

# Chapter 58

1993 EDITION

## Professional Corporations

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## **CORPORATIONS AND PARTNERSHIPS**

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**SHORT TITLE; DEFINITIONS;  
APPLICATION**

**58.005 Short title.** This chapter shall be known and may be cited as the "Oregon Professional Corporation Act." [1969 c.592 §1]

**58.010** [Repealed by 1961 c.726 §427]

**58.015 Definitions.** As used in this chapter, unless the context requires otherwise:

(1) "Foreign professional corporation" means a professional corporation organized under laws other than the laws of this state.

(2) "License" includes a license, certificate of registration, permit or other legal authorization required by law as a condition precedent to the rendering of professional service or services within this state.

(3) "Oregon Business Corporation Act" has the same meaning given that term in ORS 60.951.

(4) "Professional corporation" or "domestic professional corporation" means a corporation organized under this chapter for the specific purpose of rendering professional service or services and for such other purposes provided under this chapter.

(5) "Professional service" means any type of personal service or services rendered in this state to the public which may be lawfully rendered only pursuant to a license.

(6) "Regulatory board" means the governmental agency of the State of Oregon required or authorized by law to license and regulate the rendering of a professional service or services for which a professional corporation is organized. [1969 c.592 §2; 1971 c.362 §3; 1985 c.728 §42; 1985 c.764 §3; 1987 c.94 §14; 1993 c.235 §1]

**58.020** [Repealed by 1961 c.726 §427]

**58.025** [1969 c.592 §3, 1971 c.184 §4; repealed by 1985 c.728 §110]

**58.030** [Repealed by 1961 c.726 §427]

**58.035 Application to persons licensed to render professional services.** Except as provided in ORS 58.037, this chapter does not affect the right of persons licensed to render professional service or services within this state from so doing in any other business form permitted them by law, rules and regulations of the regulatory board of their profession and standards of professional conduct of their profession. [1969 c.592 §4, 1993 c.235 §2]

**58.037 Application to joint and several liability of shareholders of corporation organized under ORS chapter 60 for purpose of rendering professional services; exemption.** (1) Notwithstanding any provision of ORS chapter 60 or ORS 58.035, this chapter shall apply to a corporation, and to the joint and several liability of the shareholders of a corporation, organized by a pro-

fessional under ORS chapter 60 for the purpose of rendering professional service or services unless, prior to December 1, 1992:

(a) The professional's regulating board authorized incorporation under ORS chapter 60; and

(b) The corporation was incorporated under ORS chapter 60.

(2) As used in subsection (1) of this section, "professional" means:

(a) Accountants licensed under ORS 673.010 to 673.455 or the laws of another state;

(b) Architects licensed under ORS 671.010 to 671.220 or the laws of another state;

(c) Attorneys licensed under ORS 9.005 to 9.755 or the laws of another state;

(d) Chiropractors licensed under ORS chapter 684 or the laws of another state;

(e) Dentists licensed under ORS chapter 679 or the laws of another state;

(f) Landscape architects licensed under ORS 671.310 to 671.459 or the laws of another state;

(g) Naturopaths licensed under ORS chapter 685 or the laws of another state;

(h) Nurse practitioners licensed under ORS 678.010 to 678.410 or the laws of another state;

(i) Psychologists licensed under ORS 675.010 to 675.150 or the laws of another state;

(j) Physicians licensed under ORS chapter 677 or the laws of another state;

(k) Podiatrists licensed under ORS chapter 677 or the laws of another state;

(L) Radiologic technologists licensed under ORS 688.405 to 688.605 or the laws of another state; and

(m) Real estate appraisers licensed under ORS chapter 674 or the laws of another state. [1993 c.235 §11]

**58.040** [Repealed by 1961 c.726 §427]

**58.045 Application of general corporation law.** The Oregon Business Corporation Act is applicable to domestic and foreign professional corporations except when inconsistent with this chapter. This chapter takes precedence in the event of any conflict with provisions of the Oregon Business Corporation Act. [1969 c.592 §5; 1987 c.94 §15]

**58.048 When appearance by attorney not required.** The provisions of ORS 9.320 requiring that a corporation appear by attorney in all cases shall not apply to a professional corporation incorporated under this chapter or authorized to render professional

service or services in this state where the professional corporation is appearing before state administrative agencies. [1993 c.235 §36]

**58.050** [Repealed by 1961 c.726 §427]

**58.060** [Repealed by 1961 c.726 §427]

**58.070** [Repealed by 1961 c.726 §427]

**58.075** [1969 c.592 §6; 1987 c.94 §123; repealed by 1993 c.235 §40]

## FORMATION AND OPERATION

### (Generally)

**58.076 Purposes for which professional corporation may be organized.** (1) Except to the extent authorized by subsection (2) of this section, a corporation may elect professional corporation status under ORS 58.085 solely for the purpose of rendering professional service or services, including services ancillary to them, and solely within a single profession.

(2) A corporation may elect professional corporation status under ORS 58.085 for the purpose of rendering professional service or services within two or more professions, and for the purpose of engaging in any lawful business authorized by ORS 60.074, to the extent the combination of professional purposes or of professional and business purposes is expressly authorized by the regulatory board in this state applicable to each profession in the combination. [1993 c.235 §26]

**58.080** [Repealed by 1961 c.726 §427]

**58.085 Who may incorporate; contents of articles of incorporation.** One or more natural persons may act as incorporators of a professional corporation by delivering articles of incorporation to the Office of Secretary of State for filing. The articles of incorporation shall meet the requirements of the Oregon Business Corporation Act and, in addition, shall set forth:

(1) The professional service or services to be rendered through the corporation.

(2) Any other business purposes permitted under ORS 58.076.

(3) The names and addresses, including street and number, of all the persons who are to be the initial shareholders of the corporation and the designation of any professional license or authority of each person.

(4) The names and addresses, including street and number, of all individuals who are to be the initial directors of the corporation and the designation of any professional license or authority of each individual. [1969 c.592 §7; 1971 c.200 §4; 1985 c.764 §4; 1987 c.94 §123a; 1993 c.235 §3]

**58.087 When restatement of articles of incorporation required.** A professional corporation shall restate its articles of in-

corporation under ORS 60.451 and shall comply with ORS 58.085 anytime the professional service or services to be rendered by the professional corporation are changed or as may be required by law. [1993 c.235 §27]

**58.090** [Repealed by 1961 c.726 §427]

**58.095** [1969 c.592 §8; repealed by 1993 c.235 §40]

**58.100** [Repealed by 1961 c.726 §427]

**58.101 Term of office for directors; classes.** (1) Notwithstanding ORS 60.314, the articles of incorporation or bylaws of a professional corporation may specify any length for the term of office of director.

(2) If the articles of incorporation or bylaws specify a length for the term of office of director other than that provided in ORS 60.314, the bylaws may divide the directors into classes and may assign to each class a different initial term of office so that the terms of office of the classes expire at staggered intervals. Each class shall be as nearly equal in number as possible. At the annual meeting at the time of which the term of office of the directors in a class expires, the number of directors equal to the number of the class whose term expires at the time of the meeting shall be elected to hold office for the term specified in the articles of incorporation or bylaws. [1983 c.172 §2; 1987 c.94 §16]

**58.105** [1969 c.592 §9; 1983 c.717 §20; 1985 c.764 §5; repealed by 1993 c.235 §40]

**58.108 Shareholders, directors and officers required to be licensed or authorized within this state to render professional services; exceptions.** (1) The holders of the majority of each class of shares of a domestic professional corporation entitled to vote shall be persons who are licensed or authorized within this state to render one or more of the professional services for which the corporation is organized.

(2) A majority of the directors of a domestic professional corporation shall be persons who are licensed or authorized within this state to render one or more of the professional services for which the corporation is organized.

(3) There must be at least one shareholder of a domestic professional corporation who is licensed or otherwise authorized in this state to render the professional service or services for each professional service or services to be rendered through the corporation as specified in its articles of incorporation.

(4) There must be at least one director of a domestic professional corporation who is licensed or otherwise authorized in this state to render the professional service or services for each professional service or services to be rendered through the corporation as specified in its articles of incorporation.

(5) All officers of a domestic professional corporation, except the secretary and treasurer, if any, must be persons who are licensed within this state to render one or more of the professional services for which the corporation is organized. Any two or more offices of a domestic professional corporation may be held by the same person.

(6) A professional corporation may be a shareholder of a professional corporation solely for the purpose of effecting a reorganization as defined in the Internal Revenue Code.

(7) Except as otherwise provided by law, the regulatory board applicable to each profession may expressly require that more than a majority of each class of shares of a domestic professional corporation entitled to vote be held by persons licensed or authorized within this state to render the professional service or services for which the corporation is organized.

(8) Except as otherwise provided by law, the regulatory board applicable to each profession may expressly require that more than a majority of the directors of a domestic professional corporation be individuals licensed or authorized within this state to render the professional service or services for which the corporation is organized. [1993 c.235 §29]

58.110 [Repealed by 1961 c.726 §427]

**58.112 Limited eligibility to be a director, officer or shareholder.** If all of the outstanding shares of a professional corporation are held by an administrator, executor, personal representative, guardian, conservator or receiver of the estate of a former shareholder, or by a transferee who receives such shares by operation of law or court decree, such administrator, executor, personal representative, guardian, conservator, receiver or transferee may be a director, officer or shareholder of the professional corporation for a period of six months following receipt or transfer of such shares. [1993 c.235 §34]

**58.115 Corporate name.** (1) The corporate name of a professional corporation shall contain the last name of one or more of its shareholders, but a corporate name which does not contain the last name of one or more of its shareholders may be used if permitted by the law, rules and regulations of the regulatory board or boards or standards of professional conduct of the profession practiced through the corporation. The corporate name need not comply with ORS 60.094 (1), but shall contain the words "professional corporation" or the abbreviations "P.C." or "Prof. Corp."

(2) When a person whose name is part of a corporate name of a professional corporation ceases to be a shareholder, the corporation shall alter its corporate name to reflect this change. However, a professional corporation may retain the name of a retired or deceased shareholder in its corporate name unless prohibited by the applicable regulatory board or boards. [1969 c.592 §13; 1985 c.728 §102; 1987 c.94 §17; 1993 c.235 §4]

58.120 [Repealed by 1961 c.726 §427]

**58.125 Conversion to professional or other type of corporation.** (1) A corporation may become a professional corporation by adopting restated articles of incorporation conforming to the requirements of this chapter, and submitting the restated articles for filing to the Office of Secretary of State in compliance with ORS 58.085 and ORS chapter 60. Adoption, filing and the effective date of the restated articles shall be governed by this chapter and ORS chapter 60.

(2) A professional corporation may become another type of corporation by adopting restated articles of incorporation conforming to the requirements of the chapter under which it wishes to exist and by submitting the restated articles to the Office of Secretary of State. Adoption, filing and the effective date of the restated articles shall be governed by the chapter under which they are submitted. [1983 c.717 §§17,19; 1985 c.728 §43; 1993 c.235 §5]

### (Foreign Professional Corporations)

**58.129 Requirements to transact business in this state.** (1) A foreign professional corporation may render professional service or services in this state only after the foreign professional corporation obtains:

(a) Approval from the regulatory board of each professional service which will be rendered in this state before offering or rendering the service in this state; and

(b) Authorization to transact business in this state from the Secretary of State.

(2) A foreign professional corporation may not obtain authority to transact business in this state, unless:

(a) The name of the corporation satisfies the requirements of ORS 58.115; and

(b) It complies with ORS 58.076. [1987 c.94 §20; 1993 c.235 §6]

58.130 [Repealed by 1961 c.726 §427]

**58.134 Application for authority to transact business.** A foreign professional corporation may apply for authority to transact business in this state by delivering an application to the Office of Secretary of State for filing. The application must meet

the requirements of ORS 60.707, and, in addition, shall set forth:

(1) The professional service or services to be rendered in this state through the foreign professional corporation;

(2) Any other business purposes permitted under ORS 58.076; and

(3) The names, professions and addresses, including street and number, of all shareholders and directors who are licensed to render the professional service or services of the foreign professional corporation in this state. [1987 c.94 §21; 1993 c.235 §7]

**58.136 Amended application for authority to transact business.** A foreign professional corporation shall file an amended application with the Office of Secretary of State anytime there is a change in the professional service or services to be rendered by the foreign professional corporation or in the business purpose as specified in the application under ORS 58.134, or as otherwise required by law. [1993 c.235 §31]

58.139 [1987 c.94 §22; repealed by 1993 c.235 §40]

58.140 [Repealed by 1961 c.726 §427]

**58.141 Rights and duties of foreign professional corporation and shareholders; authority to transact business.** (1) A foreign professional corporation authorized to transact business in this state has the same but no greater rights and the same but no greater privileges as a domestic professional corporation and, except as otherwise provided in this chapter, is subject to the same duties, restrictions, penalties and liabilities imposed on a domestic professional corporation.

(2) A foreign professional corporation shareholder who practices within this state has the same but no greater rights and the same but no greater privileges as a domestic professional corporation shareholder and, except as otherwise provided in this chapter, is subject to the same duties, restrictions, penalties and liabilities imposed on a domestic professional corporation shareholder.

(3) The filing by the Secretary of State of an application or amendment to the application for authority to transact business shall constitute authorization to transact business in this state, subject to the approval by the applicable regulatory board or boards and subject to the right of the Secretary of State to revoke the authorization. [1993 c.235 §30]

58.144 [1987 c.94 §23; repealed by 1993 c.235 §40]

58.150 [Repealed by 1961 c.726 §427]

58.155 [1969 c.592 §10; repealed by 1993 c.235 §40]

## POWERS AND DUTIES

**58.156 Method by which professional corporation to render services; exceptions.** (1) A domestic professional corporation or a foreign professional corporation may render professional service or services in this state only through a person or persons who are licensed or otherwise authorized in this state to render such professional service or services.

(2) Subsection (1) of this section does not:

(a) Require a person employed by a professional corporation to be licensed to perform services for such corporation if a license is not otherwise required;

(b) Prohibit a licensed person from rendering professional service or services in the person's individual capacity although the person is a shareholder, director, officer, employee or agent of a domestic or foreign professional corporation; or

(c) Prohibit a person licensed in another state from rendering professional service or services for a domestic or foreign professional corporation in this state if not prohibited by the applicable regulatory board. [1993 c.235 §25]

**58.159 Powers; exceptions.** A professional corporation has the powers enumerated in ORS 60.077 and 60.081 except as provided otherwise by the regulatory board with respect to each profession for which service or services will be rendered through the professional corporation. [1993 c.235 §28]

58.160 [Repealed by 1961 c.726 §427]

**58.165 Fees collected by corporation; compensation to person rendering services.** A professional corporation may charge and collect fees for professional service or services rendered through the corporation and may compensate those who rendered the service or services. [1969 c.592 §12; 1993 c.235 §8]

58.170 [Repealed by 1961 c.726 §427]

58.175 [1969 c.592 §14; repealed by 1993 c.235 §40]

**58.176 Voting by proxy; voting trust prohibited; voting agreements.** (1) A proxy to vote the shares of a professional corporation may be given only to a shareholder of the same corporation or to an attorney licensed to practice law in this state or another person similarly licensed. If the shareholder granting the proxy does not have a license or is not authorized within this state to render the professional service or services for which the corporation is organized, the proxy may be given to another shareholder of the same corporation, whether or not such other shareholder is licensed or authorized within this state to render such professional service or services or to an at-

torney licensed to practice law in this state or another person similarly licensed. If the shareholder granting the proxy is licensed or authorized within this state to render the professional service or services for which the corporation is organized, the proxy may be given only to a shareholder of the same corporation who is licensed or authorized within this state to render such professional service or services or to an attorney licensed to practice law in this state or another person similarly licensed.

(2) No voting trust may be created to vote the shares of a professional corporation.

(3) Two or more shareholders of a professional corporation may enter into a voting agreement provided that such voting agreement does not transfer voting rights from a shareholder who is licensed or authorized within this state to render the professional service or services for which the corporation is organized to a shareholder who is not so licensed or so authorized. Notwithstanding any provision of this subsection, voting rights may be transferred to an attorney licensed to practice law in this state or another person similarly licensed. [1993 c.235 §32]

58.180 [Repealed by 1961 c.726 §427]

**58.185 Liabilities of employees, shareholders and the corporation.** (1) This chapter does not affect the law applicable to the professional relationship and liabilities between a person rendering professional service or services and a person receiving the service or services, and it does not affect the standards of professional conduct of a profession.

(2) A shareholder of a domestic professional corporation is only:

(a) Personally liable for negligent or wrongful acts or omissions or misconduct committed by the shareholder, or by a person under the direct supervision and control of the shareholder, in rendering professional service or services on behalf of the corporation to a person receiving the service or services as if the shareholder were rendering service or services as an individual.

(b) Personally liable for that shareholder's own negligent or wrongful acts or omissions or misconduct in participation with such negligent or wrongful acts or omissions or misconduct of another shareholder or a director, officer, employee or agent of the corporation.

(c) Jointly and severally liable with all other shareholders of the corporation who hold a license to render professional service or services in this state for the negligent or wrongful acts or omissions or misconduct committed in the rendering of professional service or services on behalf of the corpo-

ration to persons who were intended to benefit from the service or services by:

(A) A shareholder who holds a license to render professional service or services in this state;

(B) A person under the direct supervision or control of any shareholder who holds a license to render professional service or services in this state; or

(C) An employee of the corporation acting within the scope of the employee's employment.

(3) Joint and several liability under subsection (2)(c) of this section shall be only for professional services rendered on behalf of the corporation that affect a claim, transaction or proceeding in this state. A shareholder who holds a license to render professional services in this state shall not be jointly and severally liable for the negligent or wrongful acts or omissions or misconduct committed in this state by an employee or shareholder who is not licensed to render professional services in this state where the acts or omissions or misconduct are committed only incidentally in this state and affect only transactions in another state. Joint and several liability under subsection (2)(c) of this section for all claims made against a shareholder during a calendar year shall not exceed \$300,000. The joint and several liability described in subsection (2)(c) of this section applies only to those shareholders who are shareholders at the time the negligent or wrongful acts or omissions or misconduct occurred. Two or more claims arising out of a single negligent or wrongful act or omission or misconduct or arising out of a series of related negligent or wrongful acts or omissions or misconduct shall be considered to have been first made at the time the earliest claim arising out of any such negligent or wrongful act or omission or misconduct was first made. A claim shall be considered made when the earliest of the following occurs:

(a) When a legal or equitable proceeding, including arbitration, mediation or a similar proceeding is filed or initiated; or

(b) When the professional corporation or any shareholder receives notice of a claim.

(4) A shareholder of a foreign professional corporation is only:

(a) Personally liable for negligent or wrongful acts or omissions or misconduct committed by the shareholder, or by a person under the direct supervision and control of the shareholder, in rendering professional service or services on behalf of the corporation to a person receiving the service or services as if the shareholder were rendering service or services as an individual.

(b) Personally liable for that shareholder's own negligent or wrongful acts or omissions or misconduct in participation with such negligent or wrongful acts or omissions or misconduct of another shareholder or a director, officer, employee or agent of the corporation.

(c) Jointly and severally liable with all other shareholders of the corporation who hold a license to render professional service or services in this state and who practice more than incidentally in this state for the negligent or wrongful acts or omissions or misconduct which affect a claim, transaction or proceeding in this state committed in the rendering of professional service or services on behalf of the corporation to persons who were intended to benefit from the service or services by:

(A) A shareholder who holds a license to render professional service or services in this state and who practices more than incidentally in this state;

(B) A person under the direct supervision and control of any shareholder who holds a license to render professional service or services in this state and who practices more than incidentally in this state; or

(C) An employee of the corporation acting within the scope of the employee's employment, in the rendering of professional service or services on behalf of the corporation.

(5) Joint and several liability under subsection (4)(c) of this section shall be only for professional services rendered on behalf of the corporation that affect a claim, transaction or proceeding in this state. A shareholder who holds a license to render professional services in this state shall not be jointly and severally liable for the negligent or wrongful acts or omissions or misconduct committed in this state by an employee or shareholder who is not licensed to render professional services in this state where the acts or omissions or misconduct are committed only incidentally in this state and affect only transactions in another state. Joint and several liability under subsection (4)(c) of this section for all claims made against a shareholder during a calendar year shall not exceed \$300,000. The joint and several liability described in subsection (4)(c) of this section applies only to those shareholders who are shareholders at the time the negligent or wrongful acts or omissions or misconduct occurred. Two or more claims arising out of a single negligent or wrongful act or omission or misconduct or arising out of a series of related negligent or wrongful acts or omissions or misconduct shall be considered to have been first made at the time the earliest claim arising out of any

such negligent or wrongful act or omission or misconduct was first made. A claim shall be considered made when the earliest of the following occurs:

(a) When a legal or equitable proceeding, including arbitration, mediation or a similar proceeding is filed or initiated; or

(b) When the professional corporation or any shareholder receives notice of a claim.

(6) The proceeds from any insurance policy maintained by a domestic or foreign professional corporation for the purpose of protecting the professional corporation, its shareholders or employees from liability arising from the negligent or wrongful acts or omissions or misconduct of shareholders or employees shall first be applied to the joint and several liability of shareholders who have not committed or participated by commission or omission in the negligent or wrongful acts or omissions or misconduct. If the proceeds are not sufficient to satisfy the joint and several liability of the shareholders, the insurance proceeds shall be applied on a pro rata basis to reduce the joint and several liability of the shareholders.

(7) Notwithstanding subsections (2) to (6) of this section, the corporation shall be liable for its acts in the same manner and to the same extent as any corporation organized under the Oregon Business Corporation Act. However, the shareholders, directors, officers, employees and agents of the corporation are not personally liable for the debts or other contractual obligations of the corporation, except as provided in ORS 60.151 (1).

(8) A shareholder shall not be jointly and severally liable solely as a shareholder except as provided in this section. [1969 c.592 §15; 1987 c.94 §18; 1993 c.235 §9]

**58.187 Revision of limitations on liability in ORS 58.185 to reflect inflation or deflation.** (1) For the purpose of revising the amounts of the limitation on joint and several liability described in ORS 58.185 (3) and (5) to reflect the effects of inflation or deflation, the Secretary of State shall multiply the amounts under ORS 58.185 (3) and (5) by the inflation factor described in this section every six years. The six-year cycle shall begin January 1, 1994. The Secretary of State shall round the amount to the nearest \$50,000 and publish the revised amount as a rule not later than February 1 following the end of the six-year cycle. The revised limitation shall take effect February 1 and apply for the next six years.

(2) For purposes of this section:

(a) The inflation factor shall be a number determined by dividing the June 30 Consumer Price Index immediately preceding the

calendar year in which the adjustment shall take effect by the December 31 Consumer Price Index for 1993.

(b) The "Consumer Price Index" is the Portland Consumer Price Index for All Urban Consumers for All Items, using the 1982-1984 base of 100, as published by the Bureau of Labor Statistics of the United States Department of Labor. If the index is discontinued or no longer published at least semiannually, the Secretary of State shall select an alternative index that, in the discretion of the Secretary of State, reasonably approximates changes in consumer spending power in the Portland, Oregon, metropolitan area. [1993 c.235 §12]

**58.190** [Repealed by 1961 c.726 §427]

**58.195** [1969 c.592 §22; 1987 c.94 §19; repealed by 1993 c.235 §40]

**58.196 Limits on merger.** (1) A domestic professional corporation may merge with one or more domestic professional corporations if the professional corporations are organized to render the same professional service or services.

(2) Foreign professional corporations and domestic professional corporations that are organized to render the same professional service or services may merge unless the mergers are prohibited by the regulatory boards having jurisdiction of the professional corporations in their respective states of incorporation.

(3) A domestic professional corporation may merge with one or more domestic professional corporations which are organized to render different professional service or services only if the mergers are expressly authorized by the applicable regulatory boards.

(4) Foreign professional corporations and domestic professional corporations which are organized to render different professional service or services may merge only if the mergers are expressly authorized by the regulatory boards having jurisdiction of the corporations in their respective states of incorporation. [1993 c.235 §33]

**58.200** [Repealed by 1961 c.726 §427]

**58.205 Corporation prohibited from doing acts prohibited to professional licensee.** No domestic or foreign professional corporation may do any act which is prohibited to a person licensed to render the professional service or services for which the corporation is organized. [1969 c.592 §16; 1987 c.94 §24; 1993 c.235 §13]

**58.210** [Repealed by 1961 c.726 §427]

**58.215 Loans to officer or director authorized.** A professional corporation may make a loan to an officer or director of the corporation, if the holders of at least three-fourths of the corporation's outstanding

shares demonstrate their approval of the loan by vote. [1969 c.592 §28]

**58.220** [Repealed by 1961 c.726 §427]

**58.225 Annual reports; contents.** The annual report of a domestic or foreign professional corporation shall meet the requirements of the Oregon Business Corporation Act, and, in addition, shall set forth:

(1) In the case of a domestic professional corporation:

(a) The names and addresses, including street and number, of all shareholders and directors; and

(b) The designation of the professional license or authority of each shareholder and director, if any, with respect to each professional service to be provided by the shareholder through the corporation.

(2) In the case of a foreign professional corporation:

(a) The names and addresses, including street and number, of all shareholders and directors who are licensed to render the professional service or services in this state; and

(b) The designation of the professional service or services rendered by the shareholders and directors and a description of the professional license or authority of each shareholder and director, if any, licensed to render professional service or services in this state. [1969 c.592 §23; 1985 c.764 §6; 1987 c.94 §25; 1993 c.235 §14]

**58.230** [Repealed by 1961 c.726 §427]

**58.235** [1969 c.592 §29; 1983 c.717 §21; repealed by 1987 c.94 §174]

**58.240** [Repealed by 1961 c.726 §427]

**58.250** [Repealed by 1961 c.726 §427]

## DISPOSITION OF SHARES

**58.255 Transfer of shares.** (1) A shareholder of a professional corporation may sell or transfer shares only in a manner that leaves the corporation in compliance with this chapter.

(2) Subject to subsection (1) of this section, the articles of incorporation, bylaws or agreements among shareholders of a professional corporation may provide limitations on the issuance and transferability of shares of the corporation and may provide for the purchase or redemption of shares by the corporation. [1969 c.592 §18; 1985 c.764 §7; 1993 c.235 §15]

**58.265 Retention of shares of corporation by person disqualified from rendering services.** (1) If any individual rendering professional service or services on behalf of a professional corporation is legally disqualified to render the professional service or services for a period of more than six months or assumes a public office which un-

der the regulations of the regulatory board or under law prohibits rendering of the professional service or services, then the professional corporation shall have the right to redeem the shares of the disqualified individual within 60 days after the disqualification or prohibition occurs.

(2) If any individual rendering professional service or services on behalf of a professional corporation is legally disqualified to render the professional service or services for a period of six months or less, the individual may retain ownership of the shares in the corporation and may remain a director and officer of the corporation during such period of disqualification, unless otherwise prohibited by a regulatory board or by law. [1969 c.592 §11; 1985 c.764 §8; 1993 c.235 §16]

#### **58.275 Effect of death of shareholder.**

(1) A professional corporation and its shareholders may provide for the disposition of a deceased shareholder's shares in articles of incorporation, bylaws, by agreement between the corporation and its shareholders or by agreement among the shareholders. If there is no such provision, the shares shall first be offered for sale to the remaining shareholders of the professional corporation by the personal representative of the deceased shareholder's estate. If the shares are not disposed of within six months after the date of the death of the deceased shareholder, a special meeting of the shareholders shall be called, at which meeting it shall be decided by vote of the remaining shareholders whether the corporation shall redeem the shares or whether the corporation shall be voluntarily dissolved. The meeting shall be held within seven months after the date of the death of the deceased shareholder. The action determined to be taken by the shareholders shall be completed within nine months after the date of death of the deceased shareholder. At the special meeting the shares of the deceased shareholder may not be voted or counted in the determination of whether the shares shall be redeemed or whether the corporation shall be voluntarily dissolved.

(2) If the deceased shareholder was the only shareholder of the professional corporation at the time of death, the professional corporation shall cease to provide professional service or services as of the date of death of the deceased shareholder unless such professional corporation has retained the services of an individual licensed or authorized within the state to render the professional service or services for which the corporation is organized. Within six months after the date of death of the deceased shareholder:

(a) The shares of the deceased shareholder shall be sold to a person or persons who are licensed or otherwise authorized in this state to render the professional service or services;

(b) The name of the corporation shall be changed and restated articles adopted which shall be filed with the Office of the Secretary of State in accordance with ORS chapter 60; or

(c) The corporation shall be dissolved. [1969 c.592 §20; 1993 c.235 §17]

**58.285 Determination of price of shares of disqualified or deceased shareholder.** If the articles of incorporation or bylaws of a professional corporation do not provide a price or method of determining a price at which the corporation may purchase or redeem the shares, or at which its shareholders may purchase the shares, of a legally disqualified or deceased shareholder and the corporation and shareholders or the shareholders have not provided the price or a method of determining the price by private agreement, then the price for the shares shall be the book value as of the end of the month preceding the disqualification or death of the shareholder, payable in cash or on such other terms as may be agreed to by the parties. Book value shall be determined from the books and records of the corporation in accordance with the regular method of accounting used by the corporation. [1969 c.592 §21; 1993 c.235 §18]

**58.295** [1969 c.592 §19; repealed by 1993 c.235 §40]

**58.300 Redemption of shares.** A professional corporation may redeem shares of the corporation notwithstanding the provisions of ORS 60.181. [1993 c.235 §35]

### **RELATIONSHIP OF CORPORATION TO PROFESSIONAL LICENSING AGENCIES**

**58.325 Application to professional licensing agencies.** This chapter does not restrict or limit in any manner the duties and powers of any regulatory board relating to licensing individuals rendering professional service or services or to regulating the rendering of professional service or services. [1969 c.592 §17; 1993 c.235 §19]

**58.335 Filing of documents with professional licensing agency.** The regulatory board, by rule or regulation, may require that a professional corporation file with the board any documents the board requires to carry out its duties. [1969 c.592 §24; 1993 c.235 §20]

**58.345 Registration and renewal with professional licensing agency; fees.** The regulatory board by rule or regulation may require that professional corporations register with it and may establish a fee, with the

approval of the Oregon Department of Administrative Services, for the registration and renewal thereof. [1969 c.592 §25; 1983 c.128 §1; 1985 c.728 §44; 1993 c.235 §21]

**58.355 Suspension, revocation or refusal of certificate of registration.** (1) The regulatory board may suspend, revoke or refuse to issue or renew any certificate of registration for any of the following reasons:

(a) The revocation or suspension of the license of any officer, director, shareholder or employee not promptly suspended or discharged by the corporation;

(b) The death of the last remaining shareholder; or

(c) Upon finding that the holder of or applicant for a certificate has failed to comply with the provisions of this chapter or the regulations prescribed by the regulatory board pursuant to this chapter.

(2) Before any certificate of registration is denied, suspended or revoked by the regulatory board, notice and hearing shall be provided in accordance with ORS 183.415.

(3) Except as provided in ORS 58.365, any corporation may appeal from the final order of the regulatory board as provided in ORS 183.480. [1969 c.592 §26; 1973 c.612 §8; 1993 c.235 §22]

**58.365 Oregon State Bar as regulating board for attorneys; appeals from Oregon State Bar to Supreme Court; rules applicable to corporations rendering legal services.** (1) For the purpose of this chapter the regulatory board for attorneys shall be the Board of Governors of the Oregon State Bar.

(2) Appeal under ORS 58.355 from determinations of the Board of Governors of the Oregon State Bar shall be directly to the Supreme Court of the State of Oregon, and the procedure for appeal to the Supreme Court shall be the same as procedure for appeal to the Court of Appeals under ORS 58.355 from decisions of regulatory boards other than the Board of Governors of the Oregon State Bar.

(3) The Supreme Court of the State of Oregon shall have the power to make rules and regulations regarding certification or registration of corporations organized to provide legal service, not inconsistent with this chapter. [1969 c.592 §27; 1973 c.612 §9; 1993 c.235 §23]

**FILING DOCUMENTS**

**58.400 Filing requirements.** (1) A document must satisfy the requirements of this section or any other section that modifies these requirements, to be entitled to filing by the Secretary of State.

(2) This chapter must require or permit filing the document with the Office of Secretary of State.

(3) The document shall contain the information required by this chapter. It may contain other information as well.

(4) The document must be legible.

(5) The document must be in the English language. The certificate of existence required of foreign professional corporations need not be in English if accompanied by a reasonably authenticated English translation.

(6) The document must be executed:

(a) By the chairman of the board of directors of a domestic or foreign professional corporation, its president or another of its officers;

(b) If directors have not been selected or before the organizational meeting, by an incorporator; or

(c) If the professional corporation is in the hands of a receiver, trustee or other court-appointed fiduciary, by that receiver, trustee or fiduciary.

(7) The person executing the document shall state beneath or opposite the signature the name of the person and the capacity in which the person signs. The document may, but is not required to contain:

(a) The corporate seal;

(b) An attestation by the secretary or an assistant secretary; and

(c) An acknowledgment, verification or proof.

(8) If the Secretary of State has prescribed a mandatory form for the document under ORS 58.440, the document must be in or on the prescribed form.

(9) The document must be delivered to the Office of Secretary of State accompanied by a true copy, except as provided in ORS 58.225, 60.114, 60.117, 60.724 and 60.727 and the required fees.

(10) Delivery of a document to the Office of Secretary of State is accomplished only when the document is actually received by the Office of Secretary of State. [1987 c.94 §4]

**58.410 Fees.** (1) The Secretary of State shall collect the following fees for the documents delivered for filing:

<u>Document</u>	<u>Fee</u>
(a) Articles of incorporation	\$ 40
(b) Application for reserved name	\$ 10
(c) Application of a professional corporation for reinstatement following administrative dissolution	\$ 30
(d) Application of a foreign	

	professional corporation for authority to transact business in this state	\$ 440
(e)	Annual report of a domestic professional corporation	\$ 20
(f)	Annual report of a foreign professional corporation	\$ 220
(g)	Application for certificate of existence or authorization	\$ 10
(h)	Amendments to articles of incorporation and authority	\$ 10
(i)	Restated articles of incorporation	\$ 10
(j)	Mergers and share exchanges	\$ 10
(k)	Dissolutions and withdrawals	\$ 10
(L)	Change of registered agent or office	\$ 10
(m)	Registered agent resignations	\$ 10
(n)	Corrections of annual report	\$ 10

(2) The Secretary of State shall collect a fee of \$20 each time process is served on the Secretary of State under this chapter.

(3) The Secretary of State by rule may establish fees, in addition to those provided for in subsections (1) and (2) of this section, for:

(a) Copying any public record maintained by the Office of Secretary of State and relating to a domestic or foreign professional corporation, and for certifying the copy.

(b) Certifying to facts of record, other than a certificate of existence, pursuant to ORS 58.480. [1987 c.94 §6; 1989 c.383 §2; 1991 c.132 §2]

**58.420 Effective time and date of document.** (1) Except as provided in subsection (2) of this section and ORS 58.430, a document accepted for filing is effective on the date it is filed by the Secretary of State and at the time, if any, specified in the document as its effective time.

(2) If a document specifies a delayed effective time and date, the document becomes effective at the time and date specified. If a document specifies a delayed effective date but no time, the document becomes effective on that date. A delayed effective date for a document may not be later than the 90th day after the date it is filed. [1987 c.94 §7]

**58.430 Correcting filed document.** (1) A domestic or foreign professional corporation may correct a document filed by the Secretary of State, other than an annual report, if the document contains an incorrect statement or was defectively executed, attested, sealed, verified or acknowledged.

(2) A domestic or foreign professional corporation shall correct a document by delivering articles of correction to the Office of Secretary of State. The articles shall include the following:

(a) A description of the document, including its filing date, or a copy of the document.

(b) The incorrect statement and the reason it is incorrect, or a description of the manner in which the execution, attestation, seal, verification or acknowledgment is defective.

(c) A correction of the incorrect statement or defective execution, attestation, seal, verification or acknowledgment.

(3) Articles of correction are effective on the effective date of the document they correct except as to persons relying on the uncorrected document and adversely affected by the correction. As to those persons, articles of correction are effective when filed. [1987 c.94 §8]

**58.440 Forms.** (1) Upon request, the Secretary of State shall furnish forms for:

(a) A foreign professional corporation's application for authority to transact business in this state;

(b) A foreign professional corporation's application for withdrawal; and

(c) An annual report.

(2) The Secretary of State may by rule require the use of these forms.

(3) Upon request, the Secretary of State shall furnish forms for other documents required or permitted to be filed by this chapter. Use of such forms is not required. [1987 c.94 §5]

**58.450 Filing duty of Secretary of State.** (1) If a document delivered to the Office of Secretary of State for filing satisfies the requirements of ORS 58.400, the Secretary of State shall file it.

(2) The Secretary of State files a document by indicating thereon that it has been filed by the Secretary of State and the date of filing. After filing a document, except as provided in ORS 58.225, 60.114, 60.117, 60.724 and 60.727, the Secretary of State shall return the true copy to the professional corporation or its representative.

(3) If the Secretary of State refuses to file a document the Secretary of State shall return it to the professional corporation or its representative within 10 business days after the document was delivered together with a brief written explanation of the reason for the refusal.

(4) The Secretary of State's duty to file documents under this section is ministerial and is limited in scope of review as set out by rule of the Secretary of State. The Secretary of State is not required to verify or inquire into the legality or truth of any matter included in any document delivered to the

Office of Secretary of State for filing. The Secretary of State's filing or refusing to file a document does not:

(a) Affect the validity or invalidity of the document in whole or part; or

(b) Relate to the correctness or incorrectness of information contained in the document.

(5) The Secretary of State's refusal to file a document does not create a presumption that the document is invalid or that information contained in the document is incorrect. [1987 c.94 §9]

**58.460 Appeal from Secretary of State's refusal to file document.** If the Secretary of State refuses to file a document delivered to the Office of Secretary of State for filing, the domestic or foreign professional corporation, in addition to any other legal remedy that may be available, shall have the right to appeal from such order pursuant to the provisions of ORS 183.480. [1987 c.94 §10]

**58.470 Evidentiary effect of copy of filed document.** (1) A certificate attached to a copy of a document filed by the Secretary of State, bearing the Secretary of State's signature, which may be in facsimile, is conclusive evidence that the original document, or a facsimile thereof, is on file with the Office of Secretary of State.

(2) The provisions of ORS 56.110 apply to all documents filed pursuant to this chapter. [1987 c.94 §11]

**58.480 Certificate of existence or authorization.** (1) Anyone may apply to the Secretary of State to furnish a certificate of

existence for a domestic professional corporation or a certificate of authorization for a foreign professional corporation.

(2) A certificate of existence or authorization when issued means that:

(a) The domestic professional corporation's corporate name or the foreign professional corporation's corporate name is registered in this state;

(b) The domestic professional corporation is duly incorporated under the law of this state, or the foreign professional corporation is authorized to transact business in this state;

(c) All fees payable to the Secretary of State under this chapter have been paid, if nonpayment affects the existence or authorization of the domestic or foreign professional corporation;

(d) An annual report required by ORS 58.225 has been filed by the Secretary of State within the preceding 14 months; and

(e) Articles of dissolution or an application for withdrawal have not been filed by the Secretary of State.

(3) A person may apply to the Secretary of State to issue a certificate covering any fact of record. [1987 c.94 §12]

## SECRETARY OF STATE

**58.490 Powers.** The Secretary of State has the power reasonably necessary to perform the duties required of the Secretary of State by this chapter. [1987 c.94 §13]

**CORPORATIONS AND PARTNERSHIPS**

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