

CHAPTER 10**SALE AND OTHER DISPOSITIONS OF CORPORATE ASSETS****§1001. Sale of assets other than in regular course of activities**

1. Terms and conditions. Sale, lease, exchange, mortgage, pledge or other disposition of all, or substantially all, the property and assets of a corporation may be made upon such terms and conditions and for such consideration, which may consist in whole or in part of money or property, real or personal, including shares of any corporation for profit, domestic or foreign, as may be authorized in the following manner.

A. If there are members entitled to vote thereon, the board of directors shall adopt a resolution recommending such sale, lease, exchange, mortgage, pledge or other disposition and directing that it be submitted to a vote at a meeting of members entitled to vote thereon, which may be either an annual or a special meeting. Written notice stating that the purpose, or one of the purposes, of such meeting is to consider the sale, lease, exchange, mortgage, pledge or other disposition of all, or substantially all, the property and assets of the corporation must be given to each member entitled to vote at such meeting, within the time and in the manner provided by this Act for the giving of notice of meetings of members. At such meeting, the members may authorize such sale, lease, exchange, mortgage, pledge or other disposition and may fix, or may authorize the board of directors to fix, any or all of the terms and conditions thereof and the consideration to be received by the corporation thereto. Such authorization requires at least a majority of the votes that members present at such meeting or represented by proxy are entitled to cast. After such authorization by a vote of members, the board of directors, nevertheless, in its discretion, may abandon such sale, lease, exchange, mortgage, pledge or other disposition of assets, subject to the rights of 3rd parties under any contracts relating thereto, without further action or approval by members. [PL 2001, c. 550, Pt. C, §22 (AMD); PL 2001, c. 550, Pt. C, §29 (AFF).]

B. If there are no members, or no members entitled to vote thereon, a sale, lease, exchange, mortgage, pledge or other disposition of all, or substantially all, the property and assets of a corporation are authorized upon receiving the vote of a majority of the directors in office. [PL 2001, c. 550, Pt. C, §22 (AMD); PL 2001, c. 550, Pt. C, §29 (AFF).]

C. If all members entitled to vote by the articles of incorporation authorize by written consent a sale, lease, exchange, mortgage, pledge or other disposition of all, or substantially all, the property and assets of a corporation, no resolution of the board of directors, approving, proposing, submitting, recommending or otherwise respecting such sale is necessary. [PL 1977, c. 525, §13 (NEW).]

[PL 2001, c. 550, Pt. C, §22 (AMD); PL 2001, c. 550, Pt. C, §29 (AFF).]

2. Provision prescribing for approval of sale. The articles of incorporation of any corporation may contain a provision prescribing for approval of any sale of assets a vote greater than, but in no event less than, that prescribed by subsection 1.

[PL 1977, c. 525, §13 (NEW).]

3. Compliance with conversion law. If the proposed transaction constitutes a conversion transaction, as defined in Title 5, section 194-B, subsection 2, a public benefit corporation must comply with the provision of Title 5, sections 194-C to 194-H.

[PL 2001, c. 550, Pt. C, §22 (NEW); PL 2001, c. 550, Pt. C, §29 (AFF).]

SECTION HISTORY

PL 1977, c. 525, §13 (NEW). PL 2001, c. 550, §C22 (AMD). PL 2001, c. 550, §C29 (AFF).

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