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SB-1202 Business entities: Secretary of State: document filings. (2021-2022)

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Senate Bill No. 1202

CHAPTER 617

An act to amend Section 23405.4 of the Business and Professions Code, to amend Section 6760 of the Civil Code, to amend Sections 109.5, 110.5, 177, 201, 202, 213, 301.5, 312, 402, 423, 509, 600, 601, 707, 709, 910, 1001, 1101, 1101.1, 1201, 1400, 1500, 1501, 1503, 1508, 1600, 1601, 1602, 1702, 2101, 2103, 2105, 2106, 2107, 2112, 2115, 2318, 2502.06, 2601, 3502, 5008.5, 5039.5, 5120, 5122, 5213, 5214, 5224, 5510, 5511, 5615, 5817, 6013, 6210, 7122, 7213, 7214, 7224, 7413, 7510, 7511, 7614, 7813.5, 8013, 8210, 9122, 9213, 9214, 9224, 9411, 9926, 12214.5, 12228.5, 12302, 12353, 12354, 12364, 12460, 12461, 12483, 12504, 12534, 12570, 12702, 15901.02, 15901.08, 15901.11, 15902.01, 15902.09, 15903.04, 15904.07, 15908.02, 15908.07, 15909.02, 15909.05, 15909.06, 15911.03, 15911.06, 16105, 16106, 16303, 16309, 16310, 16403, 16905, 16906, 16908, 16914, 16915, 16953, 16954, 16959, 16960, 16962, 17701.02, 17701.13, 17701.14, 17701.15, 17702.01, 17702.02, 17708.02, 17708.05, 17708.06, 17709.02, 17710.06, 18200, 21303, and 25211 of the Corporations Code, and to amend Section 23331 of the Revenue and Taxation Code, relating to business entities.

[Approved by Governor September 27, 2022. Filed with Secretary of State September 27, 2022.]

LEGISLATIVE COUNSEL'S DIGEST

SB 1202, Limón. Business entities: Secretary of State: document filings.

(1) Existing law, the Commercial and Industrial Common Interest Development Act, requires each association, to assist with the identification of commercial or industrial common interest developments, to submit to the Secretary of State specified information concerning the association and development that it manages. Existing law requires the Secretary of State to make the name, address, and either the daytime telephone number or email address of the association's onsite office or managing agent available only for governmental purposes and only to Members of the Legislature and the Business, Consumer Services, and Housing Agency, upon written request. Existing law provides that all other information submitted pursuant to this provision is subject to public inspection pursuant to the California Public Records Act and shall be made available for governmental or public inspection.

This bill would delete the above provision requiring the Secretary of State to make the above-described information available only for governmental purposes and specifying other information is subject to public inspection pursuant to the California Public Records Act.

(2) Existing law, the General Corporation Law, regulates the organization of specified corporations. Existing law authorizes the Secretary of State to cancel the filing of articles of a domestic corporation or the filing of a statement and designation by a foreign corporation if a check or other remittance accepted in payment of the filing fee or franchise tax is not paid upon presentation. Existing law requires the Secretary of State, upon receiving written notification that the item presented for payment has not been honored for payment, to give written notice of the applicability of this provision and the cancellation date, which is prohibited from

being less than 20 days from the date of mailing the written notice to the agent for service of process or to the person submitting the instrument. Existing law provides that if the amount has not been paid by cashier's check or equivalent before the date of cancellation as stated in the written notice of cancellation, the cancellation then becomes effective. Existing law also requires the written notice to be given 70 days or less after the original filing.

This bill would also authorize the Secretary of State, in the above circumstances, to cancel articles effecting a conversion. The bill would require the Secretary of State, within 90 days of receiving written notification that the item presented for payment has not been honored for payment, to give written notice of this provision and the cancellation date, as specified. The bill would also delete the above provision requiring written notice to be given 70 days or less after the original filing.

Existing law permits a corporation to sell, lease, convey, exchange, transfer, or otherwise dispose of all or substantially all of its assets when the principal terms are approved by the board, subject to certain exceptions. Under existing law, if the acquiring party in a transaction pursuant to this provision is in control of or under common control with the disposing corporation, the principal terms of the sale must be approved by at least 90% of the voting power of the disposing corporation unless the disposition is to a domestic or foreign corporation or other business entity in consideration of the nonredeemable common shares or nonredeemable equity securities of the acquiring party or its parent. That above-described provision regarding 90% approval does not apply to a transaction if the Commissioner of Financial Protection and Innovation, the Insurance Commissioner, or the Public Utilities Commission has approved the terms and conditions of the transaction and the fairness of those terms pursuant to certain provisions of the Financial Code, Insurance Code, or Public Utilities Code.

This bill would provide that this provision also does not apply to a specified transaction in which a bank applies for a permit to issue a security or deliver other consideration in exchange for one or more bona fide outstanding securities, claims, or property interests, to a plan or agreement to reorganize, merge, consolidate, or transfer assets, or to an application to become a savings and loan holding company if the terms and conditions of the transaction and fairness thereof have been approved by the commissioner. The bill would also delete an obsolete cross-reference.

Existing law authorizes a foreign corporation, other than a foreign association, not transacting intrastate business to register its corporate name with the Secretary of State, provided its corporate name would be available to a new corporation organized under the General Corporation Law at the time of that registration. Existing law requires, as part of the registration process, the filing of an application for registration signed by a corporate officer stating, among other things, the date of incorporation, and the filing of a certificate of an authorized public official of the state or place in which it is organized, stating that the corporation is in good standing under those laws.

This bill would require that certificate to be issued by an authorized public official, in the above-described circumstances, within the past 6 months from the submission of the application for registration in California. The bill would delete the requirement that the application for registration include the date of incorporation.

Existing law prohibits a foreign corporation from transacting intrastate business without having first obtained from the Secretary of State a certificate of qualification. Existing law requires a foreign corporation, to obtain that certificate, to file on a form prescribed by the Secretary of State a statement and designation signed by a corporation or, in the case of a foreign association that has no officers, signed by a trustee stating, among other disclosures, its name and the state or place of its incorporation or organization.

This bill would instead require that the statement by a trustee in the above-described circumstances contain the name of the corporation, and, if the name does not comply with certain statutory naming requirements, an alternate name adopted, as prescribed. The bill would also require that statement to contain the state or place of the foreign corporation's incorporation or organization and a statement that the foreign corporation is authorized to exercise its powers and privileges in that state or place of its incorporation or organization.

Existing law requires a foreign corporation, but not a foreign association, qualified to transact intrastate business, if it changes its name or makes a change affecting an assumed name, to file an amended statement signed by a corporate officer setting forth the change made, in accordance with certain procedures. Existing law requires the amended statement to include a certificate of an authorized public official of its state or place of incorporation that the change of name was made in accordance with the laws of that state or place.

This bill would require the amended statement to contain a certificate of an authorized public official of its state or place of incorporation issued within the past 6 months from the submission of the amended statement for filing in California, as prescribed. The bill would make related, conforming changes to these provisions.

(3) Existing law, the Nonprofit Corporation Law, regulates the organization and operation of nonprofit public benefit corporations, nonprofit mutual benefit corporations, and nonprofit religious corporations. Existing law authorizes the Secretary of State to cancel the filing of articles if a check or other remittance accepted in payment of the filing fee or franchise tax is not paid upon presentation. Existing law requires the Secretary of State to give written notice of the applicability of this provision and the

cancellation date, which is prohibited from being less than 20 days from the date of mailing the written notice to the agent for service of process or to the person submitting the instrument. Existing law provides that if the amount has not been paid by cashier's check or equivalent before the date of cancellation, the cancellation then becomes effective. Existing law also requires the written notice to be given 70 days or less after the original filing.

The bill would require the Secretary of State, in the above circumstances, to give written notice of the applicability of this provision and the cancellation date within 90 days of receiving written notification that the item presented for payment has not been honored for payment. The bill would also delete the above provision requiring written notice to be given 70 days or less after the original filing.

(4) Existing law governing cooperative corporations authorizes the Secretary of State to cancel the filing of articles if a check or other remittance accepted in payment of the filing fee or franchise tax is not paid upon presentation. Existing law requires the Secretary of State, upon receiving written notification that the item presented for payment has not been honored for payment, to give written notice of the applicability of this provision and the cancellation date, which is prohibited from being less than 20 days from the date of mailing the written notice to the agent for service or to the person submitting the instrument. Existing law provides that if the amount has not been paid thereafter, the cancellation shall become effective. Existing law requires the written notice to be given 70 days or less after the original filing.

This bill would require the Secretary of State, in the above circumstances, to give written notice of the applicability of this provision and the cancellation date within 90 days of receiving written notification that the item presented for payment has not been honored for payment. The bill would delete the above provision requiring written notice to be given 70 days or less after the original filing.

(5) Existing law, the Uniform Limited Partnership Act of 2008, requires a certificate of limited partnership to be filed with the Secretary of State, in order for a limited partnership to be formed, as prescribed. The act prohibits the name of a limited partnership from containing the words "bank," "insurance," "trust," "trustee," "incorporated," "inc.," "corporation," or "corp."

This bill would further prohibit the name of a limited partnership from including the words "insurer" or "insurance company" or any other words suggesting that it is in the business of issuing policies of insurance and assuming insurance risks. The bill would make related, conforming changes to these provisions.

Existing law prohibits a foreign limited partnership whose name does not comply with certain requirements from obtaining a certificate of registration until it adopts, for purposes of transacting business in this state, an alternate name, as prescribed. Existing law authorizes the Secretary of State to cancel the application and certificate of registration of a foreign limited partnership if a check or other remittance accepted in payment of that fee is not paid upon presentation. Existing law requires the Secretary of State, upon receiving written notification that the item presented for payment has not been honored, to first give a written notice of the applicability of this provision to the agent for service of process or to the person submitting the instrument.

This bill would require the Secretary of State to give that first written notice within 90 days of receiving written notification that the item presented for payment has not been honored for payment. The bill would make related, conforming changes to this provision.

Existing law authorizes the Secretary of State to cancel the filing of certificates of limited partnership if a check or other remittance accepted in payment of the filing fee is not paid upon presentation. Existing law requires the Secretary of State, upon receiving written notification that the item presented for payment has not been honored for payment, to first give a written notice to the agent for service of process or to the person submitting the instrument of applicability of this provision.

This bill would provide that cancellation by the Secretary of State when payment is not made, as described above, includes certificates effecting a conversion. The bill would require the Secretary of State to give a first written notice of the applicability of this provision to the agent for service of process or to the person submitting the instrument within 90 days of receiving written notification that the item presented for payment has not been honored for payment.

(6) Existing law, the Uniform Partnership Act of 1994, permits a statement to be filed in the office of the Secretary of State and also permits a certified copy of a statement that is filed in an office in another state to be filed in the office of the Secretary of State. Under existing law, either filing has the effect provided in the act with respect to partnership property located in or transactions that occur in California. Existing law establishes other procedures that are required to be followed for partnerships subject to the act.

This bill would authorize the Secretary of State to cancel a statement, including a statement effecting a conversion, if a check or other remittance accepted in payment of the filing fee is not paid upon presentation, subject to specified notice requirements.

Existing law permits the registration of a registered limited liability partnership to be amended by an amended registration executed by one or more partners authorized to execute an amended registration, subject to being filed with the Secretary of

State, as specified. Existing law further specifies the filing procedures by which a registered limited liability partnership ceases to be a registered limited liability partnership, pursuant to the filing of those forms with the Secretary of State.

This bill would provide that a certificate of merger or the agreement of merger has the effect of the filing of a notice of termination for each disappearing registered limited liability partnership.

Existing law also permits the registration of a foreign limited liability partnership to be amended by an amended registration, similar to the above-described procedures. Existing law further sets forth the filing procedures by which a foreign limited liability partnership ceases to be a limited liability partnership.

This bill would provide that a certificate of merger or the agreement of merger has the effect of the filing of a notice of termination for each disappearing foreign limited liability partnership.

(7) Existing law, the California Revised Uniform Limited Liability Company Act, provides that a limited liability company is an entity distinct from its members and authorizes a limited liability company to have any lawful purpose, except as specified. Existing law authorizes one or more persons to organize to form a limited liability company by signing and delivering to the Secretary of State for filing articles of organization on a form prescribed by the Secretary of State. Existing law authorizes the Secretary of State to cancel the filing of the articles if a check or other remittance accepted in payment of the filing fee is not paid upon presentation. Existing law requires the Secretary of State, upon receiving written notification that the item presented for payment has not been honored for payment, to give a first written notice of the applicability of these provisions to the agent for service of process or to the person submitting the instrument. Existing law also requires, if the amount has not been paid thereafter, that a 2nd notice of cancellation be given 20 days or more after the first notice, and 90 days or less after the original filing.

This bill would provide that the authorization for the Secretary of State to cancel the filing of the articles of organization includes articles effecting a conversion under the above-described circumstances. The bill would require the Secretary of State to give a first written notice of the applicability of these provisions to one of the above-described persons within 90 days of receiving written notification that the item presented for payment has not been honored for payment. The bill would also revise the above-described 2nd notice provision to require the 2nd notice to be given 20 days or more after the first notice without reference to being given 90 days or less after the original filing.

(8) Existing law, the Corporation Tax Law, generally imposes a franchise tax on corporations doing business within the limits of this state, including a minimum franchise tax on specified corporations, as provided. Existing law requires a dissolving or withdrawing corporation to pay a tax for the year it ceases to do business in this state for the months of the taxable year preceding the effective date of the dissolution or withdrawal, as specified. Existing law requires the Secretary of State to provide a taxpayer with acknowledgment of the receipt of documents submitted by a taxpayer pursuant to those dissolution and withdrawal provisions on or before 21 days after receipt. Existing law requires the Secretary of State to notify taxpayers that receipt of their documents will be acknowledged within 21 days.

This bill would delete the above-described requirement to notify taxpayers and would require the Secretary of State to provide the taxpayers a filing response within 21 days of receipt of documents.

(9) The bill would make various other technical and conforming changes to corporate filing provisions and other provisions relating to business entities, including changing references from "principal executive office" to "principal office," updating cross references, including deleting obsolete ones, and making language gender neutral.

(10) This bill would incorporate additional changes to Section 600 of the Corporations Code proposed by AB 1780 to be operative only if this bill and AB 1780 are enacted and this bill is enacted last.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 23405.4 of the Business and Professions Code is amended to read:

23405.4. (a) The department is not required to qualify for a license a person who is an investor in a private equity fund that holds an interest in a license, provided all of the following conditions are satisfied:

(1) The private equity fund's interest in the license is limited to a passive investment, so that neither the private equity fund nor any manager, employee, or agent of the private equity fund has any involvement in, or control over, the management of the licensed business or of the licensee.

(2) The private equity fund advisers are registered under the federal Investment Advisers Act of 1940, and the private equity fund advisers are subject to, and comply with, Section 275.204(b)-1 of Title 17 of the Code of Federal Regulations.

(3) An investor shall not, directly or indirectly, hold more than 10-percent interest in the private equity fund.

(4) An investor in the private equity fund shall not have any control, directly or indirectly, over the investment decisions of the private equity fund.

(b) For purposes of this section, private equity fund means an investment company that makes investments in equity or debt securities of another company that does not provide investors with redemption rights in the ordinary course. A private equity fund does not include a hedge fund, liquidity fund, real estate fund, securitized asset fund, or venture capital fund.

(c) The department may require the manager of the private equity fund to execute an affidavit confirming compliance with the requirements of this section. If the manager does not have personal knowledge of any of the facts necessary to execute the affidavit, the manager shall make a diligent inquiry and may thereafter execute the affidavit upon information and belief. The manager of the private equity fund shall promptly notify the department in writing if any of the facts attested to change.

(d) This section is not intended to allow a person, by reason of the person's investment in a private equity fund, to hold an interest in a license issued by the department if that interest is not otherwise permitted under this division.

SEC. 2. Section 6760 of the Civil Code, as amended by Section 54 of Chapter 615 of the Statutes of 2021, is amended to read:

6760. (a) To assist with the identification of commercial or industrial common interest developments, each association, whether incorporated or unincorporated, shall submit to the Secretary of State, on a form and for a fee, to cover the reasonable cost to the Secretary of State of processing the form, not to exceed thirty dollars (\$30), that the Secretary of State shall prescribe, the following information concerning the association and the development that it manages:

(1) A statement that the association is formed to manage a common interest development under the Commercial and Industrial Common Interest Development Act.

(2) The name of the association.

(3) The street address of the business or corporate office of the association, if any.

(4) The street address of the association's onsite office, if different from the street address of the business or corporate office, or if there is no onsite office, the street address of the responsible officer or managing agent of the association.

(5) The name, address, and either the daytime telephone number or email address of the association's onsite office or managing agent.

(6) The name, street address, and daytime telephone number of the association's managing agent, if any.

(7) The county, and, if in an incorporated area, the city in which the development is physically located. If the boundaries of the development are physically located in more than one county, each of the counties in which it is located.

(8) If the development is in an unincorporated area, the city closest in proximity to the development.

(9) The front street and nearest cross street of the physical location of the development.

(10) The type of common interest development managed by the association.

(11) The number of separate interests in the development.

(b) The association shall submit the information required by this section as follows:

(1) By incorporated associations, within 90 days after the filing of its original articles of incorporation, and thereafter at the time the association files its statement of principal business activity with the Secretary of State pursuant to Section 8210 of the Corporations Code.

(2) By unincorporated associations, in July of 2003, and in that same month biennially thereafter. Upon changing its status to that of a corporation, the association shall comply with the filing deadlines in paragraph (1).

(c) The association shall notify the Secretary of State of any change in the street address of the association's onsite office or of the responsible officer or managing agent of the association in the form and for a fee, to cover the reasonable cost to the Secretary of State of processing the form, prescribed by the Secretary of State, within 60 days of the change.

(d) The penalty for an incorporated association's noncompliance with the initial or biennial filing requirements of this section shall be suspension of the association's rights, privileges, and powers as a corporation and monetary penalties, to the same extent and in the same manner as suspension and monetary penalties imposed pursuant to Section 8810 of the Corporations Code.

(e) The statement required by this section may be filed, notwithstanding suspension of the corporate powers, rights, and privileges under this section or under provisions of the Revenue and Taxation Code. Upon the filing of a statement under this section by a corporation that has suffered suspension under this section, the Secretary of State shall certify that fact to the Franchise Tax Board and the corporation may thereupon be relieved from suspension, unless the corporation is held in suspension by the Franchise Tax Board by reason of Section 23301, 23301.5, or 23775 of the Revenue and Taxation Code.

(f) Whenever any form is filed pursuant to this section, it supersedes any previously filed form.

(g) The Secretary of State may destroy or otherwise dispose of any form filed pursuant to this section after it has been superseded by the filing of a new form.

SEC. 3. Section 109.5 of the Corporations Code is amended to read:

109.5. (a) Provisions of the articles described in paragraph (3) of subdivision (g) of Section 202 and subdivisions (a) and (b) of Section 204 may be made dependent upon facts ascertainable outside the articles, if the manner in which those facts shall operate upon those provisions is clearly and expressly set forth in the articles. Similarly, any of the terms of an agreement of merger pursuant to Section 1101 may be made dependent upon facts ascertainable outside that agreement, if the manner in which those facts shall operate upon the terms of the agreement is clearly and expressly set forth in the agreement of merger.

(b) Notwithstanding subdivision (a), when any provisions or terms of articles or an agreement of merger are made dependent upon facts ascertainable outside the filed instrument through a reference to an agreement or similar document, the corporation filing that instrument shall (1) maintain at its principal office a copy of any such agreement or document and all amendments and (2) provide to its shareholders, in the case of articles, or to shareholders of any constituent corporation, in the case of an agreement of merger, a copy of them upon written request and without charge.

(c) If the reference to an agreement or contract is a reference to an agreement or contract to which the corporation is a party (a "referenced agreement" in this section), any amendment or revision of the referenced agreement requires shareholder approval, in addition to approvals otherwise required, in the following instances and no other:

(1) If the amendment or revision of the referenced agreement would result in a material change in the rights, preferences, privileges, or restrictions of a class or series of shares, the amendment or revision of the referenced agreement is required to be approved by the outstanding shares (Section 152) of that class or series.

(2) If the amendment or revision of the referenced agreement would result in a material change in the rights or liabilities of any class or series of shares with respect to the subject matter of paragraph (1), (2), (3), (5), or (9) of subdivision (a) of Section 204, the amendment or revision of the referenced agreement is required to be approved by the outstanding shares (Section 152) of that class or series.

(3) If the amendment or revision of the referenced agreement would result in a material change in the restrictions on transfer or hypothecation of any class or series of shares, the amendment or revision of the referenced agreement is required to be approved by the outstanding shares (Section 152) of that class or series.

(4) If the amendment or revision of the referenced agreement would result in a change of any of the principal terms of an agreement of merger, the amendment or revision of the referenced agreement is required to be approved in the same manner as required by Section 1104 for a change in the principal terms of an agreement of merger.

SEC. 4. Section 110.5 of the Corporations Code is amended to read:

110.5. The Secretary of State may cancel the filing of articles of a domestic corporation, including articles effecting a conversion, or the filing of a statement and designation by a foreign corporation if a check or other remittance accepted in payment of the filing fee or franchise tax is not paid upon presentation. Within 90 days of receiving written notification that the item presented for payment has not been honored for payment, the Secretary of State shall give written notice of the applicability of this section and the cancellation date, which shall be not less than 20 days from the date of mailing the written notice as certified by the Secretary of State, to the agent for service of process or to the person submitting the instrument. Thereafter, if the amount has not been paid by cashier's check or equivalent before the date of cancellation as stated in the written notice of cancellation, the cancellation shall thereupon be effective.

SEC. 5. Section 177 of the Corporations Code is amended to read:

177. "Proper county" means the county where the principal office of the corporation is located or, if the principal office of the corporation is not located in this state, or the corporation has no such office, the County of Sacramento.

SEC. 6. Section 201 of the Corporations Code is amended to read:

201. (a) The Secretary of State shall not file articles setting forth a name in which "bank," "trust," "trustee," or related words appear, unless the certificate of approval of the Commissioner of Financial Protection and Innovation is attached thereto. This subdivision does not apply to the articles of any corporation subject to the Banking Law on which is endorsed the approval of the Commissioner of Financial Protection and Innovation.

(b) The name of a corporation shall not be a name that the Secretary of State determines is likely to mislead the public and shall be distinguishable in the records of the Secretary of State from all of the following:

(1) The name of any corporation.

(2) The name of any foreign corporation authorized to transact intrastate business in this state.

(3) Each name that is under reservation pursuant to this title.

(4) The name of a foreign corporation that has registered its name pursuant to Section 2101.

(5) An alternate name of a foreign corporation under subdivision (b) of Section 2106.

(6) A name that will become the record name of a domestic or foreign corporation upon a corporate instrument when there is a delayed effective or file date.

(c) Subject to Section 2106, this section applies to a foreign corporation transacting business in this state or that has applied for a certificate of qualification.

(d) The use by a corporation of a name in violation of this section may be enjoined notwithstanding the filing of its articles by the Secretary of State.

(e) Any applicant may, upon payment of the fee prescribed therefor in Article 3 (commencing with Section 12180) of Chapter 3 of Part 2 of Division 3 of Title 2 of the Government Code, obtain from the Secretary of State a certificate of reservation of any name not prohibited by subdivision (b), and upon the issuance of the certificate the name stated therein shall be reserved for a period of 60 days. The Secretary of State shall not, however, issue certificates reserving the same name for two or more consecutive 60-day periods to the same applicant or for the use or benefit of the same person; nor shall consecutive reservations be made by or for the use or benefit of the same person; of names so similar as to fall within the prohibitions of subdivision (b).

SEC. 7. Section 202 of the Corporations Code is amended to read:

202. The articles of incorporation shall set forth:

(a) The name of the corporation; provided, however, that in order for the corporation to be subject to the provisions of this division applicable to a close corporation (Section 158), the name of the corporation must contain the word "corporation," "incorporated," or "limited" or an abbreviation of one of such words.

(b) (1) The applicable one of the following statements:

(A) The purpose of the corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California other than the banking business, the trust company business or the practice of a profession permitted to be incorporated by the California Corporations Code; or

(B) The purpose of the corporation is to engage in the profession of ____ (with the insertion of a profession permitted to be incorporated by the California Corporations Code) and any other lawful activities (other than the banking or trust company business) not prohibited to a corporation engaging in such profession by applicable laws and regulations.

(2) In case the corporation is a corporation subject to the Banking Law (Division 1.1 (commencing with Section 1000) of the Financial Code), the articles shall set forth a statement of purpose which is prescribed in the applicable provision of the Banking Law.

(3) In case the corporation is a corporation subject to the Insurance Code as an insurer, the articles shall additionally state that the business of the corporation is to be an insurer.

(4) If the corporation is intended to be a "professional corporation" within the meaning of the Moscone-Knox Professional Corporation Act (Part 4 (commencing with Section 13400) of Division 3), the articles shall additionally contain the statement required by Section 13404.

The articles shall not set forth any further or additional statement with respect to the purposes or powers of the corporation, except by way of limitation or except as expressly required by any law of this state other than this division or any federal or other

statute or regulation (including the Internal Revenue Code and regulations thereunder as a condition of acquiring or maintaining a particular status for tax purposes).

(c) The name and street address in this state of the corporation's initial agent for service of process in accordance with subdivision (b) of Section 1502.

(d) The initial street address of its principal office.

(e) The initial mailing address of the corporation, if different from the initial street address.

(f) If the corporation is authorized to issue only one class of shares, the total number of shares which the corporation is authorized to issue.

(g) If the corporation is authorized to issue more than one class of shares, or if any class of shares is to have two or more series:

(1) The total number of shares of each class the corporation is authorized to issue, and the total number of shares of each series which the corporation is authorized to issue or that the board is authorized to fix the number of shares of any such series;

(2) The designation of each class, and the designation of each series or that the board may determine the designation of any such series; and

(3) The rights, preferences, privileges, and restrictions granted to or imposed upon the respective classes or series of shares or the holders thereof, or that the board, within any limits and restrictions stated, may determine or alter the rights, preferences, privileges, and restrictions granted to or imposed upon any wholly unissued class of shares or any wholly unissued series of any class of shares. As to any series the number of shares of which is authorized to be fixed by the board, the articles may also authorize the board, within the limits and restrictions stated therein or stated in any resolution or resolutions of the board originally fixing the number of shares constituting any series, to increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series subsequent to the issue of shares of that series. In case the number of shares of any series shall be so decreased, the shares constituting such decrease shall resume the status which they had before the adoption of the resolution originally fixing the number of shares of such series.

SEC. 8. Section 213 of the Corporations Code is amended to read:

213. Every corporation shall keep at its principal office in this state, or if its principal office is not in this state at its principal business office in this state, the original or a copy of its bylaws as amended to date, which shall be open to inspection by the shareholders at all reasonable times during office hours. If the principal office of the corporation is outside this state and the corporation has no principal office in this state, it shall upon the written request of any shareholder furnish to such shareholder a copy of the bylaws as amended to date.

SEC. 9. Section 301.5 of the Corporations Code is amended to read:

301.5. (a) A listed corporation may, by amendment of its articles or bylaws, adopt provisions to divide the board of directors into two or three classes to serve for terms of two or three years respectively, or to eliminate cumulative voting, or both. After the issuance of shares, a corporation that is not a listed corporation may, by amendment of its articles or bylaws, adopt provisions to be effective when the corporation becomes a listed corporation to divide the board of directors into two or three classes to serve for terms of two or three years respectively, or to eliminate cumulative voting, or both. An article or bylaw amendment providing for division of the board of directors into classes, or any change in the number of classes, or the elimination of cumulative voting may only be adopted by the approval of the board and the outstanding shares (Section 152) voting as a single class, notwithstanding Section 903.

(b) If the board of directors is divided into two classes pursuant to subdivision (a), the authorized number of directors shall be no less than six and one-half of the directors or as close an approximation as possible shall be elected at each annual meeting of shareholders. If the board of directors is divided into three classes, the authorized number of directors shall be no less than nine and one-third of the directors or as close an approximation as possible shall be elected at each annual meeting of shareholders. Directors of a listed corporation may be elected by classes at a meeting of shareholders at which an amendment to the articles or bylaws described in subdivision (a) is approved, but the extended terms for directors are contingent on that approval, and in the case of an amendment to the articles, the filing of any necessary amendment to the articles pursuant to Section 905 or 910.

(c) If directors for more than one class are to be elected by the shareholders at any one meeting of shareholders and the election is by cumulative voting pursuant to Section 708, votes may be cumulated only for directors to be elected within each class.

(d) For purposes of this section, a "listed corporation" means a corporation with outstanding shares listed on the New York Stock Exchange, the NYSE American, the NASDAQ Global Market, or the NASDAQ Capital Market.

(e) Subject to subdivision (h), if a listed corporation having a board of directors divided into classes pursuant to subdivision (a) ceases to be a listed corporation for any reason, unless the articles of incorporation or bylaws of the corporation provide for the elimination of classes of directors at an earlier date or dates, the board of directors of the corporation shall cease to be divided into classes as to each class of directors on the date of the expiration of the term of the directors in that class and the term of each director serving at the time the corporation ceases to be a listed corporation (and the term of each director elected to fill a vacancy resulting from the death, resignation, or removal of any of those directors) shall continue until its expiration as if the corporation had not ceased to be a listed corporation.

(f) Subject to subdivision (h), if a listed corporation having a provision in its articles or bylaws eliminating cumulative voting pursuant to subdivision (a) or permitting noncumulative voting in the election of directors pursuant to that subdivision, or both, ceases to be a listed corporation for any reason, the shareholders shall be entitled to cumulate their votes pursuant to Section 708 at any election of directors occurring while the corporation is not a listed corporation notwithstanding that provision in its articles of incorporation or bylaws.

(g) Subject to subdivision (i), if a corporation that is not a listed corporation adopts amendments to its articles of incorporation or bylaws to divide its board of directors into classes or to eliminate cumulative voting, or both, pursuant to subdivision (a) and then becomes a listed corporation, unless the articles of incorporation or bylaws provide for those provisions to become effective at some other time and, in cases where classes of directors are provided for, identify the directors who, or the directorships that, are to be in each class or the method by which those directors or directorships are to be identified, the provisions shall become effective for the next election of directors after the corporation becomes a listed corporation at which all directors are to be elected.

(h) If a corporation ceases to be a listed corporation on or after the record date for a meeting of shareholders and before the conclusion of the meeting, including the conclusion of the meeting after an adjournment or postponement that does not require or result in the setting of a new record date, then, solely for purposes of subdivisions (e) and (f), the corporation shall not be deemed to have ceased to be a listed corporation until the conclusion of the meeting of shareholders.

(i) If a corporation becomes a listed corporation on or after the record date for a meeting of shareholders and before the conclusion of the meeting, including the conclusion of the meeting after an adjournment or postponement that does not require or result in the setting of a new record date, then, solely for purposes of subdivision (g), the corporation shall not be deemed to have become a listed corporation until the conclusion of the meeting of shareholders.

(j) If an article amendment referred to in subdivision (a) is adopted by a listed corporation, the certificate of amendment shall include a statement of the facts showing that the corporation is a listed corporation within the meaning of subdivision (d). If an article or bylaw amendment referred to in subdivision (a) is adopted by a corporation which is not a listed corporation, the provision, as adopted, shall include the following statement or the substantial equivalent: "This provision shall become effective only when the corporation becomes a listed corporation within the meaning of Section 301.5 of the Corporations Code."

SEC. 10. Section 312 of the Corporations Code is amended to read:

312. (a) A corporation shall have (1) a chairperson of the board, who may be given the title of chair of the board, chairperson of the board, chairperson, or a president or both, (2) a secretary, (3) a chief financial officer, and (4) such other officers with such titles and duties as shall be stated in the bylaws or determined by the board and as may be necessary to enable it to sign instruments and share certificates. The president, or if there is no president the chairperson of the board, is the general manager and chief executive officer of the corporation, unless otherwise provided in the articles or bylaws. Any number of offices may be held by the same person unless the articles or bylaws provide otherwise.

(b) Except as otherwise provided by the articles or bylaws, officers shall be chosen by the board and serve at the pleasure of the board, subject to the rights, if any, of an officer under any contract of employment. Any officer may resign at any time upon written notice to the corporation without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

SEC. 11. Section 402 of the Corporations Code is amended to read:

402. (a) A corporation may provide in its articles for one or more classes or series of shares which are redeemable, in whole or in part, (1) at the option of the corporation or (2) to the extent and upon the happening of one or more specified events, and not otherwise except as herein provided. A corporation may provide in its articles for one or more classes or series of preferred shares which are redeemable, in whole or in part, (1) as specified above, (2) at the option of the holder, or (3) upon the vote of at least a majority of the outstanding shares of the class or series to be redeemed. An open-end investment company registered under the United States Investment Company Act of 1940 may, if its articles so provide, issue shares which are redeemable at the option of the holder at a price approximately equal to the shares' proportionate interest in the net assets of the corporation and a shareholder may compel redemption of such shares in accordance with their terms.

(b) Any such redemption shall be effected at such price or prices, within such time and upon such terms and conditions as are stated in the articles. When the articles permit partial redemption of a class or series of shares, the articles shall prescribe the method of selecting the shares to be redeemed, which may be pro rata, by lot, at the discretion of, or in a manner approved by, the board or upon such other terms as are specified in the articles.

(c) No redeemable common shares, other than (1) shares issued by an open-end investment company registered under the United States Investment Company Act of 1940, (2) shares of a corporation which has a license or franchise from a governmental agency to conduct its business or is a member corporation of a national securities exchange registered under the United States Securities Exchange Act of 1934, which license, franchise or membership is conditioned upon some or all of the holders of its stock possessing prescribed qualifications, to the extent necessary to prevent the loss of such license, franchise or membership or to reinstate it, or (3) shares of a professional corporation, as defined in Part 4 (commencing with Section 13400) of Division 3 of Title 1, shall be issued or redeemed unless the corporation at the time has outstanding a class of common shares that is not subject to redemption.

(d) Any redemption by a corporation of its shares shall be subject to the provisions of Chapter 5 (commencing with Section 500). Nothing in this section shall prevent a corporation from creating a sinking fund or similar provision for, or entering into an agreement for, the redemption or purchase of its shares to the extent permitted by Chapter 5, but unless such purchase or redemption is permitted under Chapter 5, the holder of shares to be so purchased or redeemed shall not become a creditor of the corporation.

SEC. 12. Section 423 of the Corporations Code is amended to read:

423. (a) Shares are not assessable except as provided in this section or as otherwise provided by a statute other than this division. If the articles expressly confer such authority upon the corporation or the board, and subject to any limitations therein contained, the board may in its discretion levy and collect assessments upon all shares of any or all classes made subject to assessment by the articles. This authority is in addition to the right of the corporation to recover the unpaid subscription price of shares or the remainder of the consideration to be paid therefor.

(b) Every levy of an assessment shall: specify the amount thereof and to whom and where it is payable; fix, or if proceedings or filings with any governmental or other agency for any qualification, permit, registration or exemption therefrom are required as a condition precedent to the levy or payment of an assessment provide for the establishment of, a date on which the assessment is payable; fix a date, not less than 30 nor more than 60 days from the date on which the assessment is payable, on which such assessment becomes delinquent if not paid; and fix a date, not less than 15 nor more than 60 days from the date on which the unpaid assessment becomes delinquent, for the sale of delinquent shares. The levy also shall fix the hour and place of sale, which place shall be in the county where the corporation is required to keep a copy of its bylaws pursuant to Section 213, or if there is no such county, in Sacramento.

(c) On or before the date an assessment is payable, the secretary of the corporation shall give notice thereof in substantially the following form:

(Name of corporation in full. Location of principal office.)

Notice is hereby given that the board of directors on (date) has levied an assessment of (amount) per share upon the (name or designation of class or series of shares) of the corporation payable (to whom and where). Any shares upon which this assessment remains unpaid on (date fixed) will be delinquent. Unless payment is made before delinquency, the said shares, or as many of them as may be necessary, will be sold at (particular place) on (date) at (hour) of such date, to pay the delinquent assessment, together with a penalty of 5 percent of the amount of the assessment on such shares, or be forfeited to the corporation. (Name of secretary with location of office.)

(d) The notice shall be served personally upon each holder of record of shares assessed; provided, however, that in lieu of personal service the notice may be mailed to each such shareholder addressed to the last address of the shareholder appearing on the books of the corporation or given by the shareholder to the corporation for the purpose of notice, or if no such address appears or is given, at the place where the principal office of the corporation is located, and published once in some newspaper of general circulation in the county in which the principal office of the corporation is located. If there is no such newspaper in such county, the publication shall be made in some newspaper of general circulation in an adjoining county.

(e) The assessment is a lien upon the shares assessed from the time of personal service or the publication of the notice of assessment, unless the articles provide for such lien from the time of the levy. Unless otherwise provided by law, a transfer of the shares on the books of the corporation after the lien of an assessment has attached is a waiver of the lien unless a conspicuous legend is placed on the face of any certificate issued upon such transfer or, in the case of uncertificated securities, on the initial transaction statement, setting forth the information contained in the notice required by subdivision (c). Such legend shall be removed if the assessment on the shares evidenced by the certificate is paid or if the shares are sold to pay the assessment or forfeited for nonpayment.

(f) The date of sale of delinquent shares fixed in any levy of an assessment may be extended from time to time for not more than 30 days at a time by order of the board entered on the records of the corporation, or when the sale is restrained by order of a court. Notice of such extension shall be given by announcement by the secretary, or other person authorized to conduct the sale, made at the time and place of sale last theretofore fixed.

If a date of sale of delinquent shares is extended for more than five days the corporation shall cause a notice to be mailed to the shareholder or shareholders whose shares are to be the subject of such sale setting forth the date and time to which the date of sale has been extended.

(g) If payment is made after delinquency and before the sale, the shareholder shall pay a penalty of 5 percent of the amount of the assessment on the shares in addition to the assessment.

(h) At the place and time appointed in the notice of levy any officer or an agent of the corporation, shall, unless otherwise ordered by the board, sell or cause to be sold to the highest bidder for cash as many shares of each delinquent holder of the assessed shares as may be necessary to pay the assessment and charges thereon according to the notice.

The person offering at the sale to pay the assessment and penalty for the smallest number of shares is the highest bidder. The shares purchased shall be transferred to the highest bidder on the share register of the corporation on the payment of the assessment and penalty and a new certificate or initial transaction statement therefor issued to such highest bidder.

A corporation is not required to accept an offer for a fraction of a share.

(i) If no bidder offers to pay the amount due on the shares, together with the penalty of 5 percent thereof, the shares shall be forfeited to the corporation in satisfaction of the assessment and penalty thereon.

(j) After a sale or forfeiture of shares for nonpayment of an assessment, the holder or owner of delinquent shares shall, if they are certificated securities, surrender the certificate for such shares to the corporation for cancellation or, if they are uncertificated securities, have no further rights with respect to such shares. This duty may be enforced by order or decree of court and such holder or owner shall be liable for damages to the corporation for failure to surrender the certificate for cancellation upon demand without good cause or excuse.

Any certificate not so surrendered forthwith becomes null and void and ceases to be evidence of the right or title of the holder or any transferee to the shares purporting to be represented thereby, and neither the corporation nor the purchaser of such shares incurs any liability thereon to any such transferee.

The purchaser of any shares, at a sale for delinquent assessments thereon, whenever made, is entitled to the issue of a new certificate representing the shares so purchased.

(k) The certificate of the secretary or assistant secretary of the corporation is prima facie evidence of the time and place of sale and any postponement thereof, of the quantity and particular description of the shares sold, to whom, for what price, and of the fact of payment of the purchase money. The certificate shall be filed in the office of the corporation, and copies of the certificate, certified by the secretary or an assistant secretary of the corporation, are prima facie evidence of the facts therein stated.

(l) An assessment is not invalidated by a failure to publish the notice of assessment, nor by the nonperformance of any act required in order to enforce the payment of the assessment; but in case of any substantial error or omission in the course of proceedings for collection of an assessment on any shares, all previous proceedings, except the levy of the assessment, are void as to such shares, and shall be taken anew.

(m) No action shall be maintained to recover shares sold for delinquent assessments, upon the ground of irregularity in the assessment, irregularity or defect of the notice of sale, or defect or irregularity in the sale, unless the party seeking to maintain the action first pays or tenders to the corporation, or the party holding the shares sold, the sum for which the shares were sold, together with all subsequent assessments which may have been paid thereon and interest on such sums from the time they were paid. No such action shall be maintained unless it is commenced by the filing of a complaint and the issuing of a summons thereon within six months after the sale was made.

(n) The only remedy for the collection of an assessment on fully paid shares is sale or forfeiture of the shares unless (1) remedy by action is expressly authorized in the original articles or by an amendment of the articles adopted before August 21, 1933, or by an amendment adopted on or after August 21, 1933, by unanimous consent of the shareholders, and (2) unless a statement of such remedy appears on the face of any share certificate issued on or after August 21, 1933.

SEC. 13. Section 509 of the Corporations Code is amended to read:

509. (a) A corporation may redeem any or all shares which are redeemable at its option by (1) giving notice of redemption as provided in subdivisions (b) and (c) or as otherwise provided in its articles of incorporation, and (2) payment or deposit of the

redemption price of the shares as provided in its articles or deposit of the redemption price pursuant to subdivision (d).

(b) Subject to any provisions in the articles with respect to the notice required for redemption of shares, the corporation may give notice of the redemption of any or all shares subject to redemption by causing a notice of redemption to be published in a newspaper of general circulation in the county in which the principal office of the corporation is located at least once a week for two successive weeks, in each instance on any day of the week, commencing not earlier than 60 nor later than 20 days before the date fixed for redemption. The notice of redemption shall set forth all of the following:

- (1) The class or series of shares or part of any class or series of shares to be redeemed.
- (2) The date fixed for redemption.
- (3) The redemption price.
- (4) If the shares are certificated securities, the place at which the shareholders may obtain payment of the redemption price upon surrender of their share certificates.

(c) If the corporation gives notice of redemption pursuant to subdivision (b), it shall also mail a copy of the notice of redemption to each holder of record of shares to be redeemed as of the date of mailing or record date fixed in accordance with Section 701, addressed to the holder at the address of such holder appearing on the books of the corporation or given by the holder to the corporation for the purpose of notice, or if no such address appears or is given at the place where the principal office of the corporation is located, not earlier than 60 nor later than 20 days before the date fixed for redemption. Failure to comply with this subdivision does not invalidate the redemption of the shares.

(d) If, on or before any date fixed for redemption of redeemable shares, the corporation deposits with any bank or trust company in this state as a trust fund, (1) a sum sufficient to redeem, on the date fixed for redemption thereof, the shares called for redemption, (2) in the case of the redemption of any uncertificated securities, an officer's certificate setting forth the holders thereof registered on the books of the corporation and the number of shares held by each, and (3) irrevocable instructions and authority to the bank or trust company to publish the notice of redemption thereof (or to complete publication if theretofore commenced) and to pay, on and after the date fixed for redemption or prior thereto, the redemption price of the shares to their respective holders upon the surrender of their share certificates, in the case of certificated securities, or the delivery of the officer's certificate in the case of uncertificated securities, then from and after the date of the deposit (although before the date fixed for redemption) the shares called shall be redeemed and the dividends on those shares shall cease to accrue after the date fixed for redemption. The deposit shall constitute full payment of the shares to their holders and from and after the date of the deposit the shares shall no longer be outstanding and the holders thereof shall cease to be shareholders with respect to the shares and shall have no rights with respect thereto except the right to receive from the bank or trust company payment of the redemption price of the shares without interest, upon surrender of their certificates therefor, in the case of certificated securities, and any right to convert the shares which may exist and then continue for any period fixed by its terms.

In determining the holders of uncertificated securities, the bank or trust company shall be entitled to rely on any officer's certificate deposited with it in accordance with this subdivision.

SEC. 14. Section 600 of the Corporations Code is amended to read:

600. (a) Meetings of shareholders may be held at any place within or without this state as may be stated in or fixed in accordance with the bylaws. If no other place is stated or so fixed, shareholder meetings shall be held at the principal office of the corporation. Subject to any limitations in the articles or bylaws of the corporation, if authorized by the board of directors in its sole discretion, and subject to those guidelines and procedures as the board of directors may adopt, shareholders not physically present in person or by proxy at a meeting of shareholders may, by electronic transmission by and to the corporation (Sections 20 and 21), electronic video screen communication, conference telephone, or other means of remote communication, participate in a meeting of shareholders, be deemed present in person or by proxy, and vote at a meeting of shareholders, subject to subdivision (e).

(b) An annual meeting of shareholders shall be held for the election of directors on a date and at a time stated in or fixed in accordance with the bylaws. However, if the corporation is a regulated management company, a meeting of shareholders shall be held as required by the Federal Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). Any other proper business may be transacted at the annual meeting. For purposes of this subdivision, "regulated management company" means a regulated investment company as defined in Section 851 of the federal Internal Revenue Code.

(c) If there is a failure to hold the annual meeting for a period of 60 days after the date designated therefor or, if no date has been designated, for a period of 15 months after the organization of the corporation or after its last annual meeting, the superior court of the proper county may summarily order a meeting to be held upon the application of any shareholder after notice to the corporation giving it an opportunity to be heard. The shares represented at the meeting, either in person or by proxy, and entitled to vote thereat shall constitute a quorum for the purpose of the meeting, notwithstanding any provision of the articles or bylaws or

in this division to the contrary. The court may issue any orders as may be appropriate, including, without limitation, orders designating the time and place of the meeting, the record date for determination of shareholders entitled to vote, and the form of notice of the meeting.

(d) Special meetings of the shareholders may be called by the board, the chairperson of the board, the president, the holders of shares entitled to cast not less than 10 percent of the votes at the meeting, or any additional persons as may be provided in the articles or bylaws.

(e) A meeting of the shareholders may be conducted, in whole or in part, by electronic transmission by and to the corporation, electronic video screen communication, conference telephone, or other means of remote communication if the corporation implements reasonable measures: (1) to provide shareholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to read or hear the proceedings of the meeting concurrently with those proceedings, (2) if any shareholder or proxyholder votes or takes other action at the meeting by means of electronic transmission to the corporation, electronic video screen communication, conference telephone, or other means of remote communication, to maintain a record of that vote or action in its books and records, and (3) to verify that each person participating remotely is a shareholder or proxyholder. A corporation shall not conduct a meeting of shareholders solely by electronic transmission by and to the corporation, electronic video screen communication, conference telephone, or other means of remote communication unless one or more of the following conditions apply: (A) all of the shareholders consent; or (B) the board determines it is necessary or appropriate because of an emergency, as defined in paragraph (5) of subdivision (i) of Section 207; or (C) the meeting is conducted on or before June 30, 2022.

SEC. 14.5. Section 600 of the Corporations Code is amended to read:

600. (a) Meetings of shareholders may be held at any place within or without this state as may be stated in or fixed in accordance with the bylaws. If no other place is stated or so fixed, shareholder meetings shall be held at the principal office of the corporation. Subject to any limitations in the articles or bylaws of the corporation, if authorized by the board of directors in its sole discretion, and subject to those guidelines and procedures as the board of directors may adopt, shareholders not physically present in person or by proxy at a meeting of shareholders may, by electronic transmission by and to the corporation (Sections 20 and 21), electronic video screen communication, conference telephone, or other means of remote communication, participate in a meeting of shareholders, be deemed present in person or by proxy, and vote at a meeting of shareholders, subject to subdivision (e).

(b) An annual meeting of shareholders shall be held for the election of directors on a date and at a time stated in or fixed in accordance with the bylaws. However, if the corporation is a regulated management company, a meeting of shareholders shall be held as required by the Federal Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). Any other proper business may be transacted at the annual meeting. For purposes of this subdivision, "regulated management company" means a regulated investment company as defined in Section 851 of the federal Internal Revenue Code.

(c) If there is a failure to hold the annual meeting for a period of 60 days after the date designated therefor or, if no date has been designated, for a period of 15 months after the organization of the corporation or after its last annual meeting, the superior court of the proper county may summarily order a meeting to be held upon the application of any shareholder after notice to the corporation giving it an opportunity to be heard. The shares represented at the meeting, either in person or by proxy, and entitled to vote thereat shall constitute a quorum for the purpose of the meeting, notwithstanding any provision of the articles or bylaws or in this division to the contrary. The court may issue any orders as may be appropriate, including, without limitation, orders designating the time and place of the meeting, the record date for determination of shareholders entitled to vote, and the form of notice of the meeting.

(d) Special meetings of the shareholders may be called by the board, the chairperson of the board, the president, the holders of shares entitled to cast not less than 10 percent of the votes at the meeting, or any additional persons as may be provided in the articles or bylaws.

(e) A meeting of the shareholders may be conducted, in whole or in part, by electronic transmission by and to the corporation, electronic video screen communication, conference telephone, or other means of remote communication if the corporation implements reasonable measures: (1) to provide shareholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the shareholders, including an opportunity to read or hear the proceedings of the meeting concurrently with those proceedings, (2) if any shareholder or proxyholder votes or takes other action at the meeting by means of electronic transmission to the corporation, electronic video screen communication, conference telephone, or other means of remote communication, to maintain a record of that vote or action in its books and records, and (3) to verify that each person who has voted remotely is a shareholder or proxyholder. A corporation shall not conduct a meeting of shareholders solely by electronic transmission by and to the corporation, electronic video screen communication, conference telephone, or other means of remote communication unless one or more of the following conditions apply: (A) all of the shareholders consent; (B) the board determines it is necessary or appropriate because of an emergency, as defined in paragraph (5) of subdivision (i) of Section 207; or (C) notwithstanding the absence of consent from all shareholders pursuant to (A) or subdivision (b) of Section 20,

the meeting is conducted on or before December 31, 2025, and includes a live audiovisual feed for the duration of the meeting. A de minimis disruption of an audio, visual, or audiovisual feed does not require a corporation to end a shareholder meeting under, or render the corporation out of compliance with, this subdivision.

SEC. 15. Section 601 of the Corporations Code is amended to read:

601. (a) Whenever shareholders are required or permitted to take any action at a meeting a written notice of the meeting shall be given not less than 10 (or, if sent by third-class mail, 30) nor more than 60 days before the date of the meeting to each shareholder entitled to vote thereat. That notice shall state the place, date and hour of the meeting, the means of electronic transmission by and to the corporation (Sections 20 and 21), electronic video screen communication, conference telephone, or other means of remote communication, if any, by which shareholders may participate in that meeting, and (1) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or (2) in the case of the annual meeting, those matters that the board, at the time of the mailing of the notice, intends to present for action by the shareholders, but subject to the provisions of subdivision (f) any proper matter may be presented at the meeting for that action. The notice of any meeting at which directors are to be elected shall include the names of nominees intended at the time of the notice to be presented by the board for election.

(b) (1) Notice of a shareholders' meeting or any report shall be given personally, by electronic transmission by the corporation, or by first-class mail, or, in the case of a corporation with outstanding shares held of record by 500 or more persons (determined as provided in Section 605) on the record date for the shareholders' meeting, notice may also be sent third-class mail, or other means of written communication, addressed to the shareholder at the address of that shareholder appearing on the books of the corporation or given by the shareholder to the corporation for the purpose of notice, or if no address appears or is given, at the place where the principal office of the corporation is located or by publication at least once in a newspaper of general circulation in the county in which the principal office is located. The notice or report shall be deemed to have been given at the time when delivered personally, sent by electronic transmission by the corporation, deposited in the mail, or sent by other means of written communication. Notwithstanding the foregoing, the notice of a shareholder's meeting or any report may be sent by electronic communication or other means of remote communication if the board determines it is necessary or appropriate because of an emergency, as defined in paragraph (5) of subdivision (i) of Section 207. An affidavit of mailing or electronic transmission by the corporation, or electronic communication or other means of remote communication as permitted because of an emergency, of any notice or report in accordance with the provisions of this division, executed by the secretary, assistant secretary, or any transfer agent, shall be prima facie evidence of the giving of the notice or report.

(2) If any notice or report addressed to the shareholder at the address of that shareholder appearing on the books of the corporation is returned to the corporation by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice or report to the shareholder at that address, all future notices or reports shall be deemed to have been duly given without further mailing if the same shall be available for the shareholder upon written demand of the shareholder at the principal office of the corporation for a period of one year from the date of the giving of the notice or report to all other shareholders.

(3) (A) Notice given by electronic transmission by the corporation under this subdivision shall be valid only if it complies with Section 20. Notwithstanding the foregoing, notice shall not be given by electronic transmission by the corporation under this subdivision after either of the following:

(i) The corporation is unable to deliver two consecutive notices to the shareholder by that means.

(ii) The inability to so deliver the notices to the shareholder becomes known to the secretary, any assistant secretary, the transfer agent, or other person responsible for the giving of the notice.

(B) This paragraph shall not apply if notices are provided by electronic communication or other means of remote communication as permitted because of an emergency.

(c) Upon request in writing to the corporation addressed to the attention of the chairperson of the board, president, vice president or secretary by any person (other than the board) entitled to call a special meeting of shareholders, the officer forthwith shall cause notice to be given to the shareholders entitled to vote that a meeting will be held at a time requested by the person or persons calling the meeting, not less than 35 nor more than 60 days after the receipt of the request. If the notice is not given within 20 days after receipt of the request, the persons entitled to call the meeting may give the notice or the superior court of the proper county shall summarily order the giving of the notice, after notice to the corporation giving it an opportunity to be heard. The procedure provided in subdivision (c) of Section 305 shall apply to that application. The court may issue orders as may be appropriate, including, without limitation, orders designating the time and place of the meeting, the record date for determination of shareholders entitled to vote, and the form of notice.

(d) When a shareholders' meeting is adjourned to another time or place, unless the bylaws otherwise require and except as provided in this subdivision, notice need not be given of the adjourned meeting if the time and place thereof (or the means of

electronic transmission by and to the corporation or, electronic video screen communication, conference telephone, or other means of remote communication, if any, by which the shareholders may participate) are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than 45 days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.

(e) The transactions of any meeting of shareholders, however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, provides a waiver of notice or consent to the holding of the meeting or an approval of the minutes thereof in writing. All those waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at the meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by this division to be included in the notice but not so included, if the objection is expressly made at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of shareholders need be specified in any written waiver of notice, consent to the holding of the meeting or approval of the minutes thereof, unless otherwise provided in the articles or bylaws, except as provided in subdivision (f).

(f) Any shareholder approval at a meeting, other than unanimous approval by those entitled to vote, pursuant to Section 310, 902, 1152, 1201, 1900, or 2007 shall be valid only if the general nature of the proposal so approved was stated in the notice of meeting or in any written waiver of notice.

SEC. 16. Section 707 of the Corporations Code is amended to read:

707. (a) In advance of any meeting of shareholders the board may appoint inspectors of election to act at the meeting and any adjournment thereof. If inspectors of election are not so appointed, or if any persons so appointed fail to appear or refuse to act, the chairperson of any meeting of shareholders may, and on the request of any shareholder or a shareholder's proxy shall, appoint inspectors of election (or persons to replace those who so fail or refuse) at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting on the request of one or more shareholders or proxies, the majority of shares represented in person or by proxy shall determine whether one or three inspectors are to be appointed.

(b) The inspectors of election shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum and the authenticity, validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all shareholders.

(c) The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

SEC. 17. Section 709 of the Corporations Code is amended to read:

709. (a) Upon the filing of an action therefor by any shareholder or by any person who claims to have been denied the right to vote, the superior court of the proper county shall try and determine the validity of any election or appointment of any director of any domestic corporation, or of any foreign corporation if the election was held or the appointment was made in this state. In the case of a foreign corporation the action may be brought at the option of the plaintiff in the county in which the corporation has its principal office in California or in the county in which the election was held or the appointment was made.

(b) Upon the filing of the complaint, and before any further proceedings are had, the court shall enter an order fixing a date for the hearing, which shall be within five days unless for good cause shown a later date is fixed, and requiring notice of the date for the hearing and a copy of the complaint to be served upon the corporation and upon the person whose purported election or appointment is questioned and upon any person (other than the plaintiff) whom the plaintiff alleges to have been elected or appointed, in the manner in which a summons is required to be served, or, if the court so directs, by registered mail; and the court may make such further requirements as to notice as appear to be proper under the circumstances.

(c) The court may determine the person entitled to the office of director or may order a new election to be held or appointment to be made, may determine the validity, effectiveness and construction of voting agreements and voting trusts, the validity of the issuance of shares and the right of persons to vote and may direct such other relief as may be just and proper.

SEC. 18. Section 910 of the Corporations Code is amended to read:

910. (a) A corporation may restate in a single certificate the entire text of its articles as amended by filing an officers' certificate or, in circumstances where incorporators or the board may amend a corporation's articles pursuant to Sections 901 and 906, a certificate signed and verified by a majority of the incorporators or the board, as applicable, entitled Restated Articles of Incorporation, which shall set forth the articles as amended to the date of the filing of the certificate, except that the signatures and acknowledgments of the articles by the incorporators and any statements regarding the effect of any prior amendment upon outstanding shares and any provisions of agreements of merger (other than amendments to the articles of the surviving corporation) and the initial street address and initial mailing address of the corporation and the names and addresses of the first directors and of the initial agent for service of process shall be omitted (except that the initial street address and initial mailing address of the corporation, the names and addresses of the initial agent for service of process and, if previously set forth in the articles, the initial directors, shall not be omitted before the time that the corporation has filed a statement under Section 1502). Such omissions are not alterations or amendments of the articles. The certificate may also itself alter or amend the articles in any respect, in which case the certificate must comply with Section 905 or 906, as the case may be, and Section 907.

(b) If the certificate does not itself alter or amend the articles in any respect, it shall be approved by the board or, before the issuance of any shares and the naming and election of directors, by a majority of the incorporators, and shall be subject to the provisions of this chapter relating to an amendment of the articles not requiring any approval of the outstanding shares (Section 152). If the certificate does itself alter or amend the articles, it shall be subject to the provisions of this chapter relating to the amendment or amendments so made and, except for certificates approved by a majority of the incorporators, the certificate shall also state that the board has approved the restated articles.

(c) Certificates of determination are a part of the articles within the meaning of this section. The provisions of such a certificate shall be given an article designation in the restated articles.

(d) Restated articles of incorporation filed pursuant to this section shall supersede for all purposes the original articles and all amendments and certificates of determination filed prior thereto.

SEC. 19. Section 1001 of the Corporations Code is amended to read:

1001. (a) A corporation may sell, lease, convey, exchange, transfer, or otherwise dispose of all or substantially all of its assets when the principal terms are approved by the board, and, unless the transaction is in the usual and regular course of its business, approved by the outstanding shares (Section 152), either before or after approval by the board and before or after the transaction. A transaction constituting a reorganization (Section 181) is subject to the provisions of Chapter 12 (commencing with Section 1200) and not this section (other than subdivision (d)). A transaction constituting a conversion (Section 161.9) is subject to the provisions of Chapter 11.5 (commencing with Section 1150) and not this section.

(b) Notwithstanding approval of the outstanding shares (Section 152), the board may abandon the proposed transaction without further action by the shareholders, subject to the contractual rights, if any, of third parties.

(c) The sale, lease, conveyance, exchange, transfer, or other disposition may be made upon those terms and conditions and for that consideration as the board may deem in the best interests of the corporation. The consideration may be money, securities, or other property.

(d) If the acquiring party in a transaction pursuant to subdivision (a) of this section or subdivision (g) of Section 2001 is in control of or under common control with the disposing corporation, the principal terms of the sale must be approved by at least 90 percent of the voting power of the disposing corporation unless the disposition is to a domestic or foreign corporation or other business entity in consideration of the nonredeemable common shares or nonredeemable equity securities of the acquiring party or its parent.

(e) Subdivision (d) does not apply to any transaction if the Commissioner of Financial Protection and Innovation, the Insurance Commissioner, or the Public Utilities Commission has approved the terms and conditions of the transaction and the fairness of those terms and conditions pursuant to Section 25142 of this code, or Section 1209, 5750, or 5802 of the Financial Code, Section 838.5 of the Insurance Code, or Section 822 of the Public Utilities Code.

SEC. 20. Section 1101 of the Corporations Code is amended to read:

1101. (a) The board of each corporation that desires to merge shall approve an agreement of merger. The constituent corporations shall be parties to the agreement of merger and other persons, including a parent party (Section 1200), may be parties to the agreement of merger. The agreement shall state all of the following:

(1) The terms and conditions of the merger.

(2) The amendments, subject to Sections 900 and 907, to the articles of the surviving corporation to be effected by the merger, if any. If any amendment changes the name of the surviving corporation the new name may be the same as or similar to the

name of a disappearing domestic or foreign corporation, subject to subdivision (b) of Section 201.

(3) The name and place of incorporation of each constituent corporation and which of the constituent corporations is the surviving corporation.

(4) The manner of converting the shares of each of the constituent corporations into shares or other securities of the surviving corporation and, if any shares of any of the constituent corporations are not to be converted solely into shares or other securities of the surviving corporation, the cash, rights, securities, or other property which the holders of those shares are to receive in exchange for the shares, which cash, rights, securities, or other property may be in addition to or in lieu of shares or other securities of the surviving corporation, or that the shares are canceled without consideration.

(5) Other details or provisions as are desired, if any, including, without limitation, a provision for the payment of cash in lieu of fractional shares or for any other arrangement with respect thereto consistent with the provisions of Section 407.

(b) Each share of the same class or series of any constituent corporation (other than the cancellation of shares held by a constituent corporation or its parent or a wholly owned subsidiary of either in another constituent corporation) shall, unless all shareholders of the class or series consent and except as provided in Section 407, be treated equally with respect to any distribution of cash, rights, securities, or other property. Notwithstanding paragraph (4) of subdivision (a), except in a short-form merger, and in the merger of a corporation into its subsidiary in which it owns at least 90 percent of the outstanding shares of each class, the nonredeemable common shares or nonredeemable equity securities of a constituent corporation may be converted only into nonredeemable common shares of the surviving party or a parent party if a constituent corporation or its parent owns, directly or indirectly, before the merger shares of another constituent corporation representing more than 50 percent of the voting power of the other constituent corporation before the merger, unless all of the shareholders of the class consent and except as provided in Section 407.

SEC. 21. Section 1101.1 of the Corporations Code is amended to read:

1101.1. Subdivision (c) of Section 1113 and subdivision (b) of Section 1101 do not apply to any transaction if the Commissioner of Financial Protection and Innovation, the Insurance Commissioner, or the Public Utilities Commission has approved the terms and conditions of the transaction and the fairness of those terms and conditions pursuant to Section 25142 or Section 1209, 5750, or 5802 of the Financial Code, Section 838.5 of the Insurance Code, or Section 822 of the Public Utilities Code.

SEC. 22. Section 1201 of the Corporations Code is amended to read:

1201. (a) The principal terms of a reorganization shall be approved by the outstanding shares (Section 152) of each class of each corporation the approval of whose board is required under Section 1200, except as provided in subdivision (b) and except that (unless otherwise provided in the articles) no approval of any class of outstanding preferred shares of the surviving or acquiring corporation or parent party shall be required if the rights, preferences, privileges, and restrictions granted to or imposed upon that class of shares remain unchanged (subject to the provisions of subdivision (c)). For the purpose of this subdivision, two classes of common shares differing only as to voting rights shall be considered as a single class of shares.

(b) No approval of the outstanding shares (Section 152) is required by subdivision (a) in the case of any corporation if that corporation, or its shareholders immediately before the reorganization, or both, shall own (immediately after the reorganization) equity securities, other than any warrant or right to subscribe to or purchase those equity securities, of the surviving or acquiring corporation or a parent party (subdivision (e) of Section 1200) possessing more than five-sixths of the voting power of the surviving or acquiring corporation or parent party. In making the determination of ownership by the shareholders of a corporation, immediately after the reorganization, of equity securities pursuant to the preceding sentence, equity securities which they owned immediately before the reorganization as shareholders of another party to the transaction shall be disregarded. For the purpose of this section only, the voting power of a corporation shall be calculated by assuming the conversion of all equity securities convertible (immediately or at some future time) into shares entitled to vote but not assuming the exercise of any warrant or right to subscribe to or purchase those shares.

(c) Notwithstanding subdivision (b), the principal terms of a reorganization shall be approved by the outstanding shares (Section 152) of the surviving corporation in a merger reorganization if any amendment is made to its articles that would otherwise require that approval.

(d) Notwithstanding subdivision (b), the principal terms of a reorganization shall be approved by the outstanding shares (Section 152) of any class of a corporation that is a party to a merger or sale-of-assets reorganization if holders of shares of that class receive shares of the surviving or acquiring corporation or parent party having different rights, preferences, privileges, or restrictions than those surrendered. Shares in a foreign corporation received in exchange for shares in a domestic corporation have different rights, preferences, privileges, and restrictions within the meaning of the preceding sentence.

(e) Notwithstanding subdivisions (a) and (b), the principal terms of a reorganization shall be approved by the affirmative vote of at least two-thirds of each class, or a greater vote if required in the articles, of the outstanding shares (Section 152) of any close corporation if the reorganization would result in their receiving shares of a corporation that is not a close corporation. However, the articles may provide for a lesser vote, but not less than a majority of the outstanding shares of each class.

(f) Notwithstanding subdivisions (a) and (b), the principal terms of a reorganization shall be approved by at least two-thirds of each class, or a greater vote if required in the articles, of the outstanding shares (Section 152) of a corporation that is a party to a merger reorganization if holders of shares receive shares of a surviving social purpose corporation in the merger.

(g) Notwithstanding subdivisions (a) and (b), the principal terms of a reorganization shall be approved by the outstanding shares (Section 152) of any class of a corporation that is a party to a merger reorganization if holders of shares of that class receive interests of a surviving other business entity in the merger.

(h) Notwithstanding subdivisions (a) and (b), the principal terms of a reorganization shall be approved by all shareholders of any class or series if, as a result of the reorganization, the holders of that class or series become personally liable for any obligations of a party to the reorganization, unless all holders of that class or series have the dissenters' rights provided in Chapter 13 (commencing with Section 1300).

(i) Any approval required by this section may be given before or after the approval by the board. Notwithstanding approval required by this section, the board may abandon the proposed reorganization without further action by the shareholders, subject to the contractual rights, if any, of third parties.

SEC. 23. Section 1400 of the Corporations Code is amended to read:

1400. (a) Any domestic corporation with respect to which a proceeding has been initiated under any applicable statute of the United States, as now existing or hereafter enacted, relating to reorganizations of corporations, has full power and authority to put into effect and carry out any plan of reorganization and the orders of the court or judge entered in such proceeding and may take any proceeding and do any act provided in the plan or directed by such orders, without further action by its board or shareholders. Such power and authority may be exercised and such proceedings and acts may be taken, as may be directed by such orders, by the trustee or trustees of such corporation appointed in the reorganization proceeding (or a majority thereof), or if none is appointed and acting, by officers of the corporation designated or a master or other representative appointed by the court or judge, with like effect as if exercised and taken by unanimous action of the board and shareholders of the corporation.

(b) Such corporation may, in the manner provided in subdivision (a), but without limiting the generality or effect of subdivision (a), alter, amend or repeal its bylaws; constitute or reconstitute its board and name, constitute or appoint directors and officers in place of or in addition to all or some of the directors or officers then in office; amend its articles; make any change in its capital stock; make any other amendment, change, alteration or provision authorized by this division; be dissolved, transfer all or part of its assets or merge as permitted by this division, in which case, however, no shareholder shall have any statutory dissenter's rights; change the location of its principal office or remove or appoint an agent to receive service of process; authorize and fix the terms, manner and conditions of the issuance of bonds, debentures or other obligations, whether or not convertible into shares of any class or bearing warrants or rights to purchase or subscribe to shares of any class; or lease its property and franchises to any corporation, if permitted by law.

SEC. 24. Section 1500 of the Corporations Code is amended to read:

1500. Each corporation shall keep adequate and correct books and records of account and shall keep minutes of the proceedings of its shareholders, board and committees of the board and shall keep at its principal office, or at the office of its transfer agent or registrar, a record of its shareholders, giving the names and addresses of all shareholders and the number and class of shares held by each. Those minutes and other books and records shall be kept either in written form or in another form capable of being converted into clearly legible tangible form or in any combination of the foregoing. When minutes and other books and records are kept in a form capable of being converted into clearly legible paper form, the clearly legible paper form into which those minutes and other books and records are converted shall be admissible in evidence, and accepted for all other purposes, to the same extent as an original paper record of the same information would have been, provided that the paper form accurately portrays the record.

SEC. 25. Section 1501 of the Corporations Code is amended to read:

1501. (a) (1) The board shall cause an annual report to be sent to the shareholders not later than 120 days after the close of the fiscal year, unless in the case of a corporation with less than 100 holders of record of its shares (determined as provided in Section 605) this requirement is expressly waived in the bylaws. Unless otherwise provided by the articles or bylaws and if approved by the board of directors, that report and any accompanying material sent pursuant to this section may be sent by electronic transmission by the corporation (Section 20). This report shall contain a balance sheet as of the end of that fiscal year

and an income statement and a statement of cashflows for that fiscal year, accompanied by any report thereon of independent accountants or, if there is no report, the certificate of an authorized officer of the corporation that the statements were prepared without audit from the books and records of the corporation.

(2) Unless so waived, the report specified in paragraph (1) shall be sent to the shareholders at least 15 (or, if sent by third-class mail, 35) days before the annual meeting of shareholders to be held during the next fiscal year, but this requirement shall not limit the requirement for holding an annual meeting as required by Section 600.

(3) Notwithstanding Section 114, the financial statements of any corporation with fewer than 100 holders of record of its shares (determined as provided in Section 605) required to be furnished by this subdivision and subdivision (c) are not required to be prepared in conformity with generally accepted accounting principles if they reasonably set forth the assets and liabilities and the income and expense of the corporation and disclose the accounting basis used in their preparation.

(4) The requirements described in paragraphs (1) and (2) shall be satisfied if a corporation with an outstanding class of securities registered under Section 12 of the Securities Exchange Act of 1934 complies with Section 240.14a-16 of Title 17 of the Code of Federal Regulations, as it may be amended from time to time, with respect to the obligation of a corporation to furnish an annual report to shareholders pursuant to Section 240.14a-3(b) of Title 17 of the Code of Federal Regulations.

(b) In addition to the financial statements required by subdivision (a), the annual report of any corporation having 100 or more holders of record of its shares (determined as provided in Section 605) either not subject to the reporting requirements of Section 13 of the Securities Exchange Act of 1934, or exempted from those reporting requirements by Section 12(g)(2) of that act, shall also describe briefly both of the following:

(1) Any transaction (excluding compensation of officers and directors) during the previous fiscal year involving an amount in excess of forty thousand dollars (\$40,000) (other than contracts let at competitive bid or services rendered at prices regulated by law) to which the corporation or its parent or subsidiary was a party and in which any director or officer of the corporation or of a subsidiary or (if known to the corporation or its parent or subsidiary) any holder of more than 10 percent of the outstanding voting shares of the corporation had a direct or indirect material interest, naming the person and stating the person's relationship to the corporation, the nature of the person's interest in the transaction and, where practicable, the amount of the interest; provided that in the case of a transaction with a partnership of which the person is a partner, only the interest of the partnership need be stated; and provided further that no report need be made in the case of any transaction approved by the shareholders (Section 153).

(2) The amount and circumstances of any indemnification or advances aggregating more than ten thousand dollars (\$10,000) paid during the fiscal year to any officer or director of the corporation pursuant to Section 317; provided that no report need be made in the case of indemnification approved by the shareholders (Section 153) under paragraph (2) of subdivision (e) of Section 317.

(c) If no annual report for the last fiscal year has been sent to shareholders, the corporation shall, upon the written request of any shareholder made more than 120 days after the close of that fiscal year, deliver or mail to the person making the request within 30 days thereafter the financial statements required by subdivision (a) for that year. A shareholder or shareholders holding at least 5 percent of the outstanding shares of any class of a corporation may make a written request to the corporation for an income statement of the corporation for the three-month, six-month, or nine-month period of the current fiscal year ended more than 30 days before the date of the request and a balance sheet of the corporation as of the end of the period and, in addition, if no annual report for the last fiscal year has been sent to shareholders, the statements referred to in subdivision (a) for the last fiscal year. The statements shall be delivered or mailed to the person making the request within 30 days thereafter. A copy of the statements shall be kept on file in the principal office of the corporation for 12 months and it shall be exhibited at all reasonable times to any shareholder demanding an examination of the statements or a copy shall be mailed to the shareholder.

(d) The quarterly income statements and balance sheets referred to in this section shall be accompanied by the report thereon, if any, of any independent accountants engaged by the corporation or the certificate of an authorized officer of the corporation that the financial statements were prepared without audit from the books and records of the corporation.

(e) In addition to the penalties provided for in Section 2200, the superior court of the proper county shall enforce the duty of making and mailing or delivering the information and financial statements required by this section and, for good cause shown, may extend the time therefor.

(f) In any action or proceeding under this section, if the court finds the failure of the corporation to comply with the requirements of this section to have been without justification, the court may award an amount sufficient to reimburse the shareholder for the reasonable expenses incurred by the shareholder, including attorney's fees, in connection with the action or proceeding.

(g) This section applies to any domestic corporation and also to a foreign corporation having its principal office in California or customarily holding meetings of its board in this state.

SEC. 26. Section 1503 of the Corporations Code is amended to read:

1503. (a) An agent designated for service of process pursuant to Section 202, 1502, 2105, or 2117 may deliver to the Secretary of State, on a form prescribed by the Secretary of State for filing, a signed and acknowledged written statement of resignation as an agent for service of process. The form shall contain the name of the corporation, the Secretary of State's file number of the corporation, the name of the resigning agent for service of process, and a statement that the agent is resigning. Thereupon the authority of the agent to act in such capacity shall cease and the Secretary of State forthwith shall mail or otherwise provide written notice of the filing of the statement of resignation to the corporation at its principal office.

(b) The resignation of an agent may be effective if, on a form prescribed by the Secretary of State containing the name of the corporation, the Secretary of State's file number for the corporation, and the name of the resigning agent for service of process, the agent disclaims having been properly appointed as the agent. Similarly, a person named as an officer or director may indicate that the person was never properly appointed as the officer or director.

(c) The Secretary of State may destroy or otherwise dispose of any resignation filed pursuant to this section after a new form is filed pursuant to Section 1502 or 2117 replacing the agent for service of process that has resigned.

SEC. 27. Section 1508 of the Corporations Code is amended to read:

1508. The Attorney General, upon complaint that a foreign or domestic corporation is failing to comply with the provisions of this chapter or Chapter 6 (commencing with Section 600), 7 (commencing with Section 700), or 16 (commencing with Section 1600), may in the name of the people of the State of California send to the principal office of such corporation notice of the complaint. If the answer is not satisfactory, the Attorney General may institute, maintain or intervene in such suits, actions or proceedings of any type in any court or tribunal of competent jurisdiction or before any administrative agency for such relief by way of injunction, the dissolution of entities, the appointment of receivers or any other temporary, preliminary, provisional or final remedies as may be appropriate to protect the rights of shareholders or to undo the consequences of failure to comply with such requirements. In any such action, suit or proceeding there may be joined as parties all persons and entities responsible for or affected by such activity.

SEC. 28. Section 1600 of the Corporations Code is amended to read:

1600. (a) A shareholder or shareholders holding at least 5 percent in the aggregate of the outstanding voting shares of a corporation or who hold at least 1 percent of those voting shares and have filed a Schedule 14A with the United States Securities and Exchange Commission shall have an absolute right to do either or both of the following: (1) inspect and copy the record of shareholders' names and addresses and shareholdings during usual business hours upon five business days' prior written demand upon the corporation, or (2) obtain from the transfer agent for the corporation, upon written demand and upon the tender of its usual charges for such a list (the amount of which charges shall be stated to the shareholder by the transfer agent upon request), a list of the shareholders' names and addresses, who are entitled to vote for the election of directors, and their shareholdings, as of the most recent record date for which it has been compiled or as of a date specified by the shareholder subsequent to the date of demand. The list shall be made available on or before the later of five business days after the demand is received or the date specified therein as the date as of which the list is to be compiled. A corporation shall have the responsibility to cause its transfer agent to comply with this subdivision.

(b) Any delay by the corporation or the transfer agent in complying with a demand under subdivision (a) beyond the time limits specified therein shall give the shareholder or shareholders properly making the demand a right to obtain from the superior court, upon the filing of a verified complaint in the proper county and after a hearing, notice of which shall be given to such persons and in such manner as the court may direct, an order postponing any shareholders' meeting previously noticed for a period equal to the period of such delay. Such right shall be in addition to any other legal or equitable remedies to which the shareholder may be entitled.

(c) The record of shareholders shall also be open to inspection and copying by any shareholder or holder of a voting trust certificate at any time during usual business hours upon written demand on the corporation, for a purpose reasonably related to such holder's interests as a shareholder or holder of a voting trust certificate.

(d) Any inspection and copying under this section may be made in person or by agent or attorney. The rights provided in this section may not be limited by the articles or bylaws. This section applies to any domestic corporation and to any foreign corporation having its principal office in California or customarily holding meetings of its board in this state.

SEC. 29. Section 1601 of the Corporations Code is amended to read:

1601. (a) (1) The accounting books, records, and minutes of proceedings of the shareholders and the board and committees of the board of any domestic corporation, and of any foreign corporation keeping any records in this state or having its principal office in California, or a true and accurate copy thereof if the original has been lost, destroyed, or is not normally physically located within this state shall be open to inspection at the corporation's principal office in California, or if none, at the physical location for the corporation's registered agent for service of process in this state, upon the written demand on the corporation of any shareholder or holder of a voting trust certificate at any reasonable time during usual business hours, for a purpose reasonably related to the holder's interests as a shareholder or as the holder of a voting trust certificate.

(2) As an alternative to the procedure in subdivision (a), the shareholder or holder of a voting trust certificate may elect to request that the corporation produce the books, records, and minutes by mail or electronically, if the shareholder or holder of a voting trust certificate pays for the reasonable costs for copying or converting the requested documents to electronic format.

(3) The right of inspection created by this subdivision shall extend to the records of each subsidiary of a corporation subject to this subdivision.

(b) The inspection by a shareholder or holder of a voting trust certificate may be made in person or by agent or attorney, and the right of inspection includes the right to copy and make extracts. The right of the shareholders to inspect the corporate records may not be limited by the articles or bylaws.

SEC. 30. Section 1602 of the Corporations Code is amended to read:

1602. Every director shall have the absolute right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the corporation of which such person is a director and also of its subsidiary corporations, domestic or foreign. Such inspection by a director may be made in person or by agent or attorney and the right of inspection includes the right to copy and make extracts. This section applies to a director of any foreign corporation having its principal office in California or customarily holding meetings of its board in California.

SEC. 31. Section 1702 of the Corporations Code is amended to read:

1702. (a) If an agent for the purpose of service of process has resigned and has not been replaced or if the agent designated cannot with reasonable diligence be found at the address designated for personally delivering the process, or if no agent has been designated, and it is shown by affidavit to the satisfaction of the court that process against a domestic corporation cannot be served with reasonable diligence upon the designated agent by hand in the manner provided in Section 415.10, subdivision (a) of Section 415.20 or subdivision (a) of Section 415.30 of the Code of Civil Procedure or upon the corporation in the manner provided in subdivision (a), (b), or (c) of Section 416.10 or subdivision (a) of Section 416.20 of the Code of Civil Procedure, the court may make an order that the service be made upon the corporation by delivering by hand to the Secretary of State, or to any person employed in the Secretary of State's office in the capacity of assistant or deputy, one copy of the process for each defendant to be served, together with a copy of the order authorizing such service. Service in this manner is deemed complete on the 10th day after delivery of the process to the Secretary of State.

(b) Upon the receipt of any such copy of process and the fee therefor, the Secretary of State shall give notice of the service of the process to the corporation at its principal office, by forwarding to such office, by registered mail with request for return receipt, the copy of the process or, if the records of the Secretary of State do not disclose an address for its principal office, by forwarding such copy in the same manner to the last designated agent for service of process who has not resigned. If the agent for service of process has resigned and has not been replaced and the records of the Secretary of State do not disclose an address for its principal office, no action need be taken by the Secretary of State.

(c) The Secretary of State shall keep a record of all process served upon the Secretary of State under this chapter and shall record therein the time of service and the Secretary of State's action with reference thereto. The certificate of the Secretary of State, under the Secretary of State's official seal, certifying to the receipt of process, the giving of notice thereof to the corporation and the forwarding of such process pursuant to this section, shall be competent and prima facie evidence of the matters stated therein.

(d) The court order pursuant to subdivision (a) that service of process be made upon the corporation by delivery to the Secretary of State may be a court order of a court of another state, or of any federal court if the suit, action, or proceeding has been filed in that court.

SEC. 32. Section 2101 of the Corporations Code is amended to read:

2101. (a) Any foreign corporation (other than a foreign association) not transacting intrastate business may register its corporate name with the Secretary of State, provided its corporate name would be available pursuant to Section 201 to a new corporation organized under this division at the time of such registration.

(b) Such registration may be made by filing (1) an application for registration signed by a corporate officer stating the name of the corporation, the state or place under the laws of which it is incorporated, and that it desires to register its name under this section; and (2) a certificate of an authorized public official of the state or place in which it is organized issued within the past six months from the submission of the application for registration in California stating that such corporation is in good standing under those laws. Such registration shall be effective until the close of the calendar year in which the application for registration is filed.

(c) A corporation that has in effect a registration of its corporate name may renew such registration from year to year by annually filing an application for renewal setting forth the facts required to be set forth in an original application for registration and a certificate of good standing as required for the original registration between the first day of October and the 31st day of December in each year. Such renewal application shall extend the registration for the following calendar year.

(d) A corporation that has in effect a registration of its corporate name may cancel the registration by delivering to the Secretary of State, on a form prescribed by the Secretary of State for filing, a certificate of cancellation of foreign name registration signed by a corporate officer containing the name of the corporation and the Secretary of State's file number of the corporation.

SEC. 33. Section 2103 of the Corporations Code is amended to read:

2103. Nothing in this chapter repeals, alters or amends the provisions of Sections 1600 to 1605, inclusive, of the Insurance Code or prevents any foreign insurance company from carrying out contracts made before the surrender of its right to engage in intrastate business or contracts made with citizens of other states who subsequently become citizens of or residents in this state.

SEC. 34. Section 2105 of the Corporations Code is amended to read:

2105. (a) A foreign corporation shall not transact intrastate business without having first obtained from the Secretary of State a certificate of qualification. To obtain that certificate it shall file, on a form prescribed by the Secretary of State, a statement and designation signed by a corporate officer or, in the case of a foreign association that has no officers, signed by a trustee stating:

(1) The name of the corporation, and, if the name does not comply with Section 201, an alternate name adopted pursuant to subdivision (b) of Section 2106.

(2) The state or place of its incorporation or organization and a statement that the foreign corporation is authorized to exercise its powers and privileges in that state or place of its incorporation or organization.

(3) The street address of its principal office.

(4) The street address of its principal office in California, if any.

(5) The mailing address of its principal office, if different from the addresses specified pursuant to paragraphs (3) and (4).

(6) The name of an agent upon whom process directed to the corporation may be served within this state. The designation shall comply with subdivision (b) of Section 1502.

(7) (A) Its irrevocable consent to service of process directed to it upon the agent designated and to service of process on the Secretary of State if the agent designated or the agent's successor is no longer authorized to act or cannot be found at the address given.

(B) Consent under this paragraph extends to service of process directed to the foreign corporation's agent in this state for a search warrant issued pursuant to Section 1524.2 of the Penal Code, or for any other validly issued and properly served search warrant, for records or documents that are in the possession of the foreign corporation and are located inside or outside of this state. This subparagraph shall apply to a foreign corporation that is a party or a nonparty to the matter for which the search warrant is sought. For purposes of this subparagraph, "properly served" means delivered by hand, or in a manner reasonably allowing for proof of delivery if delivered by United States mail, overnight delivery service, or facsimile to a person or entity listed in Section 2110, or any other means specified by the foreign corporation, including, but not limited to, email or submission via an internet web portal that the foreign corporation has designated for the purpose of service of process.

(8) If it is a corporation that will be subject to the Insurance Code as an insurer, it shall state that fact.

(b) Annexed to the statement and designation shall be a certificate by an authorized public official of the state or place of incorporation of the corporation to the effect that the corporation is an existing corporation in good standing in that state or place or, in the case of an association, an officers' certificate stating that it is a validly organized and existing business association under the laws of a specified foreign jurisdiction.

(c) Before it may be designated by a foreign corporation as its agent for service of process, a corporate agent must comply with Section 1505.

SEC. 35. Section 2106 of the Corporations Code is amended to read:

2106. (a) Subject to the provisions of subdivision (b), upon payment of the fees required by law the Secretary of State shall file the statement and designation prescribed in Section 2105 and shall issue to the corporation a certificate of qualification stating the date of filing of said statement and designation and that the corporation is qualified to transact intrastate business, subject, however, to any licensing requirements otherwise imposed by the laws of this state.

(b) No foreign corporation having a name which would not be available pursuant to subdivision (b) of Section 201 to a new corporation organized under this division shall transact intrastate business in this state or qualify to do so under this chapter or file an amended statement and designation containing such name unless either: (1) it obtains and files an order from a court of competent jurisdiction permanently enjoining the other corporation having a conflicting name from doing business in this state under that name; or (2) the Secretary of State finds, upon proof by affidavit or otherwise as the Secretary of State may determine, that the business to be conducted in this state by the foreign corporation is not the same as or similar to the business being conducted by the corporation (or to be conducted by the proposed corporation) with whose name it may conflict and that the public is not likely to be deceived, and the foreign corporation agrees that it will transact business in this state under an alternate name disclosed to the Secretary of State and that it will use the alternate name in all of its dealings with the Secretary of State and in the conduct of its affairs in this state. The alternate name may be its name with the addition of some distinguishing word or words acceptable to the Secretary of State or a name available for the name of a domestic corporation pursuant to subdivision (b) of Section 201. A corporation which has made such an agreement with the Secretary of State shall not do business in this state except under the name agreed upon, so long as the agreement remains in effect.

This subdivision shall not apply to any corporation that is subject to the Insurance Code as an insurer unless the insurer has first obtained from the Insurance Commissioner a certificate approving the alternate name.

SEC. 36. Section 2107 of the Corporations Code is amended to read:

2107. (a) If any foreign corporation (but not a foreign association) qualified to transact intrastate business shall change its name or make a change affecting an alternate name under Section 2106, it shall file, on a form prescribed by the Secretary of State, an amended statement signed by a corporate officer setting forth the change made. The amended statement shall set forth the name relinquished as well as the new name alternate and there shall be annexed to the amended statement a certificate of an authorized public official of its state or place of incorporation issued within the past six months from the submission of the amended statement for filing in California that the change of name was made in accordance with the laws of that state or place of incorporation. Upon the filing of the amended statement, the Secretary of State shall issue a new certificate of qualification.

(b) If any foreign association qualified to transact intrastate business shall change its name, the address of its principal office in California, the address of its principal office or its agent for the service of process, or if the stated address of any natural person designated as agent is changed, it shall file, on a form prescribed by the Secretary of State, an amended statement and designation signed by an officer or, in the case of a foreign association that has no officers, signed by a trustee setting forth the change or changes made. In the case of a change of name, the amended statement and designation shall set forth the name relinquished as well as the new name alternate and there shall be annexed to the amended statement and designation an officer's certificate, or trustee's certificate, if applicable, stating that such change of name was made in accordance with its declaration of trust. If the change includes a change of name, or a change affecting an alternate name pursuant to Section 2106, upon the filing of the amended statement, the Secretary of State shall issue a new certificate of qualification.

(c) If the change includes a change of name of an insurer subject to the Insurance Code, the form shall include a statement that the corporation is such an insurer if it does not already so appear.

(d) If a foreign corporation qualified to transact business in this state shall change the address of its principal office in California, the address of its principal office, or its agent for the service of process, or if the stated address of any natural person designated as agent is changed, the filing of a statement pursuant to Section 2117 shall supersede the statement and designation with respect thereto.

SEC. 37. Section 2112 of the Corporations Code is amended to read:

2112. (a) Subject to Section 2113, a foreign corporation which has qualified to transact intrastate business may surrender its right to engage in that business within this state by filing a certificate of surrender signed by a corporate officer or, in the case of a foreign association that has no officers, signed by a trustee stating:

(1) The name of the corporation as shown on the records of the Secretary of State, and the state or place of incorporation or organization.

(2) That it revokes its designation of agent for service of process.

(3) That it surrenders its authority to transact intrastate business.

(4) That it consents that process against it in any action upon any liability or obligation incurred within this state before the filing of the certificate of surrender may be served upon the Secretary of State.

(5) A post office address to which the Secretary of State may mail a copy of any process against the corporation that is served upon the Secretary of State, which address or the name to which the process should be sent may be changed from time to time by filing a statement signed by a corporate officer or, in the case of a foreign association that has no officers, signed by a trustee stating the new address or name or both.

(6) Except in the case of a foreign association, that a final franchise tax return, as described by Section 23332 of the Revenue and Taxation Code, has been or will be filed with the Franchise Tax Board, as required under Part 10.2 (commencing with Section 18401) of Division 2 of the Revenue and Taxation Code.

(b) The Secretary of State shall notify the Franchise Tax Board of the surrender.

SEC. 38. Section 2115 of the Corporations Code is amended to read:

2115. (a) A foreign corporation (other than a foreign association or foreign nonprofit corporation but including a foreign parent corporation even though it does not itself transact intrastate business) is subject to the requirements of subdivision (b) commencing on the date specified in subdivision (d) and continuing until the date specified in subdivision (e) if:

(1) The average of the property factor, the payroll factor, and the sales factor (as defined in Sections 25129, 25132, and 25134 of the Revenue and Taxation Code) with respect to it is more than 50 percent during its latest full income year and

(2) more than one-half of its outstanding voting securities are held of record by persons having addresses in this state appearing on the books of the corporation on the record date for the latest meeting of shareholders held during its latest full income year or, if no meeting was held during that year, on the last day of the latest full income year. The property factor, payroll factor, and sales factor shall be those used in computing the portion of its income allocable to this state in its franchise tax return or, with respect to corporations the allocation of whose income is governed by special formulas or that are not required to file separate or any tax returns, which would have been so used if they were governed by this three-factor formula. The determination of these factors with respect to any parent corporation shall be made on a consolidated basis, including in a unitary computation (after elimination of intercompany transactions) the property, payroll, and sales of the parent and all of its subsidiaries in which it owns directly or indirectly more than 50 percent of the outstanding shares entitled to vote for the election of directors, but deducting a percentage of the property, payroll, and sales of any subsidiary equal to the percentage minority ownership, if any, in the subsidiary. For the purpose of this subdivision, any securities held to the knowledge of the issuer in the names of broker-dealers, nominees for broker-dealers (including clearing corporations), or banks, associations, or other entities holding securities in a nominee name or otherwise on behalf of a beneficial owner (collectively "nominee holders"), shall not be considered outstanding. However, if the foreign corporation requests all nominee holders to certify, with respect to all beneficial owners for whom securities are held, the number of shares held for those beneficial owners having addresses (as shown on the records of the nominee holder) in this state and outside of this state, then all shares so certified shall be considered outstanding and held of record by persons having addresses either in this state or outside of this state as so certified, provided that the certification so provided shall be retained with the record of shareholders and made available for inspection and copying in the same manner as is provided in Section 1600 with respect to that record. A current list of beneficial owners of a foreign corporation's securities provided to the corporation by one or more nominee holders or their agent pursuant to the requirements of Rule 14b-1(b)(3) or 14b-2(b)(3) as adopted on January 6, 1992, promulgated under the Securities Exchange Act of 1934, shall constitute an acceptable certification with respect to beneficial owners for the purposes of this subdivision.

(b) Except as provided in subdivision (c), the following chapters and sections of this division shall apply to a foreign corporation as defined in subdivision (a) (to the exclusion of the law of the jurisdiction in which it is incorporated):

Chapter 1 (general provisions and definitions), to the extent applicable to the following provisions;

Section 301 (annual election of directors);

Section 303 (removal of directors without cause);

Section 304 (removal of directors by court proceedings);

Section 305, subdivision (c) (filling of director vacancies where less than a majority in office elected by shareholders);

Section 309 (directors' standard of care);

Section 316 (excluding paragraph (3) of subdivision (a) and paragraph (3) of subdivision (f)) (liability of directors for unlawful distributions);

Section 317 (indemnification of directors, officers, and others);

Sections 500 to 505, inclusive (limitations on corporate distributions in cash or property);

Section 506 (liability of shareholder who receives unlawful distribution);

Section 600, subdivisions (b) and (c) (requirement for annual shareholders' meeting and remedy if same not timely held);

Section 708, subdivisions (a), (b), and (c) (shareholder's right to cumulate votes at any election of directors);

Section 710 (supermajority vote requirement);

Section 1001, subdivision (d) (limitations on sale of assets);

Section 1101, subdivision (b) (limitations on mergers);

Section 1151 (first sentence only) (limitations on conversions);

Section 1152 (requirements of conversions);

Chapter 12 (commencing with Section 1200) (reorganizations);

Chapter 13 (commencing with Section 1300) (dissenters' rights);

Sections 1500 and 1501 (records and reports);

Section 1508 (action by Attorney General);

Chapter 16 (commencing with Section 1600) (rights of inspection).

(c) This section does not apply to any corporation (1) with outstanding securities listed on the New York Stock Exchange, the NYSE American, the NASDAQ Global Market, or the NASDAQ Capital Market, or (2) if all of its voting shares (other than directors' qualifying shares) are owned directly or indirectly by a corporation or corporations not subject to this section.

(d) For purposes of subdivision (a), the requirements of subdivision (b) shall become applicable to a foreign corporation only upon the first day of the first income year of the corporation (1) commencing on or after the 135th day of the income year immediately following the latest income year with respect to which the tests referred to in subdivision (a) have been met or (2) commencing on or after the entry of a final order by a court of competent jurisdiction declaring that those tests have been met.

(e) For purposes of subdivision (a), the requirements of subdivision (b) shall cease to be applicable to a foreign corporation (1) at the end of the first income year of the corporation immediately following the latest income year with respect to which at least one of the tests referred to in subdivision (a) is not met or (2) at the end of the income year of the corporation during which a final order has been entered by a court of competent jurisdiction declaring that one of those tests is not met, provided that a contrary order has not been entered before the end of the income year.

(f) Any foreign corporation that is subject to the requirements of subdivision (b) shall advise any shareholder of record, any officer, director, employee, or other agent (within the meaning of Section 317) and any creditor of the corporation in writing, within 30 days of receipt of written request for that information, whether or not it is subject to subdivision (b) at the time the request is received. Any party who obtains a final determination by a court of competent jurisdiction that the corporation failed to provide to the party information required to be provided by this subdivision or provided the party information of the kind required to be provided by this subdivision that was incorrect, then the court, in its discretion, shall have the power to include in its judgment recovery by the party from the corporation of all court costs and reasonable attorneys' fees incurred in that legal proceeding to the extent they relate to obtaining that final determination.

SEC. 39. Section 2318 of the Corporations Code is amended to read:

2318. Any corporation existing on the first day of January, 1873, formed under the laws of this state, and still existing, which has not already elected to continue its existence under the prior law, may, at any time, elect to continue its existence under the provisions of this code applicable thereto by the unanimous vote of all its directors, or such election may be made at any annual meeting of the shareholders, or at any meeting called by the directors especially for considering the subject, if voted by shareholders representing a majority of the voting power, or may be made by the directors upon the written consent of that number of the shareholders.

A certificate of the action of the directors, signed by them and their secretary, when the election is made by their unanimous vote, or upon the written consent of the shareholders, or a certificate of the proceedings of the meeting of the shareholders, when the election is made at any such meeting, signed by the chairperson and secretary of the meeting and a majority of the directors, shall be filed in the office of the Secretary of State, and thereafter the corporation continues its existence under the provisions of this code which are applicable thereto, and possesses all the rights, and powers, and is subject to all the obligations, restrictions, and limitations prescribed thereby.

SEC. 40. Section 2502.06 of the Corporations Code is amended to read:

2502.06. (a) Provisions of the articles described in paragraph (3) of subdivision (e) of Section 2602 and subdivisions (a) and (b) of Section 2603 may be made dependent upon facts ascertainable outside of the articles, if the manner in which those facts shall operate upon those provisions is clearly and expressly set forth in the articles. Similarly, any of the terms of an agreement of merger pursuant to Section 1101 may be made dependent upon facts ascertainable outside of that agreement, if the manner in which those facts shall operate upon the terms of the agreement is clearly and expressly set forth in the agreement of merger.

(b) Notwithstanding subdivision (a), when any provisions or terms of articles or an agreement of merger are made dependent upon facts ascertainable outside of the filed instrument through a reference to an agreement or similar document, the social purpose corporation filing that instrument shall maintain at its principal office a copy of that referenced agreement or document and all amendments, and shall provide to its shareholders, in the case of articles, or to shareholders of any constituent corporation or other business entity, in the case of an agreement of merger, a copy of them upon written request and without charge.

(c) For the purposes of this section, "referenced agreement" means an agreement or contract to which the social purpose corporation is a party. An amendment or revision of a referenced agreement shall require shareholder approval, in addition to any other required approvals, upon any of the following circumstances:

(1) If the amendment or revision of the referenced agreement would result in a material change in the rights, preferences, privileges, or restrictions of a class or series of shares, the amendment or revision shall be approved by the outstanding shares, as defined in Section 152, of that class or series.

(2) If the amendment or revision of the referenced agreement would result in a material change in the rights or liabilities of any class or series of shares with respect to the subject matter of paragraph (1), (2), (3), (5), or (9) of subdivision (a) of Section 2603, the amendment or revision shall be approved by the outstanding shares, as defined in Section 152, of that class or series.

(3) If the amendment or revision of the referenced agreement would result in a material change in the restrictions on transfer or hypothecation of any class or series of shares, the amendment or revision shall be approved by the outstanding shares, as defined in Section 152, of that class or series.

(4) If the amendment or revision of the referenced agreement would result in a change of any of the principal terms of an agreement of merger, the amendment or revision shall be approved in the same manner as required by Section 3504 for a change in the principal terms of an agreement of merger.

SEC. 41. Section 2601 of the Corporations Code is amended to read:

2601. (a) The Secretary of State shall not file articles setting forth a name in which "bank," "trust," "trustee," or related words appear, unless the certificate of approval of the Commissioner of Financial Protection and Innovation is attached to the articles. This subdivision does not apply to the articles of any social purpose corporation subject to the Banking Law on which is endorsed the approval of the Commissioner of Financial Protection and Innovation.

(b) (1) The name of a social purpose corporation shall not be a name that the Secretary of State determines is likely to mislead the public and shall be distinguishable in the records of the Secretary of State from all of the following:

(A) The name of any corporation.

(B) The name of any foreign corporation authorized to transact intrastate business in this state.

(C) Each name that is under reservation pursuant to this title.

(D) The name of a foreign corporation that has registered its name pursuant to Section 2101.

(E) An alternate name of a foreign corporation under subdivision (b) of Section 2106.

(F) A name that will become the record name of a domestic or foreign corporation upon a corporate instrument when there is a delayed effective or file date.

(2) The use by a social purpose corporation of a name in violation of this section may be enjoined notwithstanding the filing of its articles by the Secretary of State.

(3) A corporation formed pursuant to this division before January 1, 2015, may elect to change its status from a flexible purpose corporation to a social purpose corporation by amending its articles of incorporation to change its name to replace "flexible purpose corporation" with "social purpose corporation" and to replace the term "flexible purpose corporation" with "social purpose corporation" as applicable in any statements contained in the articles. For any flexible purpose corporation formed before January 1, 2015, that has not amended its articles of incorporation to change its status to a social purpose corporation, any reference in this division to social purpose corporation shall be deemed a reference to "flexible purpose corporation."

(c) Any applicant may, upon payment of the fee prescribed in Article 3 (commencing with Section 12180) of Chapter 3 of Part 2 of Division 3 of Title 2 of the Government Code, obtain from the Secretary of State a certificate of reservation of any name not prohibited by subdivision (b), and upon the issuance of the certificate the name stated in the certificate shall be reserved for a period of 60 days. The Secretary of State shall not, however, issue certificates reserving the same name for two or more consecutive 60-day periods to the same applicant or for the use or benefit of the same person. No consecutive reservations shall be made by or for the use or benefit of the same person of names so similar as to fall within the prohibitions of subdivision (b).

SEC. 42. Section 3502 of the Corporations Code is amended to read:

3502. (a) Nothing contained in subdivision (b) of Section 3500 or Section 3501 shall require a detailing or itemization of every relevant expenditure incurred, or planned or action taken or planned, by the corporation. Management and the board shall use their discretion in providing that information, including the reasonable detail that a reasonable investor would consider important in understanding the corporation's objectives, actions, impacts, measures, rationale, and results of operations as they relate to the nature and achievement of the special purpose objectives.

(b) Where best practices emerge for providing the information required by subdivision (b) of Section 3500 or Section 3501, use of those best practices shall create a presumption that the social purpose corporation caused all the information required by those provisions to be provided. This presumption can only be rebutted by showing that the reporting contained either a misstatement of a material fact or omission of a material fact.

(c) Notwithstanding subdivision (b) of Section 3500 and Section 3501, under no circumstances shall the social purpose corporation be required to provide information that would result in a violation of state or federal securities laws or other applicable laws.

(d) The social purpose corporation and its officers and directors are expressly excluded from liability for any and all forward looking statements supplied in the report required by subdivision (b) of Section 3500 and Section 3501, so long as those statements are supplied in good faith. Statements are deemed to be forward looking as that term is defined in the federal securities laws.

(e) The special purpose MD&A and any special purpose current report shall be written in plain English and shall be provided in an efficient and understandable manner, avoiding repetition and disclosure of immaterial information.

(f) Unless otherwise provided by the articles or bylaws, and if approved by the board of directors, the reports specified in Sections 3500 and 3501 and any accompanying material sent pursuant to this section may be sent by electronic transmission by the corporation.

(g) The financial statements of any social purpose corporation with fewer than 100 holders of record of its shares, determined as provided in Section 605, required to be furnished by Sections 3500 and 3501 are not required to be prepared in conformity with generally accepted accounting principles if they reasonably set forth the assets and liabilities and the income and expense of the social purpose corporation and disclose the accounting basis used in their preparation.

(h) The requirements described in Section 3500 shall be satisfied if a corporation with an outstanding class of securities registered under Section 12 of the Securities Exchange Act of 1934 both complies with Section 240.14a-16 of Title 17 of the Code of Federal Regulations, as amended from time to time, with respect to the obligation of a corporation to furnish an annual report to shareholders pursuant to Section 240.14a-3(b) of Title 17 of the Code of Federal Regulations, and includes the information required by subdivision (b) of Section 3500 in the annual report.

(i) The requirements described in Section 3501 shall be satisfied if a corporation with an outstanding class of securities registered under Section 12 of the Securities Exchange Act of 1934 both complies with Section 240.13a-13 of Title 17 of the Code of Federal Regulations, as amended from time to time, with respect to the obligation of a corporation to furnish a quarterly report to shareholders, and includes the information required by subdivision (b) of Section 3501 in the quarterly report.

(j) In addition to the penalties provided for in this division, the superior court of the proper county shall enforce the duty of making and mailing or delivering the information and financial statements required by Sections 3500 and 3501 and, for good cause shown, may extend the time therefor.

(k) In any action or proceeding with respect to Section 3500 or 3501, if the court finds the failure of the social purpose corporation to comply with the requirements of those sections to have been without justification, the court may award an amount sufficient to reimburse the shareholder for the reasonable expenses incurred by the shareholder, including attorney's fees, in connection with the action or proceeding.

(l) Section 3500 and Section 3501 apply to any domestic social purpose corporation and also to a foreign social purpose corporation having its principal office in California or customarily holding meetings of its board in this state.

(m) All reports and notices required by Section 3500 and Section 3501 shall be maintained by the social purpose corporation, in an electronic form for a period of not less than 10 years.

SEC. 43. Section 5008.5 of the Corporations Code is amended to read:

5008.5. The Secretary of State may cancel the filing of articles if a check or other remittance accepted in payment of the filing fee or franchise tax is not paid upon presentation. Within 90 days of receiving written notification that the item presented for payment has not been honored for payment, the Secretary of State shall give written notice of the applicability of this section and the cancellation date, which shall be not less than 20 days from the date of mailing the written notice as certified by the Secretary of State, to the agent for service of process or to the person submitting the instrument. Thereafter, if the amount has not been paid by cashier's check or equivalent before the date of cancellation as stated in the written notice of cancellation, the cancellation shall thereupon be effective.

SEC. 44. Section 5039.5 of the Corporations Code is amended to read:

5039.5. All references in this division to "chairperson of the board," other than in Sections 5213, 7213, and 9213, shall be deemed to refer to all permissible titles for a chair of the board, as permitted by Sections 5213, 7213, and 9213.

SEC. 45. Section 5120 of the Corporations Code is amended to read:

5120. (a) One or more persons may form a corporation under this part by executing and filing articles of incorporation.

(b) If initial directors are named in the articles, each director named in the articles shall sign and acknowledge the articles; if initial directors are not named in the articles, the articles shall be signed by one or more persons who thereupon are the incorporators of the corporation.

(c) The corporate existence begins upon the filing of the articles and continues perpetually, unless otherwise expressly provided by law or in the articles.

(d) At the time of filing pursuant to this section, the Secretary of State shall make available the filed articles of incorporation to the Attorney General.

(e) If the corporation was created by the elected legislative body in order to exercise authority that may lawfully be delegated by the elected governing body to a private corporation or other entity, the Secretary of State shall forward a copy of the filed articles of incorporation to the Controller.

SEC. 46. Section 5122 of the Corporations Code is amended to read:

5122. (a) The Secretary of State shall not file articles setting forth a name in which "bank," "trust," "trustee," or related words appear, unless the certificate of approval of the Commissioner of Financial Protection and Innovation is attached thereto.

(b) The name of a corporation shall not be a name that the Secretary of State determines is likely to mislead the public and shall be distinguishable in the records of the Secretary of State from all of the following:

(1) The name of any corporation.

(2) The name of any foreign corporation authorized to transact intrastate business in this state.

(3) Each name that is under reservation pursuant to this title.

(4) The name of a foreign corporation that has registered its name pursuant to Section 2101.

(5) An alternate name of a foreign corporation under subdivision (b) of Section 2106.

(6) A name that will become the record name of a domestic or foreign corporation upon a corporate instrument when there is a delayed effective or file date.

(c) The use by a corporation of a name in violation of this section may be enjoined notwithstanding the filing of its articles by the Secretary of State.

(d) Any applicant may, upon payment of the fee prescribed therefor in the Government Code, obtain from the Secretary of State a certificate of reservation of any name not prohibited by subdivision (b), and upon the issuance of the certificate the name stated therein shall be reserved for a period of 60 days. The Secretary of State shall not, however, issue certificates reserving the same name for two or more consecutive 60-day periods to the same applicant or for the use or benefit of the same person; nor shall consecutive reservations be made by or for the use or benefit of the same person of names so similar as to fall within the prohibitions of subdivision (b).

SEC. 47. Section 5213 of the Corporations Code is amended to read:

5213. (a) A corporation shall have (1) a chair of the board, who may be given the title chair, chairperson, chair of the board, or chairperson of the board, or a president or both, (2) a secretary, (3) a treasurer or a chief financial officer or both, and (4) any other officers with any titles and duties as shall be stated in the bylaws or determined by the board and as may be necessary to enable it to sign instruments. The president, or if there is no president the chair of the board, is the general manager and chief executive officer of the corporation, unless otherwise provided in the articles or bylaws. Unless otherwise specified in the articles or the bylaws, if there is no chief financial officer, the treasurer is the chief financial officer of the corporation. Any number of offices may be held by the same person unless the articles or bylaws provide otherwise, except that no person serving as the secretary, the treasurer, or the chief financial officer may serve concurrently as the president or chair of the board. Any compensation of the president or chief executive officer and the chief financial officer or treasurer shall be determined in accordance with subdivision (g) of Section 12586 of the Government Code, if applicable.

(b) Except as otherwise provided by the articles or bylaws, officers shall be chosen by the board and serve at the pleasure of the board, subject to the rights, if any, of an officer under any contract of employment. Any officer may resign at any time upon written notice to the corporation without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

(c) If the articles or bylaws provide for the election of any officers by the members, the term of office of the elected officer shall be one year unless the articles or bylaws provide for a different term which shall not exceed three years.

SEC. 48. Section 5214 of the Corporations Code is amended to read:

5214. Subject to the provisions of subdivision (a) of Section 5141 and Section 5142, any note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing, and any assignment or endorsement thereof, executed or entered into between any corporation and any other person, when signed by any one of the chairperson of the board, the president or any vice president and by any one of the secretary, any assistant secretary, the chief financial officer or any assistant treasurer of such corporation, is not invalidated as to the corporation by any lack of authority of the signing officers in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same.

SEC. 49. Section 5224 of the Corporations Code is amended to read:

5224. (a) Unless otherwise provided in the articles or bylaws and except for a vacancy created by the removal of a director, vacancies on the board may be filled by approval of the board (Section 5032) or, if the number of directors then in office is less than a quorum, by (1) the unanimous written consent of the directors then in office, (2) the affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or waivers of notice complying with Section 5211, or (3) a sole remaining director. Unless the articles or a bylaw approved by the members (Section 5034) provide that the board may fill vacancies occurring in the board by reason of the removal of directors, or unless the corporation has no members pursuant to Section 5310, such vacancies may be filled only by approval of the members (Section 5034).

(b) The members may elect a director at any time to fill any vacancy not filled by the directors.

(c) Any director may resign effective upon giving written notice to the chairperson of the board, the president, the secretary or the board of directors of the corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

SEC. 50. Section 5510 of the Corporations Code is amended to read:

5510. (a) Meetings of members may be held at a place within or without this state as may be stated in or fixed in accordance with the bylaws. If no other place is stated or so fixed, meetings of members shall be held at the principal office of the corporation. Subject to any limitations in the articles or the bylaws of the corporation, if authorized by the board of directors in its sole discretion, and subject to those guidelines and procedures as the board of directors may adopt, members not physically present in person (or, if proxies are allowed, by proxy) at a meeting of members may, by electronic transmission by and to the corporation (Sections 20 and 21), electronic video screen communication, conference telephone, or other means of remote communication, participate in a meeting of members, be deemed present in person (or, if proxies are allowed, by proxy), and vote at a meeting of members, subject to subdivision (f).

(b) A regular meeting of members shall be held on a date, time, and with the frequency stated in or fixed in accordance with the bylaws, but in any event in each year in which directors are to be elected at that meeting for the purpose of conducting such election, and to transact any other proper business which may be brought before the meeting.

(c) If a corporation with members is required by subdivision (b) to hold a regular meeting and fails to hold the regular meeting for a period of 60 days after the date designated therefor or, if no date has been designated, for a period of 15 months after the formation of the corporation, or after its last regular meeting, or if the corporation fails to hold a written ballot for a period of 60 days after the date designated therefor, then the superior court of the proper county may summarily order the meeting to be held or the ballot to be conducted upon the application of a member or the Attorney General, after notice to the corporation giving it an opportunity to be heard.

(d) The votes represented, either in person (or, if proxies are allowed, by proxy), at a meeting called or by written ballot ordered pursuant to subdivision (c), and entitled to be cast on the business to be transacted shall constitute a quorum, notwithstanding any provision of the articles or bylaws or in this part to the contrary. The court may issue such orders as may be appropriate including, without limitation, orders designating the time and place of the meeting, the record date for determination of members entitled to vote, and the form of notice of the meeting.

(e) Special meetings of members for any lawful purpose may be called by the board, the chairperson of the board, the president, or such other persons, if any, as are specified in the bylaws. In addition, special meetings of members for any lawful purpose may be called by 5 percent or more of the members.

(f) A meeting of the members may be conducted, in whole or in part, by electronic transmission by and to the corporation, electronic video screen communication, conference telephone, or other means of remote communication if the corporation implements reasonable measures: (1) to provide members and proxyholders, if proxies are allowed, a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with those proceedings, (2) if any member or proxyholder, if proxies are allowed, votes or takes other action at the meeting by means of electronic transmission to the corporation, electronic video screen communication, conference telephone, or other means of remote communication, to maintain a record of that vote or action in its books and records, and (3) to verify that each person participating remotely is a member or proxyholder, if proxies are allowed. A corporation shall not conduct a meeting of members solely by electronic transmission by and to the corporation, electronic video screen communication, conference telephone, or other means of remote communication unless one or more of the following conditions apply: (A) all of the members consent; or (B) the board determines it is necessary or appropriate because of an emergency, as defined in paragraph (5) of subdivision (n) of Section 5140; or (C) the meeting is conducted on or before June 30, 2022.

SEC. 51. Section 5511 of the Corporations Code is amended to read:

5511. (a) Whenever members are required or permitted to take any action at a meeting, a written notice of the meeting shall be given not less than 10 nor more than 90 days before the date of the meeting to each member who, on the record date for notice of the meeting, is entitled to vote thereat; provided, however, that if notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail, that notice shall be given not less than 20 days before the meeting. Subject to subdivision (f), and subdivision (b) of Section 5512, that notice shall state the place, date and time of the meeting, the means of electronic transmission by and to the corporation (Sections 20 and 21), electronic video screen communication, conference telephone, or other means of remote communication, if any, by which members may participate in that meeting, and (1) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or (2) in the case of the regular meeting, those matters which the board, at the time the notice is given, intends to present for action by the members, but, except as provided in subdivision (b) of Section 5512, any proper matter may be presented at the meeting for such action. The notice of any meeting at which directors are to be elected shall include the names of all those who are nominees at the time the notice is given to members.

(b) (1) Notice of a members' meeting or any report shall be given personally, by electronic transmission by the corporation, or by mail or other means of written communication, addressed to the member at the address of such member appearing on the books of the corporation or given by the member to the corporation for purpose of notice, or if no such address appears or is given, at

the place where the principal office of the corporation is located or by publication at least once in a newspaper of general circulation in the county in which the principal office is located. Notwithstanding the foregoing, the notice of a members' meeting or any report may be sent by electronic communication or other means of remote communication if the board determines it is necessary or appropriate because of an emergency, as defined in paragraph (5) of subdivision (n) of Section 5140. An affidavit of giving of any notice or report as permitted because of an emergency or otherwise in accordance with the provisions of this part, executed by the secretary, assistant secretary, or any transfer agent, shall be prima facie evidence of the giving of the notice or report.

(2) If any notice or report addressed to a member at the address of such member appearing on the books of the corporation is returned to the corporation by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice or report to the member at such address, all future notices or reports shall be deemed to have been duly given without further mailing if the same shall be available for the member upon written demand of the member at the principal office of the corporation for a period of one year from the date of the giving of the notice or report to all other members.

(3) (A) Notice given by electronic transmission by the corporation under this subdivision shall be valid only if it complies with Section 20. Notwithstanding the foregoing, notice shall not be given by electronic transmission by the corporation under this subdivision after either of the following:

(i) The corporation is unable to deliver two consecutive notices to the member by that means.

(ii) The inability to so deliver the notices to the member becomes known to the secretary, any assistant secretary, the transfer agent, or other person responsible for the giving of the notice.

(B) This paragraph shall not apply if notices are provided by electronic communication or other means of remote communication as permitted because of an emergency.

(c) Upon request in writing to the corporation addressed to the attention of the chairperson of the board, president, vice president, or secretary by any person (other than the board) entitled to call a special meeting of members, the officer forthwith shall cause notice to be given to the members entitled to vote that a meeting will be held at a time fixed by the board, not less than 35 nor more than 90 days after the receipt of the request. If the notice is not given within 20 days after receipt of the request, the persons entitled to call the meeting may give the notice or the superior court of the proper county shall summarily order the giving of the notice, after notice to the corporation giving it an opportunity to be heard. The court may issue such orders as may be appropriate, including, without limitation, orders designating the time and place of the meeting, the record date for determination of members entitled to vote, and the form of notice.

(d) When a members' meeting is adjourned to another time or place, unless the bylaws otherwise require and except as provided in this subdivision, notice need not be given of the adjourned meeting if the time and place thereof (or the means of electronic transmission by and to the corporation, conference telephone, or other means of remote communication, or electronic video screen communication, if any, by which members may participate) are announced at the meeting at which the adjournment is taken. No meeting may be adjourned for more than 45 days. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If after the adjournment a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to each member who, on the record date for notice of the meeting, is entitled to vote at the meeting.

(e) The transactions of any meeting of members, however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, provides a waiver of notice or consent to the holding of the meeting, or an approval of the minutes thereof in writing. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at such meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by this part to be included in the notice but not so included, if such objection is expressly made at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of members need be specified in any written waiver of notice, consent to the holding of the meeting, or approval of the minutes thereof, unless otherwise provided in the articles or bylaws, except as provided in subdivision (f).

(f) Any approval of the members required under Section 5222, 5224, 5812, or 6610, other than unanimous approval by those entitled to vote, shall be valid only if the general nature of the proposal so approved was stated in the notice of meeting, or in any written waiver of notice.

(g) A court may find that notice not given in conformity with this section is still valid, if it was given in a fair and reasonable manner.

SEC. 52. Section 5615 of the Corporations Code is amended to read:

5615. (a) In advance of any meeting of members the board may appoint inspectors of election to act at the meeting and any adjournment thereof. If inspectors of election are not so appointed, or if any persons so appointed fail to appear or refuse to act, the chairperson of any meeting of members may, and on the request of any member or a member's proxy shall, appoint inspectors of election (or persons to replace those who so fail or refuse) at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting on the request of one or more members or proxies, the majority of members represented in person or by proxy shall determine whether one or three inspectors are to be appointed. In the case of any action by written ballot (Section 5513), the board may similarly appoint inspectors of election to act with powers and duties as set forth in this section.

(b) The inspectors of election shall determine the number of memberships outstanding and the voting power of each, the number represented at the meeting, the existence of a quorum and the authenticity, validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all members.

(c) The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

SEC. 53. Section 5817 of the Corporations Code is amended to read:

5817. Upon the filing of the certificate of amendment, the articles shall be amended in accordance with the certificate and any change, reclassification, or cancellation of memberships shall be effected, and a copy of the certificate, certified by the Secretary of State, is prima facie evidence of the performance of the conditions necessary to the adoption of the amendment. The Secretary of State shall make available the filed certificate of amendment to the Attorney General.

SEC. 54. Section 6013 of the Corporations Code is amended to read:

6013. Each constituent corporation shall sign the agreement by the chairperson of its board, president or a vice president, and secretary or an assistant secretary acting on behalf of their respective corporations.

SEC. 55. Section 6210 of the Corporations Code is amended to read:

6210. (a) Every corporation shall, within 90 days after the filing of its original articles and biennially thereafter during the applicable filing period, file, on a form prescribed by the Secretary of State, a statement containing: (1) the name of the corporation and the Secretary of State's file number; (2) the names and complete business or residence addresses of its chief executive officer, secretary, and chief financial officer; (3) the street address of its principal office in California, if any; (4) the mailing address of the corporation, if different from the street address of its principal office or if the corporation has no principal office address in California; and (5) if the corporation chooses to receive renewal notices and any other notifications from the Secretary of State by electronic mail instead of by United States mail, a valid electronic mail address for the corporation or for the corporation's designee to receive those notices.

(b) The statement required by subdivision (a) shall also designate, as the agent of the corporation for the purpose of service of process, a natural person residing in this state or any domestic or foreign or foreign business corporation that has complied with Section 1505 and whose capacity to act as an agent has not terminated. If a natural person is designated, the statement shall set forth the person's complete business or residence street address. If a corporate agent is designated, no address for it shall be set forth.

(c) For the purposes of this section, the applicable filing period for a corporation shall be the calendar month during which its original articles were filed and the immediately preceding five calendar months. The Secretary of State shall provide a notice to each corporation to comply with this section approximately three months before the close of the applicable filing period. The notice shall state the due date for compliance and shall be sent to the last address of the corporation according to the records of the Secretary of State or to the last electronic mail address according to the records of the Secretary of State if the corporation has elected to receive notices from the Secretary of State by electronic mail. Neither the failure of the Secretary of State to send the notice nor the failure of the corporation to receive it is an excuse for failure to comply with this section.

(d) Whenever any of the information required by subdivision (a) is changed, the corporation may file a current statement containing all the information required by subdivisions (a) and (b). In order to change its agent for service of process or the address of the agent, the corporation must file a current statement containing all the information required by subdivisions (a) and (b). Whenever any statement is filed pursuant to this section, it supersedes any previously filed statement and the statement in the articles as to the agent for service of process and the address of the agent.

(e) The Secretary of State may destroy or otherwise dispose of any statement filed pursuant to this section after it has been superseded by the filing of a new statement.

(f) This section does not place any person dealing with the corporation on notice of, or under any duty to inquire about, the existence or content of a statement filed pursuant to this section.

SEC. 56. Section 7122 of the Corporations Code is amended to read:

7122. (a) The Secretary of State shall not file articles setting forth a name in which "bank," "trust," "trustee," or related words appear, unless the certificate of approval of the Commissioner of Financial Protection and Innovation is attached thereto.

(b) The Secretary of State shall not file articles pursuant to this part setting forth a name that may create the impression that the purpose of the corporation is public, charitable, or religious or that it is a charitable foundation.

(c) The name of a corporation shall not be a name that the Secretary of State determines is likely to mislead the public and shall be distinguishable in the records of the Secretary of State from all of the following:

(1) The name of any corporation.

(2) The name of any foreign corporation authorized to transact intrastate business in this state.

(3) Each name that is under reservation pursuant to this title.

(4) The name of a foreign corporation that has registered its name pursuant to Section 2101.

(5) An alternate name of a foreign corporation under subdivision (b) of Section 2106.

(6) A name that will become the record name of a domestic or foreign corporation upon a corporate instrument when there is a delayed effective or file date.

(d) The use by a corporation of a name in violation of this section may be enjoined notwithstanding the filing of its articles by the Secretary of State.

(e) Any applicant may, upon payment of the fee prescribed therefor in the Government Code, obtain from the Secretary of State a certificate of reservation of any name not prohibited by subdivision (c), and upon the issuance of the certificate the name stated therein shall be reserved for a period of 60 days. The Secretary of State shall not, however, issue certificates reserving the same name for two or more consecutive 60-day periods to the same applicant or for the use or benefit of the same person; nor shall consecutive reservations be made by or for the use or benefit of the same person of names so similar as to fall within the prohibitions of subdivision (c).

SEC. 57. Section 7213 of the Corporations Code is amended to read:

7213. (a) A corporation shall have (1) a chair of the board, who may be given the title chair, chairperson, chair of the board, or chairperson of the board, or a president or both, (2) a secretary, (3) a treasurer or a chief financial officer or both, and (4) any other officers with any titles and duties as shall be stated in the bylaws or determined by the board and as may be necessary to enable it to sign instruments. The president, or if there is no president the chair of the board, is the general manager and chief executive officer of the corporation, unless otherwise provided in the articles or bylaws. Unless otherwise specified in the articles or the bylaws, if there is no chief financial officer, the treasurer is the chief financial officer of the corporation. Any number of offices may be held by the same person unless the articles or bylaws provide otherwise. Where a corporation holds assets in charitable trust, any compensation of the president or chief executive officer and the chief financial officer or treasurer shall be determined in accordance with subdivision (g) of Section 12586 of the Government Code, if applicable.

(b) Except as otherwise provided by the articles or bylaws, officers shall be chosen by the board and serve at the pleasure of the board, subject to the rights, if any, of an officer under any contract of employment. Any officer may resign at any time upon written notice to the corporation without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

SEC. 58. Section 7214 of the Corporations Code is amended to read:

7214. Subject to the provisions of subdivision (a) of Section 7141 and Section 7142, any note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing, and any assignment or endorsement thereof, executed or entered into between any corporation and any other person, when signed by any one of the chairperson of the board, the president or any vice president and by any one of the secretary, any assistant secretary, the chief financial officer, or any assistant treasurer of such corporation, is not invalidated as to the corporation by any lack of authority of the signing officers in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same.

SEC. 59. Section 7224 of the Corporations Code is amended to read:

7224. (a) Unless otherwise provided in the articles or bylaws and except for a vacancy created by the removal of a director, vacancies on the board may be filled by approval of the board (Section 5032) or, if the number of directors then in office is less than a quorum, by (1) the unanimous written consent of the directors then in office, (2) the affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or waivers of notice complying with Section 7211, or (3) a sole remaining director. Unless the articles or a bylaw approved by the members (Section 5034) provide that the board may fill vacancies occurring in the board by reason of the removal of directors, or unless the corporation has no members pursuant to Section 7310, such vacancies may be filled only by approval of the members (Section 5034).

(b) The members may elect a director at any time to fill any vacancy not filled by the directors.

(c) Any director may resign effective upon giving written notice to the chairperson of the board, the president, the secretary, or the board of directors of the corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

SEC. 60. Section 7413 of the Corporations Code is amended to read:

7413. Neither a corporation nor any of its subsidiaries shall purchase or redeem a membership of the parent or subsidiary if the articles of the corporation contain a provision authorized by subparagraph (B) of paragraph (4) of subdivision (a) of Section 7132 and such corporation or the subsidiary making the purchase or redemption is, or as a result thereof would be, likely to be unable to meet the obligations resulting from such article provision.

SEC. 61. Section 7510 of the Corporations Code is amended to read:

7510. (a) Meetings of members may be held at a place within or without this state as may be stated in or fixed in accordance with the bylaws. If no other place is stated or so fixed, meetings of members shall be held at the principal office of the corporation. Subject to any limitations in the articles or bylaws of the corporation, if authorized by the board of directors in its sole discretion, and subject to those guidelines and procedures as the board of directors may adopt, members not physically present in person (or, if proxies are allowed, by proxy) at a meeting of members may, by electronic transmission by and to the corporation (Sections 20 and 21), electronic video screen communication, conference telephone, or other means of remote communication, participate in a meeting of members, be deemed present in person (or, if proxies are allowed, by proxy), and vote at a meeting of members, subject to subdivision (f).

(b) A regular meeting of members shall be held on a date and time, and with the frequency stated in or fixed in accordance with the bylaws, but in any event in each year in which directors are to be elected at that meeting for the purpose of conducting such election, and to transact any other proper business which may be brought before the meeting.

(c) If a corporation with members is required by subdivision (b) to hold a regular meeting and fails to hold the regular meeting for a period of 60 days after the date designated therefor or, if no date has been designated, for a period of 15 months after the formation of the corporation or after its last regular meeting, or if the corporation fails to hold a written ballot for a period of 60 days after the date designated therefor, then the superior court of the proper county may summarily order the meeting to be held or the ballot to be conducted upon the application of a member or the Attorney General, after notice to the corporation giving it an opportunity to be heard.

(d) The votes represented, either in person (or, if proxies are allowed, by proxy), at a meeting called or by written ballot ordered pursuant to subdivision (c), and entitled to be cast on the business to be transacted shall constitute a quorum, notwithstanding any provision of the articles or bylaws or in this part to the contrary. The court may issue such orders as may be appropriate including, without limitation, orders designating the time and place of the meeting, the record date for determination of members entitled to vote, and the form of notice of the meeting.

(e) Special meetings of members for any lawful purpose may be called by the board, the chairperson of the board, the president, or such other persons, if any, as are specified in the bylaws. In addition, special meetings of members for any lawful purpose may be called by 5 percent or more of the members.

(f) A meeting of the members may be conducted, in whole or in part, by electronic transmission by and to the corporation, electronic video screen communication, conference telephone, or other means of remote communication if the corporation implements reasonable measures: (1) to provide members and proxyholders, if proxies are allowed, a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with those proceedings, (2) if any member or proxyholder, if proxies are allowed, votes or takes other action at the meeting by means of electronic transmission to the corporation, electronic video screen communication, conference telephone, or other means of remote communication, to maintain a record of that vote or action in its books and records, and (3) to verify that each person participating remotely is a member or proxyholder, if proxies are allowed. A corporation shall not conduct a meeting of members solely by electronic transmission by and to the corporation, electronic video screen communication, conference telephone, or other means of remote communication unless one or more of the following conditions apply: (A) all of the members consent; or (B) the board determines it is necessary or appropriate because of an emergency, as defined in paragraph (5) of subdivision (m) of Section 7140; or (C) the meeting is conducted on or before June 30, 2022.

SEC. 62. Section 7511 of the Corporations Code is amended to read:

7511. (a) Whenever members are required or permitted to take any action at a meeting, a written notice of the meeting shall be given not less than 10 nor more than 90 days before the date of the meeting to each member who, on the record date for notice of the meeting, is entitled to vote thereat; provided, however, that if notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail, that notice shall be given not less than 20 days before the meeting. Subject to subdivision (f), and subdivision (b) of Section 7512, the notice shall state the place, date and time of the meeting, the means of electronic transmission by and to the corporation (Sections 20 and 21), electronic video screen communication, conference telephone, or other means of remote communication, if any, by which members may participate in that meeting, and (1) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or (2) in the case of the regular meeting, those matters which the board, at the time the notice is given, intends to present for action by the members, but, except as provided in subdivision (b) of Section 7512, any proper matter may be presented at the meeting for the action. The notice of any meeting at which directors are to be elected shall include the names of all those who are nominees at the time the notice is given to members.

(b) (1) Notice of a members' meeting or any report shall be given personally, by electronic transmission by a corporation, or by mail or other means of written communication, addressed to a member at the address of the member appearing on the books of the corporation or given by the member to the corporation for purpose of notice, or if no such address appears or is given, at the place where the principal office of the corporation is located or by publication at least once in a newspaper of general circulation in the county in which the principal office is located. Notwithstanding the foregoing, the notice of a members' meeting or any report may be sent by electronic communication or other means of remote communication if the board determines it is necessary or appropriate because of an emergency, as defined in paragraph (5) of subdivision (m) of Section 7140. An affidavit of giving of any notice or report as permitted because of an emergency or otherwise in accordance with the provisions of this part, executed by the secretary, assistant secretary, or any transfer agent, shall be prima facie evidence of the giving of the notice or report.

(2) If any notice or report addressed to the member at the address of the member appearing on the books of the corporation is returned to the corporation by the United States Postal Service marked to indicate that the United States Postal Service is unable to deliver the notice or report to the member at the address, all future notices or reports shall be deemed to have been duly given without further mailing if the same shall be available for the member upon written demand of the member at the principal office of the corporation for a period of one year from the date of the giving of the notice or report to all other members.

(3) (A) Notice given by electronic transmission by the corporation under this subdivision shall be valid only if it complies with Section 20. Notwithstanding the foregoing, notice shall not be given by electronic transmission by the corporation under this subdivision after either of the following:

(i) The corporation is unable to deliver two consecutive notices to the member by that means.

(ii) The inability to so deliver the notices to the member becomes known to the secretary, any assistant secretary, the transfer agent, or other person responsible for the giving of the notice.

(B) This paragraph shall not apply if notices are provided by electronic communication or other means of remote communication as permitted because of an emergency.

(c) Upon request in writing to the corporation addressed to the attention of the chairperson of the board, president, vice president, or secretary by any person (other than the board) entitled to call a special meeting of members, the officer forthwith shall cause notice to be given to the members entitled to vote that a meeting will be held at a time fixed by the board not less than 35 nor more than 90 days after the receipt of the request. If the corporation is a common interest development, as defined in Section

4100 of the Civil Code, the corporation shall cause notice to be given to the members entitled to vote that a meeting will be held at a time fixed by the board not less than 35 nor more than 150 days after receipt of the request. If the notice is not given within 20 days after receipt of the request, the persons entitled to call the meeting may give the notice or the superior court of the proper county shall summarily order the giving of the notice, after notice to the corporation giving it an opportunity to be heard. The court may issue such orders as may be appropriate, including, without limitation, orders designating the time and place of the meeting, the record date for determination of members entitled to vote, and the form of notice.

(d) When a members' meeting is adjourned to another time or place, unless the bylaws otherwise require and except as provided in this subdivision, notice need not be given of the adjourned meeting if the time and place thereof (or the means of electronic transmission by and to the corporation or electronic video screen communication, conference telephone, or other means of remote communication, if any, by which members may participate) are announced at the meeting at which the adjournment is taken. No meeting may be adjourned for more than 45 days. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If after the adjournment a new record date is fixed for notice or voting, a notice of the adjourned meeting shall be given to each member who, on the record date for notice of the meeting, is entitled to vote at the meeting.

(e) The transactions of any meeting of members however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person (or, if proxies are allowed, by proxy), provides a waiver of notice or consent to the holding of the meeting or an approval of the minutes thereof in writing. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at the meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by this part to be included in the notice but not so included, if the objection is expressly made at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of members need be specified in any written waiver of notice, consent to the holding of the meeting or approval of the minutes thereof, unless otherwise provided in the articles or bylaws, except as provided in subdivision (f).

(f) Any approval of the members required under Section 7222, 7224, 7233, 7812, 8610, or 8719, other than unanimous approval by those entitled to vote, shall be valid only if the general nature of the proposal so approved was stated in the notice of meeting or in any written waiver of notice.

(g) A court may find that notice not given in conformity with this section is still valid, if it was given in a fair and reasonable manner.

SEC. 63. Section 7614 of the Corporations Code is amended to read:

7614. (a) In advance of any meeting of members, the board may appoint inspectors of election to act at the meeting and any adjournment thereof. If inspectors of election are not so appointed, or if any persons so appointed fail to appear or refuse to act, the chairperson of any meeting of members may, and on the request of any member or a member's proxy shall, appoint inspectors of election (or persons to replace those who so fail or refuse) at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting on the request of one or more members or proxies, the majority of members represented in person or by proxy shall determine whether one or three inspectors are to be appointed. In the case of any action by written ballot (Section 7513), the board may similarly appoint inspectors of election to act with powers and duties as set forth in this section.

(b) The inspectors of election shall determine the number of memberships outstanding and the voting power of each, the number represented at the meeting, the existence of a quorum, and the authenticity, validity and effect of proxies, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all members.

(c) The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act, or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

SEC. 64. Section 7813.5 of the Corporations Code is amended to read:

7813.5. (a) A mutual benefit corporation may amend its articles to change its status to that of a public benefit corporation, a religious corporation, a business corporation, a social purpose corporation, or a cooperative corporation by complying with this

section and the other sections of this chapter.

(b) Except as authorized by Section 7811 or unless the corporation has no members, an amendment to change its status to a public benefit corporation or religious corporation shall: (1) be approved by the members (Section 5034), and the fairness of the amendment to the members shall be approved by the Commissioner of Financial Protection and Innovation pursuant to Section 25142; (2) be approved by the members (Section 5034) in an election conducted by written ballot pursuant to Section 7513 in which no negative votes are cast; or (3) be approved by 100 percent of the voting power.

(c) Amended articles authorized by this section shall include the provisions which would have been required (other than the initial street address and initial mailing address of the corporation and the name of the initial agent for service of process if a statement has been filed pursuant to Section 8210), and may in addition only include those provisions which would have been permitted, in original articles filed by the type of corporation (public benefit, religious, business, social purpose, or cooperative) into which the mutual benefit corporation is changing its status.

(d) At the time of filing a certificate of amendment to change status to a public benefit corporation, the Secretary of State shall make available the filed certificate to the Attorney General.

(e) In the case of a change of status to a business corporation, social purpose corporation, or a cooperative corporation, if the Franchise Tax Board has issued a determination exempting the corporation from tax as provided in Section 23701 of the Revenue and Taxation Code, the corporation shall be subject to Section 23221 of the Revenue and Taxation Code upon filing the certificate of amendment.

SEC. 65. Section 8013 of the Corporations Code is amended to read:

8013. Each constituent corporation shall sign the agreement by the chairperson of its board, president or a vice president, and secretary or an assistant secretary acting on behalf of their respective corporations.

SEC. 66. Section 8210 of the Corporations Code is amended to read:

8210. (a) Every corporation shall, within 90 days after the filing of its original articles and biennially thereafter during the applicable filing period, file, on a form prescribed by the Secretary of State, a statement containing: (1) the name of the corporation and the Secretary of State's file number; (2) the names and complete business or residence addresses of its chief executive officer, secretary, and chief financial officer; (3) the street address of its principal office in California, if any; (4) the mailing address of the corporation, if different from the street address of its principal office or if the corporation has no principal office address in California and (5) if the corporation chooses to receive renewal notices and any other notifications from the Secretary of State by electronic mail instead of by United States mail, a valid electronic mail address for the corporation or for the corporation's designee to receive those notices.

(b) The statement required by subdivision (a) shall also designate, as the agent of the corporation for the purpose of service of process, a natural person residing in this state or any domestic or foreign or foreign business corporation that has complied with Section 1505 and whose capacity to act as an agent has not terminated. If a natural person is designated, the statement shall set forth the person's complete business or residence street address. If a corporate agent is designated, no address for it shall be set forth.

(c) For the purposes of this section, the applicable filing period for a corporation shall be the calendar month during which its original articles were filed and the immediately preceding five calendar months. The Secretary of State shall provide a notice to each corporation to comply with this section approximately three months before the close of the applicable filing period. The notice shall state the due date for compliance and shall be sent to the last address of the corporation according to the records of the Secretary of State or to the last electronic mail address according to the records of the Secretary of State if the corporation has elected to receive notices from the Secretary of State by electronic mail. Neither the failure of the Secretary of State to send the notice nor the failure of the corporation to receive it is an excuse for failure to comply with this section.

(d) Whenever any of the information required by subdivision (a) is changed, the corporation may file a current statement containing all the information required by subdivisions (a) and (b). In order to change its agent for service of process or the address of the agent, the corporation must file a current statement containing all the information required by subdivisions (a) and (b). Whenever any statement is filed pursuant to this section, it supersedes any previously filed statement and the statement in the articles as to the agent for service of process and the address of the agent.

(e) The Secretary of State may destroy or otherwise dispose of any statement filed pursuant to this section after it has been superseded by the filing of a new statement.

(f) This section does not place any person dealing with the corporation on notice of, or under any duty to inquire about, the existence or content of a statement filed pursuant to this section.

SEC. 67. Section 9122 of the Corporations Code is amended to read:

9122. (a) The Secretary of State shall not file articles setting forth a name in which “bank,” “trust,” “trustee,” or related words appear, unless the certificate of approval of the Commissioner of Financial Protection and Innovation is attached thereto.

(b) The name of a corporation shall not be a name that the Secretary of State determines is likely to mislead the public and shall be distinguishable in the records of the Secretary of State from all of the following:

(1) The name of any corporation.

(2) The name of any foreign corporation authorized to transact intrastate business in this state.

(3) Each name that is under reservation pursuant to this title.

(4) The name of a foreign corporation that has registered its name pursuant to Section 2101.

(5) An alternate name of a foreign corporation under subdivision (b) of Section 2106.

(6) A name that will become the record name of a domestic or foreign corporation upon a corporate instrument when there is a delayed effective or file date.

(c) The use by a corporation of a name in violation of this section may be enjoined notwithstanding the filing of its articles by the Secretary of State.

(d) Any applicant may, upon payment of the fee prescribed therefor in the Government Code, obtain from the Secretary of State a certificate of reservation of any name not prohibited by subdivision (b), and upon the issuance of the certificate the name stated therein shall be reserved for a period of 60 days. The Secretary of State shall not, however, issue certificates reserving the same name for two or more consecutive 60-day periods to the same applicant or for the use or benefit of the same person; nor shall consecutive reservations be made by or for the use or benefit of the same person of names so similar as to fall within the prohibitions of subdivision (b).

SEC. 68. Section 9213 of the Corporations Code is amended to read:

9213. (a) A corporation shall have (1) a chair of the board, who may be given the title chair, chairperson, chair of the board, or chairperson of the board, or a president or both, (2) a secretary, (3) a treasurer or a chief financial officer or both and (4) any other officers with any titles and duties as are stated in the bylaws or determined by the board and as may be necessary to enable it to sign instruments. The president, or if there is no president, the chair of the board, is the general manager and chief executive officer of the corporation, unless otherwise provided in the articles or bylaws. Unless otherwise specified in the articles or the bylaws, if there is no chief financial officer, the treasurer is the chief financial officer of the corporation. Any number of offices may be held by the same person unless the articles or bylaws provide otherwise, except that no person serving as the secretary, the treasurer, or the chief financial officer may serve concurrently as the president or chair of the board. Any compensation of the president or chief executive officer and the chief financial officer or treasurer shall be determined in accordance with subdivision (g) of Section 12586 of the Government Code, if applicable.

(b) Except as otherwise provided by the articles or bylaws, officers shall be chosen by the board and serve at the pleasure of the board, subject to the rights, if any, of an officer under any contract of employment. Any officer may resign at any time upon written notice to the corporation without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

SEC. 69. Section 9214 of the Corporations Code is amended to read:

9214. Subject to the provisions of subdivision (a) of Section 9141 and Section 9142, any note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing, and any assignment or endorsement thereof, executed or entered into between any corporation and any other person, when signed by any one of the chairperson of the board, the president, or any vice president and by any one of the secretary, any assistant secretary, the chief financial officer, or any assistant treasurer of such corporation, is not invalidated as to the corporation by any lack of authority of the signing officers in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same.

SEC. 70. Section 9224 of the Corporations Code is amended to read:

9224. (a) Unless otherwise provided in the articles or bylaws and except for a vacancy created by the removal of a director by the members, vacancies on the board may be filled by approval of the board (Section 5032) or, if the number of directors then in office is less than a quorum, by (1) the unanimous written consent of the directors then in office, (2) the affirmative vote of a

majority of the directors then in office at a meeting held pursuant to notice or waivers of notice complying with Section 9211, or (3) a sole remaining director.

(b) Subject to any provision in the articles or bylaws, the members may elect a director at any time to fill any vacancy not filled by the directors.

(c) Any director may resign effective upon giving written notice to the chairperson of the board, the president, the secretary or the board of directors of the corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

SEC. 71. Section 9411 of the Corporations Code is amended to read:

9411. (a) Subject to the provisions of this chapter, regular and special meetings of members shall be called, noticed, and held as may be ordered by the board. Notwithstanding the foregoing, the notice of a members' meeting or any report may be sent by electronic communication or other means of remote communication if the board determines it is necessary or appropriate because of an emergency, as defined in paragraph (5) of subdivision (n) of Section 9140. Subject to any limitations in the articles or bylaws of the corporation, if authorized by the board of directors in its sole discretion, and subject to those guidelines and procedures as the board of directors may adopt, members not physically present in person (or, if proxies are allowed, by proxy) at a meeting of members may, by electronic transmission by and to the corporation (Sections 20 and 21), electronic video screen communication, conference telephone, or other means of remote communication, participate in a meeting of members, be deemed present in person (or, if proxies are allowed, by proxy), and vote at a meeting of members, subject to subdivision (f).

(b) Special meetings of members for any lawful purpose may be called by the board or the chairperson of the board or the president. In addition, special meetings of members for any lawful purpose may be called by 5 percent or more of the members.

(c) Upon request in writing to the chairperson of the board, president, vice president, or secretary by any person (other than the board) entitled to call a special meeting of members, the board shall expeditiously set a reasonable time and place for the meeting and the officer forthwith shall cause notice to be given to the members entitled to vote of the time and place of the meeting. If the notice is not given within 20 days after receipt of the request, the persons entitled to call the meeting may give the notice or the superior court of the proper county shall summarily order the giving of the notice, after notice to the corporation giving it an opportunity to be heard. The court may issue such orders as may be appropriate, including, without limitation, orders designating the time and place of the meeting, the record date for determination of members entitled to vote, and the form of notice.

(d) The transactions of any meeting of members, however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person (or, if proxies are allowed, by proxy), and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at such meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by this part to be included in the notice but not so included, if such objection is expressly made at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of members need be specified in any written waiver of notice, consent to the holding of the meeting, or approval of the minutes thereof except as provided in subdivision (e).

(e) Any member approval required under subdivision (b) of Section 9150, Section 9222, Section 5812 (made applicable pursuant to Section 9620), subdivision (a) of Section 9631, subdivision (c) of Section 9640, subdivision (a) of Section 6015 (made applicable pursuant to Section 9640), or subdivision (b) of Section 9680, other than unanimous approval by those entitled to vote, shall be valid only if the general nature of the proposal so approved was stated in the notice of meeting or in any written waiver of notice.

(f) A meeting of the members may be conducted, in whole or in part, by electronic transmission by and to the corporation or by electronic video screen communication, conference telephone, or other means of remote communication if the corporation implements reasonable measures: (1) to provide members and proxyholders (if proxies are allowed) a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with those proceedings, (2) if any member or proxyholder (if proxies are allowed) votes or takes other action at the meeting by means of electronic transmission to the corporation, electronic video screen communication, conference telephone, or other means of remote communication, to maintain a record of that vote or action in its books and records, and (3) to verify that each person participating remotely is a member or proxyholder (if proxies are allowed). A corporation shall not conduct a meeting of members solely by electronic transmission by and to the corporation, electronic video screen communication, conference telephone, or other means of remote communication unless one or more of

the following conditions apply: (A) all of the members consent, or (B) the board determines it is necessary or appropriate because of an emergency, as defined in paragraph (5) of subdivision (n) of Section 9140; or (C) the meeting is conducted on or before June 30, 2022.

SEC. 72. Section 9926 of the Corporations Code is amended to read:

9926. Any subject corporation that existed on the first day of January, 1873, and was formed under the laws of this state, which corporation has not already elected to continue its existence under the prior nonprofit law, may at any time elect to continue its existence under the provisions of this code applicable thereto by the unanimous vote of all its directors, or such election may be made at any annual meeting of the members, or at any meeting called by the directors especially for considering the subject, if voted by members representing a majority of the voting power, or may be made by the directors upon the written consent of that number of the members.

A certificate of the action of the directors, signed by them and their secretary, when the election is made by their unanimous votes or upon the written consent of the members, or a certificate of the proceedings of the meeting of the members when the election is made at any such meeting, signed by the chairperson and secretary of the meeting and a majority of the directors, shall be filed in the office of the Secretary of State, and thereafter the corporation continues its existence under the provisions of this code which are applicable thereto, and possesses all the rights, and powers, and is subject to all the obligations, restrictions, and limitations prescribed thereby.

SEC. 73. Section 12214.5 of the Corporations Code is amended to read:

12214.5. The Secretary of State may cancel the filing of articles if a check or other remittance accepted in payment of the filing fee or franchise tax is not paid upon presentation. Within 90 days of receiving written notification that the item presented for payment has not been honored for payment, the Secretary of State shall give written notice of the applicability of this section and the cancellation date which shall be not less than 20 days from the date of mailing the written notice as certified by the Secretary of State, to the agent for service of process or to the person submitting the instrument. Thereafter, if the amount has not been paid by cashier's check or equivalent before the date of cancellation as stated in the written notice of cancellation, the cancellation shall thereupon be effective.

SEC. 74. Section 12228.5 of the Corporations Code is amended to read:

12228.5. For the purposes of this part, all references to "chairperson of the board," other than in Section 12353, shall be deemed to refer to all permissible titles for a chair of the board, as permitted by Section 12353.

SEC. 75. Section 12302 of the Corporations Code is amended to read:

12302. (a) The Secretary of State shall not file articles setting forth a name in which "bank," "trust," "trustee," or related words appear, unless the certificate of approval of the Commissioner of Financial Protection and Innovation is attached thereto.

(b) The name of a corporation shall not be a name that the Secretary of State determines is likely to mislead the public and shall be distinguishable in the records of the Secretary of State from all of the following:

- (1) The name of any corporation.
- (2) The name of any foreign corporation authorized to transact intrastate business in this state.
- (3) Each name that is under reservation pursuant to this title.
- (4) The name of a foreign corporation that has registered its name pursuant to Section 2101.
- (5) An alternate name of a foreign corporation under subdivision (b) of Section 2106.
- (6) A name that will become the record name of a domestic or foreign corporation upon a corporate instrument when there is a delayed effective or file date.

(c) The use by a corporation of a name in violation of this section may be enjoined notwithstanding the filing of its articles by the Secretary of State.

(d) Any applicant may, upon payment of the fee prescribed therefor in the Government Code, obtain from the Secretary of State a certificate of reservation of any name not prohibited by subdivision (b), and upon the issuance of the certificate the name stated therein shall be reserved for a period of 60 days. The Secretary of State shall not, however, issue certificates reserving the same name for two or more consecutive 60-day periods to the same applicant or for the use or benefit of the same person; nor shall

consecutive reservations be made by or for the use or benefit of the same person of names so similar as to fall within the prohibitions of subdivision (b).

SEC. 76. Section 12353 of the Corporations Code is amended to read:

12353. (a) A corporation shall have (1) a chair of the board, who may be given the title chair, chairperson, chair of the board, or chairperson of the board, or a president or both, (2) a secretary, (3) a treasurer or a chief financial officer or both, and (4) any other officers with any titles and duties as shall be stated in the bylaws or determined by the board and as may be necessary to enable it to sign instruments. The president, or if there is no president the chair of the board, is the chief executive officer of the corporation, unless otherwise provided in the articles or bylaws. Unless otherwise specified in the articles or the bylaws, if there is no chief financial officer, the treasurer is the chief financial officer of the corporation. Any number of offices may be held by the same person unless the articles or bylaws provide otherwise. Either the chair of the board or the president shall be elected from among those board members elected by the membership of the corporation.

(b) Except as otherwise provided by the articles or bylaws, officers shall be chosen by the board and serve at the pleasure of the board, subject to the rights, if any, of an officer under any contract of employment. Any officer may resign at any time upon written notice to the corporation without prejudice to the rights, if any, of the corporation under any contract to which the officer is a party.

SEC. 77. Section 12354 of the Corporations Code is amended to read:

12354. Subject to the provisions of subdivision (a) of Section 12321, any note, mortgage, evidence of indebtedness, contract, conveyance or other instrument in writing, and any assignment or endorsement thereof, executed or entered into between any corporation and any other person, when signed by any one of the chairperson of the board, the president or any vice president and by any one of the secretary, any assistant secretary, the chief financial officer, or any assistant treasurer of such corporation, is not invalidated as to the corporation by any lack of authority of the signing officers in the absence of actual knowledge on the part of the other person that the signing officers had no authority to execute the same.

SEC. 78. Section 12364 of the Corporations Code is amended to read:

12364. (a) Unless otherwise provided in the articles or bylaws and except for a vacancy created by the removal of a director, vacancies on the board may be filled by approval of the board (Section 12222) or, if the number of directors then in office is less than a quorum, by (1) the unanimous written consent of the directors then in office, (2) the affirmative vote of a majority of the directors then in office at a meeting held pursuant to notice or waivers of notice complying with Section 12351, or (3) a sole remaining director. Unless the articles or a bylaw approved by the members (Section 12224) provide that the board may fill vacancies occurring in the board by reason of the removal of directors, such vacancies may be filled only by approval of the members (Section 12224).

(b) The members may elect a director at any time to fill any vacancy not filled by the directors.

(c) Any director may resign effective upon giving written notice to the chairperson of the board, the president, the secretary, or the board of directors of the corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

SEC. 79. Section 12460 of the Corporations Code is amended to read:

12460. (a) Meetings of members may be held at a place within or without this state that is stated in or fixed in accordance with the bylaws. If no other place is so stated or fixed, meetings of members shall be held at the principal office of the corporation. Subject to any limitations in the articles or bylaws of the corporation, if authorized by the board of directors in its sole discretion, and subject to those guidelines and procedures as the board of directors may adopt, members not physically present in person at a meeting of members may, by electronic transmission by and to the corporation (Sections 20 and 21), electronic video screen communication, conference telephone, or other means of remote communication, participate in a meeting of members, be deemed present in person, and vote at a meeting of members, subject to subdivision (f).

(b) Except as provided in Section 12460.5, a regular meeting of members shall be held annually. In any year in which directors are elected, the election shall be held at the regular meeting unless the directors are chosen in some other manner authorized by law. Any other proper business may be transacted at the meeting.

(c) If a corporation fails to hold the regular meeting for a period of 60 days after the date designated therefor or, if no date has been designated, for a period of 15 months after the formation of the corporation or after its last regular meeting, or if the corporation fails to hold a written ballot for a period of 60 days after the date designated therefor, then the superior court of the proper county may summarily order the meeting to be held or the ballot to be conducted upon the application of a member, after notice to the corporation giving it an opportunity to be heard.

(d) The votes represented at a meeting called or by written ballot ordered pursuant to subdivision (c) and entitled to be cast on the business to be transacted shall constitute a quorum, notwithstanding any provision of the articles or bylaws or provision in this part to the contrary. The court may issue such orders as may be appropriate including, without limitation, orders designating the time and place of the meeting, the record date for determination of members entitled to vote, and the form of notice of the meeting.

(e) Special meetings of members for any lawful purpose may be called by the board, the chairperson of the board, the president, or other persons, if any, as are specified in the bylaws. In addition, special meetings of members for any lawful purpose may be called by 5 percent or more of the members, however, in a worker cooperative with more than four worker-members, a special meeting may only be called by the greater of three worker-members or 5 percent of the worker-members. In a worker cooperative with fewer than four worker-members, special meetings may be called by one worker-member.

(f) A meeting of the members may be conducted, in whole or in part, by electronic transmission by and to the corporation, by electronic video screen communication, conference telephone, or other means of remote communication if the corporation implements reasonable measures: (1) to provide members a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members, including an opportunity to read or hear the proceedings of the meeting concurrently with those proceedings, (2) if any member votes or takes other action at the meeting by means of electronic transmission to the corporation, electronic video screen communication, conference telephone, or other means of remote communication, to maintain a record of that vote or action in its books and records, and (3) to verify that each person participating remotely is a member. A corporation shall not conduct a meeting of members solely by electronic transmission by and to the corporation, electronic video screen communication, conference telephone, or other means of remote communication unless one or more of the following conditions apply: (A) all of the members consent; or (B) the board determines it is necessary or appropriate because of an emergency, as defined in paragraph (5) of subdivision (m) of Section 12320; or (C) the meeting is conducted on or before June 30, 2022.

SEC. 80. Section 12461 of the Corporations Code is amended to read:

12461. (a) Whenever members are required or permitted to take any action at a meeting, a written notice of the meeting shall be given not less than 10 nor more than 90 days before the date of the meeting to each member who, on the record date for notice of the meeting, is entitled to vote thereat; provided, however, that if notice is given by mail, and the notice is not mailed by first-class, registered, or certified mail, that notice shall be given not less than 20 days before the meeting. A worker cooperative shall provide notice of the meeting not less than 48 hours before the meeting if the meeting is a meeting of only worker-members, provided that the notice is delivered personally to every worker-member. Subject to subdivision (f), and subdivision (b) of Section 12462, that notice shall state the place, date, and time of the meeting, the means of electronic transmission by and to the corporation (Sections 20 and 21), electronic video screen communication, conference telephone, or other means of remote communication, if any, by which members may participate in that meeting, and (1) in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted, or (2) in the case of the regular meeting, those matters which the board, at the time the notice is given, intends to present for action by the members, but, except as provided in subdivision (b) of Section 12462, any proper matter may be presented at the meeting for such action. The notice of any meeting at which directors are to be elected shall include the names of all those who are nominees at the time the notice is given to members.

(b) (1) Notice of a members' meeting or any report shall be given personally, by electronic transmission by the corporation, or by mail or other means of written communication, addressed to a member at the address of such member appearing on the books of the corporation or given by the member to the corporation for purpose of notice, or if no such address appears or is given, at the place where the principal office of the corporation is located or by publication at least once in a newspaper of general circulation in the county in which the principal office is located. Notwithstanding the foregoing, the notice of a members' meeting or any report may be sent by electronic communication or other means of remote communication if the board determines it is necessary or appropriate because of an emergency, as defined in paragraph (5) of subdivision (m) of Section 12320. An affidavit of giving of any notice or report as permitted because of an emergency or otherwise in accordance with the provisions of this part, executed by the secretary, assistant secretary, or any transfer agent, shall be prima facie evidence of the giving of the notice or report.

(2) If any notice or report addressed to the member at the address of such member appearing on the books of the corporation is returned to the corporation by the United States Postal Service marked to indicate the United States Postal Service is unable to deliver the notice or report to the member at such address, all future notices or reports shall be deemed to have been duly given without further mailing if the same shall be available for the member upon written demand of the member at the principal office of the corporation for a period of one year from the date of the giving of the notice or report to all other members.

(3) (A) Notice given by electronic transmission by the corporation under this subdivision shall be valid only if it complies with Section 20. Notwithstanding the foregoing, notice shall not be given by electronic transmission by the corporation under this subdivision after either of the following:

(i) The corporation is unable to deliver two consecutive notices to the member by that means.

(ii) The inability to so deliver the notices to the member becomes known to the secretary, any assistant secretary, the transfer agent, or other person responsible for the giving of the notice.

(B) This paragraph shall not apply if notices are provided by electronic communication or other means of remote communication as permitted because of an emergency.

(c) Upon request in writing to the corporation addressed to the attention of the chairperson of the board, president, vice president, or secretary by any person (other than the board) entitled to call a special meeting of members, the officer forthwith shall cause notice to be given to the members entitled to vote that a meeting will be held at a time fixed by the board not less than 35 nor more than 90 days after the receipt of the request. If the notice is not given within 20 days after receipt of the request, the persons entitled to call the meeting may give the notice or the superior court of the proper county shall summarily order the giving of the notice, after notice to the corporation giving it an opportunity to be heard. The court may issue such orders as may be appropriate, including, without limitation, orders designating the time and place of the meeting, the record date for determination of members entitled to vote, and the form of notice.

(d) When a members' meeting is adjourned to another time or place, unless the bylaws otherwise require and except as provided in this subdivision, notice need not be given of the adjourned meeting if the time and place thereof (or the means of electronic transmission by and to the corporation or electronic video screen communication, conference telephone, or other means of remote communication, if any, by which members may participate) are announced at the meeting at which the adjournment is taken. At the adjourned meeting the corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 45 days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each member of record entitled to vote at the meeting.

(e) The transactions of any meeting of members however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present, and if, either before or after the meeting, each of the persons entitled to vote, not present in person, provides a waiver of notice or consent to the holding of the meeting or an approval of the minutes thereof in writing. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at such meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by this part to be included in the notice but not so included, if such objection is expressly made at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of members need be specified in any written waiver of notice, consent to the holding of the meeting, or approval of the minutes thereof, unless otherwise provided in the articles or bylaws, except as provided in subdivision (f).

(f) Any approval of the members required under Section 12362, 12364, 12373, 12502, or 12658 other than unanimous approval by those entitled to vote, shall be valid only if the general nature of the proposal so approved was stated in the notice of meeting or in any written waiver of notice.

(g) A court may find that notice not given in conformity with this section is still valid, if it was given in a fair and reasonable manner.

(h) Subject to the provisions of subdivision (i), and unless prohibited by the articles or bylaws, before any regular or special meeting of members, the board may authorize distribution of a written ballot to every member entitled to vote at the meeting. Such ballot shall set forth the action proposed to be taken at the meeting, shall provide an opportunity to specify approval or disapproval of the proposed action, and shall state that unless revoked by the member voting in person at the meeting, the ballot will be counted if received by the corporation on or before the time of the meeting with respect to which it was sent. If ballots are so distributed with respect to a meeting, the number of members voting at the meeting by unrevoked written ballots shall be deemed present at the meeting for purposes of determining the existence of a quorum pursuant to subdivision (a) of Section 12462 but only with respect to the proposed action referred to in the ballots. These ballots shall be distributed in a manner consistent with the requirements of subdivision (b) and Section 12464.

(i) Unless prohibited by the articles or bylaws, written ballots may be distributed in a manner contemplated by subdivision (h) with respect to the election of directors, except that no ballots may be so distributed with respect to the election of directors if cumulative voting is permitted pursuant to Section 12484.

SEC. 81. Section 12483 of the Corporations Code is amended to read:

12483. (a) In advance of any meeting of members the board may appoint inspectors of election to act at the meeting and any adjournment thereof. If inspectors of election are not so appointed, or if any persons so appointed fail to appear or refuse to act, the chairperson of any meeting of members may, and on the request of any member shall, appoint inspectors of election (or

persons to replace those who so fail or refuse) at the meeting. The number of inspectors shall be either one or three. If appointed at a meeting on the request of one or more members, the majority of members represented in person shall determine whether one or three inspectors are to be appointed.

(b) The inspectors of election shall determine the number of memberships outstanding and the voting power of each, the number represented at the meeting, the existence of a quorum, receive votes, ballots or consents, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes or consents, determine when the polls shall close, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all members.

(c) The inspectors of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three inspectors of election, the decision, act or certificate of a majority is effective in all respects as the decision, act or certificate of all. Any report or certificate made by the inspectors of election is prima facie evidence of the facts stated therein.

SEC. 82. Section 12504 of the Corporations Code is amended to read:

12504. (a) A corporation may amend its articles to change its status to that of a nonprofit public benefit corporation, a nonprofit mutual benefit corporation, a nonprofit religious corporation, a business corporation, or a social purpose corporation by complying with this section and the other sections of this chapter.

(b) Except as authorized by Section 12501 or unless the corporation has no members, an amendment to change its status to a nonprofit public benefit corporation or a nonprofit religious corporation shall: (1) be approved by the members (Section 12224), and the fairness of the amendment to the members shall be approved by the Commissioner of Financial Protection and Innovation pursuant to Section 25142; or (2) be approved by the members (Section 12224) in an election conducted by written ballot pursuant to Section 12463 in which no negative votes are cast; or (3) be approved by 100 percent of the voting power.

(c) Amended articles authorized by this section shall include the provisions which would have been required (other than the initial street address and initial mailing address of the corporation and the name of the initial agent for service of process if a statement has been filed pursuant to Section 12570), and may in addition only include those provisions which would have been permitted, in original articles filed by the type of corporation (nonprofit public benefit, nonprofit mutual benefit, nonprofit religious, business, or social purpose) into which the corporation is changing its status.

(d) At the time of filing a certificate of amendment to change status to a nonprofit public benefit corporation, the Secretary of State shall make available the filed certificate to the Attorney General.

SEC. 83. Section 12534 of the Corporations Code is amended to read:

12534. Each constituent corporation shall sign the agreement by the chairperson of its board, president or a vice president and secretary or an assistant secretary acting on behalf of their respective corporations.

SEC. 84. Section 12570 of the Corporations Code is amended to read:

12570. (a) Every corporation shall, within 90 days after the filing of its original articles and annually thereafter during the applicable filing period in each year, file, on a form prescribed by the Secretary of State, a statement containing: (1) the name of the corporation and the Secretary of State's file number; (2) the names and complete business or residence addresses of its chief executive officer or general manager, secretary, and chief financial officer; (3) the street address of its principal office in California, if any; (4) the mailing address of the corporation, if different from the street address of its principal office in California; and (5) if the corporation chooses to receive renewal notices and any other notifications from the Secretary of State by electronic mail instead of by United States mail, the corporation shall include a valid electronic mail address for the corporation or for the corporation's designee to receive those notices.

(b) The statement required by subdivision (a) shall also designate, as the agent of the corporation for the purpose of service of process, a natural person residing in this state or any domestic or foreign corporation that has complied with Section 1505 and whose capacity to act as an agent has not terminated. If a natural person is designated, the statement shall set forth the person's complete business or residence street address. If a corporate agent is designated, no address for it shall be set forth.

(c) For the purposes of this section, the applicable filing period for a corporation shall be the calendar month during which its original articles were filed and the immediately preceding five calendar months. The Secretary of State shall provide a notice to each corporation to comply with this section approximately three months before the close of the applicable filing period. The notice shall state the due date for compliance and shall be sent to the last address of the corporation according to the records of the Secretary of State or to the last electronic mail address according to the records of the Secretary of State if the corporation

has elected to receive notices from the Secretary of State by electronic mail. Neither the failure of the Secretary of State to send the notice nor the failure of the corporation to receive it is an excuse for failure to comply with this section.

(d) Whenever any of the information required by subdivision (a) is changed, the corporation may file a current statement containing all the information required by subdivisions (a) and (b). In order to change its agent for service of process or the address of the agent, the corporation must file a current statement containing all the information required by subdivisions (a) and (b). Whenever any statement is filed pursuant to this section, it supersedes any previously filed statement and the statement in the articles as to the agent for service of process and the address of the agent.

(e) The Secretary of State may destroy or otherwise dispose of any statement filed pursuant to this section after it has been superseded by the filing of a new statement.

(f) This section does not place any person dealing with the corporation on notice of, or under any duty to inquire about, the existence or content of a statement filed pursuant to this section.

SEC. 85. Section 12702 of the Corporations Code is amended to read:

12702. Any subject corporation that existed on the first day of January 1873, was formed under the laws of this state, and which has not already elected to continue its existence under the prior law, may at any time elect to continue its existence under the provisions of this code applicable thereto, (a) by the unanimous vote of all its directors, (b) by the vote of the members representing a majority of the voting power of the corporation at an election held at any annual meeting of the members or at any meeting called by the directors for the express purpose of considering this subject, or (c) by action of the directors upon the written consent of the members representing a majority of the voting power of the corporation.

A certificate of the action of the directors, signed by the directors and the secretary, shall be filed in the office of the Secretary of State when the election is made by the unanimous vote of the directors or upon the written consent of the members. A certificate of the proceedings of the meeting of the members when the election is made at any such meeting, signed by the chairperson and secretary of the meeting and a majority of the directors, shall be filed in the office of the Secretary of State. Thereafter, the corporation shall continue its existence under the provisions of this code which are applicable thereto, and shall possess all the rights and powers, and shall be subject to all the obligations, restrictions, and limitations, prescribed thereby.

SEC. 86. Section 15901.02 of the Corporations Code is amended to read:

15901.02. In this chapter, the following terms have the following meanings:

(a) "Acknowledged" means that an instrument is either of the following:

(1) Formally acknowledged as provided in Article 3 (commencing with Section 1180) of Chapter 4 of Title 4 of Part 4 of Division 2 of the Civil Code.

(2) Executed to include substantially the following wording preceding the signature: "It is hereby declared that I am the person who executed this instrument, which execution is my act and deed. Any certificate of acknowledgment taken without this state before a notary public or a judge or clerk of a court of record having an official seal need not be further authenticated."

(b) "Certificate of limited partnership" means the certificate required by Section 15902.01. The term includes the certificate as amended or restated.

(c) "Contribution," except in the phrase "right of contribution," means any benefit provided by a person to a limited partnership in order to become a partner or in the person's capacity as a partner.

(d) "Debtor in bankruptcy" means a person that is the subject of either of the following:

(1) An order for relief under Title 11 of the United States Code or a comparable order under a successor statute of general application.

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

(e) "Designated office" means either of the following:

(1) With respect to a limited partnership, the office that the limited partnership is required to designate and maintain under Section 15901.14.

(2) With respect to a foreign limited partnership, its principal office.

(f) "Distribution" means a transfer of money or other property from a limited partnership to a partner in the partner's capacity as a partner or to a transferee on account of a transferable interest owned by the transferee.

(g) "Domestic corporation" means a corporation formed under the laws of this state.

(h) "Electronic transmission by the partnership" means a communication that meets both of the following requirements:

(1) It is delivered by any of the following means:

(A) Facsimile transmission or electronic mail when directed to the facsimile number or electronic mail address, respectively, for the recipient on the record with the partnership.

(B) Posting on an electronic message board or other electronic database, that the partnership has designated for the communication, together with a separate notice to the recipient of the posting, which shall be validly delivered upon the later of either the posting or delivery of the separate notice thereof.

(C) Other means of electronic communication.

(2) It is to a recipient that has provided an unrevoked consent to the use of the means of transmission used by the partnership in the electronic transmission.

(i) "Electronic transmission to the partnership" means a communication that meets both of the following requirements:

(1) It is delivered by any of the following means:

(A) Facsimile communication or other electronic mail when directed to the facsimile number or electronic mail address, respectively, that the partnership has provided from time to time to the partners for sending communications to the partnership.

(B) Posting on an electronic message board or electronic database that the partnership has designated for the communication. A transmission shall have been validly delivered upon the posting.

(C) Other means of electronic communication.

(2) It is a communication as to which the partnership has placed in effect reasonable measures to verify that the sender is the partner purporting to send the transmission, either in person or by proxy.

(j) "Foreign limited liability limited partnership" means a foreign limited partnership whose general partners have limited liability for the obligations of the foreign limited partnership.

(k) "Foreign limited partnership" means a partnership formed under the laws of a jurisdiction other than this state and required by those laws to have one or more general partners and one or more limited partners. The term includes a foreign limited liability limited partnership.

(l) "Foreign other business entity" means an other business entity formed under the laws of any state other than this state or under the laws of a foreign country.

(m) "General partner" means:

(1) With respect to a limited partnership, a person to whom either of the following applies:

(A) The person becomes a general partner under Section 15904.01.

(B) The person was a general partner in a limited partnership when the limited partnership became subject to this chapter under subdivision (a) or (b) of Section 15912.06.

(2) With respect to a foreign limited partnership, a person that has rights, powers, and obligations similar to those of a general partner in a limited partnership.

(n) "Interests of all partners" means the aggregate interests of all partners in the current profits derived from business operations of the partnership.

(o) "Interests of limited partners" means the aggregate interests of all limited partners in their respective capacities as limited partners in the current profits derived from business operations of the partnership.

(p) "Limited partner" means:

(1) With respect to a limited partnership, a person to whom either of the following applies:

(A) The person becomes a limited partner under Section 15903.01 or subdivision (h) of Section 15907.02.

(B) The person was a limited partner in a limited partnership when the limited partnership became subject to this chapter under subdivision (a) or (b) of Section 15912.06.

(2) With respect to a foreign limited partnership, a person that has rights, powers, and obligations similar to those of a limited partner in a limited partnership.

(q) "Limited partnership or domestic limited partnership," except in the phrases "foreign limited partnership" and "foreign limited liability limited partnership," means an entity, having one or more general partners and one or more limited partners, which is formed under this chapter by two or more persons or becomes subject to this chapter under Article 11 (commencing with Section 15911.01) or subdivisions (a) or (b) of Section 15912.06.

(r) "Mail" means first-class mail, postage prepaid, unless registered mail is specified. Registered mail includes certified mail.

(s) "Majority in interest of all partners" means more than 50 percent of the interests of all partners.

(t) "Majority in interest of the limited partners" means more than 50 percent of the interests of limited partners.

(u) "Other business entity" means a corporation, general partnership, limited liability company, business trust, real estate investment trust, or an unincorporated association other than a nonprofit association, but excludes a limited partnership.

(v) "Parent" of a limited partnership means any of the following:

(1) A general partner of the limited partnership.

(2) A person possessing, directly or indirectly, the power to direct or cause the direction of the management and policies of a general partner of the limited partnership.

(3) A person owning, directly or indirectly, limited partnership interests possessing more than 50 percent of the aggregate voting power of the limited partnership.

(w) "Partner" means a limited partner or general partner.

(x) "Partnership agreement" means the partners' agreement, whether oral, implied, in a record, or in any combination, concerning the limited partnership. The term includes the agreement as amended.

(y) "Person" means an individual, partnership, limited partnership, trust, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign.

(z) "Person dissociated as a general partner" means a person dissociated as a general partner of a limited partnership.

(aa) "Principal office" means the office where the principal office of a limited partnership or foreign limited partnership is located, whether or not the office is located in this state.

(ab) "Proxy" means a written authorization signed by a partner or the partner's attorney in fact giving another person the power to vote with respect to the interest of that partner. "Signed," for the purpose of this subdivision, means the placing of the partner's name on the proxy, whether by manual signature, typewriting, telegraphic transmission, or otherwise, by the partner or the partner's attorney in fact.

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

(ad) "Required information" means the information that a limited partnership is required to maintain under Section 15901.11.

(ae) "Return of capital" means any distribution to a partner to the extent that the aggregate distributions to that partner do not exceed that partner's contributions to the partnership.

(af) "Sign" means either of the following:

(1) To execute or adopt a tangible symbol with the present intent to authenticate a record.

(2) To attach or logically associate an electronic symbol, sound, or process to or with a record with the present intent to authenticate the record.

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

(ah) "Time a notice is given or sent," unless otherwise expressly provided, means any of the following:

(1) The time a written notice to a partner or the limited partnership is deposited in the United States mail.

(2) The time any other written notice is personally delivered to the recipient, is delivered to a common carrier for transmission, or is actually transmitted by the person giving the notice by electronic means to the recipient.

(3) The time any oral notice is communicated, in person or by telephone or wireless, to the recipient or to a person at the office of the recipient who the person giving the notice has reason to believe will promptly communicate it to the recipient.

(ai) (1) "Transact intrastate business" means, for purposes of registration, entering into repeated and successive transactions of business in this state, other than interstate or foreign commerce.

(2) A foreign limited partnership shall not be considered to be transacting intrastate business within the meaning of paragraph

(1) solely because of its status as one or more of the following:

(A) A shareholder of a foreign corporation transacting intrastate business.

(B) A shareholder of a domestic corporation.

(C) A limited partner of a foreign limited partnership transacting intrastate business.

(D) A limited partner of a domestic limited partnership.

(E) A member or manager of a foreign limited liability company transacting intrastate business.

(F) A member or manager of a domestic limited liability company.

(3) Without excluding other activities that may not constitute transacting intrastate business, a foreign limited partnership shall not be considered to be transacting intrastate business within the meaning of paragraph (1) solely by reason of carrying on in this state one or more of the following activities:

(A) Maintaining or defending any action or suit or any administrative or arbitration proceeding, or effecting the settlement thereof or the settlement of claims and disputes.

(B) Holding meetings of its partners or carrying on other activities concerning its internal affairs.

(C) Maintaining bank accounts.

(D) Maintaining offices or agencies for the transfer, exchange, and registration of its securities or depositories with relation to its securities.

(E) Effecting sales through independent contractors.

(F) Soliciting or procuring orders, whether by mail or through employees or agents or otherwise, where the orders require acceptance without this state before becoming binding contracts.

(G) Creating or acquiring evidences of debt or mortgages, liens, or security interests on real or personal property.

(H) Securing or collecting debts or enforcing mortgages and security interests in property securing the debts.

(I) Conducting an isolated transaction completed within a period of 180 days and not in the course of a number of repeated transactions of like nature.

(J) Transacting business in interstate commerce.

(4) A person shall not be deemed to be transacting intrastate business in this state within the meaning of paragraph (1) solely because of the person's status as a limited partner of a domestic limited partnership or a foreign limited partnership registered to transact intrastate business in this state.

This definition shall not apply in determining the contacts or activities that may subject a foreign limited partnership to service of process, taxation, jurisdiction, or other regulation under any other law of this state.

(aj) "Transfer" includes an assignment, conveyance, deed, bill of sale, lease, mortgage, creation of a security interest or encumbrance, gift, and transfer by operation of law.

(ak) "Transferable interest" means a partner's right to receive distributions.

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

SEC. 87. Section 15901.08 of the Corporations Code is amended to read:

15901.08. (a) The name of a limited partnership may contain the name of any partner.

(b) The name of a limited partnership shall contain the phrase "limited partnership" or the abbreviation "L.P." or "LP" at the end of its name.

(c) The name of a foreign limited liability limited partnership that is applying for a certificate of registration pursuant to Section 15909.02 shall contain the phrase "limited liability limited partnership" or the abbreviation "LLLP" or "L.L.L.P." and shall not contain the abbreviation "L.P." or "LP."

(d) The name of a limited partnership shall not be a name that the Secretary of State determines is likely to mislead the public and shall be distinguishable in the records of the Secretary of State from all of the following:

(1) The name of any limited partnership that has previously filed a certificate pursuant to Section 15902.01 or any foreign limited partnership registered pursuant to Section 15909.01.

(2) Each name reserved under Section 15901.09.

(e) The use by a limited partnership of a name in violation of this section may be enjoined notwithstanding the filing of its certificate of limited partnership by the Secretary of State.

(f) Subject to Section 15909.05, this section applies to any foreign limited partnership transacting business in this state, having a certificate of registration to transact business in this state, or applying for a certificate of registration.

(g) The name shall not include the words "bank," "trust," "trustee," "incorporated," "inc.," "corporation," or "corp." and shall not include the words "insurer" or "insurance company" or any other words suggesting that it is in the business of issuing policies of insurance and assuming insurance risks.

SEC. 88. Section 15901.11 of the Corporations Code is amended to read:

15901.11. A limited partnership shall maintain at its principal office the following information:

(a) A current list showing the full name and last known street and mailing address of each partner, separately identifying the general partners, in alphabetical order, and the limited partners, in alphabetical order;

(b) A copy of the initial certificate of limited partnership and all amendments to and restatements of the certificate, together with signed copies of any powers of attorney under which any certificate, amendment, or restatement has been signed;

(c) A copy of any filed certificate of conversion or merger;

(d) A copy of the limited partnership's federal, state, and local income tax returns and reports, if any, for the six most recent years;

(e) A copy of any partnership agreement made in a record and any amendment made in a record to any partnership agreement;

(f) A copy of any financial statement of the limited partnership for the six most recent years;

(g) A copy of any record made by the limited partnership during the past three years of any consent given by or vote taken of any partner pursuant to this chapter or the partnership agreement; and

(h) Unless contained in a partnership agreement made in a record, a record stating:

(1) The amount of cash, and a description and statement of the agreed value of the other benefits, contributed and agreed to be contributed by each partner;

(2) The times at which, or events on the happening of which, any additional contributions agreed to be made by each partner are to be made;

(3) For any person that is both a general partner and a limited partner, a specification of what transferable interest the person owns in each capacity; and

(4) Any events upon the happening of which the limited partnership is to be dissolved and its activities wound up.

SEC. 89. Section 15902.01 of the Corporations Code is amended to read:

15902.01. (a) In order for a limited partnership to be formed, a certificate of limited partnership must be filed with and on a form prescribed by the Secretary of State and, either before or after the filing of a certificate of limited partnership, the partners shall have entered into a partnership agreement. The certificate must state:

- (1) the name of the limited partnership, which shall comply with Section 15901.08;
- (2) the street address of the initial principal office;
- (3) the name and street address of the initial agent for service of process in accordance with paragraph (1) of subdivision (d) of Section 15901.16;
- (4) the name and the address of each general partner; and
- (5) the mailing address of the limited partnership, if different from the address of the initial principal office.

(b) A certificate of limited partnership may also contain any other matters but may not vary or otherwise affect the provisions specified in subdivision (b) of Section 15901.10 in a manner inconsistent with that section.

(c) A limited partnership is formed when the Secretary of State files the certificate of limited partnership.

(d) Subject to subdivision (b), if any provision of a partnership agreement is inconsistent with the filed certificate of limited partnership or with a filed certificate of dissociation, cancellation, or amendment or filed certificate of conversion or merger:

- (1) the partnership agreement prevails as to partners and transferees; and
- (2) the filed certificate of limited partnership, certificate of dissociation, cancellation, or amendment or filed certificate of conversion or merger prevails as to persons, other than partners and transferees, that reasonably rely on the filed record to their detriment.

(e) A limited partnership may record in the office of the county recorder of any county in this state a certified copy of the certificate of limited partnership, or any amendment thereto, which has been filed by the Secretary of State. A foreign limited partnership may record in the office of the county recorder of any county in the state a certified copy of the application for registration to transact business, together with the certificate of registration, referred to in Section 15909.02, or any amendment thereto, which has been filed by the Secretary of State. The recording shall create a conclusive presumption in favor of any bona fide purchaser or encumbrancer for value of the partnership real property located in the county in which the certified copy has been recorded, that the persons named as general partners therein are the general partners of the partnership named and that they are all of the general partners of the partnership.

(f) The Secretary of State may cancel the filing of certificates of limited partnership, including certificates effecting a conversion, if a check or other remittance accepted in payment of the filing fee is not paid upon presentation. For partners and transferees, the partnership agreement is paramount. Within 90 days of receiving written notification that the item presented for payment has not been honored for payment, the Secretary of State shall give a first written notice of the applicability of this section to the agent for service of process or to the person submitting the instrument. Thereafter, if the amount has not been paid by cashier's check or equivalent, the Secretary of State shall give a second written notice of cancellation and the cancellation shall thereupon be effective. The second notice shall be given 20 days or more after the first notice.

(g) The Secretary of State shall include with instructional materials, provided in conjunction with the form for filing a certificate of limited partnership under subdivision (a), a notice that the filing of the certificate of limited partnership will obligate the limited partnership to pay an annual tax for that taxable year to the Franchise Tax Board pursuant to Section 17935 of the Revenue and Taxation Code. That notice shall be updated annually to specify the dollar amount of the annual tax.

SEC. 90. Section 15902.09 of the Corporations Code is amended to read:

15902.09. (a) A domestic limited partnership whose certificate of limited partnership has been canceled pursuant to Section 15902.03 may be revived by filing with, and on a form prescribed by, the Secretary of State a certificate of revival. The certificate of revival shall be accompanied by written confirmation by the Franchise Tax Board that all of the following have occurred:

- (1) All of the following have been paid to the Franchise Tax Board:
 - (A) The annual tax due under Section 17935 of the Revenue and Taxation Code.

(B) All fees, penalties, and interest for each year for which the domestic limited partnership failed to pay such annual tax, including each year between the cancellation of its certificate of limited partnership and its revival.

(2) All required tax returns have been filed, including returns for each taxable year between the cancellation of its certificate of limited partnership and its revival.

(b) The certificate of revival shall set forth all of the following:

(1) The name of the limited partnership at the time its certificate of limited partnership was canceled, and if the name is not available at the time of revival, the name under which the limited partnership is to be revived.

(2) The date of filing of the original certificate of limited partnership.

(3) The address of the limited partnership's principal office.

(4) The name and address of the initial agent for service of process in accordance with paragraph (1) of subdivision (d) of Section 15901.16.

(5) A statement that the certificate of revival is filed by one or more general partners of the limited partnership authorized to execute and file the certificate of revival to revive the limited partnership.

(6) The Secretary of State's file number for the original limited partnership.

(7) The name and address of each general partner.

(8) Any other matters the general partner or partners executing the certificate of revival determine to include therein.

(c) The certificate of revival should be deemed to be an amendment to the certificate of limited partnership, and the limited partnership shall not be required to take any further action to amend its certificate of limited partnership pursuant to Section 15902.02 with respect to the matter set forth in the certificate of revival.

(d) Upon the filing of the certificate of revival, the limited partnership shall be revived with the same force and effect as if the certificate of limited partnership had not been canceled pursuant to Section 15902.03. The revival shall validate all contracts, acts, matters, and things made, done, and performed by the limited partnership, its partners, employees, and agents following the time its certificate of limited partnership was canceled pursuant to Section 15902.03 with the same force and effect and all intents and purposes as if the certificate of limited partnership had remained in full force and effect. This provision shall apply provided that third parties are relying on the acts of the partnership, its partners, employees, and agents. All real and personal property, and all rights and interests, that belong to a limited partnership at the time its certificate of limited partnership was canceled pursuant to Section 15902.03 or that were acquired by the limited partnership following the cancellation of the certificate of limited partnership, that were not disposed of before the time of its revival, shall be vested in the limited partnership after its revival as fully as if they were held by the limited partnership at, and during the time after, as the case may be, the time the certificate of limited partnership was canceled. After its revival, the limited partnership and its partners shall have all of the same liability for contracts, acts, matters, and things made, done, or performed in the limited partnership's name and on behalf of its partners, employees, and agents, as the limited partnership and its partners would have had if the limited partnership's certificate of limited partnership had at all times remained in full force and effect.

(e) The amendments made to this section by the act adding this subdivision shall apply to written confirmations made by the Franchise Tax Board on or after January 1, 2010.

SEC. 91. Section 15903.04 of the Corporations Code is amended to read:

15903.04. (a) On 10 days' demand, made in a record received by the limited partnership, a limited partner may inspect and copy any information required to be maintained pursuant to Section 15901.11 during regular business hours in the limited partnership's principal office. The limited partner need not have any particular purpose for seeking the information.

(b) Subject to subdivision (g), during regular business hours and at a reasonable location specified by the limited partnership, a limited partner may obtain from the limited partnership, which may be transmitted via electronic transmission, and inspect and copy true and full information regarding the state of the activities and financial condition of the limited partnership and other information regarding the activities of the limited partnership as is just and reasonable if:

(1) the limited partner seeks the information for a purpose reasonably related to the partner's interest as a limited partner;

(2) the limited partner makes a demand in a record received by the limited partnership, describing with reasonable particularity the information sought and the purpose for seeking the information; and

(3) the information sought is directly connected to the limited partner's purpose.

(c) Within 10 days after receiving a demand pursuant to subdivision (b), the limited partnership in a record shall inform the limited partner that made the demand:

- (1) what information the limited partnership will provide in response to the demand;
- (2) when and where the limited partnership will provide the information; and
- (3) if the limited partnership declines to provide any demanded information, the limited partnership's reasons for declining.

(d) Subject to subdivision (f), a person dissociated as a limited partner may inspect and copy required information during regular business hours in the limited partnership's principal office if:

- (1) the information pertains to the period during which the person was a limited partner;
- (2) the person seeks the information in good faith; and
- (3) the person meets the requirements of subdivision (b).

(e) The limited partnership shall respond to a demand made pursuant to subdivision (d) in the same manner as provided in subdivision (c).

(f) If a limited partner dies, Section 15907.04 applies.

(g) The limited partnership shall have the right to keep confidential from limited partners for such period of time as the limited partnership deems reasonable, any information which the limited partnership reasonably believes to be in the nature of trade secrets or other information the disclosure of which the limited partnership in good faith believes is not in the best interest of the limited partnership or could damage the limited partnership or its business or which the limited partnership is required by law or by agreement with a third party to keep confidential.

(h) The limited partnership may impose reasonable restrictions on the use of information obtained under this section. In a dispute concerning the reasonableness of a restriction under this subdivision, the limited partnership has the burden of proving reasonableness.

(i) A limited partnership may charge a person that makes a demand under this section reasonable costs of copying, limited to the costs of labor and material.

(j) Whenever this chapter or a partnership agreement provides for a limited partner to give or withhold consent to a matter, before the consent is given or withheld, the limited partnership shall, without demand, provide the limited partner with all information material to the limited partner's decision that the limited partnership knows.

(k) A limited partner or person dissociated as a limited partner may exercise the rights under this section through an attorney or other agent. Any restriction imposed under subdivision (g), subdivision (h) or by the partnership agreement applies both to the attorney or other agent and to the limited partner or person dissociated as a limited partner.

(l) The rights stated in this section do not extend to a person as transferee, but may be exercised by the legal representative of an individual under legal disability who is a limited partner or person dissociated as a limited partner.

SEC. 92. Section 15904.07 of the Corporations Code is amended to read:

15904.07. (a) A general partner, without having any particular purpose for seeking the information, may inspect and copy during regular business hours:

- (1) in the limited partnership's principal office, required information; and
- (2) at a reasonable location specified by the limited partnership, any other records maintained by the limited partnership regarding the limited partnership's activities and financial condition.

(b) Each general partner and the limited partnership shall furnish to a general partner which may be transmitted via electronic transmission:

- (1) without demand, any information concerning the limited partnership's activities and activities reasonably required for the proper exercise of the general partner's rights and duties under the partnership agreement or this chapter; and
- (2) on demand, any other information concerning the limited partnership's activities, except to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances.

(c) Subject to subdivision (e), on 10 days' demand made in a record received by the limited partnership, a person dissociated as a general partner may have access to the information and records described in subdivision (a) at the location specified in subdivision (a) if:

- (1) the information or record pertains to the period during which the person was a general partner;
- (2) the person seeks the information or record in good faith; and
- (3) the person satisfies the requirements imposed on a limited partner by subdivision (b) of Section 15903.04.

(d) The limited partnership shall respond to a demand made pursuant to subdivision (c) in the same manner as provided in subdivision (c) of Section 15903.04.

(e) If a general partner dies, Section 15907.04 applies.

(f) The limited partnership may impose reasonable restrictions on the use of information under this section. In any dispute concerning the reasonableness of a restriction under this subdivision, the limited partnership has the burden of proving reasonableness.

(g) A limited partnership may charge a person dissociated as a general partner that makes a demand under this section reasonable costs of copying, limited to the costs of labor and material.

(h) A general partner or person dissociated as a general partner may exercise the rights under this section through an attorney or other agent. Any restriction imposed under subdivision (f) or by the partnership agreement applies both to the attorney or other agent and to the general partner or person dissociated as a general partner.

(i) The rights under this section do not extend to a person as transferee, but the rights under subdivision (c) of a person dissociated as a general partner may be exercised by the legal representative of an individual who dissociated as a general partner under paragraph (2) or (3) of subdivision (g) of Section 15906.03.

SEC. 93. Section 15908.02 of the Corporations Code is amended to read:

15908.02. (a) On application by a partner, a court of competent jurisdiction may order dissolution of a limited partnership if it is not reasonably practicable to carry on the activities of the limited partnership in conformity with the partnership agreement.

(b) In any suit for judicial dissolution, the other partners may avoid the dissolution of the limited partnership by purchasing for cash the partnership interests owned by the partners so initiating the proceeding (the "moving parties") at their fair market value. In fixing the value, the amount of any damages resulting if the initiation of the dissolution is a breach by any moving party or parties of an agreement with the purchasing party or parties, including, without limitation, the partnership agreement, may be deducted from the amount payable to the moving party or parties.

(c) If the purchasing parties (1) elect to purchase the partnership interests owned by the moving parties, (2) are unable to agree with the moving parties upon the fair market value of the partnership interests, and (3) give bond with sufficient security to pay the estimated reasonable expenses, including attorneys' fees, of the moving parties if the expenses are recoverable under subdivision (d), the court, upon application of the purchasing parties, either in the pending action or in a proceeding initiated in the superior court of the proper county by the purchasing parties, shall stay the winding up and dissolution proceeding and shall proceed to ascertain and fix the fair market value of the partnership interests owned by the moving parties.

(d) The court shall appoint three disinterested appraisers to appraise the fair market value of the partnership interests owned by the moving parties, and shall make an order referring the matter to the appraisers so appointed for the purpose of ascertaining that value. The order shall prescribe the time and manner of producing evidence, if evidence is required. The award of the appraisers or a majority of them, when confirmed by the court, shall be final and conclusive upon all parties. The court shall enter a decree that shall provide in the alternative for winding up and dissolution of the limited partnership unless payment is made for the partnership interests within the time specified by the decree. If the purchasing parties do not make payment for the partnership interests within the time specified, judgment shall be entered against them and the surety or sureties on the bond for the amount of the expenses, including attorneys' fees, of the moving parties. Any member aggrieved by the action of the court may appeal therefrom.

(e) If the purchasing parties desire to prevent the winding up and dissolution of the limited partnership, they shall pay to the moving parties the value of their partnership interests ascertained and decreed within the time specified pursuant to this section, or, in the case of an appeal, as fixed on appeal. On receiving that payment or the tender thereof, the moving parties shall transfer their partnership interests to the purchasing parties.

(f) For the purposes of this section, the valuation date shall be the date upon which the action for judicial dissolution was commenced. However, the court may, upon the hearing of a motion by any party, and for good cause shown, designate some

other date as the valuation date.

SEC. 94. Section 15908.07 of the Corporations Code is amended to read:

15908.07. (a) A dissolved limited partnership may publish notice of its dissolution and request persons having claims against the limited partnership to present them in accordance with the notice.

(b) The notice must:

- (1) be published at least once in a newspaper of general circulation in the county in which the dissolved limited partnership's principal office is located or, if it has none in this state, in the county in which the limited partnership's principal office is or was last located;
- (2) describe the information required to be contained in a claim and provide a mailing address to which the claim is to be sent; and
- (3) state that a claim against the limited partnership is barred unless an action to enforce the claim is commenced within four years after publication of the notice.

(c) If a dissolved limited partnership publishes a notice in accordance with subdivision (b), the claim of each of the following claimants is barred unless the claimant commences an action to enforce the claim against the dissolved limited partnership within four years after the publication date of the notice:

- (1) a claimant that did not receive notice in a record under Section 15908.06;
- (2) a claimant whose claim was timely sent to the dissolved limited partnership but not acted on; and
- (3) a claimant whose claim is contingent or based on an event occurring after the effective date of dissolution.

(d) A claim not barred under this section may be enforced:

- (1) against the dissolved limited partnership, to the extent of its undistributed assets;
- (2) if the assets have been distributed in liquidation, against a partner or transferee to the extent of that person's proportionate share of the claim or the limited partnership's assets distributed to the partner or transferee in liquidation, whichever is less, but a person's total liability for all claims under this paragraph does not exceed the total amount of assets distributed to the person as part of the winding up of the dissolved limited partnership; or
- (3) against any person liable on the claim under Section 15904.04.

(e) Publication of a notice of dissolution of a limited partnership pursuant to this section shall not bar the collection of any tax, interest, penalty or addition to tax under Part 10 (commencing with Section 17001) of, Part 10.20 (commencing with Section 18401) of, and Part 11 (commencing with Section 23001) of, Division 2 of the Revenue and Taxation Code.

SEC. 95. Section 15909.02 of the Corporations Code is amended to read:

15909.02. (a) A foreign limited partnership may apply for a certificate of registration to transact business in this state by delivering an application signed and acknowledged by a general partner of the foreign limited partnership to, and on a form prescribed by, the Secretary of State for filing. The application shall state all of the following:

- (1) The name of the foreign limited partnership and, if the name does not comply with Section 15901.08, an alternate name adopted pursuant to subdivision (a) of Section 15909.05.
- (2) The name of the state or other jurisdiction under whose law the foreign limited partnership is organized and a statement that the foreign limited partnership is authorized to exercise its powers and privileges in that state or jurisdiction.
- (3) The street address of the foreign limited partnership's principal office and, if the laws of the jurisdiction under which the foreign limited partnership is organized require the foreign limited partnership to maintain an office in that jurisdiction, the address of the required office.
- (4) The mailing address of the foreign limited partnership's principal office, if different from the street address.
- (5) The name and street address of the foreign limited partnership's initial agent for service of process in this state in accordance with paragraph (1) of subdivision (d) of Section 15901.16.
- (6) The name and address of each of the foreign limited partnership's general partners.

(7) Whether the foreign limited partnership is a foreign limited liability limited partnership.

(b) A foreign limited partnership shall deliver with the completed application a certificate of existence or a record of similar import issued within the past six months from the submission of the application for filing in California signed by the Secretary of State or other official having custody of the foreign limited partnership's publicly filed records in the state or other jurisdiction under whose law the foreign limited partnership is organized.

SEC. 96. Section 15909.05 of the Corporations Code is amended to read:

15909.05. (a) A foreign limited partnership whose name does not comply with Section 15901.08 may not obtain a certificate of registration until it adopts, for the purpose of transacting business in this state, an alternate name that complies with Section 15901.08.

(b) If a foreign limited partnership authorized to transact business in this state changes its name to one that does not comply with Section 15901.08, it may not thereafter transact business in this state until it complies with subdivision (a) and obtains an amended certificate of registration.

(c) The Secretary of State may cancel the application and certificate of registration of a foreign limited partnership if a check or other remittance accepted in payment of the filing fee is not paid upon presentation. Within 90 days of receiving written notification that the item presented for payment has not been honored for payment, the Secretary of State shall give a first written notice of the applicability of this section to the agent for service of process or to the person submitting the instrument. Thereafter, if the amount has not been paid by cashier's check or equivalent, the Secretary of State shall give a second written notice of cancellation and the cancellation shall thereupon be effective. The second notice shall be given 20 days or more after the first notice.

SEC. 97. Section 15909.06 of the Corporations Code is amended to read:

15909.06. If any statement in the application for registration of a foreign limited partnership was false when made or any statements made have become erroneous, the foreign limited partnership shall promptly deliver to, and on a form prescribed by, the Secretary of State an amendment to the application for registration containing the name of the foreign limited partnership and the Secretary of State's file number of the foreign limited partnership signed and acknowledged by the general partner amending the statement. If a foreign limited partnership delivers an amendment changing the name of the foreign limited partnership in its jurisdiction of organization, annexed to the amendment to the application for registration shall be a certificate issued within the past six months from the submission of the amendment for filing in California from an authorized public official of the foreign limited partnership's jurisdiction of organization to the effect that the foreign limited partnership is in good standing and that the change of name was made in accordance with the laws of that jurisdiction, if the laws of that jurisdiction permit the issuance of those certificates, or, in the alternative, a statement by the foreign limited partnership issued within the past six months from the submission of the amendment for filing in California that the laws of its jurisdiction of organization do not permit the issuance of those certificates. Unless the Secretary of State determines that the amendment to the application changing the name or alternate name of a foreign limited partnership does not comply with the filing requirements of this chapter, the Secretary of State, upon payment of all requisite fees, shall file the amended application and shall issue to the foreign limited partnership a new certificate of registration stating the date of filing of the amendment to the application changing the name and that the foreign limited partnership is qualified to transact intrastate business, subject to any licensing requirements otherwise imposed by the laws of this state.

SEC. 98. Section 15911.03 of the Corporations Code is amended to read:

15911.03. (a) A limited partnership that desires to convert to an other business entity or a foreign other business entity or a foreign limited partnership shall approve a plan of conversion. The plan of conversion shall state all of the following:

(1) The terms and conditions of the conversion.

(2) The place of the organization of the converted entity and of the converting limited partnership and the name of the converted entity after conversion.

(3) The manner of converting the limited and general partnership interests of each of the partners into shares of, securities of, or interests in, the converted entity.

(4) The provisions of the governing documents for the converted entity, including the partnership agreement, limited liability company articles of organization and operating agreement, or articles or certificate of incorporation if the converted entity is a corporation, to which the holders of interests in the converted entity are to be bound.

(5) Any other details or provisions that are required by the laws under which the converted entity is organized, or that are desired by the parties.

(b) The plan of conversion shall be approved by all general partners of the converting limited partnership and by a majority in interest of each class of limited partners of the converting limited partnership, unless a greater or lesser approval is required by the partnership agreement of the converting limited partnership. However, if the limited partners of the limited partnership would become personally liable for any obligations of the converted entity as a result of the conversion, the plan of conversion shall be approved by all of the limited partners of the converting limited partnership, unless the plan of conversion provides that all limited partners will have dissenters' rights as provided in Article 11.5 (commencing with Section 15911.20).

(c) Upon the effectiveness of the conversion, all partners of the converting limited partnership, except those that exercise dissenters' rights as provided in Article 11.5 (commencing with Section 15911.20), shall be deemed parties to any governing documents for the converted entity adopted as part of the plan of conversion, irrespective of whether or not the partner has executed the plan of conversion or the governing documents for the converted entity. Any adoption of governing documents made pursuant thereto shall be effective at the effective time or date of the conversion.

(d) Notwithstanding its prior approval, a plan of conversion may be amended before the conversion takes effect if the amendment is approved by all general partners of the converting limited partnership and, if the amendment changes any of the principal terms of the plan of conversion, the amendment is approved by the limited partners of the converting limited partnership in the same manner and to the same extent as required for the approval of the original plan of conversion.

(e) The general partners of a converting limited partnership may, by unanimous approval at any time before the conversion is effective, in their discretion, abandon a conversion, without further approval by the limited partners, subject to the contractual rights of third parties other than limited partners.

(f) The converted entity shall keep the plan of conversion at the principal office of the converted entity if the converted entity is a domestic partnership or foreign other business entity, at the principal office of, or registrar or transfer agent of, the converted entity, if the converted entity is a domestic corporation, or at the office at which records are to be kept under Section 17701.13 if the converted entity is a domestic limited liability company. Upon the request of a partner of a converting limited partnership, the authorized person on behalf of the converted entity shall promptly deliver to the partner or the holder of shares, interests, or other securities, at the expense of the converted entity, a copy of the plan of conversion. A waiver by a partner of the rights provided in this subdivision shall be unenforceable.

SEC. 99. Section 15911.06 of the Corporations Code is amended to read:

15911.06. (a) Upon conversion of a limited partnership, one of the following applies:

(1) If the limited partnership is converting into a domestic limited liability company, a statement of conversion shall be completed on the articles of organization for the converted entity and shall be filed with the Secretary of State.

(2) If the limited partnership is converting into a domestic partnership, a statement of conversion shall be completed on the statement of partnership authority for the converted entity. If no statement of partnership authority is filed, a certificate of conversion shall be filed separately with the Secretary of State.

(3) If the limited partnership is converting into a domestic corporation, a statement of conversion shall be completed on the articles of incorporation for the converted entity and shall be filed with the Secretary of State.

(4) If the limited partnership is converting to a foreign limited partnership or foreign other business entity, a certificate of conversion shall be filed with the Secretary of State.

(b) Any certificate or statement of conversion shall be executed and acknowledged by all general partners and shall set forth all of the following:

(1) The name of the converting limited partnership and the Secretary of State's file number of the converting limited partnership.

(2) A statement that the principal terms of the plan of conversion were approved by a vote of the partners, that equaled or exceeded the vote required under Section 15911.03, specifying each class entitled to vote and the percentage vote required of each class.

(3) The form of organization of the converted entity.

(4) The name, mailing address, and street address of the converted entity's agent for service of process and the mailing address of the principal office of the converted entity. If a corporation qualified under Section 1505 is designated as the agent, no address for it shall be set forth.

(c) The filing with the Secretary of State of a certificate of conversion or a statement of partnership authority, articles of organization, or articles of incorporation containing a statement of conversion as set forth in subdivision (a) shall have the effect of the filing of a certificate of cancellation by the converting limited partnership, and no converting limited partnership that has made the filing is required to file a certificate of cancellation under Section 15902.03 as a result of that conversion.

SEC. 100. Section 16105 of the Corporations Code is amended to read:

16105. (a) A statement may be filed in the office of the Secretary of State. A certified copy of a statement that is filed in an office in another state may be filed in the office of the Secretary of State. Either filing has the effect provided in this chapter with respect to partnership property located in or transactions that occur in this state.

(b) A certified copy of a statement that has been filed in the office of the Secretary of State and recorded in the office for recording transfers of real property has the effect provided for recorded statements in this chapter. A recorded statement that is not a certified copy of a statement filed in the office of the Secretary of State does not have the effect provided for recorded statements in this chapter.

(c) A statement filed by a partnership shall be executed by at least two partners. Other statements shall be executed by a partner or other person authorized by this chapter. An individual who executes a statement as, or on behalf of, a partner or other person named as a partner in a statement shall personally declare under penalty of perjury that the contents of the statement are accurate.

(d) A person authorized by this chapter to file a statement may amend or cancel the statement by filing an amendment or cancellation that names the partnership, identifies the statement, and states the substance of the amendment or cancellation.

(e) A person who files a statement pursuant to this section shall promptly send a copy of the statement to every nonfiling partner and to any other person named as a partner in the statement. Failure to send a copy of a statement to a partner or other person does not limit the effectiveness of the statement as to a person not a partner.

(f) The Secretary of State may collect a fee for filing or providing a certified copy of a statement. The officer responsible for recording transfers of real property may collect a fee for recording a statement.

(g) The Secretary of State may cancel a statement, including a statement effecting a conversion, if a check or other remittance accepted in payment of the filing fee is not paid upon presentation. Within 90 days of receiving written notification that the item presented for payment has not been honored for payment, the Secretary of State shall give a first written notice of the applicability of the section to the partners, or the appointed agent, or to the person submitting the instrument. Thereafter, if the amount has not been paid by cashier's check or equivalent, the Secretary of State shall give a second written notice of cancellation and the cancellation shall thereupon be effective. The second notice shall be given 20 days or more after the first notice.

SEC. 101. Section 16106 of the Corporations Code is amended to read:

16106. (a) Except as otherwise provided in subdivision (b) of this section, or Section 16958, the law of the jurisdiction in which a partnership has its principal office governs relations among the partners and between the partners and the partnership.

(b) With respect to a registered limited liability partnership, the law of this state shall govern relations among the partners and between the partners and the partnership, and the liability of partners for obligations of the partnership.

SEC. 102. Section 16303 of the Corporations Code is amended to read:

16303. (a) A partnership may file a statement of partnership authority, which is subject to all of the following:

(1) The statement shall include all of the following:

(A) The name of the partnership.

(B) The street address of its principal office and of one principal office in California, if there is one.

(C) The mailing address of its principal office, if different from the street addresses specified pursuant to subparagraph (B).

(D) The names and mailing addresses of all of the partners or of an agent appointed and maintained by the partnership for the purpose of subdivision (b).

(E) The names of the partners authorized to execute an instrument transferring real property held in the name of the partnership.

(2) The statement may specify the authority, or limitations on the authority, of some or all of the partners to enter into other transactions on behalf of the partnership and any other matter.

(b) If a statement of partnership authority names an agent, the agent shall maintain a list of the names and mailing addresses of all of the partners and make it available to any person on request for good cause shown.

(c) If a filed statement of partnership authority is executed pursuant to subdivision (c) of Section 16105 and states the name of the partnership but does not contain all of the other information required by subdivision (a), the statement nevertheless operates with respect to a person not a partner as provided in subdivisions (d) and (e).

(d) A filed statement of partnership authority supplements the authority of a partner to enter into transactions on behalf of the partnership as follows:

(1) Except for transfers of real property, a grant of authority contained in a filed statement of partnership authority is conclusive in favor of a person who gives value without knowledge to the contrary, so long as and to the extent that a limitation on that authority is not then contained in another filed statement. A filed cancellation of a limitation on authority revives the previous grant of authority.

(2) A grant of authority to transfer real property held in the name of the partnership contained in a certified copy of a filed statement of partnership authority recorded in the office for recording transfers of that real property is conclusive in favor of a person who gives value without knowledge to the contrary, so long as and to the extent that a certified copy of a filed statement containing a limitation on that authority is not then of record in the office for recording transfers of that real property. The recording in the office for recording transfers of that real property of a certified copy of a filed cancellation of a limitation on authority revives the previous grant of authority.

(e) A person not a partner is deemed to know of a limitation on the authority of a partner to transfer real property held in the name of the partnership if a certified copy of the filed statement containing the limitation on authority is of record in the office for recording transfers of that real property.

(f) Except as otherwise provided in subdivisions (d) and (e) and Sections 16704 and 16805, a person not a partner is not deemed to know of a limitation on the authority of a partner merely because the limitation is contained in a filed statement.

SEC. 103. Section 16309 of the Corporations Code is amended to read:

16309. (a) The statement of partnership authority may designate an agent for service of process. The agent may be an individual residing in this state or a corporation that has complied with Section 1505 and whose capacity to act as an agent has not terminated. If an individual is designated, the statement shall include that person's complete business or residence street address in this state. If a corporate agent is designated, no address for that agent shall be set forth.

(b) An agent designated for service of process may deliver to the Secretary of State, on a form prescribed by the Secretary of State for filing, a signed and acknowledged written statement of resignation as an agent for service of process containing the name of the partnership and the Secretary of State's file number of the partnership. On filing of the statement of resignation, the authority of the agent to act in that capacity shall cease and the Secretary of State shall mail or otherwise provide written notice of the filing of the statement of resignation to the partnership at its principal office.

(c) The resignation of an agent may be effective if, on a form prescribed by the Secretary of State containing the name of the partnership and the Secretary of State's file number for the partnership and the name of the agent for service of process, the agent disclaims having been properly appointed as the agent.

(d) If an individual who has been designated agent for service of process dies or resigns or no longer resides in the state, or if the corporate agent for that purpose resigns, dissolves, withdraws from the state, forfeits its right to transact intrastate business, has its corporate rights, powers, and privileges suspended, or ceases to exist, the partnership or foreign partnership shall promptly file an amended statement of partnership authority, designating a new agent.

(e) The Secretary of State may destroy or otherwise dispose of any statement of resignation filed pursuant to this section after a new statement of partnership authority is filed pursuant to Section 16303 replacing the agent for service of process that has resigned.

SEC. 104. Section 16310 of the Corporations Code is amended to read:

16310. (a) If a partnership has designated an agent for service of process, process may be served on the partnership as provided in this section and in Chapter 4 (commencing with Section 413.10) of Title 5 of Part 2 of the Code of Civil Procedure.

(b) Personal service of a copy of any process against the partnership by delivery to an individual designated by it as agent, or if the designated agent is a corporation, to a person named in the latest certificate of the corporate agent filed pursuant to Section 1505 at the office of the corporate agent, shall constitute valid service on the partnership.

(c) No change in the address of the agent for service of process or appointment of a new agent for service of process shall be effective until an amendment to the statement of partnership authority is filed.

(d) (1) If an agent for service of process has resigned and has not been replaced, or if the designated agent cannot with reasonable diligence be found at the address designated for personal delivery of the process, and it is shown by affidavit to the satisfaction of the court that process against a partnership cannot be served with reasonable diligence upon the designated agent by hand in the manner provided in Section 415.10, subdivision (a) of Section 415.20, or subdivision (a) of Section 415.30 of the Code of Civil Procedure, the court may make an order that the service shall be made on a partnership by delivering by hand to the Secretary of State, or to any person employed in the Secretary of State's office in the capacity of assistant or deputy, one copy of the process for each defendant to be served, together with a copy of the order authorizing the service. Service in this manner shall be deemed complete on the 10th day after delivery of the process to the Secretary of State.

(2) Upon receipt of the copy of process and the fee for service, the Secretary of State shall give notice of the service of the process to the partnership, at its principal office, by forwarding to that office, by registered mail with request for return receipt, the copy of the process.

(3) The Secretary of State shall keep a record of all process served on the Secretary of State under this section and shall record therein the time of service and the action taken by the Secretary of State. A certificate under the Secretary of State's official seal, certifying to the receipt of process, the giving of notice to the partnership, and the forwarding of the process pursuant to this section, shall be competent and prima facie evidence of the service of process.

SEC. 105. Section 16403 of the Corporations Code is amended to read:

16403. (a) A partnership shall keep its books and records, if any, in writing or in any other form capable of being converted into clearly legible tangible form, at its principal office.

(b) A partnership shall provide partners and their agents and attorneys access to its books and records. It shall provide former partners and their agents and attorneys access to books and records pertaining to the period during which they were partners. The right of access provides the opportunity to inspect and copy books and records during ordinary business hours. A partnership may impose a reasonable charge, covering the costs of labor and material, for copies of documents furnished.

(c) Each partner and the partnership shall furnish to a partner, and to the legal representative of a deceased partner or partner under legal disability, both of the following, which may be transmitted by electronic transmission by the partnership pursuant to paragraph (4) of Section 16101:

(1) Without demand, any information concerning the partnership's business and affairs reasonably required for the proper exercise of the partner's rights and duties under the partnership agreement or this chapter; and

(2) On demand, any other information concerning the partnership's business and affairs, except to the extent the demand or the information demanded is unreasonable or otherwise improper under the circumstances.

SEC. 106. Section 16905 of the Corporations Code is amended to read:

16905. (a) The conversion of a partnership into a foreign other business entity shall comply with Section 16902.

(b) If the partnership is converting into a foreign other business entity, then the conversion proceedings shall be in accordance with the laws of the state or place of organization of the foreign other business entity and the conversion shall become effective in accordance with that law.

(c) (1) Unless a statement of conversion has been filed to effect the conversion, the converted foreign other business entity shall promptly notify the Secretary of State of the mailing address of its agent for service of process, its principal office, and of any change of address. To enforce an obligation of a partnership that has converted to a foreign other business entity, the Secretary of State shall only be the agent for service of process in an action or proceeding against the converted foreign other business entity, if the agent designated for the service of process for that entity is a natural person and cannot be found with due diligence or if the agent is a corporation and no person, to whom delivery may be made, may be located with due diligence, or if no agent has been designated and if no one of the officers, partners, managers, members, or agents of that entity may be located after diligent search, and it is so shown by affidavit to the satisfaction of the court. The court then may make an order that service be made by personal delivery to the Secretary of State or to an assistant or deputy Secretary of State of two copies of the process

together with two copies of the order, and the order shall set forth an address to which the process shall be sent by the Secretary of State. Service in this manner is deemed complete on the 10th day after delivery of the process to the Secretary of State.

(2) Upon receipt of the process and order and the fee set forth in Section 12197 of the Government Code, the Secretary of State shall provide notice to the entity of the service of the process by forwarding by certified mail, return receipt requested, a copy of the process and order to the address specified in the order.

(3) The Secretary of State shall keep a record of all process served upon the Secretary of State and shall record therein the time of service and the Secretary of State's action with respect thereto. The certificate of the Secretary of State, under the Secretary of State's official seal, certifying to the receipt of process, the providing of notice thereof to the entity, and the forwarding of the process, shall be competent and prima facie evidence of the matters stated therein.

SEC. 107. Section 16906 of the Corporations Code is amended to read:

16906. (a) If the converting partnership has filed a statement of partnership authority under Section 16303 that is effective at the time of the conversion, then upon conversion to a domestic limited partnership, limited liability company, or corporation, the certificate of limited partnership, articles of organization, or articles of incorporation filed by the converted entity, as applicable, shall contain a statement of conversion, in that form as may be prescribed by the Secretary of State. If the converting partnership has not filed a statement of partnership authority under Section 16303 that is effective at the time of the conversion, upon conversion to a domestic limited partnership, limited liability company, or corporation, the converted entity may, but is not required to file, on its certificate of limited partnership, articles of organization, or articles of incorporation, a statement of conversion. A statement of conversion shall set forth all of the following:

- (1) The name of the converting partnership and the Secretary of State's file number, if any, of the converting partnership.
- (2) A statement that the principal terms of the plan of conversion were approved by a vote of the partners, which equaled or exceeded the vote required under Section 16903.
- (3) The name, mailing address, and street address of the converted entity's agent for service of process. If a corporation qualified under Section 1505 is designated as the agent, no address for it shall be set forth.

(b) A partnership converting to a foreign other business entity that has filed a statement of partnership authority under Section 16303 that is effective at the time of conversion may file a certificate of conversion with the Secretary of State. The certificate of conversion shall contain the following:

- (1) The names of the converting partnership and the converted entity.
- (2) The street address of the converted entity's principal office and of a principal office in California, if any.
- (3) The form of organization of the converted entity.
- (4) The name, mailing address, and street address of the converted entity's agent for service of process. If a corporation qualified under Section 1505 is designated as the agent, no address for it shall be set forth.

(c) The filing with the Secretary of State of a certificate of limited partnership, articles of organization, or articles of incorporation containing a statement of conversion as set forth in subdivision (a) or a certificate of conversion filed pursuant to subdivision (b) shall have the effect of the filing of a cancellation by the converting partnership of any statement of partnership authority filed by it.

SEC. 108. Section 16908 of the Corporations Code is amended to read:

16908. (a) A domestic limited partnership, limited liability company, or corporation, or a foreign other business entity may be converted to a domestic partnership pursuant to this article, but only if the converting entity is authorized by the laws under which it is organized to effect the conversion.

(b) An entity that desires to convert into a domestic partnership shall approve a plan of conversion or the instrument that is required to be approved to effect the conversion pursuant to the laws under which the entity is organized.

(c) The conversion of a domestic limited partnership, limited liability company, or corporation, or foreign other business entity shall be approved by the number or percentage of the partners, members, shareholders, or holders of interest of the converting entity as is required by the law under which the entity is organized, or a greater or lesser percentage (subject to applicable laws) as set forth in the limited partnership agreement, articles of organization, operating agreement, or articles or certificate of organization, or other governing document for the converting entity.

(d) The conversion by a domestic limited partnership, limited liability company, or corporation, or a foreign other business entity into a partnership shall be effective under this article at the time that the conversion is effective under the laws under which the converting entity is organized.

(e) The filing with the Secretary of State of a certificate of conversion or a statement of partnership authority containing a statement of conversion pursuant to subdivision (a) shall have the effect of the filing of a certificate of cancellation by the converting foreign limited partnership or foreign limited liability company, and no converting foreign limited partnership or foreign limited liability company that has made the filing is required to file a certificate of cancellation under Section 15909.07 or 17708.08 as a result of that conversion. If a converting other business entity is a foreign corporation qualified to transact business in this state, the foreign corporation shall, by virtue of the filing, automatically surrender its right to transact intrastate business.

(f) Subdivision (g) of Section 16105 shall apply to a statement of partnership authority containing a statement of conversion filed pursuant to this section.

SEC. 109. Section 16914 of the Corporations Code is amended to read:

16914. (a) When a merger takes effect, all of the following apply:

(1) The separate existence of the disappearing partnerships and disappearing other business entities ceases and the surviving partnership or surviving other business entity shall succeed, without other transfer, act, or deed, to all the rights and property whether real, personal, or mixed, of each of the disappearing partnerships and disappearing other business entities and shall be subject to all the debts and liabilities of each in the same manner as if the surviving partnership or surviving other business entity had itself incurred them.

(2) All rights of creditors and all liens upon the property of each of the constituent partnerships and constituent other business entities shall be preserved unimpaired and may be enforced against the surviving partnership or the surviving other business entity to the same extent as if the debt, liability, or duty that gave rise to that lien had been incurred or contracted by it, provided that those liens upon the property of a disappearing partnership or disappearing other business entity shall be limited to the property affected thereby immediately before the time the merger is effective.

(3) Any action or proceeding pending by or against any disappearing partnership or disappearing other business entity may be prosecuted to judgment, which shall bind the surviving partnership or surviving other business entity, or the surviving partnership or surviving other business entity may be proceeded against or be substituted in the disappearing partnership's or the disappearing other business entity's place.

(b) (1) Unless a certificate of merger has been filed to effect the merger, the surviving foreign entity shall promptly notify the Secretary of State of the mailing address of its agent for service of process and its principal office, and of any change of address. To enforce an obligation of a partnership that has merged with a foreign partnership or foreign other business entity, the Secretary of State shall only be the agent for service of process in an action or proceeding against the surviving foreign partnership or foreign other business entity, if the agent designated for the service of process for that entity is a natural person and cannot be located with due diligence or if the agent is a corporation and no person to whom delivery may be made can be located with due diligence, or if no agent has been designated and if no one of the officers, partners, managers, members, or agents of the entity can be located after diligent search, and it is so shown by affidavit to the satisfaction of the court. The court then may make an order that service be made by personal delivery to the Secretary of State or to an assistant or deputy Secretary of State of two copies of the process together with two copies of the order, and the order shall set forth an address to which the process shall be sent by the Secretary of State. Service in this manner is deemed complete on the 10th day after delivery of the process to the Secretary of State.

(2) Upon receipt of the process and order and the fee set forth in subdivision (c) of Section 12197 of the Government Code, the Secretary of State shall give notice to the entity of the service of the process by forwarding by certified mail, return receipt requested, a copy of the process and order to the address specified in the order.

(3) The Secretary of State shall keep a record of all process served upon the Secretary of State and shall record therein the time of service and the Secretary of State's action with respect thereto. The certificate of the Secretary of State, under the Secretary of State's official seal, certifying to the receipt of process, the giving of notice thereof to the entity, and the forwarding of the process, shall be competent and prima facie evidence of the matters stated therein.

(c) A partner of the surviving partnership or surviving limited partnership, a member of the surviving limited liability company, a shareholder of the surviving corporation, or a holder of equity securities of the surviving other business entity, is liable for all of the following:

(1) All obligations of a party to the merger for which that person was personally liable before the merger.

(2) All other obligations of the surviving entity incurred before the merger by a party to the merger, but those obligations may be satisfied only out of property of the entity.

(3) All obligations of the surviving entity incurred after the merger takes effect, but those obligations may be satisfied only out of property of the entity if that person is a limited partner, a shareholder in a corporation, or, unless expressly provided otherwise in the articles of organization or other constituent documents, a member of a limited liability company or a holder of equity securities in a surviving other business entity.

(d) If the obligations incurred before the merger by a party to the merger are not satisfied out of the property of the surviving partnership or surviving other business entity, the general partners of that party immediately before the effective date of the merger, to the extent that party was a partnership or a limited partnership, shall contribute the amount necessary to satisfy that party's obligations to the surviving entity in the manner provided in Section 16807 or in the limited partnership act of the jurisdiction in which the party was formed, as the case may be, as if the merged party were dissolved.

(e) A partner of a domestic disappearing partnership who does not vote in favor of the merger and does not agree to become a partner, member, shareholder, or holder of interest or equity securities of the surviving partnership or surviving other business entity shall have the right to dissociate from the partnership as of the date the merger takes effect. Within 10 days after the approval of the merger by the partners as required under this article, each domestic disappearing partnership shall send notice of the approval of the merger to each partner that has not approved the merger, accompanied by a copy of Section 16701 and a brief description of the procedure to be followed under that section if the partner wishes to dissociate from the partnership. A partner that desires to dissociate from a disappearing partnership shall send written notice of that dissociation within 30 days after the date of the notice of the approval of the merger. The disappearing partnership shall cause the partner's interest in the entity to be purchased under Section 16701. The surviving entity is bound under Section 16702 by an act of a general partner dissociated under this subdivision, and the partner is liable under Section 16703 for transactions entered into by the surviving entity after the merger takes effect. The dissociation of a partner in connection with a merger pursuant to the terms of this subdivision shall not be deemed a wrongful dissociation under Section 16602.

SEC. 110. Section 16915 of the Corporations Code is amended to read:

16915. (a) In a merger involving a domestic partnership, in which another partnership or a foreign other business entity is a party, but in which no other domestic other business entity is a party, the surviving partnership or surviving foreign other business entity may file with the Secretary of State a statement that one or more partnerships have merged into the surviving partnership or surviving foreign other business entity, or that one or more partnerships or foreign other business entities have merged into the surviving domestic partnership. A statement of merger shall contain the following:

- (1) The name of each partnership or foreign other business entity that is a party to the merger.
- (2) The name of the surviving entity into which the other partnerships or foreign other business entities were merged.
- (3) The street address of the surviving entity's principal office and of an office in this state, if any.
- (4) Whether the surviving entity is a partnership or a foreign other business entity, specifying the type of the entity.

(b) In a merger involving a domestic partnership in which a domestic other business entity is also a party, after approval of the merger by the constituent partnerships and any constituent other business entities, the constituent partnerships and constituent other business entities shall file a certificate of merger in the office of, and on a form prescribed by, the Secretary of State, but if the surviving entity is a domestic corporation or a foreign corporation in a merger in which a domestic corporation is a constituent party, the surviving corporation shall file in the office of the Secretary of State a copy of the agreement of merger and attachments required under paragraph (1) of subdivision (g) of Section 1113. The certificate of merger shall be executed and acknowledged by each domestic constituent partnership by two partners (unless a lesser number is provided in the partnership agreement) and by each foreign constituent partnership by one or more partners, and by each constituent other business entity by those persons required to execute the certificate of merger by the laws under which the constituent other business entity is organized. The certificate of merger shall set forth all of the following:

- (1) The names and the Secretary of State's file numbers, if any, of each of the constituent partnerships and constituent other business entities, separately identifying the disappearing partnerships and disappearing other business entities and the surviving partnership or surviving other business entity.
- (2) If a vote of the partners was required under Section 16911, a statement that the principal terms of the agreement of merger were approved by a vote of the partners, which equaled or exceeded the vote required.
- (3) If the surviving entity is a domestic partnership and not an other business entity, any change to the information set forth in any filed statement of partnership authority of the surviving partnership resulting from the merger, including any change in the name of the surviving partnership resulting from the merger. The filing of a certificate of merger setting forth any changes to any

filed statement of partnership authority of the surviving partnership shall have the effect of the filing of a certificate of amendment of the statement of partnership authority by the surviving partnership, and the surviving partnership need not file a certificate of amendment under Section 16105 to reflect those changes.

(4) The future effective date or time (which shall be a date or time certain not more than 90 days subsequent to the date of filing) of the merger, if the merger is not to be effective upon the filing of the certificate of merger with the office of the Secretary of State.

(5) If the surviving entity is an other business entity or a foreign partnership, the full name, type of entity, legal jurisdiction in which the entity was organized and by whose laws its internal affairs are governed, and the address of the principal place of business of the entity.

(6) Any other information required to be stated in the certificate of merger by the laws under which each constituent other business entity is organized.

(c) A statement of merger or a certificate of merger, as is applicable under subdivision (a) or (b), shall have the effect of the filing of a cancellation for each disappearing partnership of any statement of partnership authority filed by it, and shall have the effect of filing the notice of cessation required by Section 16954 or 16960, if applicable.

SEC. 111. Section 16953 of the Corporations Code is amended to read:

16953. (a) To become a registered limited liability partnership, a partnership, other than a limited partnership, shall file with the Secretary of State a registration, executed by one or more partners authorized to execute a registration, stating all of the following:

(1) The name of the partnership.

(2) The street address of its principal office.

(3) The mailing address of its principal office, if different from the street address.

(4) The name and street address of the agent for service of process on the limited liability partnership in California in accordance with subdivision (a) of Section 16309.

(5) A brief statement of the business in which the partnership engages.

(6) Any other matters that the partnership determines to include.

(7) That the partnership is registering as a registered limited liability partnership.

(b) The registration shall be accompanied by a fee as set forth in subdivision (a) of Section 12189 of the Government Code.

(c) The Secretary of State shall register as a registered limited liability partnership any partnership that submits a completed registration with the required fee.

(d) The Secretary of State may cancel the filing of the registration if a check or other remittance accepted in payment of the filing fee is not paid upon presentation. Within 90 days of receiving written notification that the item presented for payment has not been honored for payment, the Secretary of State shall give a first written notice of the applicability of this section to the agent for service of process or to the person submitting the instrument. Thereafter, if the amount has not been paid by cashier's check or equivalent, the Secretary of State shall give a second written notice of cancellation and the cancellation shall thereupon be effective. The second notice shall be given 20 days or more after the first notice.

(e) A partnership becomes a registered limited liability partnership at the time of the filing of the initial registration with the Secretary of State or at any later date or time specified in the registration and the payment of the fee required by subdivision (b). A partnership continues as a registered limited liability partnership until a notice that it is no longer a registered limited liability partnership has been filed pursuant to subdivision (b) of Section 16954 or, if applicable, until it has been dissolved and finally wound up. The status of a partnership as a registered limited liability partnership and the liability of a partner of the registered limited liability partnership shall not be adversely affected by errors or subsequent changes in the information stated in a registration under subdivision (a) or an amended registration or notice under Section 16954.

(f) The fact that a registration or amended registration pursuant to this section is on file with the Secretary of State is notice that the partnership is a registered limited liability partnership and of those other facts contained therein that are required to be set forth in the registration or amended registration.

(g) The Secretary of State shall provide a form for a registration under subdivision (a), which shall include the form for confirming compliance with the optional security requirement pursuant to subdivision (c) of Section 16956. The Secretary of State shall

include with instructional materials provided in conjunction with the form for a registration under subdivision (a) a notice that filing the registration will obligate the limited liability partnership to pay an annual tax for that taxable year to the Franchise Tax Board pursuant to Section 17948 of the Revenue and Taxation Code. That notice shall be updated annually to specify the dollar amount of the tax.

(h) A limited liability partnership providing professional limited liability partnership services in this state shall comply with all statutory and administrative registration or filing requirements of the state board, commission, or other agency that prescribes the rules and regulations governing the particular profession in which the partnership proposes to engage, pursuant to the applicable provisions of the Business and Professions Code relating to that profession. The state board, commission, or other agency shall not disclose, unless compelled by a subpoena or other order of a court of competent jurisdiction, any information it receives in the course of evaluating the compliance of a limited liability partnership with applicable statutory and administrative registration or filing requirements, provided that nothing in this section shall be construed to prevent a state board, commission, or other agency from disclosing the manner in which the limited liability partnership has complied with the requirements of Section 16956, or the compliance or noncompliance by the limited liability partnership with any other requirements of the state board, commission, or other agency.

(i) An agent designated for service of process may deliver to the Secretary of State, on a form prescribed by the Secretary of State for filing, a signed and acknowledged written statement of resignation as an agent for service of process containing the name of the limited liability partnership and the Secretary of State's file number of the limited liability partnership, the name of the resigning agent for service of process, and a statement that the agent is resigning. On filing of the statement of resignation, the authority of the agent to act in that capacity shall cease and the Secretary of State shall mail or otherwise provide written notice of the filing of the statement of resignation to the limited liability partnership at its principal office.

(j) The resignation of an agent may be effective if, on a form prescribed by the Secretary of State containing the name of the limited liability partnership and Secretary of State's file number for the limited liability partnership and the name of the agent for service of process, the agent disclaims having been properly appointed as the agent.

(k) If an individual who has been designated agent for service of process dies, resigns, or no longer resides in the state or if the corporate agent for that purpose resigns, dissolves, withdraws from the state, forfeits its right to transact intrastate business, has its corporate rights, powers, and privileges suspended, or ceases to exist, the limited liability partnership shall promptly file an amended registration as a limited liability partnership designating a new agent.

(l) The Secretary of State may destroy or otherwise dispose of any statement of resignation filed pursuant to this section after a new registration is filed pursuant to this section replacing the agent for service of process that has resigned.

SEC. 112. Section 16954 of the Corporations Code is amended to read:

16954. (a) The registration of a registered limited liability partnership may be amended by an amended registration executed by one or more partners authorized to execute an amended registration and filed with the Secretary of State, as soon as reasonably practical after any information set forth in the registration or previously filed amended registration becomes inaccurate or to add information to the registration or amended registration.

(b) If a registered limited liability partnership ceases to be a registered limited liability partnership, it shall file with the Secretary of State a notice, executed by one or more partners authorized to execute the notice, that it is no longer a registered limited liability partnership. The notice shall state that a final annual tax return, as described by Section 17948.3 of the Revenue and Taxation Code, has been or will be filed with the Franchise Tax Board, as required under Part 10.2 (commencing with Section 18401) of Division 2 of the Revenue and Taxation Code.

(c) An amendment pursuant to subdivision (a) and a notice pursuant to subdivision (b) shall each be accompanied by a fee as set forth in subdivision (c) of Section 12189 of the Government Code.

(d) The Secretary of State shall provide forms for an amended registration under subdivision (a) and a notice under subdivision (b).

(e) A notice of cessation, signed pursuant to subdivision (b), shall be filed with the Secretary of State. The Secretary of State shall notify the Franchise Tax Board of the cessation.

(f) A certificate of merger or the agreement of merger shall have the effect of the filing of a notice of termination for each disappearing registered limited liability partnership.

SEC. 113. Section 16959 of the Corporations Code, as amended by Section 9 of Chapter 150 of the Statutes of 2018, is amended to read:

16959. (a) (1) Before transacting intrastate business in this state, a foreign limited liability partnership shall comply with all statutory and administrative registration or filing requirements of the state board, commission, or agency that prescribes the rules and regulations governing a particular profession in which the partnership proposes to be engaged, pursuant to the applicable provisions of the Business and Professions Code relating to the profession or applicable rules adopted by the governing board. A foreign limited liability partnership that transacts intrastate business in this state shall within 30 days after the effective date of the act enacting this section or the date on which the foreign limited liability partnership first transacts intrastate business in this state, whichever is later, register with the Secretary of State by submitting to the Secretary of State an application for registration as a foreign limited liability partnership, signed by a person with authority to do so under the laws of the jurisdiction of formation of the foreign limited liability partnership, stating the name of the partnership, the street address of its principal office, the mailing address of the principal office if different from the street address, the name and street address of its agent for service of process in this state in accordance with subdivision (a) of Section 16309, a brief statement of the business in which the partnership engages, and any other matters that the partnership determines to include.

(2) Annexed to the application for registration shall be a certificate from an authorized public official of the foreign limited liability partnership's jurisdiction of organization to the effect that the foreign limited liability partnership is in good standing in that jurisdiction, if the laws of that jurisdiction permit the issuance of those certificates, or, in the alternative, a statement by the foreign limited liability partnership that the laws of its jurisdiction of organization do not permit the issuance of those certificates.

(b) The registration shall be accompanied by a fee as set forth in subdivision (b) of Section 12189 of the Government Code.

(c) If the Secretary of State finds that an application for registration conforms to law and all requisite fees have been paid, the Secretary of State shall issue a certificate of registration to transact intrastate business in this state.

(d) The Secretary of State may cancel the filing of the registration if a check or other remittance accepted in payment of the filing fee is not paid upon presentation. Within 90 days of receiving written notification that the item presented for payment has not been honored for payment, the Secretary of State shall give a first written notice of the applicability of this section to the agent for service of process or to the person submitting the instrument. Thereafter, if the amount has not been paid by cashier's check or equivalent, the Secretary of State shall give a second written notice of cancellation and the cancellation shall thereupon be effective. The second notice shall be given 20 days or more after the first notice.

(e) A partnership becomes registered as a foreign limited liability partnership at the time of the filing of the initial registration with the Secretary of State or at any later date or time specified in the registration and the payment of the fee required by subdivision (b). A partnership continues to be registered as a foreign limited liability partnership until a notice that it is no longer so registered as a foreign limited liability partnership has been filed pursuant to Section 16960 or, if applicable, once it has been dissolved and finally wound up. The status of a partnership registered as a foreign limited liability partnership and the liability of a partner of that foreign limited liability partnership shall not be adversely affected by errors or subsequent changes in the information stated in an application for registration under subdivision (a) or an amended registration or notice under Section 16960.

(f) The fact that a registration or amended registration pursuant to Section 16960 is on file with the Secretary of State is notice that the partnership is a foreign limited liability partnership and of those other facts contained therein that are required to be set forth in the registration or amended registration.

(g) The Secretary of State shall provide a form for a registration under subdivision (a), which shall include the form for confirming compliance with the optional security requirement pursuant to subdivision (c) of Section 16956. The Secretary of State shall include with instructional materials, provided in conjunction with the form for registration under subdivision (a), a notice that filing the registration will obligate the limited liability partnership to pay an annual tax for that taxable year to the Franchise Tax Board pursuant to Section 17948 of the Revenue and Taxation Code. That notice shall be updated annually to specify the dollar amount of this tax.

(h) A foreign limited liability partnership transacting intrastate business in this state shall not maintain any action, suit, or proceeding in any court of this state until it has registered in this state pursuant to this section.

(i) Any foreign limited liability partnership that transacts intrastate business in this state without registration is subject to a penalty of twenty dollars (\$20) for each day that unauthorized intrastate business is transacted, up to a maximum of ten thousand dollars (\$10,000).

(j) A partner of a foreign limited liability partnership is not liable for the debts or obligations of the foreign limited liability partnership solely by reason of its having transacted business in this state without registration.

(k) A foreign limited liability partnership, transacting business in this state without registration, appoints the Secretary of State as its agent for service of process with respect to causes of action arising out of the transaction of business in this state.

(l) "Transact intrastate business" as used in this section means to repeatedly and successively provide professional limited liability partnership services in this state, other than in interstate or foreign commerce.

(m) Without excluding other activities that may not be considered to be transacting intrastate business, a foreign limited liability partnership shall not be considered to be transacting intrastate business merely because its subsidiary or affiliate transacts intrastate business, or merely because of its status as any one or more of the following:

- (1) A shareholder of a domestic corporation.
- (2) A shareholder of a foreign corporation transacting intrastate business.
- (3) A limited partner of a foreign limited partnership transacting intrastate business.
- (4) A limited partner of a domestic limited partnership.
- (5) A member or manager of a foreign limited liability company transacting intrastate business.
- (6) A member or manager of a domestic limited liability company.

(n) Without excluding other activities that may not be considered to be transacting intrastate business, a foreign limited liability partnership shall not be considered to be transacting intrastate business within the meaning of this subdivision solely by reason of carrying on in this state any one or more of the following activities:

- (1) Maintaining or defending any action or suit or any administrative or arbitration proceeding, or effecting the settlement thereof or the settlement of claims or disputes.
- (2) Holding meetings of its partners or carrying on any other activities concerning its internal affairs.
- (3) Maintaining bank accounts.
- (4) Maintaining offices or agencies for the transfer, exchange, and registration of the foreign limited liability partnership's securities or maintaining trustees or depositories with respect to those securities.
- (5) Effecting sales through independent contractors.
- (6) Soliciting or procuring orders, whether by mail or through employees or agents or otherwise, where those orders require acceptance without this state before becoming binding contracts.
- (7) Creating or acquiring evidences of debt or mortgages, liens, or security interest in real or personal property.
- (8) Securing or collecting debts or enforcing mortgages and security interests in property securing the debts.
- (9) Conducting an isolated transaction that is completed within 180 days and not in the course of a number of repeated transactions of a like nature.

(o) A person shall not be deemed to be transacting intrastate business in this state merely because of its status as a partner of a registered limited liability partnership or a foreign limited liability company whether or not registered to transact intrastate business in this state.

(p) The Attorney General may bring an action to restrain a foreign limited liability partnership from transacting intrastate business in this state in violation of this chapter.

(q) Nothing in this section is intended to, or shall, augment, diminish, or otherwise alter existing provisions of law, statutes, or court rules relating to services by a California architect, California public accountant, California engineer, California land surveyor, or California attorney in another jurisdiction, or services by an out-of-state architect, out-of-state public accountant, out-of-state engineer, out-of-state land surveyor, or out-of-state attorney in California.

(r) An agent designated for service of process may deliver to the Secretary of State, on a form prescribed by the Secretary of State for filing, a signed and acknowledged written statement of resignation as an agent for service of process containing the name of the foreign limited liability partnership and Secretary of State's file number of the foreign limited liability partnership, the name of the resigning agent for service of process, and a statement that the agent is resigning. On filing of the statement of resignation, the authority of the agent to act in that capacity shall cease and the Secretary of State shall mail or otherwise provide written notice of the filing of the statement of resignation to the foreign limited liability partnership at its principal office.

(s) The resignation of an agent may be effective if, on a form prescribed by the Secretary of State containing the name of the foreign limited liability partnership and Secretary of State's file number for the foreign limited liability partnership and the name of

the agent for service of process, the agent disclaims having been properly appointed as the agent.

(t) If an individual who has been designated agent for service of process dies or resigns or no longer resides in the state, or if the corporate agent for that purpose resigns, dissolves, withdraws from the state, forfeits its right to transact intrastate business, has its corporate rights, powers, and privileges suspended, or ceases to exist, the foreign limited liability partnership shall promptly file an amended application for registration as a foreign limited liability partnership designating a new agent.

(u) The Secretary of State may destroy or otherwise dispose of any resignation filed pursuant to this section after a new application for registration as a foreign limited liability partnership is filed pursuant to this section replacing the agent for service of process that has resigned.

(v) This section shall remain in effect only until January 1, 2026, and as of that date is repealed.

SEC. 114. Section 16959 of the Corporations Code, as amended by Section 10 of Chapter 150 of the Statutes of 2018, is amended to read:

16959. (a) (1) Before transacting intrastate business in this state, a foreign limited liability partnership shall comply with all statutory and administrative registration or filing requirements of the state board, commission, or agency that prescribes the rules and regulations governing a particular profession in which the partnership proposes to be engaged, pursuant to the applicable provisions of the Business and Professions Code relating to the profession or applicable rules adopted by the governing board. A foreign limited liability partnership that transacts intrastate business in this state shall within 30 days after the effective date of the act enacting this section or the date on which the foreign limited liability partnership first transacts intrastate business in this state, whichever is later, register with the Secretary of State by submitting to the Secretary of State an application for registration as a foreign limited liability partnership, signed by a person with authority to do so under the laws of the jurisdiction of formation of the foreign limited liability partnership, stating the name of the partnership, the street address of its principal office, the mailing address of the principal office if different from the street address, the name and street address of its agent for service of process in this state in accordance with subdivision (a) of Section 16309, a brief statement of the business in which the partnership engages, and any other matters that the partnership determines to include.

(2) Annexed to the application for registration shall be a certificate from an authorized public official of the foreign limited liability partnership's jurisdiction of organization to the effect that the foreign limited liability partnership is in good standing in that jurisdiction, if the laws of that jurisdiction permit the issuance of those certificates, or, in the alternative, a statement by the foreign limited liability partnership that the laws of its jurisdiction of organization do not permit the issuance of those certificates.

(b) The registration shall be accompanied by a fee as set forth in subdivision (b) of Section 12189 of the Government Code.

(c) If the Secretary of State finds that an application for registration conforms to law and all requisite fees have been paid, the Secretary of State shall issue a certificate of registration to transact intrastate business in this state.

(d) The Secretary of State may cancel the filing of the registration if a check or other remittance accepted in payment of the filing fee is not paid upon presentation. Within 90 days of receiving written notification that the item presented for payment has not been honored for payment, the Secretary of State shall give a first written notice of the applicability of this section to the agent for service of process or to the person submitting the instrument. Thereafter, if the amount has not been paid by cashier's check or equivalent, the Secretary of State shall give a second written notice of cancellation and the cancellation shall thereupon be effective. The second notice shall be given 20 days or more after the first notice.

(e) A partnership becomes registered as a foreign limited liability partnership at the time of the filing of the initial registration with the Secretary of State or at any later date or time specified in the registration and the payment of the fee required by subdivision (b). A partnership continues to be registered as a foreign limited liability partnership until a notice that it is no longer so registered as a foreign limited liability partnership has been filed pursuant to Section 16960 or, if applicable, once it has been dissolved and finally wound up. The status of a partnership registered as a foreign limited liability partnership and the liability of a partner of that foreign limited liability partnership shall not be adversely affected by errors or subsequent changes in the information stated in an application for registration under subdivision (a) or an amended registration or notice under Section 16960.

(f) The fact that a registration or amended registration pursuant to Section 16960 is on file with the Secretary of State is notice that the partnership is a foreign limited liability partnership and of those other facts contained therein that are required to be set forth in the registration or amended registration.

(g) The Secretary of State shall provide a form for a registration under subdivision (a), which shall include the form for confirming compliance with the optional security requirement pursuant to subdivision (c) of Section 16956. The Secretary of State shall include with instructional materials, provided in conjunction with the form for registration under subdivision (a), a notice that filing the registration will obligate the limited liability partnership to pay an annual tax for that taxable year to the Franchise Tax Board

pursuant to Section 17948 of the Revenue and Taxation Code. That notice shall be updated annually to specify the dollar amount of this tax.

(h) A foreign limited liability partnership transacting intrastate business in this state shall not maintain any action, suit, or proceeding in any court of this state until it has registered in this state pursuant to this section.

(i) Any foreign limited liability partnership that transacts intrastate business in this state without registration is subject to a penalty of twenty dollars (\$20) for each day that unauthorized intrastate business is transacted, up to a maximum of ten thousand dollars (\$10,000).

(j) A partner of a foreign limited liability partnership is not liable for the debts or obligations of the foreign limited liability partnership solely by reason of its having transacted business in this state without registration.

(k) A foreign limited liability partnership, transacting business in this state without registration, appoints the Secretary of State as its agent for service of process with respect to causes of action arising out of the transaction of business in this state.

(l) "Transact intrastate business" as used in this section means to repeatedly and successively provide professional limited liability partnership services in this state, other than in interstate or foreign commerce.

(m) Without excluding other activities that may not be considered to be transacting intrastate business, a foreign limited liability partnership shall not be considered to be transacting intrastate business merely because its subsidiary or affiliate transacts intrastate business, or merely because of its status as any one or more of the following:

- (1) A shareholder of a domestic corporation.
- (2) A shareholder of a foreign corporation transacting intrastate business.
- (3) A limited partner of a foreign limited partnership transacting intrastate business.
- (4) A limited partner of a domestic limited partnership.
- (5) A member or manager of a foreign limited liability company transacting intrastate business.
- (6) A member or manager of a domestic limited liability company.

(n) Without excluding other activities that may not be considered to be transacting intrastate business, a foreign limited liability partnership shall not be considered to be transacting intrastate business within the meaning of this subdivision solely by reason of carrying on in this state any one or more of the following activities:

- (1) Maintaining or defending any action or suit or any administrative or arbitration proceeding, or effecting the settlement thereof or the settlement of claims or disputes.
- (2) Holding meetings of its partners or carrying on any other activities concerning its internal affairs.
- (3) Maintaining bank accounts.
- (4) Maintaining offices or agencies for the transfer, exchange, and registration of the foreign limited liability partnership's securities or maintaining trustees or depositories with respect to those securities.
- (5) Effecting sales through independent contractors.
- (6) Soliciting or procuring orders, whether by mail or through employees or agents or otherwise, where those orders require acceptance without this state before becoming binding contracts.
- (7) Creating or acquiring evidences of debt or mortgages, liens, or security interest in real or personal property.
- (8) Securing or collecting debts or enforcing mortgages and security interests in property securing the debts.
- (9) Conducting an isolated transaction that is completed within 180 days and not in the course of a number of repeated transactions of a like nature.

(o) A person shall not be deemed to be transacting intrastate business in this state merely because of its status as a partner of a registered limited liability partnership or a foreign limited liability company whether or not registered to transact intrastate business in this state.

(p) The Attorney General may bring an action to restrain a foreign limited liability partnership from transacting intrastate business in this state in violation of this chapter.

(q) Nothing in this section is intended to, or shall, augment, diminish, or otherwise alter existing provisions of law, statutes, or court rules relating to services by a California public accountant or California attorney in another jurisdiction, or services by an out-of-state public accountant or out-of-state attorney in California.

(r) An agent designated for service of process may deliver to the Secretary of State, on a form prescribed by the Secretary of State for filing, a signed and acknowledged written statement of resignation as an agent for service of process containing the name of the foreign limited liability partnership and Secretary of State's file number of the foreign limited liability partnership, the name of the resigning agent for service of process, and a statement that the agent is resigning. On filing of the statement of resignation, the authority of the agent to act in that capacity shall cease and the Secretary of State shall mail or otherwise provide written notice of the filing of the statement of resignation to the foreign limited liability partnership at its principal office.

(s) The resignation of an agent may be effective if, on a form prescribed by the Secretary of State containing the name and Secretary of State's file number for the foreign limited liability partnership and the name of the agent for service of process, the agent disclaims having been properly appointed as the agent.

(t) If an individual who has been designated agent for service of process dies or resigns or no longer resides in the state, or if the corporate agent for that purpose resigns, dissolves, withdraws from the state, forfeits its right to transact intrastate business, has its corporate rights, powers, and privileges suspended, or ceases to exist, the foreign limited liability partnership shall promptly file an amended application for registration as a foreign limited liability partnership designating a new agent.

(u) The Secretary of State may destroy or otherwise dispose of any resignation filed pursuant to this section after a new application for registration as a foreign limited liability partnership is filed pursuant to this section replacing the agent for service of process that has resigned.

(v) This section shall become operative on January 1, 2026.

SEC. 115. Section 16960 of the Corporations Code is amended to read:

16960. (a) The registration of a foreign limited liability partnership may be amended by an amended registration executed by one or more partners authorized to execute an amended registration and filed with the Secretary of State, as soon as reasonably practical after any information set forth in the registration or previously filed amended registration becomes inaccurate, to add information to the registration or amended registration or to withdraw its registration as a foreign limited liability partnership.

(b) If a foreign limited liability partnership ceases to be a limited liability partnership, it shall file with the Secretary of State a notice, executed by one or more partners authorized to execute the notice, that it is no longer a foreign limited liability partnership. The notice shall state that a final annual tax return, as described by Section 17948.3 of the Revenue and Taxation Code, has been or will be filed with the Franchise Tax Board, as required under Part 10.2 (commencing with Section 18401) of the Revenue and Taxation Code.

(c) A foreign limited liability partnership that is, but is no longer required to be, registered under Section 16959 may withdraw its registration by filing a notice with the Secretary of State, executed by one or more partners authorized to execute the notice.

(d) The Secretary of State shall provide forms for an amended registration under subdivision (a) and notices under subdivisions (b) and (c).

(e) If a foreign limited liability partnership files an amendment changing the name of the foreign limited liability partnership in its jurisdiction of organization, annexed to the application for registration shall be a certificate from an authorized public official of the foreign limited liability partnership's jurisdiction of organization certifying that the foreign limited liability partnership is in good standing and that the change of name was made in accordance with the laws of that jurisdiction, if the laws of that jurisdiction permit the issuance of those certificates, or, in the alternative, a statement by the foreign limited liability partnership that the laws of its jurisdiction of organization do not permit the issuance of those certificates. Unless the Secretary of State determines that the amendment to the application changing the name or alternate name of a foreign limited liability partnership does not comply with the filing requirements of this chapter, the Secretary of State, upon payment of all requisite fees, shall file the amended application and shall issue to the foreign limited liability partnership a new certificate of registration stating the date of filing of the amendment to the application changing the name and that the foreign limited liability partnership is qualified to transact intrastate business, subject to any licensing requirements otherwise imposed by the laws of this state.

(f) The filing of amended registration forms pursuant to subdivision (a) and a notice pursuant to subdivision (b) or (c) shall each be accompanied by a fee as set forth in subdivision (d) of Section 12189 of the Government Code.

(g) A notice of cessation, signed pursuant to subdivision (b), shall be filed with the Secretary of State. The Secretary of State shall notify the Franchise Tax Board of the cessation.

(h) A certificate of merger or the agreement of merger shall have the effect of the filing of a notice of termination for each disappearing foreign limited liability partnership.

SEC. 116. Section 16962 of the Corporations Code is amended to read:

16962. (a) Each registered limited liability partnership whose principal office is not in this state and each foreign limited liability partnership registered under Section 16959 shall designate as its agent for service of process any natural person or a domestic or foreign corporation entitled to be designated as agent for the service of process pursuant to Section 1505.

(b) In addition to service that may be made as provided in Section 416.40 of the Code of Civil Procedure, delivery by hand of a copy of any process against a registered limited liability partnership or foreign limited liability partnership registered under Section 16959 (1) to any natural person designated by it as agent or (2), if a corporate agent has been designated, to any person named in the latest certificate of the corporate agent filed pursuant to Section 1505 at the office of that corporate agent shall constitute valid service on the registered limited liability partnership or foreign limited liability partnership.

(c) If an agent for the purpose of service of process has resigned and has not been replaced or if the agent designated cannot with reasonable diligence be found at the address designated for personally delivering the process, or if no agent has been designated, and it is shown by affidavit to the satisfaction of the court that process against a registered limited liability partnership or foreign limited liability partnership required to be registered under Section 16959 cannot be served with reasonable diligence upon the designated agent by hand in the manner provided in Section 415.10, subdivision (a) of Section 415.20, or subdivision (a) of Section 415.30 of the Code of Civil Procedure or upon the registered limited liability partnership or foreign limited liability partnership in the manner provided in Section 416.40 of the Code of Civil Procedure, the court may make an order that the service be made upon the registered limited liability partnership or foreign limited liability partnership by delivering by hand to the Secretary of State, or to any person employed in the Secretary of State's office in the capacity of assistant or deputy, one copy of the process for each defendant to be served, together with a copy of the order authorizing that service. If the court makes that order, the Secretary of State who receives the process, or the person employed in the Secretary of State's office in the capacity of assistant or deputy who receives the process, is required to accept the process. A fee as set forth in subdivision (b) of Section 12197 of the Government Code shall be paid to the Secretary of State for the use of the state upon receipt of the process. Service in this manner shall be deemed complete on the 10th day after delivery of the process to the Secretary of State.

(d) Upon the receipt of the copy of process and the fee therefor, the Secretary of State shall give notice of the service of process to the registered limited liability partnership or foreign limited liability partnership registered under Section 16959 at its principal office, by forwarding to that office, by registered mail with request for return receipt, the copy of the process or, if the records of the Secretary of State do not disclose an address for that principal office, by forwarding the copy in the same manner to the last designated agent for service of process who has not resigned. If the agent for service of process has resigned and has not been replaced and the records of the Secretary of State do not disclose an address for its principal office, no action need be taken by the Secretary of State.

(e) The Secretary of State shall keep a record of all process served upon the Secretary of State under this section and shall record therein the time of service and the Secretary of State's action with reference thereto. The certificate of the Secretary of State, under the Secretary of State's official seal, certifying to the receipt of process, the giving of notice thereof to the registered limited liability partnership or foreign limited liability partnership, and the forwarding of the process pursuant to this section shall be competent and prima facie evidence of the matters stated therein.

(f) The court order pursuant to subdivision (c) that service of process be made upon the registered limited liability partnership or foreign limited liability partnership by delivery to the Secretary of State may be a court order of a court of another state, or of any federal court, if the suit, action, or proceeding has been filed in that court.

SEC. 117. Section 17701.02 of the Corporations Code is amended to read:

17701.02. In this title:

(a) "Acknowledged" means that an instrument is either of the following:

(1) Formally acknowledged as provided in Article 3 (commencing with Section 1180) of Chapter 4 of Title 4 of Part 4 of Division 2 of the Civil Code.

(2) Executed to include substantially the following wording preceding the signature:

"It is hereby declared that I am the person who executed this instrument which execution is my act and deed."

Any certificate of acknowledgment taken without this state before a notary public or a judge or clerk of a court of record having an official seal need not be further authenticated.

(b) "Articles of organization" means the articles required by Section 17702.01. The term includes the articles of organization as amended or restated.

(c) "Contribution" means any benefit provided by a person to a limited liability company:

(1) In order to become a member upon formation of the limited liability company and in accordance with an agreement between or among the persons that have agreed to become the initial members of the limited liability company.

(2) In order to become a member after formation of the limited liability company and in accordance with an agreement between the person and the limited liability company.

(3) In the person's capacity as a member and in accordance with the operating agreement or an agreement between the member and the limited liability company.

(d) "Debtor in bankruptcy" means a person that is the subject of either of the following:

(1) An order for relief under Title 11 of the United States Code or a successor statute of general application.

(2) A comparable order under federal, state, or foreign law governing bankruptcy or insolvency, an assignment for the benefit of creditors, or an order appointing a trustee, receiver, or liquidator of the person or of all or substantially all of the person's property.

(e) "Designated office" means either of the following:

(1) The office that a limited liability company is required to designate and maintain under Section 17701.13.

(2) The principal office of a foreign limited liability company.

(f) "Distribution," except as otherwise provided in subdivision (g) of Section 17704.05, means a transfer of money or other property from a limited liability company to another person on account of a transferable interest.

(g) "Domestic" means organized under the laws of this state when used in relation to any limited liability company, other business entity, or person other than a natural person.

(h) "Effective," with respect to a record required or permitted to be delivered to the Secretary of State for filing under this title, means effective under subdivision (c) of Section 17702.05.

(i) (1) "Electronic transmission by the limited liability company" means a communication delivered by any of the following means:

(A) Facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address, respectively, for that recipient on record with the limited liability company.

(B) Posting on an electronic message board or network that the limited liability company has designated for those communications, together with a separate notice to the recipient of the posting, which transmission shall be validly delivered upon the later of the posting or delivery of the separate notice thereof.

(C) Other means of electronic communication to which both of the following apply:

(i) The communication is delivered to a recipient who has provided an unrevoked consent to the use of those means of transmission.

(ii) The communication creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

(2) "Electronic transmission to the limited liability company" means a communication delivered by any of the following means:

(A) Facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address, respectively, that the limited liability company has provided from time to time to members or managers for sending communications to the limited liability company.

(B) Posting on an electronic message board or network that the limited liability company has designated for those communications, which transmission shall be validly delivered upon the posting.

(C) Other means of electronic communication to which both of the following apply:

(i) The limited liability company has placed in effect reasonable measures to verify that the sender is the member or manager, in person or by proxy, purporting to send the transmission.

(ii) The communication creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

(j) "Foreign limited liability company" means an unincorporated entity formed under the law of a jurisdiction other than this state and denominated by that law as a limited liability company.

(k) "Limited liability company," except in the phrase "foreign limited liability company," means a domestic entity formed under this title or an entity that becomes subject to this title pursuant to Article 13 (commencing with Section 17713.01).

(l) "Majority of the managers" unless otherwise provided in the operating agreement, means more than 50 percent of the managers of the limited liability company.

(m) "Majority of the members" unless otherwise provided in the operating agreement, means more than 50 percent of the membership interests of members in current profits of the limited liability company.

(n) "Manager" means a person that under the operating agreement of a manager-managed limited liability company is responsible, alone or in concert with others, for performing the management functions stated in subdivision (c) of Section 17704.07.

(o) "Manager-managed limited liability company" means a limited liability company that qualifies under subdivision (a) of Section 17704.07.

(p) "Member" means a person that has become a member of a limited liability company under Section 17704.01 and has not dissociated under Section 17706.02.

(q) "Member-managed limited liability company" means a limited liability company that is not a manager-managed limited liability company.

(r) "Membership interest" means a member's rights in the limited liability company, including the member's transferable interest, any right to vote or participate in management, and any right to information concerning the business and affairs of the limited liability company provided by this title.

(s) "Operating agreement" means the agreement, whether or not referred to as an operating agreement and whether oral, in a record, implied, or in any combination thereof, of all the members of a limited liability company, including a sole member, concerning the matters described in subdivision (a) of Section 17701.10. The term "operating agreement" may include, without more, an agreement of all members to organize a limited liability company pursuant to this title. An operating agreement of a limited liability company having only one member shall not be unenforceable by reason of there being only one person who is a party to the operating agreement. The term includes the agreement as amended or restated.

(t) "Organization" means, whether domestic or foreign, a partnership whether general or limited, limited liability company, association, corporation, professional corporation, professional association, nonprofit corporation, business trust, or statutory business trust having a governing statute.

(u) "Organizer" means a person that acts under Section 17702.01 to form a limited liability company.

(v) "Person" means an individual, partnership, limited partnership, trust, a trustee of a trust, including, but not limited to, a trust described under Division 9 (commencing with Section 15000) of the Probate Code, estate, association, corporation, limited liability company, or other entity, whether domestic or foreign. Nothing in this subdivision shall be construed to confer any rights under the California Constitution or the United States Constitution.

(w) "Principal office" means the principal office of a limited liability company or foreign limited liability company, whether or not the office is located in this state.

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

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

(z) "Transfer" includes an assignment, conveyance, deed, bill of sale, lease, mortgage, security interest, encumbrance, gift, and transfer by operation of law.

(aa) "Transferable interest" means the right, as originally associated with a person's capacity as a member, to receive distributions from a limited liability company in accordance with the operating agreement, whether or not the person remains a member or continues to own any part of the right.

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

(ac) "Vote" includes authorization by written consent or consent given by electronic transmission to the limited liability company.

SEC. 118. Section 17701.13 of the Corporations Code is amended to read:

17701.13. (a) A limited liability company shall designate and continuously maintain in this state both of the following:

(1) An office, which need not be a place of its activity in this state.

(2) An agent for service of process.

(b) A foreign limited liability company that has a certificate of registration under Section 17708.02 shall designate and continuously maintain in this state an agent for service of process.

(c) An agent for service of process of a limited liability company or foreign limited liability company shall be an individual who is a resident of this state or a corporation that has complied with Section 1505 and whose capacity to act as an agent has not terminated. If a limited liability company or foreign limited liability company designates a corporation as its agent for service of process in an instrument filed with the Secretary of State, no address for that agent for service of process shall be set forth in that instrument.

(d) Each limited liability company shall maintain in writing or in any other form capable of being converted into clearly legible tangible form at the office referred to in subdivision (a) all of the following:

(1) A current list of the full name and last known business or residence address of each member and of each transferee set forth in alphabetical order, together with the contribution and the share in profits and losses of each member and transferee.

(2) If the limited liability company is a manager-managed limited liability company, a current list of the full name and business or residence address of each manager.

(3) A copy of the articles of organization and all amendments thereto, together with any powers of attorney pursuant to which the articles of organization or any amendments thereto were executed.

(4) Copies of the limited liability company's federal, state, and local income tax or information returns and reports, if any, for the six most recent fiscal years.

(5) A copy of the limited liability company's operating agreement, if in writing, and any amendments thereto, together with any powers of attorney pursuant to which any written operating agreement or any amendments thereto were executed.

(6) Copies of the financial statement of the limited liability company, if any, for the six most recent fiscal years.

(7) The books and records of the limited liability company as they relate to the internal affairs of the limited liability company for at least the current and past four fiscal years.

(e) Upon request of an assessor, a domestic or foreign limited liability company owning, claiming, possessing, or controlling property in this state subject to local assessment shall make available at the limited liability company's principal office in California or at the office required to be kept pursuant to subdivision (a) or at a place mutually acceptable to the assessor and the limited liability company a true copy of the business records relevant to the amount, cost, and value of all property that the limited liability company owns, claims, possesses, or controls within the county.

SEC. 119. Section 17701.14 of the Corporations Code is amended to read:

17701.14. (a) A limited liability company or foreign limited liability company may change its designated office, its principal office, its agent for service of process, the address of its agent for service of process, its mailing address, or, in the case of a foreign limited liability company, its principal office in California by delivering to the Secretary of State for filing a statement of information as set forth in Section 17702.09.

(b) A statement of information is effective when filed by the Secretary of State.

SEC. 120. Section 17701.15 of the Corporations Code is amended to read:

17701.15. (a) To resign as an agent for service of process of a limited liability company or foreign limited liability company, the agent shall deliver to the Secretary of State for filing, on a form prescribed by the Secretary of State for filing, a signed and acknowledged statement of resignation as an agent for service of process containing the name of the limited liability company or foreign limited liability company, the Secretary of State's file number for the limited liability company or foreign limited liability company, the name of the resigning agent for service of process, and a statement that the agent is resigning.

(b) The Secretary of State shall mail or otherwise provide written notice of the statement of resignation to the principal office of the limited liability company or foreign limited liability company.

(c) Upon filing of the statement of resignation, the authority of the agent to act in that capacity shall cease.

(d) The resignation of an agent may be effective if, on a form prescribed by the Secretary of State containing the name of the limited liability company and Secretary of State's file number for the limited liability company and the name of the agent for service of process, the agent disclaims having been properly appointed as the agent.

(e) If an individual who has been designated agent for service of process dies or resigns or no longer resides in the state, or if the corporate agent for that purpose resigns, dissolves, withdraws from the state, forfeits its right to transact intrastate business in this state, has its corporate rights, powers, and privileges suspended, or ceases to exist, the limited liability company or foreign limited liability company shall promptly file an initial or amended statement of information as set forth in Section 17702.09.

(f) The Secretary of State may destroy or otherwise dispose of a resignation filed pursuant to this section after a new form is filed pursuant to Section 17702.09 replacing the agent for service of process that has resigned.

SEC. 121. Section 17702.01 of the Corporations Code is amended to read:

17702.01. (a) One or more persons may act as organizers to form a limited liability company by signing and delivering to the Secretary of State for filing articles of organization on a form prescribed by the Secretary of State.

(b) The articles of organization shall state all of the following:

(1) A statement that the purpose of the limited liability company is to engage in any lawful act or activity for which a limited liability company may be organized under this title.

(2) The name of the limited liability company, which shall comply with Section 17701.08.

(3) The street address of the initial principal office and the mailing address of the limited liability company if different from the street address of the initial principal office.

(4) The name and street address of the initial agent for service of process of the limited liability company who meets the qualifications specified in subdivision (c) of Section 17701.13. If a corporate agent is designated, only the name of the agent shall be set forth.

(5) If the limited liability company is to be manager-managed, the articles of organization shall contain a statement to that effect.

(6) If the limited liability company is to be managed by only one manager, the articles of organization shall contain a statement to that effect.

(c) Subject to subdivision (c) of Section 17701.12, articles of organization may also contain any other provision not inconsistent with law other than those provisions required by subdivision (b).

(d) A limited liability company is formed when the Secretary of State has filed the articles of organization.

(e) Except in a proceeding by this state to dissolve a limited liability company, the filing of the articles of organization by the Secretary of State is conclusive proof that the organizer satisfied all conditions to the formation of a limited liability company.

(f) The Secretary of State may cancel the filing of the articles of organization, including articles effecting a conversion, if a check or other remittance accepted in payment of the filing fee is not paid upon presentation. Within 90 days of receiving written notification that the item presented for payment has not been honored for payment, the Secretary of State shall give a first written notice of the applicability of this subdivision to the agent for service of process or to the person submitting the instrument. Thereafter, if the amount has not been paid by cashier's check or equivalent, the Secretary of State shall give a second written notice of cancellation and the cancellation shall thereupon be effective. The second notice shall be given 20 days or more after the first notice.

(g) The Secretary of State shall include with the instructional materials, provided in conjunction with the form for filing the articles of organization under subdivision (a), a notice that filing the registration will obligate the limited liability company to pay an annual

tax for that taxable year to the Franchise Tax Board pursuant to Section 17941 of the Revenue and Taxation Code. That notice shall be updated annually to specify the dollar amount of the tax.

SEC. 122. Section 17702.02 of the Corporations Code is amended to read:

17702.02. (a) The articles of organization may be amended or restated at any time.

(b) To amend its articles of organization, a limited liability company shall deliver to the Secretary of State a certificate of amendment, on a form prescribed by the Secretary of State for filing, stating all of the following:

- (1) The present name of the limited liability company.
- (2) The Secretary of State's file number for the limited liability company.
- (3) The changes the amendment makes to the articles of organization as most recently amended or restated.

(c) To restate its articles of organization, a limited liability company shall deliver to the Secretary of State for filing, on a form prescribed by the Secretary of State entitled "Restated Articles of Organization," stating, as applicable, the following:

- (1) The present name of the limited liability company and the Secretary of State's file number for the limited liability company.
- (2) The entire text of the articles of organization as amended to the date of filing, except that if the limited liability company has filed a statement of information under Section 17702.09, the initial street address, the initial mailing address, and the name and address of the initial agent for service of process shall not be set forth.

(d) Subject to subdivision (c) of Section 17701.12 and subdivision (c) of Section 17702.05, an amendment to or restatement of the articles of organization is effective when filed by the Secretary of State and shall be duly executed by at least one manager of a manager-managed limited liability company or at least one member of a member-managed limited liability company unless a greater number is provided in the articles of organization.

(e) If a member of a member-managed limited liability company, or a manager of a manager-managed limited liability company, knows that any information in filed articles of organization was inaccurate when the articles were filed or has become inaccurate owing to changed circumstances, the member or manager shall promptly do the following:

- (1) Cause the articles to be amended.
- (2) If appropriate, deliver to the Secretary of State for filing a statement of information under Section 17701.14 or a certificate of correction under Section 17702.06.

(f) A limited liability company shall not amend its articles of organization pursuant to subdivision (b) or restate its articles of organization pursuant to subdivision (c) in order to change its principal office, its mailing address, its agent for service of process, or the address of its agent for service of process. To change that information, the limited liability company shall deliver to the Secretary of State for filing a statement of information under Section 17701.14.

SEC. 123. Section 17708.02 of the Corporations Code is amended to read:

17708.02. (a) A foreign limited liability company may apply for a certificate of registration to transact business in this state by delivering an application to the Secretary of State for filing on a form prescribed by the Secretary of State. The application shall state all of the following:

- (1) The name of the foreign limited liability company, and, if the name does not comply with Section 17701.08, an alternate name adopted pursuant to subdivision (a) of Section 17708.05.
- (2) The state or other jurisdiction under whose law the foreign limited liability company is organized and a statement that the foreign limited liability company is authorized to exercise its powers and privileges in that state or other jurisdiction.
- (3) The street address of the foreign limited liability company's principal office and of its principal office in California, if any.
- (4) (A) The name and street address of the foreign limited liability company's initial agent for service of process in this state who consents to service of process and meets the qualifications specified in subdivision (c) of Section 17701.13. If a corporate agent is designated, only the name of the agent shall be set forth.

(B) Consent under this paragraph extends to service of process directed to the foreign limited liability company's agent in this state for a search warrant issued pursuant to Section 1524.2 of the Penal Code, or for any other validly issued and properly served search warrant, for records or documents that are in the possession of the foreign limited liability company and are located inside or outside of this state. This subparagraph shall apply to a foreign limited liability company that is a

party or a nonparty to the matter for which the search warrant is sought. For purposes of this subparagraph, "properly served" means delivered by hand, or in a manner reasonably allowing for proof of delivery if delivered by United States mail, overnight delivery service, facsimile, or any other means specified by the foreign limited liability company, including email or submission via an internet web portal the foreign limited liability company has designated for the purpose of service of process.

(5) A statement that the Secretary of State is appointed the agent of the foreign limited liability company for service of process if the agent has resigned and has not been replaced or if the agent cannot be found or served with the exercise of reasonable diligence.

(6) The mailing address of the foreign limited liability company if different than the street address of the principal office, or principal office in California.

(b) A foreign limited liability company shall deliver with a completed application under subdivision (a) a certificate of existence, status, or good standing or a record of similar import, issued within the past six months from the submission of the application for filing in California, signed by the Secretary of State or other official having custody of the foreign limited liability company's publicly filed records in the state or other jurisdiction under whose law the foreign limited liability company is formed.

(c) The Secretary of State shall include with instructional materials, provided in conjunction with registration under subdivision (a), a notice that filing the registration will obligate the foreign limited liability company to pay an annual tax to the Franchise Tax Board pursuant to Section 17941 of the Revenue and Taxation Code. That notice shall be updated annually to specify the dollar amount of the tax.

SEC. 124. Section 17708.05 of the Corporations Code is amended to read:

17708.05. (a) A foreign limited liability company whose name does not comply with Section 17701.08 shall not obtain a certificate of registration until it adopts, for the purpose of transacting intrastate business in this state, an alternate name that complies with Section 17701.08. A foreign limited liability company that adopts an alternate name under this subdivision and obtains a certificate of registration with the alternate name need not comply with fictitious or assumed name statutes. After obtaining a certificate of registration with an alternate name, a foreign limited liability company shall transact intrastate business in this state under the alternate name unless the limited liability company is authorized under fictitious or assumed name statutes to transact intrastate business in this state under another name.

(b) (1) If a foreign limited liability company authorized to transact intrastate business in this state changes its name or its alternate name or relinquishes its alternate name, the foreign limited liability company shall not thereafter transact intrastate business in this state under that name or alternate name until it delivers an amended application to register, on a form prescribed by the Secretary of State, to the Secretary of State for filing. A foreign limited liability company shall not change its alternate name unless its name does not comply with Section 17701.08.

(A) If the new name of the foreign limited liability company does not comply with Section 17701.08, an alternate name, if one has not been adopted, shall be adopted pursuant to subdivision (a).

(B) If the new name of the foreign limited liability company complies with Section 17701.08, the foreign limited liability company shall not adopt an alternate name pursuant to subdivision (a) and shall relinquish any alternate name. A foreign limited liability company that registered to transact intrastate business with an alternate name before January 1, 2014, shall not be required to relinquish the alternate name.

(C) If the foreign limited liability company is changing its alternate name, the new alternate name shall comply with Section 17701.08.

(2) The amended application for registration shall state the Secretary of State's file number, the name or alternate name, and the new name or new alternate name adopted under subdivision (a). Except as otherwise provided in subparagraph (B) of paragraph (1), if the name of the limited liability company complies with Section 17701.08, the amended application for registration also shall contain the alternate name being relinquished.

(3) The foreign limited liability company shall deliver with the amended application to register a certificate, issued by the Secretary of State or other official having custody of the foreign limited liability company's publicly filed records in the state or other jurisdiction under whose law the limited liability company is formed, issued within the past six months from the submission of the amended application for filing in California, that certifies the change of name was made in accordance with the laws of that state or other jurisdiction. The certificate is not required if the foreign limited liability company is changing only its alternate name and the foreign limited liability company's name does not comply with Section 17701.08.

(4) Upon the filing of the amended application to register with the Secretary of State, the Secretary of State shall issue to the foreign limited liability company a new certificate of registration in accordance with Section 17708.04.

SEC. 125. Section 17708.06 of the Corporations Code is amended to read:

17708.06. (a) To cancel its registration to transact intrastate business in this state, a foreign limited liability company shall deliver to the Secretary of State for filing a certificate of cancellation, signed by a person with authority to do so under the law of the state of its organization, stating all of the following:

(1) The name under which the foreign limited liability company is authorized to transact intrastate business in this state, and the Secretary of State's file number for the foreign limited liability company.

(2) That a final franchise tax return, as described by Section 23332 of the Revenue and Taxation Code, or a final annual tax return, as described by Section 17947 of the Revenue and Taxation Code, has been or will be filed with the Franchise Tax Board, as required under Part 10.2 (commencing with Section 18401) of Division 2 of the Revenue and Taxation Code.

(3) That upon the filing of the certificate of cancellation the registration of the foreign limited liability company shall be canceled and its right to conduct intrastate business shall cease.

(b) The registration is canceled when the certificate of cancellation becomes effective.

(c) The Secretary of State may cancel the application and certificate of registration of a foreign limited liability company if a check or other remittance accepted in payment of the filing fee is not paid upon presentation. Within 90 days of receiving written notification that the item presented for payment has not been honored for payment, the Secretary of State shall give a first written notice of the applicability of the section to the agent for service of process or to the person submitting the instrument. Thereafter, if the amount has not been paid by cashier's check or equivalent, the Secretary of State shall give a second written notice of cancellation and the cancellation shall thereupon be effective. The second notice shall be given 20 days or more after the first notice.

SEC. 126. Section 17709.02 of the Corporations Code is amended to read:

17709.02. (a) No action shall be instituted or maintained in right of any domestic or foreign limited liability company by any member of the limited liability company unless both of the following conditions exist:

(1) The plaintiff alleges in the complaint that the plaintiff was a member, of record or beneficially, at the time of the transaction or any part of the transaction of which the plaintiff complains, or that the plaintiff's interest later devolved upon the plaintiff by operation of law from a member who was a member at the time of the transaction or any part of the transaction complained of. Any member who does not meet these requirements may nevertheless be allowed in the discretion of the court to maintain the action on a preliminary showing to and determination by the court, by motion and after a hearing at which the court shall consider any evidence, by affidavit or testimony, as it deems material, of all of the following:

(A) There is a strong prima facie case in favor of the claim asserted on behalf of the limited liability company.

(B) No other similar action has been or is likely to be instituted.

(C) The plaintiff acquired the interest before there was disclosure to the public or to the plaintiff of the wrongdoing of which plaintiff complains.

(D) Unless the action can be maintained, the defendant may retain a gain derived from defendant's willful breach of a fiduciary duty.

(E) The requested relief will not result in unjust enrichment of the limited liability company or any member of the limited liability company.

(2) The plaintiff alleges in the complaint with particularity the plaintiff's efforts to secure from the managers the action the plaintiff desires or the reasons for not making that effort, and alleges further that the plaintiff has either informed the limited liability company or the managers in writing of the ultimate facts of each cause of action against each defendant or delivered to the limited liability company or the managers a true copy of the complaint that the plaintiff proposes to file.

(b) In any action referred to in subdivision (a), at any time within 30 days after service of summons upon the limited liability company or upon any defendant who is a manager of the limited liability company or held that position at the time of the acts complained of, the limited liability company or the defendant may move the court for an order, upon notice and hearing, requiring the plaintiff to furnish security as hereinafter provided. The motion shall be based upon one or both of the following grounds:

(1) That there is no reasonable possibility that the prosecution of the cause of action alleged in the complaint against the moving party will benefit the limited liability company or its members.

(2) That the moving party, if other than the limited liability company did not participate in the transaction complained of in any capacity. The court, on application of the limited liability company or any defendant, may, for good cause shown, extend the 30-day period for an additional period not exceeding 60 days.

(c) (1) At the hearing upon any motion pursuant to subdivision (b), the court shall consider evidence, written or oral, by witnesses or affidavit, as may be material to the ground upon which the motion is based, or to a determination of the probable reasonable expenses, including attorney's fees, of the limited liability company and the moving party that will be incurred in the defense of the action.

(2) If the court determines, after hearing the evidence adduced by the parties, that the moving party has established a probability in support of any of the grounds upon which the motion is based, the court shall fix the nature and amount of security, not to exceed fifty thousand dollars (\$50,000), to be furnished by the plaintiff for reasonable expenses, including attorney's fees, that may be incurred by the moving party and the limited liability company in connection with the action. A ruling by the court on the motion shall not be a determination of any issue in the action or of the merits of the action. The amount of the security may thereafter be increased or decreased in the discretion of the court upon a showing that the security provided has or may become inadequate or is excessive, but the court shall not in any event increase the total amount of the security beyond fifty thousand dollars (\$50,000) in the aggregate for all defendants. If the court, upon a motion, makes a determination that security shall be furnished by the plaintiff as to any one or more defendants, the action shall be dismissed as to that defendant or those defendants, unless the security required by the court has been furnished within any reasonable time as shall be fixed by the court. The limited liability company and the moving party shall have recourse to the security in the amount that the court determines upon the termination of the action.

(d) If the plaintiff, either before or after a motion is made pursuant to subdivision (b), or any order or determination pursuant to that motion, posts good and sufficient bond or bonds in the aggregate amount of fifty thousand dollars (\$50,000) to secure the reasonable expenses of the parties entitled to make the motion, the plaintiff shall be deemed to have complied with the requirements of this section and with any order for security made pursuant to this section. Any motion then pending shall be dismissed and no further or additional bond or other security shall be required.

(e) If a motion is filed pursuant to subdivision (b), no pleadings need be filed by the limited liability company or any other defendant and the prosecution of the action shall be stayed until 10 days after the motion has been disposed of.

SEC. 127. Section 17710.06 of the Corporations Code is amended to read:

17710.06. (a) Upon conversion of a limited liability company, one of the following applies:

(1) If the limited liability company is converting into a domestic limited partnership, a statement of conversion shall be completed on a certificate of limited partnership for the converted entity and shall be filed with the Secretary of State.

(2) If the limited liability company is converting into a domestic partnership, a statement of conversion shall be completed on the statement of partnership authority for the converted entity. If no statement of partnership authority is filed, a certificate of conversion shall be filed separately with the Secretary of State.

(3) If the limited liability company is converting into a domestic corporation, a statement of conversion shall be completed on the articles of incorporation for the converted entity and shall be filed with the Secretary of State.

(4) If the limited liability company is converting to a foreign limited liability company or foreign other business entity, a certificate of conversion shall be filed with the Secretary of State.

(b) Any certificate or statement of conversion shall be executed and acknowledged by all members of a member-managed limited liability company or all managers of a manager-managed limited liability company, unless a lesser number is provided in the articles of organization or operating agreement, and shall set forth all of the following:

(1) The name of the converting limited liability company and the Secretary of State's file number of the converting limited liability company.

(2) A statement that the principal terms of the plan of conversion were approved by a vote of the members, that equaled or exceeded the vote required under Section 17710.03, specifying each class entitled to vote and the percentage vote required of each class.

(c) A certificate of conversion shall set forth all of the following:

(1) The name, form, and jurisdiction of organization of the converted entity.

(2) The name, street address, and mailing address of the converted entity's agent for service of process. If a corporation qualified under Section 1505 is designated as the agent, no address for it shall be set forth.

(3) The street address of the converted entity's principal office.

(d) The filing with the Secretary of State of a certificate of conversion, a certificate of limited partnership, a statement of partnership authority, or articles of incorporation containing a statement of conversion as set forth in subdivision (a) shall have the effect of the filing of a certificate of cancellation by the converting limited liability company, and no converting limited liability company that has made the filing is required to take any action under Article 7 (commencing with Section 17707.01) as a result of that conversion.

(e) For the purposes of this title, the certificate of conversion shall be on a form prescribed by the Secretary of State.

SEC. 128. Section 18200 of the Corporations Code is amended to read:

18200. (a) An unincorporated association may file with the Secretary of State, on a form prescribed by the Secretary of State, a statement containing either of the following:

(1) A statement designating the location and complete street address of the unincorporated association's principal office in California. Only one place may be designated.

(2) A statement (A) designating the location and complete street address of the unincorporated association's principal office in California in accordance with paragraph (1) or, if the unincorporated association does not have an office in this state, designating the complete street address and mailing address, if different, of the unincorporated association to which the Secretary of State shall send any notices required to be sent to the association under Sections 18210 and 18215, and (B) designating as agent of the association for service of process any natural person residing in this state or any corporation that has complied with Section 1505 and whose capacity to act as an agent has not terminated.

(b) If a natural person is designated as agent for service of process, the statement shall include the person's complete business or residence street address. If a corporate agent is designated, no address for it shall be included.

(c) Filing is deemed complete on acceptance by the Secretary of State of the statement and the filing fee.

(d) At any time, an unincorporated association that has filed a statement under this section may file a new statement superseding the last previously filed statement. If the new statement does not designate an agent for service of process, the filing of the new statement shall be deemed to revoke the designation of an agent previously designated. A statement filed under this section expires five years from December 31 following the date it was filed in the office of the Secretary of State, unless previously superseded by the filing of a new statement.

(e) Delivery by hand of a copy of any process against the unincorporated association (1) to any natural person designated by it as agent, or (2) if the association has designated a corporate agent, to any person named in the last certificate of the corporate agent filed pursuant to Section 1505 at the office of the corporate agent shall constitute valid service on the association.

(f) For filing a statement as provided in this section, the Secretary of State shall charge and collect the fee provided in paragraph (1) of subdivision (b) of Section 12191 of the Government Code for filing a designation of agent.

(g) Notwithstanding Section 18055, a statement filed by a partnership under former Section 24003 is subject to this chapter until the statement is revoked or expires.

SEC. 129. Section 21303 of the Corporations Code is amended to read:

21303. Application for registration, alteration, or cancellation shall be made by the chief officer or officers of the association, upon a form prescribed to be provided by the Secretary of State. The registration shall be for the use and benefit and on behalf of the association, the individual members, and those hereafter to become members thereof.

SEC. 130. Section 25211 of the Corporations Code is amended to read:

25211. (a) The application for a certificate as a broker-dealer shall be accompanied by the consent to service of process specified in Section 25240 and, unless filed pursuant to subdivision (b), shall contain such information in such detail relating to the applicant and any persons associated with the applicant as the commissioner may by rule require.

(b) A broker-dealer registered under the Securities Exchange Act of 1934 who is a member of the New York Stock Exchange, the NYSE American, the NYSE Arca, or the Financial Industry Regulatory Authority, and who has not had any certificate as a broker-dealer, investment adviser or agent denied or revoked under this law or any predecessor statute, may be licensed by notification pursuant to this subdivision by filing with the commissioner an application setting forth the following information in such form and detail as the commissioner may by rule require:

(1) Such information as is necessary to identify the broker-dealer and its offices in this state, and the location of its records and principal office.

(2) Such information as is necessary to establish that the broker-dealer meets the requirements for licensure by notification under this subdivision.

(3) The consent to service of process specified in Section 25240.

(4) Such information as the commissioner may require as to the jurisdictions in which the broker-dealer is licensed or registered and as to the nature of the business conducted by the broker-dealer.

(c) Unless a proceeding has been instituted under Section 25212, a certificate under subdivision (b) shall become effective on the third business day after the application is filed with the commissioner or upon the day the certificate is issued, whichever first occurs. However, the commissioner may by order delay effectiveness for a period not exceeding 15 business days (or for an additional period with the consent of the applicant) if the commissioner believes that the delay is necessary in the public interest to determine if a proceeding should be instituted under Section 25212. The commissioner may by rule or order waive that provision of subdivision (b) which precludes application thereunder by a person who has had a certificate denied or revoked under this law or any predecessor statute if the commissioner finds the waiver to be in the public interest. The commissioner, after appropriate notice and opportunity for hearing in accordance with the provisions of the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), may by rule or order disqualify a self-regulatory organization specified in subdivision (b) from the provisions thereof. The commissioner may by rule establish standards or criteria pursuant to which disqualification may be made and the commissioner may disqualify upon a finding that the self-regulatory organization fails substantially to comply with those standards or criteria. Disqualification by the commissioner shall not affect a certificate which has become effective pursuant to this subdivision before the effective date of that rule or order of disqualification but each person licensed pursuant to subdivision (b) upon the basis of membership in that organization shall, within 90 days after the effective date of that rule or order, or such additional time as the commissioner may allow, file with the commissioner a complete and current application in the form required pursuant to subdivision (a). If a broker-dealer licensed pursuant to subdivision (b) ceases to meet the qualifications for licensing pursuant to that subdivision, they shall, within 10 days after that event, file with the commissioner a complete and current application in the form required pursuant to subdivision (a).

(d) An application for a certificate as a broker-dealer, with respect to a broker-dealer to be formed or organized, may be made by a licensed broker-dealer to which the broker-dealer to be formed or organized is to be the successor. The application shall contain such information in such detail relating to the applicant and to the successor and any person associated with the applicant or the successor as the commissioner may by rule require. The application shall become effective and the successor may transact business as a broker-dealer 30 days after the receipt of the application by the commissioner or within such shorter period of time as the commissioner may determine, unless an order has been entered under Section 25212 denying a certificate to the successor or a proceeding looking toward an order has been instituted under that section. The certificate shall terminate on the 45th day after the effective date thereof, unless prior thereto the successor shall, in accordance with such rules as the commissioner may prescribe, adopt the application as its own and file the consent to service of process specified in Section 25240.

SEC. 131. Section 23331 of the Revenue and Taxation Code is amended to read:

23331. (a) For the purposes of this article, the effective date of dissolution of a corporation is the date on which the certified copy of the court decree, judgment, or order declaring the corporation duly wound up and dissolved is filed in the office of the Secretary of State or the date on which the certificate of winding up, if necessary, and the certificate of dissolution are filed in the office of the Secretary of State. For the purposes of this article, the effective date of withdrawal of a foreign corporation is the date on which the certificate of withdrawal is filed in the office of the Secretary of State.

(b) The Secretary of State shall, through an information program and by forms and instructions provided to taxpayers, recommend that all documents required by this article to be filed with the Secretary of State be sent, if mailed, by certified mail with return receipt requested. The Secretary of State shall also provide the taxpayers a filing response within 21 days of receipt.

SEC. 132. It is the intent of the Legislature that the change made to Section 2 of this bill deleting subdivision (f) of Section 6760 of the Civil Code subjects the information in that section to the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code).

SEC. 133. Section 14.5 of this bill incorporates amendments to Section 600 of the Corporations Code proposed by both this bill and Assembly Bill 1780. That section shall only become operative if (1) both bills are enacted and become effective on or before January 1, 2023, (2) each bill amends Section 600 of the Corporations Code, and (3) this bill is enacted after Assembly Bill 1780, in which case Section 14 of this bill shall not become operative.