exchange, sale,
4 reorganization or amendment.

5 2. All legal process and any demand or notice authorized by
6 law to be served upon the ~~foreign~~ corporation, *miscellaneous*
7 *organization*, limited-liability company, limited-liability
8 partnership, limited partnership, limited-liability limited partnership,
9 business trust or municipal corporation may be served upon the
10 resident agent personally or by leaving a true copy thereof with a
11 person of suitable age and discretion at the address *of the registered*
12 *office* shown on the current certificate of acceptance filed with the
13 Secretary of State.

14 3. *Unless the registered office is the home residence of the*
15 *resident agent, the registered office of a corporation,*
16 *miscellaneous organization, limited-liability company, limited-*
17 *liability partnership, limited partnership, limited-liability limited*
18 *partnership, business trust or municipal corporation must be*
19 *staffed during normal business hours by:*

20 (a) *The resident agent; or*

21 (b) *One or more natural persons who are:*

22 (1) *Of suitable age and discretion to receive service of legal*
23 *process and any demand or notice authorized by law to be served*
24 *upon the corporation, miscellaneous organization, limited-liability*
25 *company, limited-liability partnership, limited partnership,*
26 *limited-liability limited partnership, business trust or municipal*
27 *corporation; and*

28 (2) *Authorized by the resident agent to receive service of*
29 *legal process and any demand or notice authorized by law to be*
30 *served upon the corporation, miscellaneous organization, limited-*
31 *liability company, limited-liability partnership, limited partnership,*
32 *limited-liability limited partnership, business trust or municipal*
33 *corporation.*

34 4. *A corporation, miscellaneous organization, limited-liability*
35 *company, limited-liability partnership, limited partnership,*
36 *limited-liability limited partnership, business trust or municipal*
37 *corporation that fails or refuses to comply with the requirements*
38 *of subsection 3 is subject to a fine of not less than \$100 nor more*
39 *than \$500 for each day of such failure or refusal to comply with*
40 *the requirements of subsection 3, to be recovered with costs by the*
41 *State, before any court of competent jurisdiction, by action at law*
42 *prosecuted by the Attorney General or by the district attorney of*
43 *the county in which the action or proceeding to recover the fine is*
44 *prosecuted.*



5. Subsection 2 provides an additional mode and manner of serving process, demand or notice and does not affect the validity of any other service authorized by law.

6. As used in this section:

(a) *“Registered office” means the office maintained at the street address of the resident agent.*

(b) *“Street address” means the actual physical location in this State at which a resident agent is available for service of process.*

Sec. 50. NRS 14.030 is hereby amended to read as follows:

14.030 1. If any artificial person described in NRS 14.020 fails to appoint a resident agent, or fails to file a certificate of acceptance of appointment for 30 days after a vacancy occurs in the agency, on the production of a certificate of the Secretary of State showing either fact, which is conclusive evidence of the fact so certified to be made a part of the return of service, *or if the registered office of the artificial person is not staffed as required pursuant to NRS 14.020, which fact is to be made part of the return of service*, the artificial person may be served with any and all legal process, or a demand or notice described in NRS 14.020, by delivering a copy to the Secretary of State, or, in his absence, to any deputy secretary of state, and such service is valid to all intents and purposes. The copy must:

(a) Include a specific citation to the provisions of this section. The Secretary of State may refuse to accept such service if the proper citation is not included.

(b) Be accompanied by a fee of \$10.

➔ The Secretary of State shall keep a copy of the legal process received pursuant to this section in his office for at least 1 year after receipt thereof and shall make those records available for public inspection during normal business hours.

2. In all cases of such service, the defendant has 40 days, exclusive of the day of service, within which to answer or plead.

3. Before such service is authorized, the plaintiff shall make or cause to be made and filed an affidavit setting forth the facts, showing that due diligence has been used to ascertain the whereabouts of the officers of the artificial person to be served, and the facts showing that direct or personal service on, or notice to, the artificial person cannot be had.

4. If it appears from the affidavit that there is a last known address of the artificial person or any known officers thereof, the plaintiff shall, in addition to and after such service on the Secretary of State, mail or cause to be mailed to the artificial person or to the known officer, at such address, by registered or certified mail, a copy of the summons and a copy of the complaint, and in all such



1 cases the defendant has 40 days after the date of the mailing within
2 which to appear in the action.

3 5. This section provides an additional manner of serving
4 process, and does not affect the validity of any other valid service.

5 **Sec. 51.** NRS 41.270 is hereby amended to read as follows:

6 41.270 Any *natural* person desiring to have his name changed
7 may file a verified petition with the clerk of the district court of the
8 district in which he resides. The petition shall be addressed to the
9 court and shall state the applicant's present name, the name which
10 he desires to bear in the future, the reason for desiring the change
11 and whether he has been convicted of a felony.

12 **Sec. 52.** Chapter 100 of NRS is hereby amended by adding
13 thereto the provisions set forth as sections 53 to 56, inclusive, of this
14 act.

15 **Sec. 53.** *Sections 53 to 56, inclusive, of this act may be*
16 *known and cited as the Asset-Backed Securities Facilitation Act.*

17 **Sec. 54.** *1. As used in sections 53 to 56, inclusive, of this*
18 *act, unless the context otherwise requires, the terms*
19 *"securitization" and "securitization transaction" include, without*
20 *limitation, the pooling and repackaging by a special purpose entity*
21 *of assets or other credit exposures that may be sold to investors.*

22 *2. The terms include transactions that create stratified credit*
23 *risk positions whose performance is dependent upon an*
24 *underlying pool of credit exposures, including, without limitation,*
25 *loans and commitments.*

26 *3. The terms must be construed broadly.*

27 **Sec. 55.** *Notwithstanding any other provision of law,*
28 *including, without limitation, NRS 104.9623, to the extent set forth*
29 *in the transaction documents relating to a securitization*
30 *transaction:*

31 *1. Any property, assets or rights purported to be transferred,*
32 *in whole or in part, in the securitization transaction shall be*
33 *deemed to be no longer the property, assets or rights of the*
34 *transferor;*

35 *2. A transferor in the securitization transaction, its creditors*
36 *or, in any insolvency proceeding with respect to the transferor or*
37 *property of the transferor, a bankruptcy trustee, receiver, debtor,*
38 *debtor in possession or similar person, to the extent that the issue*
39 *is governed by the laws of this State, has no rights, legal or*
40 *equitable, to reacquire, reclaim, recover, repudiate, disaffirm,*
41 *redeem or recharacterize as property of the transferor any*
42 *property, assets or rights purported to be transferred, in whole or*
43 *in part, by the transferor; and*

44 *3. In the event of a bankruptcy, receivership or other*
45 *insolvency proceeding with respect to the transferor or property of*



1 *the transferor, to the extent that the issue is governed by the laws*
2 *of this State, such property, assets and rights shall be deemed not*
3 *to be part of the property, assets, rights or estate of the transferor.*

4 **Sec. 56.** *The provisions of sections 53 to 56, inclusive, of this*
5 *act must not be construed or interpreted to:*

6 *1. Require any securitization transaction to be treated as a*
7 *sale for federal or state tax purposes or to preclude the treatment*
8 *of any securitization transaction as debt for federal or state tax*
9 *purposes;*

10 *2. Alter or amend any applicable laws relating to the*
11 *perfection and priority of security ownership interests of persons*
12 *other than the transferor, hypothetical lien creditor or, in the event*
13 *of a bankruptcy, receivership or other insolvency proceeding with*
14 *respect to the transferor or property of the transferor, a*
15 *bankruptcy trustee, receiver, debtor, debtor in possession or*
16 *similar person; or*

17 *3. Alter or amend the tax treatment of securitization*
18 *transactions that take place pursuant to sections 53 to 56,*
19 *inclusive, of this act.*

20 **Sec. 57.** Chapter 602 of NRS is hereby amended by adding
21 thereto a new section to read as follows:

22 *The provisions of this chapter do not authorize a natural*
23 *person to change his name pursuant to this chapter, and a natural*
24 *person who desires to change his name must comply with the*
25 *procedures set forth in NRS 41.270, 41.280 and 41.290.*

26 **Sec. 58.** NRS 602.017 is hereby amended to read as follows:

27 602.017 1. No person may adopt any fictitious name which
28 includes "Corporation," "Corp.," "Incorporated," or "Inc." in its
29 title, unless that person is a corporation . ~~[organized or qualified to~~
30 ~~do business pursuant to the laws of this State.]~~

31 2. *No person may adopt any fictitious name which includes*
32 *"Limited-Liability Company," "Limited Liability Company,"*
33 *"Limited Company," or the abbreviations "L.L.C.," "L.C.,"*
34 *"LLC" or "LC" in its title, unless that person is a limited-liability*
35 *company.*

36 3. *No person may adopt any fictitious name which includes*
37 *"Business Trust" or the abbreviation "B.T." or "BT" in its title*
38 *unless that person is a business trust.*

39 4. *No person may adopt any fictitious name which includes*
40 *"Professional Corporation" or the abbreviation "Prof. Corp.,"*
41 *"P.C." or "PC," the word "Chartered" or the abbreviation*
42 *"Chtd.," in its title unless that person is a professional*
43 *corporation.*

44 5. *No person may adopt any fictitious name which includes*
45 *"Professional Association," "Professional Organization" or the*



1 *abbreviations “Prof. Ass’n” or “Prof. Org.” in its title unless that*
2 *person is a professional association.*

3 6. *No person may adopt any fictitious name which includes*
4 *“Limited” or the abbreviation “Ltd.,” in its title unless the person*
5 *is a corporation, limited-liability company, registered limited-*
6 *liability partnership, limited partnership or professional*
7 *corporation.*

8 7. *No natural person may adopt any fictitious name which*
9 *appears to be the name of a natural person unless the name*
10 *includes an additional word or words which indicate that the*
11 *fictitious name is not the name of a natural person.*

12 8. No county clerk may accept for filing a certificate which
13 violates any provision of this chapter.



