

## CHAPTER 2

### CORPORATE PURPOSES AND POWERS

#### §201. Purposes

**1. Corporations organized.** Except as provided in subsections 2 and 3, all nonprofit corporations shall be organized under this Act and may be organized for any lawful purpose or purposes, including without being limited to any of the following purposes:

A. Charitable, benevolent, eleemosynary, educational, civic, patriotic, political, social, fraternal, literary, cultural, athletic, scientific, agricultural, horticultural and animal husbandry; [PL 1977, c. 525, §13 (NEW).]

B. Professional, commercial, industrial, trade association or collective bargaining; and [RR 1991, c. 2, §44 (COR).]

C. Land development condominiums, homesteads, unit owners or home owners. [PL 1977, c. 525, §13 (NEW).]

[RR 1991, c. 2, §44 (COR).]

**2. Corporations not organized.** The following types of corporations may not be organized under this Act:

A. Parishes and societies, as that term is used in Title 13, chapter 93, subchapter I; independent local churches, as that term is used in Title 13, chapter 93, subchapter II; meeting houses, as that term is used in Title 13, chapter 93, subchapter IV; and churches organized as noncapital stock corporations under Title 13, chapter 81, subchapter I.

If any of the foregoing corporations files an annual report pursuant to section 1301 of this Act, the filing of the report is deemed an election by that corporation to be governed by all of the provisions of this chapter, unless clearly inapplicable; and [PL 1993, c. 680, Pt. A, §22 (AMD).]

B. Cooperatives, as that term is used in Title 13, chapter 85, subchapter II; credit unions, as defined in Title 9-B, section 131; rural electrification cooperatives, as that term is used in Title 35-A, chapter 37, subchapters I, II and III; consumers' cooperatives, as that term is used in Title 13, chapter 85, subchapter I; and fish marketing associations, as that term is used in Title 13, chapter 87. [PL 1993, c. 680, Pt. A, §22 (AMD).]

[PL 1993, c. 680, Pt. A, §22 (AMD).]

**3. Corporations which may elect to be organized under this chapter.** The following types of corporations may elect to be organized under and governed by applicable provisions of this chapter or under any other applicable statutory provisions:

A. [PL 1981, c. 698, §85 (RP).]

B. Proprietors of lands and wharves, as that term is used in Title 13, chapter 91; [PL 1985, c. 737, Pt. A, §35 (AMD).]

C. Fraternal beneficiary associations, as that term is used in Title 24-A, chapter 55; [PL 1985, c. 737, Pt. A, §35 (AMD).]

D. Cemetery corporations which do not issue shares, as that term is used in Title 13, chapter 83; [PL 1985, c. 737, Pt. A, §35 (AMD).]

E. Agricultural societies, as that term is used in Title 7, chapter 4; [PL 2005, c. 563, §11 (AMD).]

F. Local development corporations; and [PL 2001, c. 703, §7 (AMD).]

G. Volunteer fire associations, as that term is used in Title 30-A, chapter 153. [PL 1995, c. 462, Pt. A, §36 (AMD).]

If any of the foregoing corporations are organized under applicable provisions of this Act, they are governed by the provisions of this chapter unless clearly inapplicable; provided further that if any of the foregoing corporations files an annual report pursuant to section 1301 of this Act, the filing of the report is deemed an election by that corporation to be governed by all of the provisions of this chapter unless clearly inapplicable.

[PL 2005, c. 563, §11 (AMD).]

#### SECTION HISTORY

PL 1977, c. 525, §13 (NEW). PL 1979, c. 127, §94 (AMD). PL 1979, c. 541, §§B16-B20 (AMD). PL 1981, c. 698, §85 (AMD). PL 1985, c. 714, §40 (AMD). PL 1985, c. 737, §A35 (AMD). PL 1987, c. 141, §B13 (AMD). PL 1987, c. 402, §A102 (AMD). PL 1989, c. 502, §A38 (AMD). RR 1991, c. 2, §44 (COR). PL 1993, c. 316, §§29,30 (AMD). PL 1993, c. 680, §A22 (AMD). PL 1995, c. 462, §A36 (AMD). PL 2001, c. 703, §7 (AMD). PL 2005, c. 563, §11 (AMD).

#### §202. General powers

**1. Powers.** Subject to any limitations contained in this Act or in any other law, each corporation shall have power:

A. To exist perpetually. No corporation formed under this Act may specify a lesser period of existence, but this shall not limit the power of a corporation to terminate its existence as provided by law; [PL 1977, c. 525, §13 (NEW).]

B. To sue and be sued in its corporate name, and to participate in any judicial, administrative, arbitrate or other proceeding; [PL 1977, c. 525, §13 (NEW).]

C. To adopt and alter a corporate seal and to use the same as a facsimile thereof; [PL 1977, c. 525, §13 (NEW).]

D. To elect, appoint or hire officers, agents and employees of the corporation, and to define their duties and fix their compensation; [PL 1977, c. 525, §13 (NEW).]

E. To make and alter bylaws, not inconsistent with its articles of incorporation or with the laws of this State, for the administration and regulation of the activities of the corporation; [PL 1977, c. 525, §13 (NEW).]

F. To cease its corporate activities and surrender its corporate franchise; [PL 1977, c. 525, §13 (NEW).]

G. To make donations irrespective of corporate benefit for any charitable, scientific, educational or welfare purpose; and contributions for political candidates, parties and issues, to the extent permitted by law; [PL 1977, c. 525, §13 (NEW).]

H. To establish and carry out pension plans, pension trusts, other incentive plans for any or all of its directors, officers and employees; and to pay pensions and similar payments to its directors, officers or employees, and their families; [PL 1977, c. 525, §13 (NEW).]

I. With respect to any property of any description or interest therein, wherever situated, including, but not limited to, real property:

(1) To acquire, by purchase, lease, gift, will or otherwise;

(2) To own, hold, use, improve and otherwise deal in; and

(3) To sell, convey, encumber, mortgage, pledge, lease, exchange or otherwise dispose of all or any part of such property; [PL 1977, c. 525, §13 (NEW).]

J. To make contracts and incur liabilities, borrow money on such terms and conditions as it may determine, issue its notes and bonds and other obligations and secure any of its obligations by mortgage, pledge or other encumbrance of all or any part of its property, franchises and income; [PL 1977, c. 525, §13 (NEW).]

K. To enter into contracts of guaranty or suretyship, unless in doing so the corporation would be engaging in an activity prohibited to business corporations organized under Title 13-C; [PL 2003, c. 344, Pt. D, §11 (AMD).]

L. To lend money, invest its funds from time to time and take and hold any property, including, but not limited to, real property, as security for payment of funds so loaned or invested, unless in doing so the corporation would be engaging in a business prohibited to business corporations organized under Title 13-C; [PL 2003, c. 344, Pt. D, §11 (AMD).]

M. To lend money to its employees other than its officers and directors and otherwise to assist its employees, officers and directors; [PL 1977, c. 525, §13 (NEW).]

N. To conduct its activities, carry on its operations and have offices and exercise the powers granted by this Act in any state, territory, district or possession of the United States or in any foreign country; [PL 1977, c. 525, §13 (NEW).]

O. To purchase, take, receive, subscribe for or otherwise acquire, own, hold, vote, use, employ, sell, mortgage, lend, pledge or otherwise use and deal in and with:

(1) The shares or other interests in or obligations of domestic business or foreign business corporations, associations, partnerships or individuals; and

(2) The obligations of the United States or any other government, state, territory, municipality or governmental district, or of any instrumentality thereof; [PL 1997, c. 376, §18 (AMD).]

P. To form, or acquire the control of, other corporations or business corporations; [PL 1977, c. 525, §13 (NEW).]

Q. To participate with others in any corporation, partnership, transaction, arrangement, operation, organization or venture which the corporation has power to conduct by itself, even if such participation involves sharing or delegation of control with or to others; [PL 1977, c. 525, §13 (NEW).]

R. To reimburse and indemnify litigation expenses of directors, officers and employees, as provided for in section 714; [PL 1989, c. 857, §51 (AMD).]

S. To have and exercise all powers necessary or convenient to effect the purposes for which the corporation is organized, or to further the activities in which the corporation may lawfully be engaged; and [PL 1989, c. 857, §51 (AMD).]

T. To engage in legislative liaison activities, including gathering information regarding legislation, analyzing the effect of legislation, communicating with Legislators and attending and giving testimony at legislative sessions, public hearings or committee hearings, notwithstanding any rule adopted by the Department of Health and Human Services. [PL 2005, c. 397, Pt. C, §11 (AMD).]  
[PL 2005, c. 397, Pt. C, §11 (AMD).]

**2. Limitation.** The articles of incorporation of any corporation subject to this Act may limit the powers conferred by subsection 1, except to the extent that any such limitation is inconsistent with any provision of this Act or with any other law of this State.  
[PL 1977, c. 525, §13 (NEW).]

**3. Powers enumerated.** It shall not be necessary to set forth in the articles of incorporation any of the powers enumerated in this section; but unless expressly excluded by the articles or limited by

statute, each corporation shall have all the powers enumerated in this section whether or not some or all of them are also enumerated in the articles.

[PL 1977, c. 525, §13 (NEW).]

#### SECTION HISTORY

PL 1977, c. 525, §13 (NEW). PL 1989, c. 857, §§51,52 (AMD). PL 1997, c. 376, §18 (AMD). PL 2003, c. 344, §D11 (AMD). PL 2005, c. 397, §C11 (AMD).

#### §203. Defense of ultra vires

**1. Beyond legal powers.** No act of a corporation and no conveyance or transfer of real or personal property to or by a corporation shall be invalid by reason of the fact that the corporation was without capacity or power to do such act or to make or receive such conveyance or transfer, but such lack of capacity or power may be asserted:

A. In a proceeding by a member or a director against the corporation to enjoin the doing or continuation of unauthorized acts, or the transfer of real or personal property by or to the corporation. If the unauthorized acts or transfer sought to be enjoined are being, or are to be, performed pursuant to any contract to which the corporation is a party, the court may, if all of the parties to the contract are parties to the proceeding and if it deems the same to be equitable, set aside and enjoin the performance of such contract, and in so doing may allow to the corporation or the other parties to the contract, as the case may be, compensation for the loss or damage sustained by either of them which may result from the action of the court in setting aside and enjoining the performance of such contract, but anticipated profits to be derived from the performance of the contract shall not be awarded by the court as a loss or damage sustained; [PL 1977, c. 525, §13 (NEW).]

B. In a proceeding by the corporation, whether acting directly or through a receiver, trustee or other legal representative, or through members in a representative suit, against the officers or directors of the corporation for exceeding their authority; or [PL 1977, c. 525, §13 (NEW).]

C. In a proceeding by the Attorney General, as provided in this Act, to dissolve the corporation, or in a proceeding by the Attorney General to enjoin the corporation from performing unauthorized acts, or in any other proceeding by the Attorney General. [PL 1977, c. 525, §13 (NEW).]

[PL 1977, c. 525, §13 (NEW).]

#### SECTION HISTORY

PL 1977, c. 525, §13 (NEW).

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