

SENATE BILL NO. 441—COMMITTEE ON JUDICIARY

MARCH 25, 2013

Referred to Committee on Judiciary

SUMMARY—Makes various changes to provisions governing business entities. (BDR 7-166)

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; providing for personal jurisdiction for certain nonresident persons associated with business entities; revising provisions governing attendance at certain meetings of corporations and limited-liability corporations; revising provisions governing the statute of limitations for certain actions relating to the dissolution of corporations and limited-liability corporations; authorizing insurance companies to organize as nonprofit companies; revising provisions governing limited-liability companies; revising provisions governing the dissolution and winding up of affairs of limited-liability companies; revising provisions governing domestication of undomesticated organizations; revising provisions relating to the right of dissent to certain corporate actions; clarifying certain provisions relating to the demand for payment by a dissenter; providing for a change of venue for certain actions in business court; revising various provisions governing certain business entities; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

- 1 Existing law allows certain legal proceedings to be brought against directors
- 2 and officers of corporations who violate their authority as directors and officers.
- 3 (NRS 78.135) The Nevada Supreme Court recently held that Nevada courts can
- 4 properly exercise personal jurisdiction over nonresident officers and directors who
- 5 directly harm a Nevada corporation. (*Consipio Holding v. Carlberg*, 128 Nev. Adv.
- 6 Op. 43, 282 P.3d 751 (2012)) **Section 1** of this bill: (1) provides that a director,



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officer, manager, managing member, general partner or trustee of certain business entities consents to personal jurisdiction; and (2) provides for the service of legal process on such persons.

Existing law provides that, unless otherwise restricted by the articles of incorporation or bylaws, certain persons may participate in board or stockholder meetings through electronic communications, videoconferencing, teleconferencing or other available technology. (NRS 78.315, 78.320) **Sections 3 and 4** of this bill authorize certain persons to participate in such meetings if the corporation has implemented reasonable measures to verify the identity of the person and to provide an opportunity to participate concurrently with such proceedings.

Existing law provides for a 2-year statute of limitations after the dissolution of a corporation or a limited-liability company for purposes of any remedy or cause of action. (NRS 78.585, 86.505) **Sections 6 and 20** of this bill clarify that the 2-year statute of limitations applies to any remedy or cause of action in which the plaintiff learns or should have learned of the underlying facts before the date of dissolution, or within 2 years after the date of dissolution with respect to any other remedy or cause of action.

Existing law prohibits an insurance company and certain related entities from organizing as a nonprofit corporation. (NRS 82.071) **Sections 8 and 33** of this bill authorize an insurance company to organize as a nonprofit corporation provided that such a business complies with all laws before operating and does not infringe on the laws of any other state or country.

Existing law provides that a limited-liability company may, but is not required to, adopt an operating agreement. (NRS 86.286) **Section 13** of this bill provides that unless the articles of organization or operating agreement provide otherwise, a member or manager of a limited-liability company does not owe a fiduciary duty to the limited-liability company or to certain other persons, solely by being a member or manager.

Existing law provides for the dissolution and winding up of affairs of limited-liability companies under certain circumstances. (NRS 86.490-86.541) **Section 18** of this bill provides exceptions to the general rule for dissolution if: (1) the personal representative of the last remaining member agrees in writing to continue the company; or (2) a person is admitted as a member subsequent to there being no remaining members. **Section 19** of this bill authorizes the Secretary of State or any person who is adversely affected by the failure of a limited-liability company to dissolve to petition the court for the dissolution of the company. **Section 20** provides that within 2 years after the effective date of the articles of dissolution, certain actions must be commenced if the plaintiff learned or should have learned of the underlying facts before the date of dissolution, and that all other causes of action must be commenced within 2 years after the date of dissolution. **Section 21** of this bill provides that except when dissolution occurs before the commencement of business, a limited-liability company must prepare and sign articles of dissolution as soon as practicable after dissolution. **Section 22** of this bill provides that the manager or managers in office at the time of dissolution or the members or survivors become trustees of a dissolved limited-liability company with the power to wind up and liquidate the company's business and affairs.

Existing law establishes the process by which the place of trial may be changed. (NRS 13.050) **Section 32** of this bill authorizes a court to change the place of trial when a defendant in a county without a business court requests a change of venue to a county with a business court.



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

Section 1. Chapter 75 of NRS is hereby amended by adding thereto a new section to read as follows:

1. Every nonresident of this State who, on or after October 1, 2013, accepts election or appointment, including reelection or reappointment, as a management person of an entity, or who, on or after October 1, 2014, serves in such capacity, and every resident of this State who accepts election or appointment or serves in such capacity and thereafter removes residence from this State shall be deemed, by the acceptance or by the service, to have consented to the appointment of the registered agent of the entity as an agent upon whom service of process may be made in all civil actions or proceedings brought in this State by, on behalf of or against the entity in which the management person is a necessary or proper party, or in any action or proceeding against the management person for a violation of a duty in such capacity, whether or not the person continues to serve as the management person at the time the action or proceeding is commenced. The acceptance or the service by the management person shall be deemed to be signification of the consent of the management person that any process so served has the same legal force and validity as if served upon the management person within this State.

2. Service of process must be effected by serving the registered agent with a true copy in the manner provided by law for service of process. In addition, the clerk of the court in which the civil action or proceeding is pending shall, within 7 days after service, send by registered or certified mail, postage prepaid, true and attested copies of the process, together with a statement that service is being made pursuant to this section, addressed to the management person at the address as it appears on the records of the Secretary of State, or if no such address appears, at the address last known to the party desiring to make the service.

3. The appointment of the registered agent is irrevocable. If any entity or management person fails to appoint a registered agent, or fails to file a statement of change of registered agent pursuant to NRS 77.340 before the effective date of a vacancy in the agency pursuant to NRS 77.330 or 77.370, 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 street address of the registered agent of the entity is not staffed as required pursuant to NRS 14.020, which fact is to be made part of the return of service, the



1 *management person may be served with any and all legal process,*
2 *or a demand or notice described in NRS 14.020, by delivering a*
3 *copy to the Secretary of State or, in the absence of the Secretary of*
4 *State, to any deputy secretary of state, and such service is valid to*
5 *all intents and purposes. The copy must:*

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

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

10 *↪ The Secretary of State shall keep a copy of the legal process*
11 *received pursuant to this section in the Office of the Secretary of*
12 *State for at least 1 year after receipt thereof and shall make those*
13 *records available for public inspection during normal business*
14 *hours.*

15 *4. In all cases of service pursuant to subsection 3, the*
16 *defendant has 40 days, exclusive of the day of service, within*
17 *which to answer or plead. Before such service is authorized, the*
18 *plaintiff shall make or cause to be made and filed an affidavit*
19 *setting forth the facts, showing that due diligence has been used to*
20 *ascertain the whereabouts of the management person to be served,*
21 *and the facts showing that direct or personal service on, or notice*
22 *to, the management person cannot be made.*

23 *5. If it appears from the affidavit that there is a last known*
24 *address of the management person, the plaintiff shall, in addition*
25 *to and after such service on the Secretary of State, mail or cause to*
26 *be mailed to the management person at such address, by registered*
27 *or certified mail, a copy of the summons and a copy of the*
28 *complaint, and in all such cases the defendant has 40 days after*
29 *the date of the mailing within which to appear in the action.*

30 *6. Service pursuant to subsection 3 provides an additional*
31 *manner of serving process, and does not affect the validity of any*
32 *other valid service.*

33 *7. In any action in which any management person has been*
34 *served with process pursuant to subsection 2, the time in which a*
35 *defendant is required to appear and file a responsive pleading*
36 *must be computed from the date of mailing by the clerk of the*
37 *court. The court may grant an extension of time as may be*
38 *necessary to afford the management person reasonable*
39 *opportunity to defend the action.*

40 *8. In a charter or other writing, a management person or*
41 *owner of any entity may consent to be subject to the nonexclusive*
42 *jurisdiction of the courts of, or arbitration in, a specified*
43 *jurisdiction, or the exclusive jurisdiction of the courts of this State,*
44 *or the exclusivity of arbitration in a specified jurisdiction or this*
45 *State, and to be served with process in the manner prescribed in*



1 *the charter or other writing. Notwithstanding any other provision*
2 *of this subsection, except by agreeing to arbitrate any arbitrable*
3 *matter in a specified jurisdiction or in this State, an owner of an*
4 *entity who is not a management person may not waive its right to*
5 *maintain a legal action or proceeding in the courts of this State*
6 *with respect to matters relating to the organization or internal*
7 *affairs of an entity. Without limiting or affecting the enforceability*
8 *under the laws of this State governing corporations of any consent*
9 *or agreement by a management person or stockholder of a*
10 *corporation, this subsection does not apply to an entity which is a*
11 *corporation.*

12 *9. This section does not limit or affect the right to serve*
13 *process in any other manner now existing or hereafter enacted.*
14 *This section is an extension of, and not a limitation upon, the right*
15 *otherwise existing of service of legal process upon nonresidents.*

16 *10. As used in this section:*

17 *(a) "Charter" means the articles of organization or an*
18 *operating agreement of a limited-liability company, the certificate*
19 *of limited partnership or partnership agreement of a limited*
20 *partnership or the certificate of trust or governing instrument of a*
21 *business trust.*

22 *(b) "Entity" means a domestic:*

23 *(1) Corporation, whether or not for profit;*

24 *(2) Limited-liability company;*

25 *(3) Limited partnership; or*

26 *(4) Business trust.*

27 *(c) "Management person" means a director, officer, manager,*
28 *managing member, general partner or trustee of an entity.*

29 *(d) "Owner" means a member of a limited-liability company,*
30 *limited partner of a limited partnership or beneficial owner of a*
31 *business trust.*

32 *(e) "Registered agent" has the meaning ascribed to it in*
33 *NRS 77.230.*

34 **Sec. 2.** NRS 78.139 is hereby amended to read as follows:

35 78.139 1. Except as otherwise provided in subsection 2 or the
36 articles of incorporation, directors and officers ~~confronted~~, *in*
37 *connection* with a change or potential change in control of the
38 corporation, have:

39 (a) The duties imposed upon them by subsection 1 of NRS
40 78.138; ~~and~~

41 (b) The benefit of the presumptions established by subsection 3
42 of ~~that section.~~ *NRS 78.138; and*

43 *(c) The prerogative to undertake and act upon consideration*
44 *pursuant to subsections 2, 4 and 5 of NRS 78.138.*



2. If directors ~~and~~ or officers take action to resist a change or potential change in control of a corporation, which *action* impedes the exercise of the right of stockholders to vote for or remove directors:

(a) The directors must have reasonable grounds to believe that a threat to corporate policy and effectiveness exists; and

(b) The action taken which impedes the exercise of the stockholders' rights must be reasonable in relation to that threat.

➔ If those facts are found, the directors and officers have the benefit of the presumption established by subsection 3 of NRS 78.138.

3. The provisions of subsection 2 do not apply to:

(a) Actions that only affect the time of the exercise of stockholders' voting rights; or

(b) The adoption or signing of plans, arrangements or instruments that deny rights, privileges, power or authority to a holder of a specified number or fraction of shares or fraction of voting power.

4. The provisions of subsections 2 and 3 do not permit directors or officers to abrogate any right conferred by statute or the articles of incorporation.

5. Directors may resist a change or potential change in control of the corporation if the directors by a majority vote of a quorum determine that the change or potential change is opposed to or not in the best interest of the corporation:

(a) Upon consideration of the interests of the corporation's stockholders ~~and~~ or any of the matters set forth in subsection 4 of NRS 78.138; or

(b) Because the amount or nature of the indebtedness and other obligations to which the corporation or any successor to the property of either may become subject, in connection with the change or potential change, ~~in control,~~ provides reasonable grounds to believe that, within a reasonable time:

(1) The assets of the corporation or any successor would be or become less than its liabilities;

(2) The corporation or any successor would be or become insolvent; or

(3) Any voluntary or involuntary proceeding ~~pursuant to the federal bankruptcy laws~~ concerning the corporation or any successor would be commenced by any person ~~pursuant to the federal bankruptcy laws.~~

Sec. 3. NRS 78.315 is hereby amended to read as follows:

78.315 1. Unless the articles of incorporation or the bylaws provide for a greater or lesser proportion, a majority of the board of directors of the corporation then in office, at a meeting duly assembled, is necessary to constitute a quorum for the transaction of



1 business, and the act of directors holding a majority of the voting
2 power of the directors, present at a meeting at which a quorum is
3 present, is the act of the board of directors.

4 2. Unless otherwise restricted by the articles of incorporation
5 or bylaws, any action required or permitted to be taken at a meeting
6 of the board of directors or of a committee thereof may be taken
7 without a meeting if, before or after the action, a written consent
8 thereto is signed by all the members of the board or of the
9 committee, except that such written consent is not required to be
10 signed by:

11 (a) A common or interested director who abstains in writing
12 from providing consent to the action. If a common or interested
13 director abstains in writing from providing consent:

14 (1) The fact of the common directorship, office or financial
15 interest must be known to the board of directors or committee before
16 a written consent is signed by all the members of the board of the
17 committee.

18 (2) Such fact must be described in the written consent.

19 (3) The board of directors or committee must approve,
20 authorize or ratify the action in good faith by unanimous consent
21 without counting the abstention of the common or interested
22 director.

23 (b) A director who is a party to an action, suit or proceeding
24 who abstains in writing from providing consent to the action of the
25 board of directors or committee. If a director who is a party to an
26 action, suit or proceeding abstains in writing from providing consent
27 on the basis that he or she is a party to an action, suit or proceeding,
28 the board of directors or committee must:

29 (1) Make a determination pursuant to NRS 78.751 that
30 indemnification of the director is proper under the circumstances.

31 (2) Approve, authorize or ratify the action of the board of
32 directors or committee in good faith by unanimous consent without
33 counting the abstention of the director who is a party to an action,
34 suit or proceeding.

35 3. Unless otherwise restricted by the articles of incorporation
36 or bylaws, members of the board of directors or the governing body
37 of any corporation, or of any committee designated by such board or
38 body, may participate in a meeting of the board, body or committee
39 through electronic communications, videoconferencing,
40 teleconferencing or other available technology ~~{which allows the~~
41 ~~members to communicate simultaneously or sequentially.}~~ *if the*
42 *corporation has implemented reasonable measures to:*

43 (a) *Verify the identity of each person participating through*
44 *such means as a director or member of the governing body or*
45 *committee, as the case may be; and*



(b) Provide the directors or members a reasonable opportunity to participate in the meeting and to vote on matters submitted to the directors or members, as the case may be, including an opportunity to communicate and to read or hear the proceedings of the meeting substantially in real time with such proceedings.

4. Participation in a meeting pursuant to ~~this~~ subsection 3 constitutes presence in person at the meeting.

Sec. 4. NRS 78.320 is hereby amended to read as follows:

78.320 1. Unless this chapter, the articles of incorporation or the bylaws provide for different proportions:

(a) A majority of the voting power, which includes the voting power that is present in person or by proxy, regardless of whether the proxy has authority to vote on all matters, constitutes a quorum for the transaction of business; and

(b) Action by the stockholders on a matter other than the election of directors is approved if the number of votes cast in favor of the action exceeds the number of votes cast in opposition to the action.

2. Unless otherwise provided in the articles of incorporation or the bylaws, any action required or permitted to be taken at a meeting of the stockholders may be taken without a meeting if, before or after the action, a written consent thereto is signed by stockholders holding at least a majority of the voting power, except that if a different proportion of voting power is required for such an action at a meeting, then that proportion of written consents is required.

3. In no instance where action is authorized by written consent need a meeting of stockholders be called or notice given.

4. Unless otherwise restricted by the articles of incorporation or bylaws, stockholders may participate in a meeting of stockholders through electronic communications, videoconferencing, teleconferencing or other available technology which allows the stockholders to communicate simultaneously or sequentially ~~if~~ *if the corporation has implemented reasonable measures to:*

(a) Verify the identity of each person participating through such means as a stockholder; and

(b) Provide the stockholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to communicate, and to read or hear the proceedings of the meetings substantially in real time with such proceedings.

5. Participation in a meeting pursuant to ~~this~~ subsection 4 constitutes presence in person at the meeting.

~~is~~ 6. Unless this chapter, the articles of incorporation or the bylaws provide for different proportions, if voting by a class or series of stockholders is permitted or required:



(a) A majority of the voting power of the class or series that is present in person or by proxy, regardless of whether the proxy has authority to vote on all matters, constitutes a quorum for the transaction of business; and

(b) An act by the stockholders of each class or series is approved if a majority of the voting power of a quorum of the class or series votes for the action.

Sec. 5. 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 or her 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 is given or, if notice is waived, at the close of business on the day before the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders applies to an adjournment of the meeting unless the board of directors fixes a new record date for the adjourned meeting. The board of directors must fix a new record date if the meeting is



1 adjourned to a date more than 60 days later than the date set for the
2 original meeting.

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

12 (a) No prior action by the board of directors is required by this
13 chapter or chapter 92A of NRS before the matter is submitted for
14 consideration by the stockholders, the date is the first date on which
15 ~~the valid, written consent is delivered in accordance with the~~
16 ~~provisions of NRS 78.320.~~ *any stockholder delivers to the*
17 *corporation such consent signed by the stockholder.*

18 (b) Prior action by the board of directors is required by this
19 chapter or chapter 92A of NRS before the matter is submitted for
20 consideration by the stockholders, the date is at the close of business
21 on the day the board of directors adopts the resolution.

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

28 **Sec. 6.** NRS 78.585 is hereby amended to read as follows:

29 78.585 **1.** The dissolution of a corporation does not impair
30 any remedy or cause of action available to or against it or its
31 directors, officers or ~~shareholders arising before its dissolution and~~
32 *stockholders* commenced within 2 years after the date of the
33 dissolution ~~with respect to any remedy or cause of action in~~
34 ~~which the plaintiff learns, or in the exercise of reasonable~~
35 ~~diligence should have learned of, the underlying facts on or before~~
36 ~~the date of dissolution, or within 2 years after the date of~~
37 ~~dissolution with respect to any other remedy or cause of action.~~
38 *Any such remedy or cause of action not commenced within the*
39 *applicable period is barred.* The corporation continues as a body
40 corporate for the purpose of prosecuting and defending suits,
41 actions, proceedings and claims of any kind or character by or
42 against it and of enabling it gradually to settle and close its business,
43 to collect its assets, to collect and discharge its obligations, to
44 dispose of and convey its property, to distribute its money and other
45 property among the stockholders, after paying or adequately



1 providing for the payment of its liabilities and obligations, and to do
2 every other act to wind up and liquidate its business and affairs, but
3 not for the purpose of continuing the business for which it was
4 established.

5 *2. Nothing in this section shall be so construed as to lengthen*
6 *any shorter statute of limitations otherwise applicable provided*
7 *that no provision of this chapter or other specific statute has the*
8 *effect of applying any statute of limitations that is longer than*
9 *provided for in this section with respect to any such remedy or*
10 *cause of action. Nothing in this section shall be construed to*
11 *create any remedy or cause of action available to or against the*
12 *corporation or its directors, officers or stockholders.*

13 **Sec. 7.** NRS 80.050 is hereby amended to read as follows:

14 80.050 1. Except as otherwise provided in subsection 3,
15 foreign corporations shall pay the same fees to the Secretary of State
16 as are required to be paid by corporations organized pursuant to the
17 laws of this State, but the amount of fees to be charged must not
18 exceed:

19 (a) The sum of \$35,000 for filing records for initial
20 qualification; or

21 (b) The sum of ~~\$35,000~~ \$34,925 for each subsequent filing of
22 a certificate increasing authorized capital stock.

23 2. If the corporate records required to be filed set forth only the
24 total number of shares of stock the corporation is authorized to issue
25 without reference to value, the authorized shares shall be deemed to
26 be without par value and the filing fee must be computed pursuant
27 to paragraph (b) of subsection 3 of NRS 78.760.

28 3. Foreign corporations which are nonprofit corporations and
29 which do not have or issue shares of stock shall pay the same fees to
30 the Secretary of State as are required to be paid by nonprofit
31 corporations organized pursuant to the laws of this State.

32 4. The fee for filing a notice of withdrawal from the State of
33 Nevada by a foreign corporation is \$100.

34 **Sec. 8.** NRS 82.071 is hereby amended to read as follows:

35 82.071 1. *An insurance company may be organized under*
36 *this chapter, but such a corporation may not:*

37 (a) *Transact any such business within this State until it has*
38 *first complied with all laws concerning or affecting the right to*
39 *engage in such business; or*

40 (b) *Infringe on the laws of any other state or country in which*
41 *it may intend to engage in business, by so organizing under this*
42 *chapter.*

43 2. No ~~{insurance company,}~~ stock fire insurance company,
44 surety company, express company, trust company, stock savings and



1 loan association, or corporation organized for the purpose of
2 conducting a banking business may be organized under this chapter.

3 **Sec. 9.** NRS 82.106 is hereby amended to read as follows:

4 82.106 1. Except as otherwise provided in this subsection,
5 the Secretary of State shall not accept for filing pursuant to this
6 chapter any articles of incorporation or any certificate of amendment
7 of articles of incorporation of any corporation formed or existing
8 pursuant to this chapter if the name of the corporation contains the
9 words "trust," "engineer," "engineered," "engineering,"
10 "professional engineer" or "licensed engineer." The provisions of
11 this subsection concerning the use of the word "trust" do not apply
12 to any corporation formed or existing pursuant to this chapter that is
13 doing business solely as a community land trust.

14 2. The Secretary of State shall not accept for filing pursuant to
15 this chapter any articles of incorporation or any certificate of
16 amendment of articles of incorporation of any corporation formed or
17 existing pursuant to this chapter if the name of the corporation
18 contains the words "architect," "architecture," "registered architect,"
19 "licensed architect," "registered interior designer," "registered
20 interior design," "residential designer," "registered residential
21 designer," "licensed residential designer" or "residential design."

22 3. The Secretary of State shall not accept for filing any articles
23 of incorporation or any certificate of amendment of articles of
24 incorporation of any corporation formed or existing under this
25 chapter ~~if~~ *if* it appears from the articles or the certificate of
26 amendment that the business to be carried on by the corporation is
27 subject to supervision by the Commissioner of Insurance ~~H~~, *unless*
28 *the articles or certificate of amendment is approved by the*
29 *Commissioner of Insurance.*

30 4. The Secretary of State shall not accept for filing pursuant to
31 this chapter any articles of incorporation or any certificate of
32 amendment of articles of incorporation of any corporation formed or
33 existing pursuant to this chapter if the name of the corporation
34 contains the word "accountant," "accounting," "accountancy,"
35 "auditor" or "auditing."

36 5. The Secretary of State shall not accept for filing any articles
37 of incorporation or any certificate of amendment of articles of
38 incorporation of any corporation formed or existing pursuant to the
39 laws of this State which provides that the name of the corporation
40 contains the words "common-interest community," "community
41 association," "master association," "unit-owners' association" or
42 "homeowners' association" or if it appears in the articles of
43 incorporation or certificate of amendment that the purpose of the
44 corporation is to operate as a unit-owners' association pursuant to
45 chapter 116 or 116B of NRS unless the Administrator of the Real



1 Estate Division of the Department of Business and Industry certifies
2 that the corporation has:

3 (a) Registered with the Ombudsman for Owners in Common-
4 Interest Communities and Condominium Hotels pursuant to NRS
5 116.31158 or 116B.625; and

6 (b) Paid to the Administrator of the Real Estate Division the fees
7 required pursuant to NRS 116.31155 or 116B.620.

8 6. As used in this section:

9 (a) "Community land trust" means an organization that:

10 (1) Acquires parcels of land that are:

11 (I) Held in perpetuity; and

12 (II) Primarily for conveyance under long-term ground
13 leases;

14 (2) Transfers ownership of any structural improvements
15 located on the leased parcels to the lessees;

16 (3) When leasing parcels, retains as a condition of the lease a
17 right to purchase any structural improvements at a price determined
18 by a formula that is designed to ensure that the improvements
19 remain affordable to low- and moderate-income persons in
20 perpetuity; and

21 (4) Has its corporate membership open to any adult resident
22 of a particular geographic area that is specified in the bylaws of the
23 organization.

24 (b) "Ground lease" means a lease of land only.

25 **Sec. 10.** NRS 82.541 is hereby amended to read as follows:

26 82.541 1. A corporation governed by this chapter may
27 indemnify any person against expenses as provided in NRS **78.7502**
28 **and** 78.751. For the purposes of this section, the word
29 "stockholders" in NRS 78.751 is equivalent to the word "members."

30 2. A corporation governed by this chapter may purchase and
31 maintain insurance or make other financial arrangements on behalf
32 of any person for any liability asserted against the person as
33 provided in NRS 78.752.

34 **Sec. 11.** Chapter 86 of NRS is hereby amended by adding
35 thereto the provisions set forth as sections 12 and 13 of this act.

36 **Sec. 12. "Personal representative" means:**

37 **1. In reference to a natural person, the executor,**
38 **administrator, guardian, conservator or other legal representative**
39 **thereof.**

40 **2. In reference to a person other than a natural person, the**
41 **legal representative or successor thereof.**

42 **Sec. 13. Unless otherwise provided in the articles of**
43 **organization or an operating agreement:**

44 **1. A member of a limited-liability company does not have any**
45 **fiduciary duty to the limited-liability company, to any series of the**



1 *limited-liability company, to any other member or to another*
2 *person that is a party to or otherwise bound by the articles of*
3 *organization or operating agreement, solely by reason of being a*
4 *member.*

5 *2. A manager of a limited-liability company does not have*
6 *any fiduciary duty to the limited-liability company, to any series of*
7 *the limited-liability company, to any member of the limited-*
8 *liability company or to another person that is a party to or*
9 *otherwise bound by the articles of organization or operating*
10 *agreement, solely by reason of being a manager.*

11 **Sec. 14.** NRS 86.011 is hereby amended to read as follows:

12 86.011 As used in this chapter, unless the context otherwise
13 requires, the words and terms defined in NRS 86.022 to 86.1255,
14 inclusive, *and section 12 of this act* have the meanings ascribed to
15 them in those sections.

16 **Sec. 15.** NRS 86.151 is hereby amended to read as follows:

17 86.151 1. One or more persons may form a limited-liability
18 company by signing and filing with the Secretary of State articles of
19 organization for the company.

20 2. Upon the filing of the articles of organization with the
21 Secretary of State and the payment of the required filing fees,
22 the Secretary of State shall issue to the company a certificate that
23 the articles, containing the required statement of facts, have been
24 filed.

25 3. A signer of the articles of organization or a manager
26 designated in the articles does not thereby become a member of the
27 company. ~~At~~ *Except as otherwise provided in NRS 86.491*, all
28 times after commencement of business by the company, the
29 company must have one or more members. The filing of the articles
30 does not, by itself, constitute commencement of business by the
31 company.

32 **Sec. 16.** NRS 86.286 is hereby amended to read as follows:

33 86.286 1. A limited-liability company may, but is not
34 required to, adopt an operating agreement. An operating agreement
35 may be adopted only by the unanimous vote or unanimous written
36 consent of the members, which may be in any tangible or electronic
37 format, or by the sole member. If any operating agreement provides
38 for the manner in which it may be amended, including by requiring
39 the approval of a person who is not a party to the operating
40 agreement or the satisfaction of conditions, it may be amended only
41 in that manner or as otherwise permitted by law and any attempt to
42 otherwise amend the operating agreement shall be deemed void and
43 of no legal force or effect unless otherwise provided in the operating
44 agreement. Unless otherwise provided in the operating agreement,
45 amendments to the agreement may be adopted only by the



1 unanimous vote or unanimous written consent of the persons who
2 are members at the time of amendment.

3 2. An operating agreement may be adopted before, after or at
4 the time of the filing of the articles of organization and, whether
5 entered into before, after or at the time of the filing, may become
6 effective at the formation of the limited-liability company or at a
7 later date specified in the operating agreement. If an operating
8 agreement is adopted:

9 (a) Before the filing of the articles of organization or before the
10 effective date of formation specified in the articles of organization,
11 the operating agreement is not effective until the effective date of
12 formation of the limited-liability company.

13 (b) After the filing of the articles of organization or after the
14 effective date of formation specified in the articles of organization,
15 the operating agreement binds the limited-liability company and
16 may be enforced whether or not the limited-liability company
17 assents to the operating agreement.

18 3. An operating agreement may provide that a certificate of
19 limited-liability company interest issued by the limited-liability
20 company may evidence a member's interest in a limited-liability
21 company.

22 4. An operating agreement:

23 (a) May provide ~~rights~~ , *but is not required to provide* to any
24 person, including a person who is not a party to the operating
25 agreement, to the extent set forth therein ~~§~~ :

26 *(1) Rights to any person, including a person who is not a*
27 *party to the operating agreement, to the extent set forth therein;*

28 *(2) For the admission of any person as a member of the*
29 *company dependent upon any fact or event that may be*
30 *ascertained outside the articles of organization or the operating*
31 *agreement, if the manner in which the fact or event may operate*
32 *on the determination of the person or the admission of the person*
33 *as a member of the company is set forth in the articles of*
34 *organization or the operating agreement;*

35 *(3) That the personal representative of the last remaining*
36 *member is obligated to agree in writing to the admission of the*
37 *personal representative, or its nominee or designee, as a member*
38 *of the company effective upon the occurrence of the event that*
39 *terminated the last remaining member's status as a member of the*
40 *company;*

41 *(4) For the admission of any person as a member of the*
42 *company upon or after the death, retirement, resignation,*
43 *expulsion, bankruptcy, dissolution or dissociation of, or any other*
44 *event affecting, a member or the last remaining member, or after*
45 *there is no longer a member of the company; or*



(5) *Any other provision, not inconsistent with law or the articles of organization, which the members elect to set out in the operating agreement for the regulation of the internal affairs of the company.*

(b) Must be interpreted and construed to give the maximum effect to the principle of freedom of contract and enforceability.

5. ~~{To the extent that a member or manager or other person has duties to a limited liability company, to another member or manager, or to another person that is a party to or is otherwise bound by the operating agreement, the member, manager or other person's duties may be expanded, restricted or eliminated by provisions in the operating agreement, except that an}~~ *An* operating agreement may not eliminate the implied contractual covenant of good faith and fair dealing.

6. Unless otherwise provided in an operating agreement, a member, ~~{or}~~ manager or other person is not liable *for breach of duties, if any,* to a limited-liability company, ~~{another member or manager,}~~ *to any of the members or managers* or to another person that is a party to or otherwise bound by ~~{an}~~ *the* operating agreement for ~~{breach of fiduciary duty for the member, manager}~~ *conduct undertaken in the member's, manager's* or other person's good faith reliance on the provisions of the operating agreement.

7. An operating agreement may provide for the limitation or elimination of any and all liabilities for breach of contract and breach of duties, *if any,* of a member, manager or other person to a limited-liability company, to ~~{another member or manager,}~~ *any of the members or managers,* or to another person that is a party to or is otherwise bound by the operating agreement. An operating agreement may not limit or eliminate liability for any ~~{act or omission}~~ *conduct* that constitutes a bad faith violation of the implied contractual covenant of good faith and fair dealing.

8. The Secretary of State may make available a model operating agreement for use by and at the discretion of a limited-liability company according to such terms and limitations as established by the Secretary of State. The use of such an operating agreement does not create a presumption that the contents of the operating agreement are accurate or that the operating agreement is valid.

Sec. 17. NRS 86.326 is hereby amended to read as follows:

86.326 1. A person is admitted as an initial member of a limited-liability company:

(a) If the company is a limited-liability company managed by its members, upon the filing of the articles of organization with the Secretary of State or upon a later date specified in the articles of organization; or



(b) If the company is a limited-liability company managed by a manager or managers, as of the time set forth in and upon compliance with the operating agreement or, if the operating agreement does not so provide or if the company has no operating agreement, as of the time of such person's admission as reflected in the records of the company.

2. Unless otherwise provided in the articles of organization, after the admission of the initial member or members of a limited-liability company in accordance with subsection 1, a person is admitted as a member:

(a) In the case of a person who is not a transferee of a member's interest, including a person being admitted as a noneconomic member and a person acquiring a member's interest directly from the company, as of the time set forth in and upon compliance with the operating agreement or, if the operating agreement does not so provide or if the company has no operating agreement, upon the consent of all the members and as of the time of such person's admission as reflected in the records of the company;

(b) In the case of a transferee of a member's interest who is a substituted member pursuant to NRS 86.351, as provided in NRS 86.351 or 86.491 and as of the time set forth in and upon compliance with the operating agreement or, if the operating agreement does not so provide or if the company has no operating agreement, as of the time of such person's admission as reflected in the records of the company;

(c) In the case of a person being admitted as a member of a surviving or resulting limited-liability company pursuant to a merger, conversion or exchange approved in accordance with NRS 92A.150, as of the time set forth in and upon compliance with the operating agreement of the surviving or resulting limited-liability company or in the plan of merger, conversion or exchange, and in the event of any inconsistency, the terms of the plan of merger, conversion or exchange control; and

(d) In the case of a person being admitted as a member of a limited-liability company pursuant to a merger, conversion or exchange in which such limited-liability company is not the surviving or resulting entity, as of the time set forth in and upon compliance with the operating agreement of such limited-liability company.

3. In connection with the domestication of an undomesticated organization as a limited-liability company in this State in accordance with NRS 92A.270, a person is admitted as a member of the company as of the time set forth in and upon compliance with the articles of domestication or in the operating agreement of the resulting domestic limited-liability company or, if the articles of



1 domestication and the operating agreement do not so provide or if
2 the articles of domestication do not so provide and the company has
3 no operating agreement, as of the time of such person's admission
4 as reflected in the records of the resulting domestic limited-liability
5 company.

6 4. Unless otherwise provided in the articles of organization, the
7 operating agreement or another agreement approved or adopted by
8 all of the members, no member has a preemptive right to acquire
9 any unissued member's interests or other interests in a limited-
10 liability company.

11 *5. Unless otherwise provided in the articles of organization or*
12 *operating agreement:*

13 *(a) A person may be admitted as a member of a limited-liability*
14 *company and may receive a member's interest in the company*
15 *without making or being obligated to make a contribution to the*
16 *capital of the company.*

17 *(b) A person may be admitted as a member or the sole member*
18 *of a limited-liability company:*

19 *(1) Without acquiring a member's interest in the company;*
20 *or*

21 *(2) Without making or being obligated to make a*
22 *contribution to the capital of the company.*

23 **Sec. 18.** NRS 86.491 is hereby amended to read as follows:

24 86.491 1. A limited-liability company must be dissolved and
25 its affairs wound up:

26 (a) At the time, if any, *so* specified in the articles of
27 organization;

28 (b) Upon the occurrence of an event *so* specified in ~~the~~ *the*
29 *articles of organization or* operating agreement;

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

33 (d) Upon entry of a decree of judicial dissolution *of the*
34 *company* pursuant to NRS 86.495 ~~H~~ *; or*

35 *(e) Except as otherwise provided in subsection 5, within 180*
36 *days, or such other period provided in the articles of organization*
37 *or operating agreement, after the company ceases to have any*
38 *members, but the company is not required to be so dissolved and*
39 *its affairs wound up if, within such period:*

40 *(1) The personal representative of the last remaining*
41 *member agrees in writing to continue the company and the*
42 *personal representative or its nominee or designee is admitted as a*
43 *member; or*

44 *(2) Any person is admitted as a member pursuant to a*
45 *provision of the operating agreement providing for the admission*



1 *of a person as a member after there is no longer a member of the*
2 *company.*

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

5 (a) At the time, if any, *so* specified in the articles of
6 organization;

7 (b) Upon the occurrence of an event *so* specified in the *articles*
8 *of organization or the* operating agreement;

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

12 (d) Upon entry of a decree of judicial termination of the series
13 pursuant to NRS 86.495 ~~for~~; or

14 (e) *Except as otherwise provided in subsection 5, within 180*
15 *days, or such other period provided in the articles of organization*
16 *or operating agreement, after the series ceases to have any*
17 *associated members, but the affairs of the series are not required*
18 *to be so wound up if, within such period:*

19 (1) *The personal representative of the last remaining*
20 *member associated with the series agrees in writing to continue*
21 *the series and the personal representative or its nominee or*
22 *designee is admitted as a member associated with the series; or*

23 (2) *Any person is admitted as a member associated with the*
24 *series pursuant to a provision of the operating agreement*
25 *providing for the admission of a person as a member associated*
26 *with the series after there is no longer a member associated with*
27 *the series.*

28 3. Unless otherwise provided in the articles of organization or
29 operating agreement, upon ~~the~~:

30 (a) *The occurrence of an event requiring the affairs of a*
31 *limited-liability company to be wound up, a manager of the*
32 *company who has not wrongfully terminated the company or, if*
33 *none, the members, or a person approved by all the members, may*
34 *wind up the affairs of the company, and the person or persons*
35 *winding up the affairs of the company:*

36 (1) *May take all actions necessary or proper to wind up the*
37 *affairs of the company; and*

38 (2) *Shall distribute the assets of the company as provided in*
39 *NRS 86.521 to the creditors of the company and the members of*
40 *the company.*

41 (b) *The occurrence of an event requiring the affairs of a series to*
42 *be wound up, a manager of the series who has not wrongfully*
43 *terminated the series or, if none, the members associated with a*
44 *series, or a person approved by all those members, may wind up the*
45 *affairs of the series* ~~for. Unless otherwise provided in the articles of~~



~~organization or operating agreement,~~ , and the person or persons winding up the affairs of the series:

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

~~((b))~~ (2) Shall distribute the assets of the series as provided in NRS 86.521 to the creditors of the series and the members associated with the series.

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

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

(b) Cause the limited-liability company , *or the series of the company with which the member is associated*, to be dissolved or its affairs to be wound up.

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

Sec. 19. NRS 86.495 is hereby amended to read as follows:

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

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

3. If a limited-liability company is required to be dissolved pursuant to NRS 86.491 and articles of dissolution have not been filed within 180 days after the date on which the company is required to be dissolved, upon application by or for the Secretary of State or any person who is adversely affected by the failure of the company to dissolve, the district court may decree dissolution of the company.



* S B 4 4 1 *

1 **Sec. 20.** NRS 86.505 is hereby amended to read as follows:

2 86.505 **1.** The dissolution of a limited-liability company does
3 not impair any remedy or cause of action available to or against it or
4 its managers or members ~~{arising before its dissolution and}~~
5 commenced, within 2 years after the *effective* date of the *articles of*
6 *dissolution* ~~{}~~, *with respect to any remedy or cause of action as to*
7 *which the plaintiff learns, or in the exercise of reasonable*
8 *diligence should have learned of, the underlying facts on or before*
9 *the date of dissolution, or within 2 years after the date of*
10 *dissolution with respect to any other remedy or cause of action.*
11 *Any such remedy or cause of action not commenced within the*
12 *applicable period is barred.* A dissolved company continues as a
13 company for the purpose of prosecuting and defending suits,
14 actions, proceedings and claims of any kind or nature by or against
15 it and of enabling it gradually to settle and close its business, to
16 collect and discharge its obligations, to dispose of and convey its
17 property, and to distribute its assets, but not for the purpose of
18 continuing the business for which it was established.

19 **2.** *Nothing in this section shall be so construed as to lengthen*
20 *any shorter statute of limitations otherwise applicable provided*
21 *that no provision of this chapter or other specific statute has the*
22 *effect of applying any statute of limitations that is longer than*
23 *provided in this section with respect to any such remedy or cause*
24 *of action. Nothing in this section shall be construed to create any*
25 *remedy or cause of action available to or against the company or*
26 *its managers or members.*

27 **Sec. 21.** NRS 86.531 is hereby amended to read as follows:

28 86.531 **1.** ~~{When all debts, liabilities and obligations have~~
29 ~~been paid and discharged or adequate provision has been made~~
30 ~~therefor and all of the remaining property and assets have been~~
31 ~~distributed to the members.}~~ *Except in the case of a dissolution*
32 *pursuant to NRS 86.490, as soon as practicable after the*
33 *dissolution of a limited-liability company, articles of dissolution*
34 *must be prepared and signed setting forth:*

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

36 (b) That ~~{all debts, obligations and liabilities have been paid and~~
37 ~~discharged or that adequate provision has been made therefor;}~~ *the*
38 *company has been or will be dissolved; and*

39 (c) ~~{That all the remaining property and assets have been~~
40 ~~distributed among its members in accordance with their respective~~
41 ~~rights and interests; and~~

42 —(d) That there are no suits pending against the company in any
43 court or that adequate provision has been made for the satisfaction
44 of any judgment, order or decree which may be entered against it in
45 any pending suit.} *The effective date and time of the dissolution,*



1 *which may not be later than the effective date and time of the*
2 *articles of dissolution.*

3 2. The articles *of dissolution* must be signed by ~~{a}~~ :

4 (a) *A manager* ~~{, or if there is no manager by a member,}~~ of the
5 company ~~{,}~~ *, if management of the company is vested in a*
6 *manager;*

7 (b) *A member of the company, if management of the company*
8 *is not vested in a manager; or*

9 (c) *The personal representative of the last remaining member,*
10 *if there is no remaining manager or member, unless otherwise*
11 *provided in the articles of organization or operating agreement.*

12 **Sec. 22.** NRS 86.541 is hereby amended to read as follows:

13 86.541 1. The signed articles of dissolution must be filed
14 with the Secretary of State. Articles of dissolution are effective at
15 the time of the filing of the articles with the Secretary of State or
16 upon a later date and time as specified in the articles, which date
17 must not be more than 90 days after the date on which the articles
18 are filed. If the articles filed pursuant to this section specify a later
19 effective date but do not specify an effective time, the articles are
20 effective at 12:01 a.m. in the Pacific time zone on the specified later
21 date.

22 2. ~~{At the time of the filing of the articles of dissolution with~~
23 ~~the Secretary of State, upon a later date and time as specified in the~~
24 ~~articles, which date must not be more than 90 days after the date on~~
25 ~~which the articles are filed or, if the articles filed pursuant to this~~
26 ~~section specify a later effective date but do not specify an effective~~
27 ~~time, at 12:01 a.m. in the Pacific time zone on the specified later~~
28 ~~date, whichever is applicable, the existence of the company ceases,~~
29 ~~except for the purpose of suits, other proceedings and appropriate~~
30 ~~action as provided in this chapter.}~~ The manager or managers in
31 office at the time of dissolution, or the ~~{survivors of them,}~~
32 *members, if there are no managers, or the survivors,* are thereafter
33 trustees ~~{for the members and creditors}~~ of the dissolved company
34 ~~{and as such have authority to distribute any property of the~~
35 ~~company discovered after dissolution, convey real estate and take~~
36 ~~such other action as may be necessary on behalf of and in the name~~
37 ~~of the dissolved company.}~~ *, with full power to prosecute and*
38 *defend suits, actions, proceedings and claims of any kind or*
39 *character by or against the company, to enable the company*
40 *gradually to settle and close its business, to collect its assets, to*
41 *collect and discharge its obligations, to dispose of and convey its*
42 *property, to distribute its money and other property among the*
43 *members, after paying or adequately providing for the payment of*
44 *its liabilities and obligations, and to do every other act to wind up*



1 *and liquidate its business and affairs, but not for the purpose of*
2 *continuing the business for which the company was established.*

3 **Sec. 23.** NRS 87.440 is hereby amended to read as follows:

4 87.440 1. To become a registered limited-liability
5 partnership, a partnership shall file with the Secretary of State a
6 certificate of registration stating each of the following:

7 (a) The name of the partnership.

8 (b) The street address of its principal office.

9 (c) The information required pursuant to NRS 77.310.

10 (d) The name and business address of each managing partner .

11 ~~in this State.~~

12 (e) That the partnership thereafter will be a registered limited-
13 liability partnership.

14 (f) Any other information that the partnership wishes to include.

15 2. The certificate of registration must be signed by a majority
16 in interest of the partners or by one or more partners authorized to
17 sign such a certificate.

18 3. The certificate of registration must be accompanied by a fee
19 of \$75.

20 4. The Secretary of State shall register as a registered limited-
21 liability partnership any partnership that submits a completed
22 certificate of registration with the required fee.

23 5. The registration of a registered limited-liability partnership
24 is effective at the time of the filing of the certificate of registration.

25 **Sec. 24.** NRS 92A.270 is hereby amended to read as follows:

26 92A.270 1. Any undomesticated organization may become
27 domesticated in this State as a domestic entity by:

28 (a) Paying to the Secretary of State the fees required pursuant to
29 this title for filing the charter document; and

30 (b) Filing with the Secretary of State:

31 (1) Articles of domestication which must be signed by an
32 authorized representative of the undomesticated organization
33 approved in compliance with subsection 6;

34 (2) The appropriate charter document for the type of
35 domestic entity;

36 (3) The information required pursuant to NRS 77.310;

37 (4) A certified copy of the charter document , *or the*
38 *equivalent, if any,* of the undomesticated organization; and

39 (5) A certificate of good standing, or the equivalent, from the
40 jurisdiction where the undomesticated organization was chartered
41 immediately before filing the articles of domestication pursuant to
42 subparagraph (1).

43 2. The articles of domestication must set forth the:

44 (a) Date when and the jurisdiction where the undomesticated
45 organization was first formed, incorporated, organized or otherwise



1 created and, if applicable, any date when and jurisdiction where the
2 undomesticated organization was chartered after its formation;

3 (b) Name of the undomesticated organization immediately
4 before filing the articles of domestication;

5 (c) Name and type of domestic entity as set forth in its charter
6 document pursuant to subsection 1; and

7 (d) Jurisdiction that constituted the principal place of business or
8 central administration of the undomesticated organization, or any
9 other equivalent thereto pursuant to applicable law, immediately
10 before filing the articles of domestication.

11 3. Upon filing the articles of domestication and the charter
12 document with the Secretary of State, and the payment of the
13 requisite fee for filing the charter document of the domestic entity,
14 the undomesticated organization is domesticated in this State as the
15 domestic entity described in the charter document filed pursuant to
16 subsection 1. The existence of the domestic entity begins on the date
17 the undomesticated organization began its existence in the
18 jurisdiction in which the undomesticated organization was first
19 formed, incorporated, organized or otherwise created.

20 4. The domestication of any undomesticated organization does
21 not affect any obligations or liabilities of the undomesticated
22 organization incurred before its domestication.

23 5. The filing of the charter document of the domestic entity
24 pursuant to subsection 1 does not affect the choice of law applicable
25 to the undomesticated organization. From the date the charter
26 document of the domestic entity is filed, the law of this State applies
27 to the domestic entity to the same extent as if the undomesticated
28 organization was organized and created as a domestic entity on that
29 date.

30 6. Before filing articles of domestication, the domestication
31 must be approved in the manner required by:

32 (a) The document, instrument, agreement or other writing
33 governing the internal affairs of the undomesticated organization
34 and the conduct of its business; and

35 (b) Applicable foreign law.

36 7. When a domestication becomes effective, all rights,
37 privileges and powers of the undomesticated organization, all
38 property owned by the undomesticated organization, all debts due to
39 the undomesticated organization, and all causes of action belonging
40 to the undomesticated organization are vested in the domestic entity
41 and become the property of the domestic entity to the same extent as
42 vested in the undomesticated organization immediately before
43 domestication. The title to any real property vested by deed or
44 otherwise in the undomesticated organization is not reverted or
45 impaired by the domestication. All rights of creditors and all liens



1 upon any property of the undomesticated organization are preserved
2 unimpaired and all debts, liabilities and duties of an undomesticated
3 organization that has been domesticated attach to the domestic entity
4 resulting from the domestication and may be enforced against it to
5 the same extent as if the debts, liability and duties had been incurred
6 or contracted by the domestic entity.

7 8. When an undomesticated organization is domesticated, the
8 domestic entity resulting from the domestication is for all purposes
9 deemed to be the same entity as the undomesticated organization.
10 Unless otherwise agreed by the owners of the undomesticated
11 organization or as required pursuant to applicable foreign law, the
12 domestic entity resulting from the domestication is not required to
13 wind up its affairs, pay its liabilities or distribute its assets. The
14 domestication of an undomesticated organization does not constitute
15 the dissolution of the undomesticated organization. The
16 domestication constitutes a continuation of the existence of the
17 undomesticated organization in the form of a domestic entity. If,
18 following domestication, an undomesticated organization that has
19 become domesticated pursuant to this section continues its existence
20 in the foreign country or foreign jurisdiction in which it was existing
21 immediately before the domestication, the domestic entity and the
22 undomesticated organization are for all purposes a single entity
23 formed, incorporated, organized or otherwise created and existing
24 pursuant to the laws of this State and the laws of the foreign country
25 or other foreign jurisdiction. *If, following domestication, an*
26 *undomesticated organization that has become domesticated*
27 *pursuant to this section does not continue its existence in the*
28 *foreign country or foreign jurisdiction in which it existed*
29 *immediately before the domestication, the domestic entity resulting*
30 *from the domestication continues and is not required to wind up*
31 *its affairs, pay its liabilities or distribute its assets.*

32 9. The owner liability of an undomesticated organization that is
33 domesticated in this State:

34 (a) Is not discharged, pursuant to the laws of the previous
35 jurisdiction of the organization, to the extent the owner liability
36 arose before the effective date of the articles of domestication;

37 (b) Does not attach, pursuant to the laws of the previous
38 jurisdiction of the organization, to any debt, obligation or liability of
39 the organization that arises after the effective date of the articles of
40 domestication;

41 (c) Is governed by the law of the previous jurisdiction of the
42 organization, as if the domestication has not occurred, for the
43 collection or discharge of owner liability not discharged pursuant to
44 paragraph (a);



(d) Is subject to the right of contribution from any other shareholder, member, trustee, partner, limited partner or other owner of the undomesticated organization pursuant to the laws of the previous jurisdiction of the organization, as if the domestication has not occurred, for the collection or discharge of owner liability not discharged pursuant to paragraph (a); and

(e) Applies only to the debts, obligations or liabilities of the organization that arise after the effective date of the articles of domestication if the owner becomes subject to owner liability or some or all of the debts, obligations or liabilities of the undomesticated entity as a result of its domestication in this State.

10. As used in this section:

(a) "Owner liability" means the liability of a shareholder, member, trustee, partner, limited partner or other owner of an organization for debts of the organization, including the responsibility to make additional capital contributions to cover such debts.

(b) "Undomesticated organization" means any incorporated organization, private law corporation, whether or not organized for business purposes, public law corporation, limited-liability company, general partnership, registered limited-liability partnership, limited partnership or registered limited-liability limited partnership, proprietorship, joint venture, foundation, business trust, real estate investment trust, common-law trust or any other unincorporated business formed, organized, created or the internal affairs of which are governed by the laws of any foreign country or jurisdiction other than this State.

Sec. 25. NRS 92A.390 is hereby amended to read as follows:

92A.390 1. There is no right of dissent with respect to a plan of merger, conversion or exchange in favor of stockholders of any class or series which is:

(a) A covered security under section 18(b)(1)(A) or (B) of the Securities Act of 1933, 15 U.S.C. § 77r(b)(1)(A) or (B), as amended;

(b) Traded in an organized market and has at least 2,000 stockholders and a market value of at least \$20,000,000, exclusive of the value of such shares held by the corporation's subsidiaries, senior executives, directors and beneficial stockholders owning more than 10 percent of such shares; or

(c) Issued by an open end management investment company registered with the Securities and Exchange Commission under the Investment Company Act of 1940 , *15 U.S.C. §§ 80a-1 et seq., as amended*, and which may be redeemed at the option of the holder at net asset value,



1 ↪ unless the articles of incorporation of the corporation issuing the
2 class or series *or the resolution of the board of directors approving*
3 *the plan of merger, conversion or exchange expressly* provide
4 otherwise.

5 2. The applicability of subsection 1 must be determined as of:

6 (a) The record date fixed to determine the stockholders entitled
7 to receive notice of and to vote at the meeting of stockholders to act
8 upon the corporate action requiring dissenter's rights; or

9 (b) The day before the effective date of such corporate action if
10 there is no meeting of stockholders.

11 3. Subsection 1 is not applicable and dissenter's rights are
12 available pursuant to NRS 92A.380 for the holders of any class or
13 series of shares who are required by the terms of the corporate
14 action requiring dissenter's rights to accept for such shares anything
15 other than cash or shares of any class or any series of shares of any
16 corporation, or any other proprietary interest of any other entity, that
17 satisfies the standards set forth in subsection 1 at the time the
18 corporate action becomes effective.

19 4. There is no right of dissent for any holders of stock of the
20 surviving domestic corporation if the plan of merger does not
21 require action of the stockholders of the surviving domestic
22 corporation under NRS 92A.130.

23 5. There is no right of dissent for any holders of stock of the
24 parent domestic corporation if the plan of merger does not require
25 action of the stockholders of the parent domestic corporation under
26 NRS 92A.180.

27 **Sec. 26.** NRS 92A.410 is hereby amended to read as follows:

28 92A.410 1. If a proposed corporate action creating
29 ~~{dissenters'}~~ *dissenter's* rights is submitted to a vote at a
30 stockholders' meeting, the notice of the meeting must state that
31 stockholders are, are not or may be entitled to assert ~~{dissenters'}~~
32 *dissenter's* rights under NRS 92A.300 to 92A.500, inclusive. If the
33 domestic corporation concludes that dissenter's rights are or may be
34 available, a copy of NRS 92A.300 to 92A.500, inclusive, must
35 accompany the meeting notice sent to those record stockholders
36 entitled to exercise dissenter's rights.

37 2. If the corporate action creating ~~{dissenters'}~~ *dissenter's*
38 rights is taken by written consent of the stockholders or without a
39 vote of the stockholders, the domestic corporation shall notify in
40 writing all stockholders entitled to assert ~~{dissenters'}~~ *dissenter's*
41 rights that the action was taken and send them the dissenter's notice
42 described in NRS 92A.430.

43 **Sec. 27.** NRS 92A.420 is hereby amended to read as follows:

44 92A.420 1. If a proposed corporate action creating
45 ~~{dissenters'}~~ *dissenter's* rights is submitted to a vote at a



1 stockholders' meeting, a stockholder who wishes to assert
2 dissenter's rights with respect to any class or series of shares:

3 (a) Must deliver to the subject corporation, before the vote is
4 taken, written notice of the stockholder's intent to demand payment
5 for his or her shares if the proposed action is effectuated; and

6 (b) Must not vote, or cause or permit to be voted, any of his or
7 her shares of such class or series in favor of the proposed action.

8 2. If a proposed corporate action creating ~~{dissenters'}~~
9 *dissenter's* rights is taken by written consent of the stockholders, a
10 stockholder who wishes to assert ~~{dissenters'}~~ *dissenter's* rights
11 with respect to any class or series of shares must not consent to or
12 approve the proposed corporate action with respect to such class or
13 series.

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

17 **Sec. 28.** NRS 92A.430 is hereby amended to read as follows:

18 92A.430 1. The subject corporation shall deliver a written
19 dissenter's notice to all stockholders *of record* entitled to assert
20 ~~{dissenters'}~~ *dissenter's* rights ~~{}~~ *in whole or in part, and any*
21 *beneficial stockholder who has previously asserted dissenter's*
22 *rights pursuant to NRS 92A.400.*

23 2. The dissenter's notice must be sent no later than 10 days
24 after the effective date of the corporate action specified in NRS
25 92A.380, and must:

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

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

31 (c) Supply a form for demanding payment that includes the date
32 of the first announcement to the news media or to the stockholders
33 of the terms of the proposed action and requires that the person
34 asserting dissenter's rights certify whether or not the person
35 acquired beneficial ownership of the shares before that date;

36 (d) Set a date by which the subject corporation must receive the
37 demand for payment, which may not be less than 30 nor more than
38 60 days after the date the notice is delivered and state that the
39 stockholder shall be deemed to have waived the right to demand
40 payment with respect to the shares unless the form is received by the
41 subject corporation by such specified date; and

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



Sec. 29. NRS 92A.460 is hereby amended to read as follows:

92A.460 1. Except as otherwise provided in NRS 92A.470, within 30 days after receipt of a demand for payment **⚡ pursuant to NRS 92A.440**, the subject corporation shall pay in cash to each dissenter who complied with NRS 92A.440 the amount the subject corporation estimates to be the fair value of the dissenter's shares, plus accrued interest. The obligation of the subject corporation under this subsection may be enforced by the district court:

(a) Of the county where the subject corporation's principal office is located;

(b) If the subject corporation's principal office is not located in this State, in the county in which the corporation's registered office is located; or

(c) At the election of any dissenter residing or having its principal or registered office in this State, of the county where the dissenter resides or has its principal or registered office.

➡ The court shall dispose of the complaint promptly.

2. The payment must be accompanied by:

(a) The subject corporation's balance sheet as of the end of a fiscal year ending not more than 16 months before the date of payment, a statement of income for that year, a statement of changes in the stockholders' equity for that year or, where such financial statements are not reasonably available, then such reasonably equivalent financial information and the latest available quarterly financial statements, if any;

(b) A statement of the subject corporation's estimate of the fair value of the shares; and

(c) A statement of the dissenter's rights to demand payment under NRS 92A.480 and that if any such stockholder does not do so within the period specified, such stockholder shall be deemed to have accepted such payment in full satisfaction of the corporation's obligations under this chapter.

Sec. 30. NRS 92A.470 is hereby amended to read as follows:

92A.470 1. A subject corporation may elect to withhold payment from a dissenter unless the dissenter was the beneficial owner of the shares before the date set forth in the dissenter's notice as the first date of any announcement to the news media or to the stockholders of the terms of the proposed action.

2. To the extent the subject corporation elects to withhold payment, within 30 days after receipt of a demand for payment **⚡ pursuant to NRS 92A.440**, the subject corporation shall notify the dissenters described in subsection 1:

(a) Of the information required by paragraph (a) of subsection 2 of NRS 92A.460;



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(b) Of the subject corporation's estimate of fair value pursuant to paragraph (b) of subsection 2 of NRS 92A.460;

(c) That they may accept the subject corporation's estimate of fair value, plus interest, in full satisfaction of their demands or demand appraisal under NRS 92A.480;

(d) That those stockholders who wish to accept such an offer must so notify the subject corporation of their acceptance of the offer within 30 days after receipt of such offer; and

(e) That those stockholders who do not satisfy the requirements for demanding appraisal under NRS 92A.480 shall be deemed to have accepted the subject corporation's offer.

3. Within 10 days after receiving the stockholder's acceptance pursuant to subsection 2, the subject corporation shall pay in cash the amount offered under paragraph (b) of subsection 2 to each stockholder who agreed to accept the subject corporation's offer in full satisfaction of the stockholder's demand.

4. Within 40 days after sending the notice described in subsection 2, the subject corporation shall pay in cash the amount offered under paragraph (b) of subsection 2 to each stockholder described in paragraph (e) of subsection 2.

Sec. 31. NRS 92A.490 is hereby amended to read as follows:

92A.490 1. If ~~if a demand for~~ payment *pursuant to NRS 92A.460* remains unsettled, the subject corporation shall commence a proceeding within 60 days after receiving the demand and petition the court to determine the fair value of the shares and accrued interest. If the subject corporation does not commence the proceeding within the 60-day period, it shall pay each dissenter whose demand remains unsettled the amount demanded by each dissenter pursuant to NRS 92A.480 plus interest.

2. A subject corporation shall commence the proceeding in the district court of the county where its principal office is located in this State. If the principal office of the subject corporation is not located in this State, the right to dissent arose from a merger, conversion or exchange and the principal office of the surviving entity, resulting entity or the entity whose shares were acquired, whichever is applicable, is located in this State, it shall commence the proceeding in the county where the principal office of the surviving entity, resulting entity or the entity whose shares were acquired is located. In all other cases, if the principal office of the subject corporation is not located in this State, the subject corporation shall commence the proceeding in the district court in the county in which the corporation's registered office is located.

3. The subject corporation shall make all dissenters, whether or not residents of Nevada, whose demands remain unsettled, parties to the proceeding as in an action against their shares. All parties must



1 be served with a copy of the petition. Nonresidents may be served
2 by registered or certified mail or by publication as provided by law.

3 4. The jurisdiction of the court in which the proceeding is
4 commenced under subsection 2 is plenary and exclusive. The court
5 may appoint one or more persons as appraisers to receive evidence
6 and recommend a decision on the question of fair value. The
7 appraisers have the powers described in the order appointing them,
8 or any amendment thereto. The dissenters are entitled to the same
9 discovery rights as parties in other civil proceedings.

10 5. Each dissenter who is made a party to the proceeding is
11 entitled to a judgment:

12 (a) For the amount, if any, by which the court finds the fair
13 value of the dissenter's shares, plus interest, exceeds the amount
14 paid by the subject corporation; or

15 (b) For the fair value, plus accrued interest, of the dissenter's
16 after-acquired shares for which the subject corporation elected to
17 withhold payment pursuant to NRS 92A.470.

18 **Sec. 32.** NRS 13.050 is hereby amended to read as follows:

19 13.050 1. If the county designated for that purpose in the
20 complaint be not the proper county, the action may,
21 notwithstanding, be tried therein, unless the defendant before the
22 time for answering expires demand in writing that the trial be had in
23 the proper county, and the place of trial be thereupon changed by
24 consent of the parties, or by order of the court, as provided in this
25 section.

26 2. The court may, on motion, change the place of trial in the
27 following cases:

28 (a) When the county designated in the complaint is not the
29 proper county.

30 (b) When there is reason to believe that an impartial trial cannot
31 be had therein.

32 (c) When the convenience of the witnesses and the ends of
33 justice would be promoted by the change.

34 *(d) When any defendant in a case commenced in a county*
35 *without a business court requests a change to a county:*

36 *(1) With a business court; and*

37 *(2) In which the case, if originally commenced in such*
38 *county, would be eligible for assignment to the business court.*

39 3. When the place of trial is changed, all other proceedings
40 shall be had in the county to which the place of trial is changed,
41 unless otherwise provided by the consent of the parties in writing
42 duly filed, or by order of the court, and the papers shall be filed or
43 transferred accordingly.

44 4. *As used in this section, "business court" means, as*
45 *designated pursuant to the rules of the applicable district court:*



- 1 *(a) A business court docket;*
- 2 *(b) A business matter designation; or*
- 3 *(c) At least one business court judge.*

4 **Sec. 33.** NRS 695B.050 is hereby amended to read as follows:

5 695B.050 Persons desiring to form a nonprofit hospital,
6 medical or dental service corporation shall incorporate pursuant to
7 the provisions of this chapter, and the provisions of the nonprofit
8 corporation laws of the State of Nevada, *including NRS 81.410 to*
9 *81.540, inclusive, or chapter 82 of NRS, as applicable,* so far as the
10 provisions of such laws are applicable and not inconsistent with this
11 chapter.

