

AN ACT

RELATING TO CORPORATIONS; IMPLEMENTING A CONSTITUTIONAL
MANDATE TO TRANSFER RESPONSIBILITY FOR CHARTERING AND
REGULATING CORPORATIONS FROM THE PUBLIC REGULATION COMMISSION
TO THE SECRETARY OF STATE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. Section 3-28-4 NMSA 1978 (being Laws 1965,
Chapter 300, Section 14-27-4, as amended) is amended to read:

"3-28-4. ACKNOWLEDGMENT AND FILING OF ORIGINAL
CERTIFICATE--RECORDING OF COPY.--The certificate of
association shall be acknowledged as required for deeds of
real estate and shall be filed in the office of the secretary
of state, and a copy of the certificate, duly certified by the
secretary of state, shall be recorded in the office of the
county clerk of the county or counties where the lands or
works are located. The certificate or a copy thereof duly
certified by the secretary of state or county clerk shall be
evidence in all courts and places."

SECTION 2. Section 3-28-6 NMSA 1978 (being Laws 1965,
Chapter 300, Section 14-27-6, as amended) is amended to read:

"3-28-6. AMENDMENT OF CERTIFICATE OF INCORPORATION.--
Every association formed under Chapter 3, Article 28 NMSA 1978
may change its name, increase or decrease its capital stock or
membership, change the location of its principal office in

this state, extend the period of its existence and make such other amendment, change or alteration as may be desired, not inconsistent with Chapter 3, Article 28 NMSA 1978 or other law of this state, by a resolution duly adopted by a two-thirds' vote of the entire membership of the board of directors. A certified copy of such resolution with the affidavit of the president and secretary that the resolution was duly adopted by a two-thirds' vote of the entire membership of the board of directors at a meeting held in accordance with the provisions of its bylaws shall be filed and recorded as provided for filing the original certificate of incorporation, and, thereupon, the certificate of incorporation shall be deemed to be amended accordingly, and a copy of the certificate of amendment certified by the secretary of state and the county clerk shall be accepted as evidence of such change or amendment in all courts and places."

SECTION 3. Section 3-29-17 NMSA 1978 (being Laws 1965, Chapter 300, Section 14-28-17, as amended) is amended to read:

"3-29-17. FILING OF CERTIFICATE AND BYLAWS.--The certificate of association and bylaws shall be acknowledged as required for deeds of real estate and shall be filed in the office of the secretary of state. A copy of the certificate, duly certified by the secretary of state or county clerk, shall be evidence in all courts and places."

SECTION 4. Section 3-29-17.2 NMSA 1978 (being Laws

2001, Chapter 200, Section 5) is amended to read:

"3-29-17.2. CHANGE OF REGISTERED OFFICE OR REGISTERED AGENT.--

A. An association may change its registered office or its registered agent, or both, by filing in the office of the secretary of state a statement that includes:

- (1) the name of the association;
- (2) the address of its registered office;
- (3) if the address of the association's registered office is changed, the address to which the registered office is changed;
- (4) the name of its registered agent;
- (5) if the association's registered agent is changed:

(a) the name of its successor registered agent; and

(b) if the successor registered agent is an individual, a statement executed by the successor registered agent acknowledging acceptance of the appointment by the filing association as its registered agent; or

(c) if the successor registered agent is a corporation, an affidavit executed by the president or vice president of the corporation in which the officer acknowledges the corporation's acceptance of the appointment by the filing association as its registered agent;

(6) a statement that the address of the association's registered office and the address of the office of its registered agent, as changed, will be identical; and

(7) a statement that the change was authorized by resolution duly adopted by its board of directors.

B. The statement made pursuant to the provisions of Subsection A of this section shall be executed by the association by any two members and delivered to the secretary of state. If the secretary of state finds that the statement conforms to the provisions of the Sanitary Projects Act, it shall file the statement in the office of the secretary of state. The change of address of the registered office, or the appointment of a new registered agent, or both, shall become effective upon filing of the statement required by this section.

C. A registered agent of an association may resign as agent upon filing a written notice thereof, executed in duplicate, with the secretary of state. The secretary of state shall mail a copy immediately to the association in care of an officer, who is not the resigning registered agent, at the address of the officer as shown by the most recent annual report of the association. The appointment of the agent shall terminate upon the expiration of thirty days after receipt of the notice by the secretary of state."

SECTION 5. Section 3-29-17.4 NMSA 1978 (being Laws 2001, Chapter 200, Section 7, as amended) is amended to read:

"3-29-17.4. ANNUAL REPORT.--

A. An association shall file, within the time prescribed by the Sanitary Projects Act, on forms prescribed and furnished by the secretary of state to the association not less than thirty days prior to the date the report is due, an annual report setting forth:

(1) the name of the association;

(2) the address of the registered office of the association in the state and the name of its registered agent in this state at that address;

(3) a brief statement of the character of the affairs that the association is actually conducting; and

(4) the names and respective addresses of the directors and officers of the association.

B. The report shall be signed and sworn to by two of the members of the association. If the association is in the hands of a receiver or trustee, the report shall be executed on behalf of the association by the receiver or trustee. A copy of the report shall be maintained at the association's principal place of business as contained in the report and shall be made available to the general public for inspection during regular business hours."

SECTION 6. Section 3-29-19 NMSA 1978 (being Laws 1965,

Chapter 300, Section 14-28-19, as amended) is amended to read:

"3-29-19. AMENDMENT OF CERTIFICATE OF ASSOCIATION AND BYLAWS--METHOD.--Every association may make such amendment, change or alteration to its certificate of association or bylaws as may be desired not inconsistent with the Sanitary Projects Act or other law of this state by a resolution adopted by a vote of a majority of the members present at any regular or special meeting duly held upon such notice as the bylaws provide. A certified copy of such resolution with the affidavit of the president and secretary that the resolution was duly adopted by a majority vote of the members at a meeting held in accordance with the provisions of this section shall be filed and recorded as provided for filing and recording the original certificate of association and bylaws, and thereupon the certificate of association and bylaws shall be deemed to be amended accordingly, and a copy of such certificate of amendment certified by the secretary of state or the county clerk shall be accepted as evidence of each change or amendment in all courts and places."

SECTION 7. Section 3-29-20 NMSA 1978 (being Laws 2000, Chapter 56, Section 4, as amended) is amended to read:

"3-29-20. REORGANIZATION OF COOPERATIVE ASSOCIATIONS AND NONPROFIT CORPORATIONS PURSUANT TO THE SANITARY PROJECTS ACT.--

A. Cooperative associations formed pursuant to

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Sections 53-4-1 through 53-4-45 NMSA 1978 and nonprofit corporations formed under the Nonprofit Corporation Act may reorganize under the Sanitary Projects Act upon approval of the reorganization by a majority vote of a quorum of the members of a cooperative association or nonprofit corporation. Notice of the meeting to consider the reorganization and a copy of the proposed certificate of association shall be sent at least fifteen days prior to such meeting by the cooperative association to each member at the member's last known address and by the nonprofit corporation to each member, if any, at the member's last known address. Upon approval of the reorganization by the majority vote of a quorum of the members, the cooperative association or the nonprofit corporation shall execute a certificate of association pursuant to Sections 3-29-16 and 3-29-17 NMSA 1978. The certificate of association shall state that it supersedes the articles of incorporation and all amendments to the articles of incorporation of the cooperative association or the nonprofit corporation.

B. Duplicate originals of the certificate of association shall be filed with the secretary of state. One duplicate original of the certificate of association shall be returned to the association.

C. The certificate of association is effective upon filing and supersedes the articles of incorporation and

all amendments to the articles of incorporation of the prior cooperative association or nonprofit corporation. The association shall:

(1) be the surviving entity, and the separate existence of the prior cooperative association or nonprofit corporation shall cease;

(2) have all of the rights, privileges, immunities and powers and shall be subject to all the duties and liabilities of an association organized pursuant to the Sanitary Projects Act;

(3) possess all the rights, privileges, immunities and franchises of the prior cooperative association or nonprofit corporation. All property, real, personal and mixed; all debts due on whatever account; all other choses in action; and all and every other interest of or belonging to or due to the prior cooperative association or nonprofit corporation shall be taken and deemed to be transferred to and vested in the association without further act or deed. The title to any real estate, or any interest therein, vested in the prior cooperative association or nonprofit corporation shall not revert or be in any way impaired by reason of the reorganization; and

(4) be liable for all the liabilities and obligations of the prior cooperative association or nonprofit corporation, and any claim existing or action or proceeding

pending by or against the cooperative association or nonprofit corporation may be prosecuted as if the reorganization had not taken place or the new association may be substituted in its place. Neither the rights of creditors nor any liens upon the property of the cooperative association or nonprofit corporation shall be impaired by the reorganization.

D. A cooperative association formed pursuant to the Cooperative Association Act or nonprofit corporation formed pursuant to the Nonprofit Corporation Act that reorganized under Subsection A of this section prior to June 30, 2006 may, within three years of the effective date of this 2006 act, reorganize pursuant to the act under which it had previously been organized upon approval of the reorganization by a two-thirds' vote of the directors of the association or corporation. Notice of the meeting to consider the reorganization and a copy of the proposed articles of incorporation shall be sent by the association or the corporation at least fifteen days prior to the meeting to each member at the member's last known address. Upon approval of the reorganization, the association or corporation shall execute articles of incorporation pursuant to Sections 53-4-5 and 53-4-6 or 53-8-31 and 53-8-32 NMSA 1978. The articles of incorporation shall state that they supersede the certificate of association or incorporation and all amendments thereto of the association or corporation and shall follow the filing

procedures of Subsections B and C of this section."

SECTION 8. Section 7-1-80 NMSA 1978 (being Laws 1965, Chapter 248, Section 83, as amended) is amended to read:

"7-1-80. DISSOLUTION OR WITHDRAWAL OF CORPORATION.--The secretary of state shall not issue any certificate of dissolution to any taxpayer or allow any corporate taxpayer to withdraw from the state until:

A. the taxpayer files with the secretary of state a certificate signed by the secretary of taxation and revenue or the secretary of taxation and revenue's delegate stating that as of a certain date the taxpayer is not liable for any tax and containing a statement verified by a responsible official of the corporation to the effect that the taxpayer has not engaged in business after the date above specified. If the taxpayer has so engaged in business, any certificate of dissolution or withdrawal shall be of no effect and all liabilities of the corporation shall continue as if no certificate had been granted;

B. a successor, acceptable to the secretary of taxation and revenue or the secretary's delegate, to any corporation requesting dissolution or withdrawal enters into a binding agreement by provision of which the successor assumes full liability for payment of all taxes due or expected to become due from the corporation and certification thereof is given by the secretary of taxation and revenue or the

secretary's delegate; or

C. satisfactory security for payment of the taxes due or expected to become due from the corporation is furnished in accordance with the provisions of Section 7-1-54 NMSA 1978 and certification thereof is given by the secretary of taxation and revenue or the secretary's delegate."

SECTION 9. A new section of Chapter 8, Article 4 NMSA 1978 is enacted to read:

" CORPORATIONS.--As of July 1, 2013, the secretary of state, pursuant to Article 11, Section 19 of the constitution of New Mexico, shall assume responsibility for chartering corporations as provided by law, including the performance of the functions of the former corporations bureau of the public regulation commission. As used in Chapter 53, Articles 1, 2, 4 through 6, 7B, 8, 11 through 14 and 16 through 20 NMSA 1978, except for Subsection D of Section 53-5-8 NMSA 1978, references to the "public regulation commission", "state corporation commission" or "commission" shall be construed to be references to the secretary of state."

SECTION 10. Section 8-8-7 NMSA 1978 (being Laws 1998, Chapter 108, Section 7, as amended) is amended to read:

"8-8-7. ADMINISTRATIVE SERVICES DIVISION--CHIEF CLERK.--

A. The director of the administrative services division of the commission shall record the judgments, rules,

orders and other proceedings of the commission and make a complete index to the judgments, rules, orders and other proceedings; issue and attest all processes issuing from the commission and affix the seal of the commission to them; and preserve the seal and other property belonging to the commission.

B. The administrative services division shall perform the following functions:

- (1) case docketing;
- (2) budget and accounting;
- (3) personnel services;
- (4) procurement; and
- (5) information systems services."

SECTION 11. Section 21-21A-16 NMSA 1978 (being Laws 1981, Chapter 319, Section 16, as amended) is amended to read:

"21-21A-16. ANNUAL REPORT AND AUDIT.--

A. The foundation shall, promptly following the close of each fiscal year, submit an annual report of its activities for the preceding year to the governor, the secretary of state, the state auditor and the legislative finance committee. Each report shall set forth a complete operating and financial statement of the foundation during the year. The board of directors of the foundation shall annually contract with an independent certified public accountant, licensed by the state, to perform an examination and audit of

the accounts and books of the foundation, including its receipts, disbursements, contracts, leases, sinking funds, investments and any other records and papers relating to its financial standing, and shall make a determination as to whether the foundation has complied with the provisions of the Educational Assistance Act. The person performing the audit shall furnish copies of the audit report to the governor, the secretary of state, the state auditor and the legislative finance committee, where they shall be placed on file and made available for inspection by the general public.

B. Subject to the provisions of any contract with bondholders or noteholders, the foundation shall prescribe a system of accounts.

C. The costs of audits and examinations performed pursuant to this section shall be paid by the foundation."

SECTION 12. Section 21-23-12 NMSA 1978 (being Laws 1975, Chapter 148, Section 12, as amended) is amended to read:

"21-23-12. COOPERATION.--The higher education department shall cooperate with federal and other state agencies in administering the provisions of the Post-Secondary Educational Institution Act. The secretary of state shall cooperate with the higher education department by identifying post-secondary educational institutions that apply for corporate charters. The public education department shall cooperate with the higher education department by providing

the technical assistance necessary to develop minimum standards that post-secondary educational institutions shall meet and any other assistance that would be of aid in the administration of the Post-Secondary Educational Institution Act."

SECTION 13. Section 21-28-17 NMSA 1978 (being Laws 1989, Chapter 264, Section 17, as amended) is amended to read:

"21-28-17. ANNUAL REPORT AND AUDIT.--

A. A research park corporation shall, within ninety days following the close of each fiscal year, submit an annual report of its activities for the preceding year as required by the Nonprofit Corporation Act or the Business Corporation Act under which the research park is incorporated. The board of directors of the research park corporation shall annually contract with an independent certified public accountant, licensed by the state, to perform an examination and audit of the accounts and books of the research park corporation, including its receipts, disbursements, contracts, leases, sinking funds, investments and any other records and papers relating to its financial standing, and the certified public accountant shall make a determination as to whether the research park corporation has complied with the provisions of the University Research Park and Economic Development Act. The person performing the audit shall furnish copies of the audit report to the regents of the university and the

secretary of state, where they shall be placed on file and made available for inspection by the general public.

B. Subject to the provisions of any contract with bondholders or noteholders, a research park corporation shall prescribe a system of accounts.

C. The costs of audits and examinations performed pursuant to this section shall be paid by the research park corporation."

SECTION 14. Section 49-2-18 NMSA 1978 (being Laws 1967, Chapter 43, Section 1) is amended to read:

"49-2-18. CONVERSION OF CORPORATIONS ORGANIZED UNDER LAWS 1891, CHAPTER 86 INTO GENERAL CORPORATIONS.--Twenty or more owners and proprietors of record of a corporation organized under Laws 1891, Chapter 86 may prepare proposed articles of incorporation and bylaws and a plan of conversion for the purpose of converting the existing corporation into a corporation organized under the general corporation law of this state. Upon notice, the proposers shall call a meeting of all owners and proprietors of record entitled to vote in the affairs of the existing corporation. The notice shall be published in English in a newspaper of general circulation in a county in which the existing corporation is located, once a week for three consecutive weeks, the last publication to be not more than thirty days prior to the date set for the meeting. Similar publication shall also be made in Spanish if

there is a Spanish language newspaper of general circulation in the county. The proposed articles of incorporation and bylaws and the plan of conversion shall be presented at the meeting, and, if approved by a vote of the majority of the owners and proprietors of record present at the meeting, then, upon the filing of the articles of incorporation and bylaws with the secretary of state and the issuance of a certificate of incorporation, the corporation organized under Laws 1891, Chapter 86 is converted into a domestic corporation authorized to do business and entitled to all privileges and immunities of a domestic corporation organized under the general corporation laws of this state."

SECTION 15. Section 57-5-1 NMSA 1978 (being Laws 1933, Chapter 177, Section 1) is amended to read:

"57-5-1. DEFINITIONS.-- As used in Chapter 57, Article 5 NMSA 1978:

A. "corporation" means any subsidiary holding company, joint purchasing or selling association, business trust, joint stock association and officers and agents or employees serving in any capacity;

B. "person" means a natural person, partnership, firm of two or more persons having a joint or common interest or a corporation, association or business trust;

C. "producer" means all persons or their distributors or agents who make, manufacture, lease, license

or sell motion pictures of any kind;

D. "distributor" means all persons or their agents who make, manufacture, buy, act as lessor, sell or traffic in motion pictures in any way;

E. "product" means any stated number of motion pictures, group, series or the annual output of motion pictures of any producer, manufacturer or distributor of motion pictures;

F. "theatre" means any auditorium, room, hall or place where motion pictures are exhibited, played or shown;

G. "exhibitor" means any person engaged in the showing and exhibition of motion pictures;

H. "competitive situation" means any municipality in which there are two or more persons engaged in the business of exhibiting motion pictures and each is a competitor of the other;

I. "competitive exhibitor" means any person owning or operating any motion picture show or theatre or who is in any way interested in the exhibition of motion pictures in any municipality where there are two or more competitive exhibitors engaged in the business;

J. "box office value" means the potential power of a motion picture to draw patronage;

K. "franchise" means any contract, agreement or understanding whereby a producer or distributor either grants

or gives the exclusive right to use of its product to another producer, distributor, exhibitor or other person for a period of more than one year;

L. "first run pictures" means any motion picture that has not been previously exhibited or shown in a certain municipality;

M. "second run pictures" means any motion picture that has been previously exhibited or shown in one or more consecutive days in a certain municipality;

N. "first run theatre" means any theatre that exhibits first run pictures, and not more than two second run pictures in each calendar month, throughout the year;

O. "second run theatre" means any theatre that exhibits more than two second run pictures in any calendar month throughout the year;

P. "playing arrangement" means the number of days a motion picture is to be played, the admission price to be charged and the specific conditions governing the playing of a motion picture when any of these arrangements are specified in the contracts or leasing, licensing or renting arrangements between exhibitor and distributor;

Q. "play" means the exhibition, presentation or showing of motion pictures or productions in motion picture theaters; and

R. "state corporation commission" or "corporation

commission" means the secretary of state."

SECTION 16. Section 58-1-3 NMSA 1978 (being Laws 1963, Chapter 305, Section 3, as amended) is amended to read:

"58-1-3. DEFINITIONS.--As used in the Banking Act, unless the context otherwise requires:

A. "action" in the sense of a judicial proceeding means any proceeding in which rights are determined;

B. "allowances for loan and lease losses" means the difference between:

(1) the balance of the valuation reserve on the date of the most recent federal financial institutions examination council report of condition or income plus additions to the reserve charged to operations since that date; and

(2) losses charged against the allowance, net of recoveries;

C. "board" means the board of directors of any given bank;

D. "capital" or "capital stock" means the amount of common stock outstanding and unimpaired plus the amount of perpetual preferred stock outstanding and unimpaired;

E. "capital surplus" means the total of those accounts reflecting:

(1) amounts paid in excess of the par or stated value of capital stock;

(2) amounts contributed to the bank other than for capital stock;

(3) amounts transferred from undivided profits pursuant to Section 58-1-55 NMSA 1978; and

(4) other amounts transferred from undivided profits;

F. "commissioner" or "director" means the director of the financial institutions division of the regulation and licensing department;

G. "community" means a city, town or village in this state;

H. "county" means any of the political subdivisions of this state as defined in Chapter 4 NMSA 1978, except that when applied to locations within the exterior boundaries of a federally recognized Indian reservation or pueblo, "county" means all lands within the exterior boundaries of that reservation or pueblo without regard to the county boundaries established in Chapter 4 NMSA 1978. For purposes of the Banking Act, the Indian reservation or pueblo lands defined as a "county" by this subsection shall be considered to be adjoining any of the counties, as defined by Chapter 4 NMSA 1978, that are adjoining the county or counties in which that Indian reservation or pueblo is located;

I. "court" means a court of competent jurisdiction;

J. "cumulative voting" means, in all elections of directors, each shareholder shall have the right to vote the number of shares owned by the shareholder for as many persons as there are directors to be elected or to cumulate such shares and give one candidate as many votes as the number of directors, multiplied by the number of the shareholder's shares, shall equal or to distribute them on the same principle among as many candidates as the shareholder thinks fit. In deciding all other questions at meetings of shareholders, each shareholder shall be entitled to one vote on each share of stock held by the shareholder, except that this shall not be construed as limiting the voting rights of holders of preferred stock under the terms and provisions of articles of association or amendments thereto;

K. "department" or "division" means the financial institutions division of the regulation and licensing department;

L. "executive officer", when referring to a bank, means any person designated as such in the bylaws and includes, whether or not so designated, the president, any vice president, the treasurer, the cashier and the comptroller or auditor, or any person who performs the duties appropriate to those offices;

M. "fiduciary" means a trustee, agent, executor, administrator, committee, guardian or conservator for a minor

or other incompetent person, receiver, trustee in bankruptcy, assignee for creditors or any holder of a similar position of trust;

N. "good faith" means honesty in fact in the conduct or transaction concerned;

O. "intangible assets" means those purchased assets that are required to be reported as intangible assets by the federal deposit insurance corporation;

P. "item" means any instrument for the payment of money, even though it is not negotiable, but does not include money;

Q. "legal tender" means coins and currency;

R. "lessee" means a person contracting with a lessor for the use of a safe deposit box;

S. "lessor" means a bank or subsidiary renting safe deposit facilities and includes a safe deposit company organized and operating under the jurisdiction of the division solely for the purpose of leasing safe deposit facilities;

T. "limited life preferred stock" means preferred stock that has a stated maturity date or may be redeemed at the option of the holder;

U. "mandatory convertible debt" means a subordinated debt instrument that:

(1) unqualifiedly requires the issuer to exchange either common or perpetual preferred stock for the

instrument by a date on or before the expiration of twelve years; and

(2) meets the requirements of Subparagraph (b) of Paragraph (2) of Subsection DD of this section or other requirements adopted by the division;

V. "minority interest in consolidated subsidiaries" means the portion of equity capital accounts of all consolidated subsidiaries of the bank that is allocated to minority shareholders of those subsidiaries;

W. "mortgage servicing rights" means the rights owned by the bank to service for a fee mortgage loans that are owned by others;

X. "officer", when referring to a bank, means any person designated as such in the bylaws and includes, whether or not so designated, any executive officer, the chair of the board of directors, the chair of the executive committee and any trust officer, assistant vice president, assistant treasurer, assistant cashier, assistant comptroller or any person who performs the duties appropriate to those offices;

Y. "perpetual preferred stock" means preferred stock that does not have a stated maturity date and cannot be redeemed at the option of the holder;

Z. "person" means an individual, corporation, partnership, joint venture, trust estate or unincorporated association;

AA. "reason to know" means that, to a person of ordinary intelligence, the fact in question exists or has a substantial chance of existing and that the exercise of reasonable care would predicate conduct upon the assumption of its existence;

BB. "safe deposit box" means a safe deposit box, vault or other safe deposit receptacle maintained by a lessor, and the rules relating thereto apply to property or documents kept in safekeeping in the bank's vault;

CC. "state corporation commission" means the secretary of state; and

DD. "surplus" or "unimpaired surplus fund":

(1) means:

(a) the difference between: 1) the sum of capital surplus; undivided profits; reserves for contingencies and other capital reserves, excluding accrued dividends on perpetual and limited life preferred stock; minority interests in consolidated subsidiaries; and allowances for loan and lease losses; and 2) intangible assets, including those, other than mortgage servicing rights, purchased prior to April 15, 1985, but not to exceed twenty-five percent of Item 1) of this subparagraph;

(b) purchased mortgage servicing rights;

(c) mandatory convertible debt to the

extent of twenty percent of the sum of Subparagraph (d) and Subparagraphs (a) and (b) of this paragraph; and

(d) other mandatory convertible debt, limited preferred stock and subordinated notes and debentures; and

(2) is subject to the following limitations:

(a) issues of limited life preferred stock and subordinated notes and debentures, except mandatory convertible debt, must have original weighted average maturities of at least five years to be included in surplus;

(b) a subordinated note or debenture must also: 1) be subordinated to the claims of depositors; 2) state on the instrument that it is not a deposit and is not insured by the federal deposit insurance corporation; 3) be approved as capital by the division; 4) be unsecured; 5) be ineligible as collateral for a loan by the issuing bank; 6) provide that once any scheduled payments of principal begin, all scheduled payments shall be made at least annually and the amount repaid in each year shall be no less than in the prior year; and 7) provide that no accelerated payment by reason of default or otherwise may be made without the prior written approval of the division; and

(c) the total amount of mandatory convertible debt included in Subparagraph (d) of Paragraph (1) of this subsection considered as surplus is limited to fifty

percent of the sum of Subparagraphs (a) and (c) of Paragraph (1) of this subsection."

SECTION 17. Section 58-10-2 NMSA 1978 (being Laws 1967, Chapter 61, Section 2, as amended) is amended to read:

"58-10-2. DEFINITIONS.--As used in the Savings and Loan Act:

A. "association" means a savings association or savings and loan association or building and loan association subject to the provisions of the Savings and Loan Act;

B. "dividends or interest on savings accounts" means that part of the income of an association that is declared payable on savings accounts from time to time by the board of directors and is the cost of savings-money to the association;

C. "federal association" means a savings and loan association incorporated pursuant to the Home Owners Loan Act of 1933, as amended, whose principal business office is located within this state;

D. "loss reserves" means the aggregate amount of the reserves allocated by an association for the sole purpose of absorbing losses;

E. "member" means a person holding a savings account in an association, or borrowing from, assuming or obligated upon a loan in which an association has an interest or owning property that secures a loan in which an association

has an interest;

F. "savings account" means that part of the savings liability of an association that is credited to a member by reason of the placement of funds in the association;

G. "savings and loan association" means an association whose primary purpose is to promote thrift and home financing and whose principal activity is the lending to its members of money accumulated in savings accounts of its members;

H. "savings liability" means the aggregate amount of the withdrawal value of the savings accounts of the members of an association at any particular time as shown by the books of the association;

I. "service corporation" means an organization, substantially all the activities of which consist of originating, purchasing, selling and servicing loans upon real estate and participating interests therein, or clerical, bookkeeping, accounting, statistical or similar functions performed primarily for financial institutions, plus such other activities as the supervisor may approve;

J. "state corporation commission" means the secretary of state;

K. "supervisor" means the chief of the savings and loan bureau appointed by and acting under supervision of the director of the financial institutions division of the

regulation and licensing department or the director of the financial institutions division if the position is vacant;

L. "surplus" means the aggregate amount of the undistributed earnings of an association held as undivided profits or unallocated reserves for general corporate purposes and any paid-in surplus held by an association;

M. "withdrawal value of a savings account" means the credit balance of a savings account at any particular time as shown by the books of the association; and

N. "net worth" means the sum of all reserve accounts, undivided profits, surplus, capital stock and any other notwithdrawable accounts."

SECTION 18. Section 58-11-10 NMSA 1978 (being Laws 1987, Chapter 311, Section 10, as amended) is amended to read:

"58-11-10. FORMATION OF CREDIT UNION.--

A. Any seven or more residents of this state of legal age that share the common bond referred to in Section 58-11-21 NMSA 1978 may organize a credit union and become charter members thereof by complying with this section.

B. The organizers shall prepare, adopt and execute in triplicate articles of organization and agree to the terms thereof. The articles shall state:

(1) the credit union's name and the location of the proposed credit union's principal place of business;

(2) that the existence of the credit union

shall be perpetual;

(3) the names and addresses of the organizers; and

(4) that each member shall subscribe to one share of the credit union.

C. The organizers shall prepare, adopt and execute in duplicate bylaws consistent with the Credit Union Act for the general governance of the credit union.

D. The organizers shall select at least five persons who are eligible for membership and who agree to become members and serve on the board of directors and at least three other persons who are eligible for membership and who agree to become members and serve on the supervisory committee. The persons selected to serve on the board of directors and supervisory committee shall execute an agreement to serve in these capacities until the first annual meeting or until the election of their respective successors, whichever is later.

E. The organizers shall forward the triplicate articles of organization, the duplicate bylaws and the agreements to serve to the director who shall act upon the application within sixty days. The director shall issue a certificate of approval if the articles and bylaws are in conformity with applicable provisions of the Credit Union Act and the director is satisfied that:

(1) the characteristics of the common bond set forth in the proposed bylaws are favorable to the economic viability of the proposed credit union;

(2) the reputation and character of the initial board of directors and supervisory committee provide assurance that the credit union's affairs will be properly administered; and

(3) the share and deposit insurance requirements of Section 58-11-48 NMSA 1978 will be met.

F. The following provisions apply to issuance and denial of certificate:

(1) if the director issues a certificate of approval, the director shall return a copy of the bylaws to the organizers and, upon payment of the required fee, file the triplicate originals of the articles of organization with the secretary of state; and

(2) if the director denies a certificate of approval, the director shall notify the organizers and set forth reasons for the denial. The organizers may appeal the director's decision to the court of appeals within thirty days after receipt of the notice of denial.

G. The organizers shall not transact any credit union business until a certificate of approval has been received and shall accept no payments on shares or deposit until insurance of accounts has been obtained as provided by

Section 58-11-48 NMSA 1978.

H. Any credit union, the articles of organization of which have been approved by the director, shall commence business within six months after satisfactory proof has been filed with the director showing that insurance of share and deposit accounts has been obtained. Upon showing of good cause for failure to commence business within this time, the director may grant a reasonable extension to overcome the reason for delay. Failure to commence business as required in this section or failure to obtain insurance of accounts within one year from the date of approval of the articles of organization constitutes grounds for forfeiture of the credit union's articles of organization."

SECTION 19. Section 58-12-3 NMSA 1978 (being Laws 1973, Chapter 114, Section 3, as amended) is amended to read:

"58-12-3. FORMATION OF CORPORATION--PURPOSE.--Any seven or more credit unions in this state or in any other state organized and existing under the provisions of the Credit Union Act or under other substantially similar state laws may, subject to the prior approval of the director, form a corporation under the Credit Union Share Insurance Corporation Act to be known as the "New Mexico credit union share insurance corporation" for the purpose of creating and maintaining a fund for the insurance of shares and deposits of those credit unions that become members. Each of the credit

unions participating in the formation of the corporation shall execute articles of incorporation therefor, which shall be submitted for filing to the secretary of state with a filing fee of five dollars (\$5.00) after the articles of incorporation have been approved by the director. In the event that credit unions chartered in other states join this corporation, the corporate name may be changed by the board of directors to reflect such multistate membership. Any contract or agreement or amendment thereto for the purposes of joining this corporation to which a credit union chartered in another state is a party shall be subject to prior review and approval by the director."

SECTION 20. Section 59A-34-5 NMSA 1978 (being Laws 1984, Chapter 127, Section 551) is amended to read:

"59A-34-5. FILING, RECORDING OF ARTICLES--AUTHORITY TO RAISE CAPITAL OR TRANSACT INSURANCE REQUIRED.--

A. When executed and acknowledged by the incorporators, the articles of incorporation shall be filed with the secretary of state, and copies thereof certified by the secretary of state shall be filed with the superintendent and recorded in the office of the county clerk in the county of New Mexico wherein the corporation proposes to have its principal place of business.

B. Upon completion of such filings and recording, the secretary of state shall issue to the corporation a

certificate of incorporation, and incorporation shall be deemed effective as of date of issuance of such certificate.

C. The corporation shall not raise any capital through sale of shares or otherwise except in compliance with Chapter 59A, Article 35 NMSA 1978, and shall not transact business as an insurer until it has applied for and received from the superintendent a certificate of authority as provided for under Chapter 59A, Article 5 NMSA 1978."

SECTION 21. Section 59A-34-6 NMSA 1978 (being Laws 1984, Chapter 127, Section 552) is amended to read:

"59A-34-6. AMENDMENT OF ARTICLES OF INCORPORATION.--

A. The articles of incorporation of a stock insurer may be amended in accordance with the general statutes of New Mexico applying to corporations formed for profit. A copy of the amendment, certified by the secretary of state, shall be filed with the superintendent, and a copy likewise certified shall be recorded in the county clerk's office of the county of the corporation's principal place of business. No amendment shall reduce authorized capital below the amount of paid-in capital stock required under Section 59A-5-16 NMSA 1978 for the certificate of authority covering the kinds of insurance immediately thereafter to be transacted by the insurer.

B. The articles of incorporation of a mutual insurer may be amended by the affirmative vote of two-thirds of its

members present in person or by proxy at a regular or special meeting of its members of which notice in writing of the proposed amendment was mailed to all members at least thirty days in advance, unless notice shall otherwise be provided for as approved by the superintendent. A certificate of the amendment, signed and acknowledged by the president and attested by the secretary of the corporation, shall be filed and recorded as required of original articles of incorporation."

SECTION 22. Section 59A-50-4 NMSA 1978 (being Laws 1984, Chapter 127, Section 910) is amended to read:

"59A-50-4. REQUIREMENTS AND APPLICATION FOR CERTIFICATE OF AUTHORITY.--

A. Each motor club shall obtain a certificate of authority by filing a written application with the superintendent as hereinafter provided and otherwise in such form and manner as the superintendent shall require.

B. The applicant shall furnish to the superintendent such data and information as the superintendent may deem reasonably necessary to enable the superintendent to determine, in accordance with the provisions of Chapter 59A, Article 50 NMSA 1978, whether or not a certificate of authority should be issued to the applicant. It shall be executed under oath by the applicant, or if other than an individual, by an authorized officer of the applicant, and the

information filed with the application shall include the following:

(1) if such applicant is a corporation, a certificate of good standing from the secretary of state, together with the names and addresses of all officers and directors, and the names and addresses of all persons owning in excess of ten percent of the capital stock of the corporation issued and outstanding;

(2) if not incorporated, a list of all persons owning an interest in the applicant, the officers thereof and the parties to any operating or management agreement affecting the applicant, together with a copy of such agreement;

(3) a financial statement certified by a registered or certified public accountant, as of the end of the next preceding calendar year, presenting fairly, in accordance with generally accepted accounting principles, the financial position of the applicant and containing such other information as the superintendent may prescribe;

(4) a copy of its service contract, the terms of which shall not:

(a) contain inconsistent, ambiguous or misleading clauses or exceptions or conditions that deceptively affect the risk purported to be assumed or the service to be performed;

(b) contain any inequitable provision or

provisions without substantial benefit to the member or subscriber; or

(c) provide for the payment of fees that are unreasonable in relation to the services agreed to be performed;

(5) security in the form of a deposit or bond of not less than twenty-five thousand dollars (\$25,000) nor more than two hundred thousand dollars (\$200,000) with the amount to be based upon annual membership fees collected from state residents at the following rates:

Annual Resident Fees

Amount of Deposit or Bond

\$ 1.00 to \$ 150,000.00	\$ 25,000.00
\$ 150,001.00 to \$ 250,000.00	\$ 40,000.00
\$ 250,001.00 to \$ 500,000.00	\$ 80,000.00
\$ 500,001.00 to \$1,000,000.00\$150,000.00
\$1,000.001.00 and over\$200,000.00

The security shall be deposited with the superintendent in trust or in any other manner the superintendent may direct, and the applicant may deposit either government securities having a market value equal to the amount of security required, or a corporate surety bond in the proper amount in such form as the superintendent may prescribe. The bond shall be issued by a surety insurer authorized to do business in this state, and conditioned upon faithful performance by the

applicant of its obligations under Chapter 59A, Article 50 NMSA 1978, including payment of any fines, fees or penalties imposed on it or restitution ordered, but the aggregate liability of the surety for all breaches of the conditions of the bond shall in no event exceed the amount of the bond. The surety on the bond shall have the right to cancel the bond by giving thirty days' notice to the superintendent and thereafter shall be relieved of liability for any breach of condition occurring after the effective date of cancellation. The superintendent may promulgate rules and regulations specifying conditions concerning the bond and providing methods for its termination; and

(6) the bond or deposit provided for in Paragraph (5) of this subsection shall be maintained so long as the licensee has any outstanding liability or obligation in this state. Upon proof satisfactory to the superintendent that the licensee has ceased to do business and that all its liabilities and obligations have been satisfied, the superintendent shall return the security to the licensee."

SECTION 23. Section 62-2-1 NMSA 1978 (being Laws 1887, Chapter 12, Section 1, as amended) is amended to read:

"62-2-1. COMPANIES FOR SUPPLYING WATER--ARTICLES OF INCORPORATION.-- Any five persons who desire to form a company for the purpose of constructing and maintaining reservoirs and canals or ditches and pipelines for supplying water for

irrigation, mining, manufacturing, domestic and other public uses, including cities and towns, and for the improvement of lands in connection therewith shall make and sign articles of incorporation that shall be acknowledged before the secretary of state or some person authorized by law to take the acknowledgment of conveyances of real estate. When so acknowledged, the articles shall be filed with the secretary of state."

SECTION 24. Section 62-2-3 NMSA 1978 (being Laws 1887, Chapter 12, Section 3, as amended) is amended to read:

"62-2-3. FILING OF ARTICLES--CERTIFIED COPIES.-- A duly certified copy of the articles of incorporation executed by the secretary of state shall be filed in the office of the county clerk of each county through or into which any canal, ditch or pipeline may run or any reservoir may be established or in which the company may desire to transact business. Duly certified copies of the articles of incorporation shall be given by the secretary of state or county clerks, on the payment of the fees allowed by law, and shall be received as evidence in any of the courts of this state."

SECTION 25. Section 62-15-4 NMSA 1978 (being Laws 1939, Chapter 47, Section 4) is amended to read:

"62-15-4. NAME.--The name of each cooperative shall include the words "electric" and "cooperative" and the abbreviation "inc."; provided that limitation shall not apply

if, in an affidavit made by the president or vice president of a cooperative and filed with the secretary of state, it appears that the cooperative desires to transact business in another state and is precluded therefrom by reason of its name. The name of a cooperative shall distinguish it from the name of any other corporation organized under the laws of, or authorized to transact business in, this state. The words "electric" and "cooperative" shall not both be used in the name of any corporation organized under the laws of, or authorized to transact business in, this state, except a cooperative or a corporation transacting business in this state pursuant to the provisions of the Rural Electric Cooperative Act."

SECTION 26. Section 62-15-6 NMSA 1978 (being Laws 1939, Chapter 47, Section 6) is amended to read:

"62-15-6. ARTICLES OF INCORPORATION.--

A. The articles of incorporation of a cooperative shall recite in the caption that they are executed pursuant to the Rural Electric Cooperative Act, shall be signed and acknowledged by each of the incorporators and shall state:

- (1) the name of the cooperative;
- (2) the address of its principal office;
- (3) the names and addresses of the incorporators;
- (4) the names and addresses of the persons who

constitute its first board of trustees; and

(5) any provisions not inconsistent with the Rural Electric Cooperative Act deemed necessary or advisable for the conduct of its business and affairs.

B. The articles of incorporation shall be submitted to the secretary of state for filing as provided in the Rural Electric Cooperative Act.

C. It shall not be necessary to set forth in the articles of incorporation of a cooperative the purpose for which it is organized or any of the corporate powers vested in a cooperative under the Rural Electric Cooperative Act."

SECTION 27. Section 62-15-12 NMSA 1978 (being Laws 1939, Chapter 47, Section 12) is amended to read:

"62-15-12. AMENDMENT OF ARTICLES OF INCORPORATION.--

A. A cooperative may amend its articles of incorporation by complying with the following requirements:

(1) the proposed amendment shall be first approved by the board of trustees and shall then be submitted to a vote of the members at any annual or special meeting , the notice of which shall set forth the proposed amendment. The proposed amendment, with such changes as the members shall choose to make, shall be deemed to be approved on the affirmative vote of not less than two-thirds of those members voting on the amendment at that meeting; and

(2) upon approval by the members, articles of

amendment shall be executed and acknowledged on behalf of the cooperative by its president or vice president, and its corporate seal shall be affixed thereto and attested by its secretary. The articles of amendment shall recite in the caption that they are executed pursuant to the Rural Electric Cooperative Act and shall state:

- (a) the name of the cooperative;
- (b) the address of its principal office;
- (c) the date of the filing of its articles of incorporation in the office of the secretary of state; and
- (d) the amendment to its articles of incorporation.

The president or vice president executing the articles of amendment shall make and annex thereto an affidavit stating that the provisions of this section were duly complied with. The articles of amendment and affidavit shall be submitted to the secretary of state for filing as provided in the Rural Electric Cooperative Act.

B. A cooperative may, without amending its articles of incorporation, upon authorization of its board of trustees, change the location of its principal office by filing a certificate of change of principal office, executed and acknowledged by its president or vice president under its seal attested by its secretary, in the office of the secretary of state and in the office of the county clerk in each county in

this state in which its articles of incorporation or any prior certificate of change of principal office was filed. The cooperative shall, within thirty days after the filing of the certificate of change of principal office in the office of the county clerk, file in the county clerk's office certified copies of its articles of incorporation and all amendments thereto, if they are not already on file in the county clerk's office."

SECTION 28. Section 62-15-13 NMSA 1978 (being Laws 1939, Chapter 47, Section 13, as amended) is amended to read:

"62-15-13. CONSOLIDATION.--Any two or more cooperatives, each of which is designated a "consolidating cooperative" in this section, may consolidate into a new cooperative, designated the "new cooperative" in this section, by complying with the following requirements:

A. the proposition for the consolidation of the consolidating cooperatives into the new cooperative and proposed articles of consolidation to give effect to the consolidation shall be first approved by the board of trustees of each consolidating cooperative. The proposed articles of consolidation shall recite in the caption that they are executed pursuant to the Rural Electric Cooperative Act and shall state:

(1) the name of each consolidating cooperative, the address of its principal office and the date of the filing

of its articles of incorporation in the office of the secretary of state;

(2) the name of the new cooperative and the address of its principal office;

(3) the names and addresses of the persons who shall constitute the first board of trustees of the new cooperative;

(4) the terms and conditions of the consolidation and the mode of carrying it into effect, including the manner and basis of converting memberships in each consolidating cooperative into memberships in the new cooperative and the issuance of certificates of membership in respect of the converted memberships; and

(5) any provisions not inconsistent with the Rural Electric Cooperative Act deemed necessary or advisable for the conduct of the business and affairs of the new cooperative;

B. the proposition for the consolidation of the consolidating cooperatives into the new cooperative and the proposed articles of consolidation approved by the board of trustees of each consolidating cooperative shall then be submitted to a vote of the members of each consolidating cooperative at any annual or special meeting, the notice of which shall set forth full particulars concerning the proposed consolidation. The proposed consolidation and the proposed

articles of consolidation shall be deemed to be approved upon the affirmative vote of a simple majority of those members of each consolidating cooperative voting thereon at that meeting; and

C. upon approval by the members of the respective consolidating cooperatives, articles of consolidation in the form approved shall be executed and acknowledged on behalf of each consolidating cooperative by its president or vice president, and its seal shall be affixed thereto and attested by its secretary. The president or vice president of each consolidating cooperative executing the articles of consolidation shall make and annex to the articles of incorporation an affidavit stating that the provisions of this section were duly complied with by that cooperative. The articles of consolidation and affidavits shall be submitted to the secretary of state for filing as provided in Section 62-15-19 NMSA 1978."

SECTION 29. Section 62-15-14 NMSA 1978 (being Laws 1939, Chapter 47, Section 14, as amended) is amended to read:

"62-15-14. MERGER.--Any one or more cooperatives, each of which is designated a "merging cooperative" in this section, may merge into another cooperative, designated the "surviving cooperative" in this section, by complying with the following requirements:

A. the proposition for the merger of the merging

cooperatives into the surviving cooperative and proposed articles of merger to give effect to the merger shall be first approved by the board of trustees of each merging cooperative and by the board of trustees of the surviving cooperative. The proposed articles of merger shall recite in the caption that they are executed pursuant to the Rural Electric Cooperative Act and shall state:

(1) the name of each merging cooperative, the address of its principal office and the date of the filing of its articles of incorporation in the office of the secretary of state;

(2) the name of the surviving cooperative and the address of its principal office;

(3) a statement that the merging cooperatives elect to be merged into the surviving cooperative;

(4) the terms and conditions of the merger and the mode of carrying it into effect, including the manner and basis of converting the memberships in the merging cooperatives into memberships in the surviving cooperative and the issuance of certificates of membership in respect of the converted memberships; and

(5) any provisions not inconsistent with the Rural Electric Cooperative Act deemed necessary or advisable for the conduct of the business and affairs of the surviving cooperative;

B. the proposition for the merger of the merging cooperatives into the surviving cooperative and the proposed articles of merger approved by the board of trustees of the respective cooperatives, parties to the proposed merger, shall then be submitted to a vote of the members of each such cooperative at any annual or special meeting, the notice of which shall set forth full particulars concerning the proposed merger. The proposed merger and the proposed articles of merger shall be deemed to be approved upon the affirmative vote of a simple majority of those members of each cooperative voting thereon at that meeting; and

C. upon approval by the members of the respective cooperatives, parties to the proposed merger, articles of merger in the form approved shall be executed and acknowledged on behalf of each such cooperative by its president or vice president, and its seal shall be affixed thereto and attested by its secretary. The president or vice president of each cooperative executing the articles of merger shall make and annex to the articles of merger an affidavit stating that the provisions of this section were duly complied with by such cooperative. The articles of merger and affidavits shall be submitted to the secretary of state for filing as provided in Section 62-15-19 NMSA 1978."

SECTION 30. Section 62-15-16 NMSA 1978 (being Laws 1939, Chapter 47, Section 16) is amended to read:

"62-15-16. CONVERSION OF EXISTING CORPORATIONS.--Any corporation organized under the laws of this state for the purpose, among others, of supplying electric energy in rural areas may be converted into a cooperative and become subject to the Rural Electric Cooperative Act with the same effect as if originally organized under that act by complying with the following requirements:

A. the proposition for the conversion of the corporation into a cooperative and proposed articles of conversion to give effect to the conversion shall be first approved by the board of trustees or the board of directors of the corporation. The proposed articles of conversion shall recite in the caption that they are executed pursuant to the Rural Electric Cooperative Act and shall state:

- (1) the name of the corporation prior to its conversion into a cooperative;
- (2) the address of the principal office of the corporation;
- (3) the date of the filing of articles of incorporation of the corporation in the office of the secretary of state;
- (4) the statute under which the corporation was organized;
- (5) the name assumed by the corporation in compliance with the provisions of the Rural Electric

Cooperative Act;

(6) a statement that the corporation elects to become a cooperative nonprofit membership corporation subject to the Rural Electric Cooperative Act;

(7) the manner and basis of converting either memberships in or shares of stock of the corporation into membership in the converted corporation; and

(8) any provisions not inconsistent with the Rural Electric Cooperative Act deemed necessary or advisable for the conduct of the business and affairs of the corporation;

B. the proposition for the conversion of the corporation into a cooperative and the proposed articles of conversion approved by the board of trustees or board of directors of the corporation shall then be submitted to a vote of the members or stockholders of the corporation at any duly held annual or special meeting, the notice of which shall set forth full particulars concerning the proposed conversion. The proposition for the conversion of the corporation into a cooperative and the proposed articles of conversion, with such amendments thereto as the members or stockholders of the corporation choose to make, shall be deemed to be approved upon the affirmative vote of not less than two-thirds of those members of the corporation voting thereon at that meeting or, if the corporation is a stock corporation, upon the

affirmative vote of the holders of not less than two-thirds of the capital stock of the corporation represented at that meeting;

C. upon approval by the members or stockholders of the corporation, articles of conversion in the form approved by the members or stockholders shall be executed and acknowledged on behalf of the corporation by its president or vice president, and its corporate seal shall be affixed thereto and attested by its secretary. The president or vice president executing the articles of conversion on behalf of the corporation shall make and annex to the articles of conversion an affidavit stating that the provisions of this section with respect to the approval of its trustees or directors and its members or stockholders of the proposition for the conversion of the corporation into a cooperative and the articles of conversion were duly complied with. The articles of conversion and affidavit shall be submitted to the secretary of state for filing as provided in the Rural Electric Cooperative Act; and

D. the term "articles of incorporation" as used in the Rural Electric Cooperative Act shall be deemed to include the articles of conversion of a converted corporation."

SECTION 31. Section 62-15-18 NMSA 1978 (being Laws 1939, Chapter 47, Section 18, as amended) is amended to read:

"62-15-18. DISSOLUTION.--

A. A cooperative that has not commenced business may dissolve voluntarily by delivering to the secretary of state articles of dissolution, executed and acknowledged on behalf of the cooperative by a majority of the incorporators, which state:

- (1) the name of the cooperative;
- (2) the address of its principal office;
- (3) the date of its incorporation;
- (4) that the cooperative has not commenced business;
- (5) that the amount, if any, actually paid in on account of membership fees, less any part of that money disbursed for necessary expenses, has been returned to those entitled to it and that all easements have been released to the grantors;
- (6) that no debt of the cooperative remains unpaid; and
- (7) that a majority of the incorporators elect that the cooperative be dissolved.

The articles of dissolution shall be submitted to the secretary of state for filing as provided in the Rural Electric Cooperative Act.

B. A cooperative that has commenced business may dissolve voluntarily and wind up its affairs in the following manner:

(1) the board of trustees shall first recommend that the cooperative be dissolved voluntarily, and the proposition that the cooperative be dissolved shall be submitted to the members of the cooperative at any annual or special meeting, the notice of which shall set forth that proposition. The proposed voluntary dissolution shall be deemed to be approved upon the affirmative vote of not less than two-thirds of all of the members of the cooperative;

(2) upon such approval, a certificate of election to dissolve, designated the "certificate" in this section, shall be executed and acknowledged on behalf of the cooperative by its president or vice president, and its corporate seal shall be affixed thereto and attested by its secretary. The certificate shall state:

(a) the name of the cooperative;

(b) the address of its principal office;

(c) the names and addresses of its trustees; and

(d) the total number of members of the cooperative and the number of members who voted for and against the voluntary dissolution of the cooperative.

The president or vice president executing the certificate shall make and annex to it an affidavit stating that the provisions of this subsection were duly complied with. The certificate and affidavit shall be submitted to the secretary

of state for filing as provided in the Rural Electric Cooperative Act;

(3) upon the filing of the certificate and affidavit with the secretary of state, the cooperative shall cease to carry on its business except insofar as may be necessary for the winding up thereof, but its corporate existence shall continue until articles of dissolution have been filed by the secretary of state;

(4) after the filing of the certificate and affidavit with the secretary of state, the board of trustees shall immediately cause notice of the winding up of proceedings to be mailed to each known creditor and claimant and to be published once a week for two successive weeks in a newspaper of general circulation in the county in which the principal office of the cooperative is located;

(5) the board of trustees shall have full power to wind up and settle the affairs of the cooperative and shall proceed to collect the debts owing to the cooperative, convey and dispose of its property and assets, pay, satisfy and discharge its debts, obligations and liabilities and do all other things required to liquidate its business and affairs. After paying or adequately providing for the payment of all its debts, obligations and liabilities, the board of trustees shall distribute the remainder of its property and assets among its members in proportion to the aggregate patronage of

each member during the seven years next preceding the date of filing of the certificate or, if the cooperative was not in existence for that period, during the period of its existence; and

(6) when all debts, liabilities and obligations of the cooperative have been paid and discharged or adequate provision has been made therefor and all of the remaining property and assets of the cooperative have been distributed to the members pursuant to the provisions of this section, the board of trustees shall authorize the execution of articles of dissolution that shall thereupon be executed and acknowledged on behalf of the cooperative by its president or vice president, and its corporate seal shall be affixed thereto and attested by its secretary. The articles of dissolution shall recite in the caption that they are executed pursuant to the Rural Electric Cooperative Act and shall state:

(a) the name of the cooperative;

(b) the address of the principal office of the cooperative;

(c) that the cooperative has delivered to the secretary of state a certificate of election to dissolve and the date on which the certificate was filed by the secretary of state in the records of that office;

(d) that all debts, obligations and liabilities of the cooperative have been paid and discharged

or that adequate provision has been made therefor;

(e) that all the remaining property and assets of the cooperative have been distributed among the members in accordance with the provisions of this section; and

(f) that there are no actions or suits pending against the cooperative.

The president or vice president executing the articles of dissolution shall make and annex thereto an affidavit stating that the provisions of this subsection were duly complied with. The articles of dissolution and affidavit, accompanied by proof of the publication required in this subsection, shall be submitted to the secretary of state for filing as provided in the Rural Electric Cooperative Act."

SECTION 32. Section 62-15-19 NMSA 1978 (being Laws 1939, Chapter 47, Section 19) is amended to read:

"62-15-19. FILING OF ARTICLES.--Articles of incorporation, amendment, consolidation, merger, conversion or dissolution, when executed and acknowledged and accompanied by such affidavits as may be required by applicable provisions of the Rural Electric Cooperative Act, shall be presented to the secretary of state for filing in the records of that office. If the secretary of state finds that the articles presented conform to the requirements of that act, the secretary of state shall, upon the payment of the fees as provided in that act, file the articles in the records of the secretary of

state's office, and upon such filing the incorporation, amendment, consolidation, merger, conversion or dissolution provided for in those articles shall be in effect. The secretary of state, immediately upon the filing in the secretary of state's office of any articles pursuant to the Rural Electric Cooperative Act, shall transmit a certified copy of the articles to the county clerk of the county in which the principal office of each cooperative or corporation affected by the incorporation, amendment, consolidation, merger, conversion or dissolution is located. The clerk of any county, upon receipt of any such certified copy, shall file and index it in the records of the clerk's office, but the failure of the secretary of state or of a clerk of a county to comply with the provisions of this section shall not invalidate the articles. The provisions of this section shall apply to certificates of election to dissolve and affidavits of compliance executed pursuant to Paragraph (2) of Subsection B of Section 62-15-18 NMSA 1978."

SECTION 33. Section 62-15-26 NMSA 1978 (being Laws 1939, Chapter 47, Section 26) is amended to read:

"62-15-26. FOREIGN CORPORATIONS.--Any corporation organized on a nonprofit or a cooperative basis for the purpose of supplying electric energy in rural areas and owning and operating electric transmission or distribution lines in a state adjacent to this state shall be permitted to extend its

lines into and to transact business in this state without complying with any statute of this state pertaining to the qualification of foreign corporations for the transaction of business in this state. Any such foreign corporation, as a prerequisite to the extension of its lines into and the transaction of business in this state, shall, by an instrument executed and acknowledged in its behalf by its president or vice president under its corporate seal attested by its secretary, designate the secretary of state as its agent to accept service of process in its behalf. If any process is served upon the secretary of state, the secretary of state shall forthwith forward the process by registered mail to the corporation at the address specified in such instrument. Any such corporation may sue and be sued in the courts of this state to the same extent that a cooperative may sue or be sued in such courts. Any such foreign corporation may secure its notes, bonds or other evidences of indebtedness by mortgage, pledge, deed of trust or other encumbrance upon any or all of its then-owned or after-acquired real or personal property, assets or franchises located or to be located in this state and upon the revenues and income."

SECTION 34. Section 62-15-27 NMSA 1978 (being Laws 1939, Chapter 47, Section 27) is amended to read:

"62-15-27. FEES.--The secretary of state shall charge and collect for:

- A. filing articles of incorporation, five dollars (\$5.00);
- B. filing articles of amendment, three dollars (\$3.00);
- C. filing articles of consolidation or merger, five dollars (\$5.00);
- D. filing articles of conversion, five dollars (\$5.00);
- E. filing certificate of election to dissolve, two dollars (\$2.00);
- F. filing articles of dissolution, three dollars (\$3.00); and
- G. filing certificate of change of principal office, one dollar (\$1.00)."

SECTION 35. Section 63-1-6 NMSA 1978 (being Laws 1878, Chapter 1, Section 1-6, as amended) is amended to read:

"63-1-6. FILING--EFFECT.-- Articles of incorporation, with the powers of attorney mentioned in Section 63-1-3 NMSA 1978, if any such there be, and the affidavit mentioned in Section 63-1-5 NMSA 1978 shall be filed in the office of the secretary of state, and thereupon, the persons who have signed the articles, and their associates and successors, shall be a body politic and corporate, by the name stated in the articles, for the term of years therein specified."

SECTION 36. Section 63-1-7 NMSA 1978 (being Laws 1878,

Chapter 1, Section 1-8, as amended) is amended to read:

"63-1-7. ARTICLES OF INCORPORATION--CERTIFIED COPIES.--

A copy of any articles of incorporation filed in pursuance of the provisions of this chapter, certified by the secretary of state, or heretofore certified by the secretary of the territory of New Mexico, must be received in all courts and other places as prima facie evidence of the facts therein stated."

SECTION 37. Section 63-1-42 NMSA 1978 (being Laws 1871-1872, Chapter 13, Section 8, as amended) is amended to read:

"63-1-42. CHANGE OF NAME.-- Any corporation formed under the laws of this state may at any time by resolution of its stockholders, at a regular or special meeting, change its corporate name. After the resolution has been adopted, the president of the company or corporation seeking to change its name, and the secretary thereof, shall sign a certificate, attested with the seal of the company, which shall state, substantially, that the company or corporation, by resolution duly adopted, agreed to change the original corporate name of the corporation, to whatever name has been agreed on, and under the new corporate name the corporation proposes, from and after the date of the certificate, to do, carry on and transact all business pertaining to the corporation, which shall be filed in the office of the secretary of state, and immediately upon the filing of the certificate, the name of

the corporation shall be changed to the name set forth in the certificate."

SECTION 38. Section 63-2-2 NMSA 1978 (being Laws 1878, Chapter 1, Section 6-2, as amended) is amended to read:

"63-2-2. **ADDITIONAL POWERS.**-- In addition to those powers enumerated in Section 63-2-1 NMSA 1978, every railroad corporation shall have the following powers:

A. to cause such examinations and surveys to be made as may be necessary to the selection of the most suitable routes for its railroad and telegraph lines, and for that purpose, by its officers and agents, to enter upon the lands and waters of the state, of private persons and of private and public corporations, subject, however, to responsibility for all damages that it may do thereto;

B. to take, hold and convey, by deed or otherwise, the same as a natural person, such voluntary grants and donations of real and personal property as may be made to aid the construction and maintenance and to provide for the accommodation of its railroad and telegraph lines, or either thereof;

C. to purchase and, by voluntary grants and donations, to receive and take and, by its officers, engineers, surveyors and agents, to enter upon, possess, hold and use in any manner it may deem proper all such lands and other property as its directors may deem necessary, proper and

convenient for the construction, maintenance and operation of its railroad and telegraph lines, or either thereof, and for the erection of stations, depots, water tanks, side tracks, turnouts, turntables, yards, workshops, warehouses and for all other purposes necessary or convenient to the corporation in the transaction of its business;

D. to lay out its railroad and branches, not exceeding two hundred feet wide, and to construct and maintain the same, with single or double track, with such appendages as its directors may deem necessary for the convenient use thereof. For the purpose of making embankments, excavations, ditches, drains, culverts and the like and of procuring timber, stone, gravel and other materials for the proper construction and security of its railroad and branches, the corporation may take and occupy as much more land as its directors may deem necessary or convenient for the purposes aforesaid;

E. to construct its railroads and telegraphs across, along or upon any stream of water, water course, street, avenue or highway or across any railway, canal, ditch or flume that its railroad and telegraph, or either thereof, shall intersect, cross or run along; but the corporation shall restore such stream, water courses, streets, avenues, highways, railways, canals, ditches and flumes, so intersected, to their former state, as near as may be, so as

not to unnecessarily impair their use or injure their franchises. Wherever its road crosses a navigable stream or body of water, the bridge shall be constructed with a draw, if a draw is necessary, to avoid obstructing the navigation of such stream or body of water;

F. to cross, intersect, join and unite its railroad with any other railroads that have been constructed or that may be constructed at any point on the routes thereof, and upon the grounds of such other railroad companies, with the necessary turnouts, sidings and switches and such other conveniences and appliances as may be necessary to make and complete the crossings, intersections and connections. Such other railroad companies shall unite with the directors of the corporation in making the crossings, intersections and connections and shall grant the facilities therefor upon such terms and conditions as may be agreed upon between them; but if they are unable to agree upon the compensation to be made therefor or the points at which or the manner in which such crossings, intersections and connections shall be made, the same shall be ascertained, determined and declared in the manner and by the proceedings hereinafter provided for the taking of private property for the use of the corporation;

G. to purchase or take by donation or otherwise, land, timber, stone, gravel or other materials to be used in the construction and maintenance of its railroads and

telegraphs, or either thereof, and if the same cannot be obtained by agreement with the owners thereof, to take the same by the proceedings and in the manner hereinafter provided for the taking of private property for the use of the corporation;

H. to take, transport, carry and convey persons and property on its railroads by the force and power of steam, of animals or any other mechanical power, or by any combination thereof, and to collect and receive tolls or compensation therefor;

I. to erect and maintain all necessary and convenient buildings, stations, depots, watering places, fixtures and machinery for the accommodation of its passengers, freight and business and to obtain and hold, by purchase, donation or condemnation as hereinafter provided, lands and other property necessary therefor;

J. to take, possess and enjoy, by purchase, donation or condemnation, such natural springs and streams of water, or so much thereof as may be necessary for its uses and purposes in operating its railroad, together with the right of way thereto for pipes, ditches, canals or aqueducts for the conveyance thereof;

K. to regulate the time and manner in which passengers and property shall be transported over its roads and the tolls or compensation to be paid therefor; provided

that it shall be unlawful for such corporation to charge more than six cents (\$.06) per mile for each passenger and fifteen cents (\$.15) per mile for each ton of two thousand pounds, or forty cubic feet, of freight transported on its roads; provided, further, that in no case shall such corporation be required to receive less than twenty-five cents (\$.25) for any one lot of freight for any distance; provided, further, that such corporation shall not be required to transport domestic animals, nitroglycerine compounds, gunpowder, acids, phosphorous and other explosive or destructive combustible materials except upon such terms, conditions and rates of freightage as its board of directors may from time to time prescribe and establish;

L. to regulate the force and speed of its locomotives, cars, trains or other machinery used on its roads and to establish, execute and enforce all needful and proper rules and regulations for the management of its trains, the conduct of its business and to secure the safety, comfort and good behavior of its passengers and employees and agents and for the prevention and suppression of gambling of every kind and description on its cars or within its depots or station grounds;

M. to expel from its cars at any stopping place, using no more force than may be necessary, any passenger who, upon demand, refuses to pay the passenger's fare or behaves in

a rude, riotous or disorderly manner toward other passengers or the employees of such corporations in charge of such cars or, upon the passenger's attention being called thereto, persists in violating the rules of the corporation against gambling upon its cars;

N. to borrow on the credit of the corporation and under authority of its board of directors or in such manner as the board may prescribe under regulation, resolution or otherwise such sums of money as may be necessary for constructing and equipping its railroad and telegraph lines or for making extensions or additions thereto or betterments or improvements thereof or for funding or refunding its outstanding indebtedness or retiring its obligations and for such other purposes as may be deemed proper in the conduct of its business or in the execution of its powers and to issue and dispose of its bonds and promissory notes or obligations therefor in denominations of not less than one hundred dollars (\$100) or any multiple thereof and at a rate of interest not exceeding ten percent per year and for such amounts as the board of directors may deem proper, although in excess of its capital stock. To secure the payment of such bonds, notes or obligations or the bonds or obligations of any other corporation that may be issued in its interest, or for any of the above purposes or to raise funds therefor, it may mortgage or convey in trust its corporate property or any part thereof

and the rights, privileges, powers and franchises in connection therewith or appurtenant thereto;

O. to grant to any railroad corporation the right to use in common with it its railroad and telegraph lines or any part thereof. In making such grants and in agreeing upon and prescribing the terms and conditions thereof and the amount and nature of the consideration therefor, such corporation shall have all the rights, powers, capacities and abilities that are enjoyed by natural persons;

P. to take grants of the right to use in common railroad and telegraph lines of other railroad corporations and, in taking and receiving such grants, to have and enjoy the same rights, powers, capacities and abilities that are granted in Subsection O of this section;

Q. to change the line of its road, in whole or in part, whenever a majority of its directors may so determine; provided no such change shall vary the general route of such road as described in its articles of incorporation. The land required for such new line may be acquired by contract with the owners thereof or by condemnation, as provided by law, as in the case of the original line;

R. to increase or diminish its capital stock if at any time it appears that the amount thereof, as fixed in its articles of incorporation, is either more or less than is actually required for constructing, equipping, operating and

maintaining its road and telegraph lines. Such increase or decrease shall not be made except by a vote of stockholders representing at least two-thirds of the subscribed capital stock. A certified copy of the proceedings of the meeting and its action in the premises, under the seal of the corporation, shall be filed in the office of the secretary of state and be, by the secretary of state, attached to the articles of incorporation on file in the secretary of state's office; and

S. to consolidate with one or more railroad corporations or under the laws of any other state or territory, its capital stock, properties, roads, equipments, adjuncts, franchises, claims, demands, contracts, agreements, obligations, debts, liabilities and assets of every kind and description upon such terms and in such manner as may be agreed upon by the respective boards of directors; provided no such consolidation shall take effect until it has been ratified and confirmed in writing by stockholders of the respective corporations representing three-fourths of the subscribed capital stock of their respective corporations. In case of such consolidation, articles of incorporation and consolidation shall be prepared setting forth:

- (1) the name of the new corporation;
- (2) the purpose for which it is formed;
- (3) the place where its principal business is

to be transacted;

(4) the term for which it is to exist, which shall not exceed fifty years;

(5) the number of its directors, which shall not be less than five nor more than eleven, and the names and residences of the persons appointed to act as such until their successors are elected and qualified;

(6) the amount of its capital stock, which shall not exceed the amount actually required for the purposes of the new corporation, as estimated by competent engineers, and the number of shares into which it is divided;

(7) the amount of stock actually subscribed and by whom;

(8) the termini of its road and branches;

(9) the estimated length of its road and branches;

(10) that at least ten percent of its subscribed capital stock has been paid in;

(11) the names of the constituent corporations and the terms and conditions of consolidation in full. The articles of incorporation and consolidation shall be signed and countersigned by the presidents and secretaries of the several constituent corporations and sealed with their corporate seals. There shall be annexed thereto memoranda of the ratification and confirmation thereof by the stockholders of each constituent corporation, which must be respectively

signed by stockholders representing at least three-fourths of the capital stock of their respective corporations. When completed, the articles shall be filed in the office of the secretary of state, and thereupon the constituent corporations named therein must be deemed and held to have become extinct in all courts and places and the new corporation shall be deemed and held in all courts and places to have succeeded to all their several capital stocks, properties, roads, equipments, adjuncts, franchises, claims, demands, contracts, agreements, assets, choses and rights in action, of every kind and description, both at law and in equity, and to be entitled to possess, enjoy and enforce the same and every thereof, as fully and completely as either and every of its constituents might have done had no consolidation taken place. The consolidated or new corporation shall also, in all courts and places, be deemed and held to have become subrogated to its several constituents and each thereof in respect to all their contracts and agreements with other parties and all their debts, obligations and liabilities of every kind and nature to any persons, corporations or bodies politic. The new corporation shall sue and be sued in its own name in any and every case in which any or either of its constituents might have sued or might have been sued, at law or in equity, had no such consolidation been made. Such consolidated or new corporation shall possess, enjoy and exercise all its

franchises, properties, powers, privileges, abilities, rights and immunities under the provisions of this chapter, and shall conduct its business according to its provisions and be subject to all its pains and penalties. Nothing in this paragraph shall be construed to impair the obligation of any contract to which any of such constituents were parties at the date of consolidation. All such contracts may be enforced by action or suit, as the case may be, against the consolidated corporation and satisfaction obtained out of the property that, at the date of the consolidation, belonged to the constituent, that was a party to the contract in action or suit, as well as out of any other property belonging to the consolidated corporation; and

(12) every railroad corporation, in addition to the foregoing, shall have such further powers as may be necessary or convenient to enable it to exercise and enjoy, fully and completely, all the powers granted by this chapter and, generally all such powers as are usually conferred upon, required and exercised by railroad corporations and, in the exercise of its powers and every thereof, shall have and enjoy all the rights, privileges, abilities and capacities that are enjoyed by natural persons."

SECTION 39. Section 63-2-9 NMSA 1978 (being Laws 1878, Chapter 1, Section 8-19, as amended) is amended to read:

"63-2-9. LOCATION MAPS TO BE FILED.-- Every corporation

formed under this chapter within a reasonable time after its road has been finally located shall cause a map and profile thereof and of the land required and taken for the use thereof and the boundaries of the several counties through which the same may run to be made and file the same in the office of the secretary of state and also similar maps of the parts thereof located in different counties and file the same in the office of the county clerk of the county in which such parts of the road shall be situated, there to remain on record forever. In case the line of the road is changed at any time, as in this chapter provided, similar maps of the new line must be made and filed. The maps and profiles shall be certified by the chief engineer of the corporation and copies so filed and certified shall be kept in the office of the secretary of the corporation, subject to examination by all persons interested. Copies of the maps and profiles certified by any secretary of the territory of New Mexico or by the secretary of state shall be received as prima facie evidence of what they contain in all courts and places within this state."

SECTION 40. Section 63-2-10 NMSA 1978 (being Laws 1878, Chapter 1, Section 8-24, as amended) is amended to read:

"63-2-10. COMMENCEMENT AND COMPLETION OF ROAD.-- Every corporation formed under this chapter shall commence the construction of its road within two years after the date of the filing of its articles of incorporation in the office of

the secretary of state and shall finish and put the same in full operation within six years thereafter or its right to further complete the same, in the discretion of the legislature of this state, may be forfeited."

SECTION 41. Section 63-2-13 NMSA 1978 (being Laws 1878, Chapter 3, Section 1, as amended) is amended to read:

"63-2-13. CORPORATE POWER UNDER FORMER ACTS.-- All the powers, privileges and exemptions conferred upon corporations organized under the preceding sections of this chapter are conferred upon all corporations incorporated under the laws of this state for the purpose of constructing railroads and also upon all corporations organized for railroad purposes that have registered in the office of the secretary of state the original, or a certified copy, of their articles of incorporation, in accordance with an act entitled, "An act to amend an act entitled an act to create a general incorporation law, permitting persons to associate themselves together as bodies corporate, for mining, manufacturing and other industrial pursuits, and to repeal the sixteenth section of said act, approved January 30th, 1868"."

SECTION 42. Section 63-2-16 NMSA 1978 (being Laws 1901, Chapter 9, Section 2, as amended) is amended to read:

"63-2-16. FOREIGN ROADS--EXTENSIONS--CERTIFICATE TO BE FILED--TIME FOR COMMENCEMENT AND COMPLETION.-- Any such railroad corporation owning or operating a line of railroad in

this state and projecting one or more extensions or branches of such line of railroad in this state shall file in the office of the secretary of state and in the office of the county clerk of each county through or in which the line of any such extension or branch shall be located a declaration, subscribed by its president or vice president and attested under its corporate seal, of its intention to construct such extension or branch line, stating the places from and to which it is intended to build the same, together with a map or plat showing the surveyed line or route thereof. The filing of such declaration and map or plat shall entitle such railroad corporation to a prior right to construct such extension or branch line along the line or route described therein; provided such corporation shall commence construction within four years after date of filing in the office of the secretary of state and complete the same within six years, and provided further, that it shall comply with the laws of this state for acquiring lands for right of way. Nothing in this section or Section 63-2-15 NMSA 1978 shall be deemed to exclude the jurisdiction of this state over the control of all railroads or parts thereof situate within the boundaries of this state."

SECTION 43. Section 63-5-1 NMSA 1978 (being Laws 1897, Chapter 19, Section 1, as amended) is amended to read:

"63-5-1. FORECLOSURE--RIGHTS OF PURCHASERS--NEW CORPORATION--ORGANIZATION.-- Whenever the railroad lands or

other property of any railroad corporation created by or under any law of the United States or of the state or the part of the railroad, lands or other property of any such corporation situated in the state is sold by virtue of a mortgage or deed of trust or pursuant to the judgment or decree of any court of competent jurisdiction or by virtue of any execution issued thereon, the purchasers at any such sale may acquire and become vested with the property sold and may acquire any other property and franchises, rights and powers of the corporation in this state or elsewhere. Purchasers may associate with themselves any number of persons and with their associates may become a corporation with power to own, operate, exercise and enjoy the properties, franchises, rights and powers acquired by the purchasers upon making, acknowledging and filing in the office of the secretary of state a certificate in which the purchasers describe by name and by reference to the charter or law under which it was organized, the corporation whose property or part of whose property the purchasers have acquired, the court by whose authority the sale was made, with the date of the judgment or decree authorizing or directing the sale, a brief description of the property sold and also the following particulars:

A. the name of the new corporation intended to be formed by the filing of the certificate;

B. the maximum amount of its capital stock and the

number of shares into which it is divided, and specifying the classes thereof, whether common or preferred, and the amount of and rights pertaining to each class; and

C. the number of directors, not less than three nor more than fifteen, who shall manage the affairs of the new corporation and the names and post office addresses of the directors for the first year."

SECTION 44. Section 73-1-12 NMSA 1978 (being Laws 1931, Chapter 97, Section 12) is amended to read:

"73-1-12. RECORDING OF FINDINGS AND DECREE--FEES.--As soon as practical and within thirty days after the district has been declared a corporation by the court, the clerk of the court shall transmit to the secretary of state and to the county clerk of each of the counties having lands in the district certified copies of the findings and the decree of the court incorporating the district. The copies shall be filed in the office of the secretary of state, and copies shall also be filed in the office of the county clerk of each county in which a part of the district may be, where they shall become permanent records. The clerk in each county shall receive a fee of one dollar (\$1.00) for filing and preserving the copies. The secretary of state shall receive a fee of five dollars (\$5.00) for filing and preserving the copies."

SECTION 45. Section 73-5-3 NMSA 1978 (being Laws 1909,

Chapter 76, Section 3, as amended) is amended to read:

"73-5-3. ACKNOWLEDGMENT--RECORDING--EVIDENCE.-- The certificate shall be acknowledged as required for deeds of real estate and shall be filed in the office of the secretary of state. A copy thereof duly certified by the secretary of state shall be recorded in the office of the county clerk of the county or counties where the lands or works are located, and the certificate or a copy thereof duly certified by the secretary of state or county clerk shall be evidence in all courts and places."

SECTION 46. Section 73-5-5 NMSA 1978 (being Laws 1909, Chapter 76, Section 5, as amended) is amended to read:

"73-5-5. AMENDMENTS TO CERTIFICATE.-- Every such association may change its name, increase or decrease its capital stock or membership, change the location of its principal office in this state, extend the period of its existence and make such other amendment, change or alteration as may be desired, not inconsistent with Chapter 73, Article 5 NMSA 1978 or other law of this state, by a resolution adopted by a vote of two-thirds in interest of the shareholders or members present at any regular or special meeting duly held upon such notice as the bylaws provide or, in the absence of such provision, upon twenty days' notice in writing given personally or by mail. The notice shall state that the amendment or change is to be voted upon at such meeting and

the nature and purpose thereof, and provided, further, that a majority in interest of the shareholders or members are present at the meeting in person or by duly authorized representative. A certified copy of the resolution with the affidavit of the president and secretary that the resolution was duly adopted by a two-thirds' vote of the shareholders or members at a meeting held in accordance with the provisions of this section shall be filed and recorded as provided for filing and recording the original certificate of incorporation. The certificate of incorporation shall be deemed to be amended accordingly and a copy of the certificate of amendment certified by the secretary of state or the county clerk shall be accepted as evidence of such change or amendment in all courts and places."

SECTION 47. Section 73-14-16 NMSA 1978 (being Laws 1927, Chapter 45, Section 207) is amended to read:

"73-14-16. FILING ORDER OF INCORPORATION.--Within thirty days after the district has been declared a corporation by the court, the clerk shall transmit to the secretary of state and to the probate clerk and ex-officio recorder in each of the counties having lands in the district, copies of the findings and the order of the court incorporating the district. The copies of the findings shall be filed in the office of the secretary of state in the same manner as articles of incorporation are now required to be filed under the general

laws concerning corporations. Copies shall also be filed in the office of the probate clerk and ex-officio recorder of each county in which a part of the district may be, where they shall become permanent records. The recorder in each county shall receive a fee of one dollar (\$1.00) for filing and preserving them, and the secretary of state shall receive a fee of five dollars (\$5.00) for filing and preserving them."

SECTION 48. Section 76-2-10 NMSA 1978 (being Laws 1919, Chapter 74, Section 1, as amended) is amended to read:

"76-2-10. COUNTY FARM AND LIVESTOCK BUREAUS.--

A. For the purpose of further extending the cooperative work provided in Sections 76-2-1 and 76-2-2 NMSA 1978 and the work provided in Sections 76-2-4 through 76-2-9 NMSA 1978, there may be created in each county a public corporation known as the county farm and livestock bureau.

B. Whenever any number of bona fide farmers and stockmen comprising not less than five percent of the total number of farmers and stockmen within any county, as determined by the last United States decennial census, desire to form an organization for doing extension work in agriculture, home economics and marketing and have held a meeting at which the organization is approved by a majority of those present, application may be made to the secretary of state for incorporation as a nonprofit corporation or association under the provisions of the Nonprofit Corporation

Act. When such corporation or association has been effected, it shall be recognized as the official body within the county for carrying on extension work in agriculture and home economics in cooperation with New Mexico state university. When its charter has been issued, the corporation may make regulations and bylaws for its government and the carrying on of its work, not inconsistent with the provisions of this section and Sections 76-2-11 and 76-2-12 NMSA 1978.

C. Any county farm and livestock bureau or other county organization that is now doing extension work in agriculture and home economics in cooperation with New Mexico state university may be incorporated by furnishing satisfactory evidence of compliance with this section to the secretary of state; provided that only one such corporation may be formed in any county."

SECTION 49. Section 76-12-7 NMSA 1978 (being Laws 1937, Chapter 152, Section 7) is amended to read:

"76-12-7. ARTICLES OF INCORPORATION.--The incorporators of an association to be formed under the Cooperative Marketing Association Act must prepare and file articles of incorporation setting forth:

A. the name of the association, which may or may not include the word "cooperative";

B. its purposes;

C. its duration;

D. its principal place of business in the state;

E. the name and post office address of each of the incorporators;

F. the names and addresses of those who are to serve as incorporating directors for the first term or until the election and qualifications of their successors;

G. if organized without capital stock, whether the property rights and interests of each member are to be equal or unequal; if unequal, the general rule applicable to all members by which the property rights and interests respectively of each member shall be determined; and provision for the admission of new members who shall share in the property of the association in accordance with the general rule;

H. if organized with capital stock, the amount of such stock and the number of shares into which the capital stock is to be divided, whether all or part of the capital stock shall have par value and, if so, the par value thereof; and if there is to be more than one class of stock created, a description of the different classes, the number of shares in each class, the relative rights, interests and preferences each class shall represent and the dividends, which may be cumulative not exceeding eight percent per year, to which each share shall be entitled; and

I. in addition to the foregoing, the articles of

incorporation may contain any provision consistent with law with respect to management, regulation, government, financing, indebtedness, membership, the establishment of voting districts and the election of delegates for representative purposes, the issuance, retirement and transfer of its stock, if formed with capital stock, or any provision relative to the way or manner in which it shall operate with respect to its members, officers or directors and any other provisions relating to its affairs.

The articles of incorporation must be subscribed by the incorporators and acknowledged by one of them before an officer authorized by the law of the state to take and certify acknowledgments of deeds and conveyances and shall be filed with the secretary of state. When filed, the articles of incorporation or certified copies thereof shall be received in all courts of the state as prima facie evidence of the facts contained therein and of the due incorporation of the association."

SECTION 50. Section 76-12-8 NMSA 1978 (being Laws 1937, Chapter 152, Section 8, as amended) is amended to read:

"76-12-8. FILING AND RECORDING ARTICLES OF INCORPORATION.--The articles of incorporation shall be filed with the secretary of state, and a copy thereof, duly certified by the secretary of state shall be recorded in the office of the county clerk of the county where the principal

office of the association is to be located in this state. For filing the articles of incorporation, an association shall pay to the secretary of state fifty dollars (\$50.00), together with the proportionate part of the annual license fee that may be due for the succeeding fraction of the fiscal year, and for filing an amendment to the articles, twenty-five dollars (\$25.00)."

SECTION 51. Section 76-12-20 NMSA 1978 (being Laws 1937, Chapter 152, Section 20, as amended) is amended to read:

"76-12-20. TAXATION.--It is the duty of every association organized pursuant to provisions of the Cooperative Marketing Association Act and foreign associations admitted to do business in this state under that act to procure annually from the secretary of state a license authorizing the transaction of business in the state. Each domestic or foreign corporation shall pay annually a license fee of twenty-five dollars (\$25.00) to the secretary of state before receiving such license."

SECTION 52. TEMPORARY PROVISIONS.--

A. On July 1, 2013, all personnel and all money, appropriations, records, furniture, equipment, supplies and other property belonging to or used by the corporations bureau of the public regulation commission are transferred to the secretary of state.

B. On and after July 1, 2013, all existing

contracts, agreements and other obligations in effect for the corporations bureau of the public regulation commission shall be binding on the secretary of state.

C. On and after July 1, 2013, all pending cases, legal actions, appeals and other legal proceedings of every description and all pending administrative proceedings that involve the corporations bureau of the public regulation commission shall be unaffected and shall continue in the name of the secretary of state.

D. On and after July 1, 2013, all rules, tariffs, orders and other official acts of the corporations bureau of the public regulation commission or of the public regulation commission on behalf of the corporations bureau shall continue in effect until amended, replaced or repealed by the secretary of state.

E. On and after July 1, 2013, all references in law, rules, tariffs, orders and other official acts to the corporations bureau of the public regulation commission or to the public regulation commission in regard to matters performed by the corporations bureau shall be construed to be references to the secretary of state.

SECTION 53. REPEAL.--Section 8-8-21 NMSA 1978 (being Laws 1998, Chapter 108, Section 80) is repealed.

SECTION 54. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2013. _____