

Chapter 554

2013 EDITION

Corporations for Irrigation, Drainage, Water Supply or Flood Control

GENERAL PROVISIONS	
554.005	Filing requirements
554.007	Effective time and date of document
554.009	Correcting filed document
554.011	Penalty for signing false document
554.012	Forms
554.015	Filing duty of Secretary of State
554.016	Filing, service, copying and certification fees
554.017	Appeal from Secretary of State's refusal to file document
554.018	Evidentiary effect of copy of filed document
554.019	Certificate of existence
554.020	Articles of incorporation; filing
554.030	Evidence of corporate existence
554.040	Contents of articles
554.060	Challenge to validity of organization; effect of defects or omissions
554.070	Membership; meetings; voting; proxies; voting trusts; quorum; removal of officers
554.080	Corporate existence; powers of corporation
554.082	Registered office and registered agent
554.084	Change of registered office or registered agent
554.086	Resignation of registered agent
554.088	Service on corporation
554.090	Directors; qualifications; president; seal; secretary-treasurer; exercise of corporate powers; indemnification
554.100	Oath of office
554.110	Powers of directors
554.120	Records of proceedings of directors; lien docket; deposit of moneys; segregation of funds; accounting; warrant and bond register
554.130	Assessments; certification; collections; lien; foreclosure; service charges; disposition of proceeds
554.135	Alternative method for collecting assessments
554.140	Directors' duty to institute proceedings to enforce lien; attorney fees
554.150	Action to compel assessment
554.160	Assessments to provide funds to meet obligations; custody, disbursement and disposal of funds; general operating expenses
554.170	Covenants by landowners; effect
554.180	Landowners' notice; contents
554.190	Recording notice; effect; lien on land; priority
554.200	Incurring indebtedness before notice recorded; scope of notice
554.210	Plans and specifications; how adopted
554.220	Bonds; denominations; interest; maturities; execution; coupons; amortized installment obligations
554.230	Bonds; recitals; payment; liability of land
554.240	Retirement of bonds; conditions of sale; resolution authorizing bond issue; surrender of bonds in payment of assessments; debts not to exceed assessments or benefits
554.250	Refunding bonds
554.260	Contracts with governmental agencies or others for financial assistance or cooperative action
554.270	Purchase or lease of works and water rights; provision as to payment; serial coupon obligations
554.280	Resolution for serial coupon obligations; maturities; interest; retirement; recitals; fund for payment; assessments
554.290	Warrants to pay claims; interest; assessments to pay warrants; limitation on amount of warrants
554.300	Amendment of articles; approval by members; dissolution of corporation by members; inclusion of lands by irrigation, drainage or flood control district
554.302	Dissolution of corporation by Secretary of State; conditions
554.305	Notice of grounds for dissolution; opportunity for correction; effect of dissolution
554.307	Reinstatement of dissolved corporation
554.309	Denial of reinstatement; appeal
554.315	Annual report; contents; filing with Secretary of State; amended report
554.320	Exemption from taxation
554.340	Judicial determination of legality of proceedings
554.350	Service to lands outside district; findings; tax exemption
REORGANIZATION OF DISTRICTS AS CORPORATIONS	
554.375	Dissolution of district and reorganization as corporation; meeting of landowners; approval of reorganization by landowners
554.380	Articles of incorporation for corporation formed from dissolved district; required provisions; membership
554.385	Findings by board of reorganizing district; plan of dissolution; transfer of district assets to corporation; statement of dissolution
554.390	Dissolution of district and reorganization as corporation under ORS 554.320 and 554.375 to 554.390 prohibited after 2004
CORPORATIONS ORGANIZED UNDER 1911 ACT	
554.410	Applicability of ORS 554.005 to 554.340 to corporations organized under 1911 Act

GENERAL PROVISIONS

554.005 Filing requirements. (1) For the Secretary of State to file a document under ORS 554.005 to 554.340, the document must satisfy the requirements set forth in this section and any other requirements in ORS 554.005 to 554.340 that supplement or modify the requirements set forth in this section.

(2) ORS 554.005 to 554.340, 554.420, 554.440 or 554.510 to 554.590 must require or permit filing the document with the Office of the Secretary of State.

(3) The document must contain the information required by ORS 554.005 to 554.340, 554.420, 554.440 or 554.510 to 554.590 and may contain other information.

(4) The document must be legible.

(5) The document must be in the English language.

(6) The document must be executed:

(a) By the chairperson of the board of directors of a corporation or one of the corporation's officers;

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

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

(d) By an agent of a person identified in this subsection, if the person authorizes the agent to execute the document.

(7) The person that executes the document shall state beneath or opposite the signature the person's name 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.

(c) An acknowledgment, verification or proof.

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

(9) The document must be delivered to the Office of the Secretary of State and must be accompanied by the required fees.

(10) Delivery of a document to the Office of the Secretary of State is accomplished only when the Office of the Secretary of State actually receives the document. [1987 c.94 §137; 1999 c.486 §19; 2013 c.159 §14]

554.007 Effective time and date of document. (1) Except as provided in subsection (2) of this section and ORS 554.009, 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, so 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 §139]

554.009 Correcting filed document. (1) A 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 corporation shall correct a document by delivering articles of correction to the Office of the 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 §140]

554.010 [Repealed by 1987 c.94 §171]

554.011 Penalty for signing false document. (1) A person commits the crime of signing a false document for filing if the person:

(a) Knows the document is false in any material respect; and

(b) Signs the document with an intent that the document be delivered to the office of the Secretary of State for filing under ORS 554.005 to 554.340.

(2) Signing a false document for filing is a Class A misdemeanor. [2013 c.158 §12]

554.012 Forms. Upon request, the Secretary of State may furnish forms for documents required or permitted to be filed by this chapter. The Secretary of State may by rule require the use of the forms. [1987 c.94 §138; 1995 c.215 §29]

554.015 Filing duty of Secretary of State. (1) If a document delivered to the Office of the Secretary of State for filing satisfies the requirements of ORS 554.005, 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 for the annual report, the Secretary of State shall return an acknowledgment of filing to the corporation or its representative.

(3) If the Secretary of State refuses to file a document the Secretary of State shall return it to the 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 the 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 §141; 1999 c.486 §20]

554.016 Filing, service, copying and certification fees. The Secretary of State shall collect the fees described in ORS 56.140 for each document delivered for filing under this chapter and for process served on the secretary under this chapter. The secretary may collect the fees described in ORS 56.140 for copying any public record under this chapter, certifying the copy or certifying to other facts of record under this chapter. [1991 c.132 §18; 1999 c.652 §16]

554.017 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 the Secretary of State for filing, the 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 §142]

554.018 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 the Secretary of State.

(2) The provisions of ORS 56.110 apply to all documents filed pursuant to ORS 554.005 to 554.340, 554.420, 554.440 and 554.510 to 554.590. [1987 c.94 §143]

554.019 Certificate of existence. (1) Anyone may apply to the Secretary of State to furnish a certificate of existence for a corporation formed under ORS 554.005 to 554.340.

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

(a) The corporation's corporate name is registered in this state;

(b) The corporation is duly incorporated under ORS 554.005 to 554.340 or chapter 172, Oregon Laws 1911;

(c) All fees payable to the Secretary of State under ORS 554.005 to 554.340, 554.420, 554.440 and 554.510 to 554.590 have been paid, if nonpayment affects the existence or authorization of the corporation;

(d) An annual report required by ORS 554.315 has been filed by the Secretary of State within the preceding 14 months; and

(e) Articles of dissolution 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 §144; 1991 c.132 §33]

554.020 Articles of incorporation; filing. (1) One or more natural persons of the age of 18 or more, a domestic or foreign corporation, a partnership or an association, by submitting articles of incorporation to the Office of the Secretary of State for filing, may act as incorporators of a corporation for one or more of the following purposes:

(a) Irrigating or draining land.

(b) Furnishing land with water for domestic use.

(c) Protecting land by flood control.

(d) Taking ownership of and operating existing sanitary sewer facilities when water for domestic use is supplied pursuant to paragraph (b) of this subsection.

(2) The incorporators shall file a true copy of the articles of incorporation in the county clerk's office of the county where the land incorporated is situated.

(3) The requirements for filing a document under ORS 554.005 apply to articles of

incorporation. [Amended by 1971 c.200 §8; 1987 c.94 §145; 1987 c.579 §1; 2013 c.284 §1]

554.030 Evidence of corporate existence. The articles of incorporation or a certified copy of the one filed with the Secretary of State or county clerk shall be prima facie evidence of the existence of the corporation.

554.040 Contents of articles. The articles of incorporation shall specify:

(1) The duration of the corporation, if limited.

(2) The name assumed by the corporation and by which it shall be known, which name must include the words “district improvement company,” except that:

(a) A corporation organized under ORS 554.005 to 554.340 but not organized for profit, or a corporation incorporated before March 4, 1937, under chapter 172, Oregon Laws 1911, which amends its articles to state that the corporation shall not operate for profit, may omit the word “company” from the name and adopt a name using the words “improvement district” combined with other appropriate words to designate the name of such district; and

(b) A district converted to a corporation under ORS 554.380 shall replace the word “district” with the words “improvement company.”

(3) The particular land to be improved by the works of the corporation, describing the land by legal subdivisions so far as possible and otherwise by tracts or lots of duly platted land or by metes and bounds, with the acreage thereof and the names of the respective owners as shown by the records of the county, and the total number of acres.

(4) In general but clear language, the purpose and intent of the corporation, and describe in general language the proposed plan of improvement whether for one or more of the purposes named in ORS 554.020.

(5) The number of directors and the names of those first holding such office, and the mode and times of the election of their successors in office.

(6) The location of the principal office of the corporation for the transaction of business, which must be in a county where at least a portion of the land to be improved is situated, and the mailing address, if different.

(7) Whether or not such corporation is organized for profit to the corporation or to its members.

(8) The initial registered agent and the address, including any street and number, of the registered office of the corporation.

(9) The name and address of each incorporator.

(10) The method of allocating votes to the membership, which may be based on:

(a) One vote for each acre of land owned; or

(b) One vote for each parcel as defined in the bylaws of the corporation, regardless of the number of acres owned. [Amended by 1983 c.717 §31; 1987 c.94 §146; 1995 c.233 §1; 2013 c.284 §6]

554.050 [Repealed by 2013 c.284 §5]

554.060 Challenge to validity of organization; effect of defects or omissions. (1) No action, suit or proceeding shall be maintained for the purpose of questioning the sufficiency or correctness of any statement within the articles of incorporation when the provisions of ORS 554.005 to 554.340 with respect thereto have been substantially complied with.

(2) No error in the description of any tract or parcel of land included in such district or in naming the owner thereof shall affect the incorporation or relieve the land from the same unless the owner has been materially prejudiced, misled or injured thereby, and has instituted proceedings because of same within three months after actual notice in any manner brought to the owner. Notwithstanding any error, defect or omission in the articles of incorporation in such case, the corporation is hereby declared to be a legally organized corporation as to all such owners. [Amended by 1987 c.94 §147; 2013 c.284 §7]

554.070 Membership; meetings; voting; proxies; voting trusts; quorum; removal of officers. (1) Every owner of land described in the articles of incorporation is a member of the corporation, and membership is lost or gained through a sale or purchase of any of said land, as the case may be, by which the legal title is transferred. In case of sale or purchase under contract without transfer of legal title, the parties may agree with respect to voting such land as provided in the bylaws, and unless so agreed and determined pursuant thereto the holder of the legal title shall be entitled to vote. Corporate owners may by resolution of their board of directors appoint and designate a proxy as provided by the bylaws.

(2) At all meetings of the members of the corporation each member who attends in person, or by proxy appointed in writing, shall be entitled to vote as provided in the articles of incorporation. In the absence of a provision in the articles of incorporation, each member shall be entitled to vote the amount of acreage of the land owned by the member on the basis of one vote for each acre of land. Nothing in the laws of Oregon shall be construed to prevent any owners of land, or members of the corporation, from joining in a voting trust or from giving a

proxy or power of attorney to vote such membership for a term of years or until the happening or performance of a named contingency or condition. Except as provided in subsection (4) of this section or ORS 554.560, members representing a majority of the votes entitled to be cast shall be necessary to constitute a quorum for the transaction of business at all landowners' meetings, and a majority vote shall govern in all cases except as otherwise specially provided by law.

(3) At any meeting of the members of the corporation any officer may be removed and another elected in the place of the officer. There must be at least one regular meeting of the members in each year, to be fixed by the bylaws, and there shall be such other meetings as may be called under the provisions of the bylaws.

(4) When members representing a majority of the votes entitled to be cast or their appointed proxies do not attend the regular annual meeting of the members of the corporation or any other meeting called under the bylaws, the directors of the corporation may call another meeting of the members on a date that is not later than 60 days after the date of the meeting at which a quorum was not obtained. At such subsequent meeting, members representing 25 percent or more of the votes entitled to be cast shall constitute a quorum for the transaction of business. [Amended by 1985 c.466 §1; 1995 c.233 §2]

554.080 Corporate existence; powers of corporation. When the articles of incorporation are filed by the Secretary of State, the corporation is deemed to be established and has the power:

- (1) To sue and be sued.
- (2) To contract and be contracted with.
- (3) To have, use and alter a corporate seal.
- (4) To purchase, condemn by the power of eminent domain, possess and dispose of real and personal property as necessary and convenient to carry out the purposes of the corporation, and to take, hold, possess and dispose of all real and personal property donated to the corporation to carry out the purposes of the corporation.
- (5) To appoint subordinate officers, employees and agents as the corporation requires, and prescribe their duties and compensation.
- (6) To make, establish or amend bylaws, rules and regulations, not inconsistent with the laws of the state, the articles of incorporation, or the covenants and provisions of the landowners' notice provided in ORS 554.170 to 554.190, if any is filed, prescribing the manner and mode of conducting the

business of the corporation, distributing and using water in domestic use, irrigating land, using any drainage or flood control works, collecting and treating sewage and enforcing the collection of rates, tolls, charges, fees, fines and assessments. Bylaws, rules and regulations must be ratified by two-thirds of the votes of the members of the corporation.

(7) To prescribe, fix, make and charge and collect from the water users or those who receive the benefits of the corporation, rates, tolls, fees, fines and charges for maintenance and operation of the corporation, use of water or for the works of the corporation, or for violation of any of the bylaws, rules and regulations of the corporation. The rates, tolls, fines, fees and charges shall be a lien on the crops produced as prescribed in ORS 545.275, and may be a lien upon the land to which the water was furnished, or benefit was provided, as prescribed in ORS 554.135.

(8) To make, levy and collect assessments either ratably or in proportion to the benefits received as provided by the bylaws or recorded landowners' notice, upon the lands described in the articles of incorporation to fund the corporation for any purpose, including maintenance and operation, estimated delinquencies on assessments, principal and interest of maturing indebtedness, and reserve necessary or provided by the bylaws, subject to the limitations, restrictions and provisions of the recorded landowners' notice. [Amended by 1987 c.94 §148; 1991 c.459 §432d; 2013 c.284 §2]

554.082 Registered office and registered agent. (1) A corporation shall continuously maintain in this state a registered agent and registered office that may be, but need not be, the same as any of the corporation's places of business. The registered office must be located at a physical street address where process may be personally served on the registered agent. The registered office may not be a commercial mail receiving agency.

(2) A registered agent must be:

(a) An individual who resides in this state and whose business office is identical to the registered office;

(b) A domestic corporation or domestic nonprofit corporation, the business office of which is identical to the registered office; or

(c) A foreign corporation or foreign nonprofit corporation that is authorized to transact business in this state, the business office of which is identical to the registered office. [1993 c.190 §19; 2001 c.315 §56; 2013 c.158 §37]

554.084 Change of registered office or registered agent. (1) A corporation may change its registered office or registered agent by delivering to the Office of the Sec-

retary of State for filing a statement of change that sets forth:

- (a) The name of the corporation;
- (b) If the registered office is to be changed, the address including street and number of the new registered office;
- (c) If the registered agent is to be changed, the name of the new registered agent and that the new agent has consented to the appointment; and
- (d) That after the change or changes are made, the street addresses of its registered office and the business office of its registered agent will be identical.

(2) If a registered agent changes the street address of the agent's business office, the registered agent shall change the street address of the registered office of the corporation for which the agent is the registered agent by notifying the corporation in writing of the change and signing, either manually or in facsimile, and delivering to the Office of the Secretary of State a statement that complies with the requirements of subsection (1) of this section and recites that the corporation has been notified of the change.

(3) The filing of the statement by the Secretary of State shall terminate the existing registered office or agent, or both, on the effective date of the filing and establish the newly appointed registered office or agent, or both, as that of the corporation. [1993 c.190 §20]

554.086 Resignation of registered agent. (1) A registered agent may resign as agent upon delivering a signed statement to the Office of the Secretary of State and giving notice in the form of a copy of the statement to the corporation. The statement may include a statement that the registered office is also discontinued.

(2) Upon delivery of the signed statement, the Secretary of State shall file the resignation statement. The copy of the statement given to the corporation under subsection (1) of this section shall be addressed to the corporation at the corporation's mailing address or the corporation's principal office as shown by the records of the Office of the Secretary of State. For purposes of this subsection, written notice is effective at the earliest of the following:

- (a) When received;
- (b) Five days after its deposit in the United States mail, as evidenced by the postmark, if mailed postpaid and correctly addressed; or
- (c) On the date shown on the return receipt, if sent by registered or certified mail, return receipt requested and the receipt is signed by or on behalf of the addressee.

(3) The agency appointment is terminated and the registered office discontinued, if so provided, on the 31st day after the date on which the statement was filed by the Secretary of State, unless the corporation shall sooner appoint a successor registered agent as provided in ORS 554.082, thereby terminating the capacity of such agent. [1993 c.190 §21]

554.088 Service on corporation. (1) The registered agent appointed by a corporation shall be an agent of the corporation upon whom any process, notice or demand required or permitted by law to be served upon the corporation may be served.

(2) The Secretary of State shall be an agent of a corporation including a dissolved corporation upon whom any such process, notice or demand may be served whenever the corporation fails to appoint or maintain a registered agent in this state or whenever the corporation's registered agent cannot with reasonable diligence be found at the registered office.

(3) Service shall be made on the Secretary of State by:

(a) Serving the Secretary of State or a clerk on duty at the office a copy of the process, notice or demand, with any papers required by law to be delivered in connection with the service, and the required fee for each party being served or by mailing to the office a copy of the process, notice or demand and the required fee for each party being served by certified or registered mail;

(b) Transmittal by the person instituting the proceedings of notice of the service on the Secretary of State and copy of the process, notice or demand and accompanying papers to the corporation being served by certified or registered mail:

(A) At the last registered office of the corporation as shown by the records on file in the Office of the Secretary of State; and

(B) At such address the use of which the person initiating the proceedings knows or, on the basis of reasonable inquiry, has reason to believe is most likely to result in actual notice; and

(c) Filing with the appropriate court or other body, as part of the return of service, the return receipt of mailing and an affidavit of the person initiating the proceedings stating that this section has been complied with.

(4) The Secretary of State shall keep a record of all processes, notices and demands served upon the Secretary of State under this section.

(5) After completion of initial service upon the Secretary of State, no additional documents need be served upon the Secre-

tary of State to maintain jurisdiction in the same proceeding or to give notice of any motion or provisional process.

(6) Nothing contained in this section shall limit or affect the right to serve any process, notice or demand required or permitted by law to be served upon a corporation in any other manner now or hereafter permitted by law, or enlarge the purposes for which service on the Secretary of State is permitted where such purposes are limited by other provisions of law. [1993 c.190 §22]

554.090 Directors; qualifications; president; seal; secretary-treasurer; exercise of corporate powers; indemnification. (1) No person is eligible to the office of director unless the person is a member of the corporation. The directors named in the articles of incorporation and thereafter when elected by the members shall promptly qualify and thereupon meet and organize and elect one of their number president who shall preside at their meetings and at the meetings of the members. The board shall adopt a seal with a suitable design.

(2) The board shall elect a secretary who shall keep a fair and correct record of all its proceedings and the official business of the corporation, which shall be open to the inspection of all members as well as to all other interested persons. The secretary may or may not be a member of the board and shall hold the office of treasurer of the corporation and shall receive and receipt for all moneys received.

(3) From the first meeting of the directors, the powers vested in the corporation shall be exercised by them or by their officers or agents under their direction except as otherwise specially provided by law.

(4) Subject to ORS 554.150, the directors and officers of any corporation incorporated under this chapter shall be entitled to indemnification in the same manner as allowed under ORS 65.387 to 65.414. [Amended by 1969 c.345 §17; 1995 c.233 §3]

554.100 Oath of office. Each director shall, before entering upon official duties, take and subscribe to an oath before some officer authorized by law to administer oaths, that the director will honestly, faithfully and impartially perform the duties devolving upon the director in office as director, and that the director will not neglect any of the duties imposed upon the director by law.

554.110 Powers of directors. The board of directors shall have full power and authority to:

(1) Build, construct and complete any works and improvements needed to carry out

the plan of improvement of the lands described in the articles of incorporation.

(2) In the name of the corporation, make all necessary water filings and appropriations of water for every purpose of the articles of incorporation.

(3) Operate and maintain such works as are necessary, convenient or beneficial for said purposes.

(4) Hire employees as may be required, and purchase machinery, equipment and supplies.

(5) Generally contract with reference to any of said matters as the board may determine for the purposes and within the scope of the powers granted in ORS 554.005 to 554.340 for improving the land. [Amended by 1995 c.79 §307]

554.120 Records of proceedings of directors; lien docket; deposit of moneys; segregation of funds; accounting; warrant and bond register. (1) The board of directors shall cause to be kept a well-bound book entitled "Records of Proceedings of Board of Directors," in which shall be recorded minutes of all meetings, proceedings, certificates, bonds, and any and all corporate acts, which records shall be at all times open to the inspection of anyone interested, whether members or creditors.

(2) A lien docket shall also be provided, in which, as to every tract of each owner, all assessments or liens shall be charged and all payments shall be credited, and in which interest on any assessments in arrears shall be charged at time of payment of any installment, to the end that such record shall show the true condition of all liens and the amount thereof.

(3) Except as otherwise provided by ORS 554.160 (2), all money of the corporation shall be deposited with a convenient insured institution or trust company, as those terms are defined in ORS 706.008, in the name of the corporation, and all funds provided to be segregated and held separate shall be so kept, and an accounting of each of such funds upon the books of the corporation shall be correctly kept.

(4) A warrant register shall be provided in which shall be separately kept a record of all warrants issued, the number, date and amount thereof with the name of payee, and the date paid, showing principal and interest separately. The corporation shall keep a register of all bonds with a description thereof, the date thereof and when issued, and generally such a record as shall show all outstanding bonds separately of the several issues and kinds of payments. [Amended by 1969 c.694 §46; 1997 c.631 §492; 2001 c.215 §29]

554.130 Assessments; certification; collections; lien; foreclosure; service charges; disposition of proceeds. (1) The board of directors shall each year on or before a day fixed in the bylaws of the corporation, and if not therein fixed then on or before September 1 of each year, make a computation of the whole amount of money to be raised by the corporation through assessments for the ensuing year for any purposes whatsoever, including maintenance and operation, estimated delinquencies on assessments, principal and interest of indebtedness maturing, and such reserves as may be necessary or provided by the bylaws of the corporation.

(2) This amount when so determined by the board shall be an assessment upon all the land described in the articles of incorporation and apportioned to each and every acre or parcel thereof as provided in the bylaws of the corporation or the recorded landowners' notice subject to its limitations, restrictions and provisions. Unless the board requires the assessment to be paid in advance of the delivery of water, the assessments shall become due and payable in quarter-annual installments, the first of which shall become due three months after the date fixed for the assessment in the bylaws, and if not fixed therein such assessment shall become due within three months after September 1 of each year, and shall bear interest at the rate of two-thirds of one percent per month from the maturity of each installment until paid. Any unpaid assessment and the lien thereof as provided in this section shall be delinquent after the date of maturity of the last installment thereof and may be enforced and foreclosed. Upon the sale of any lands on such foreclosure the corporation or any member thereof or any creditor of the corporation or other person may be a bidder and purchaser. When the bylaws provide rates, tolls, charges, fees, fines and assessments for the use of water or for the use of any of the works of the corporation, the bylaws shall also provide for the time and manner of collection thereof.

(3) Notwithstanding the provisions of subsection (2) of this section, the board may certify the assessments including any interest thereon to the county assessor of the county in which the assessed lands lie. Such assessments, if certified and presented after July 15 and on or before the following July 15, shall be assessed against the premises serviced on the next assessment and tax roll prepared after July 15 by the tax assessor of the county in which the corporation is situated. The assessments shall thereupon be collected by the tax collector and distributed to the treasurer of the nonprofit corporation in the same manner as taxes and other

charges on the assessment and tax roll are certified, assessed, collected and distributed.

(4) The treasurer of the nonprofit corporation shall keep the proceeds of the assessments in appropriate accounts depending upon the purpose of the assessments, and disbursements for the expenses of the corporation shall be paid out of the appropriate account. [Amended by 1971 c.436 §1; 1973 c.93 §1; 1983 c.652 §1; 1995 c.233 §4; 1997 c.819 §15]

554.135 Alternative method for collecting assessments. (1) In lieu of the method of levy and assessment provided for in ORS 554.130, the board of directors may provide in the bylaws or by resolution for the billing and collection of the rates, tolls, fees, fines and charges of the corporation in the manner provided in this section. The provision in the bylaws or the resolution may apply to rates, tolls, fees, fines and charges for the operation and maintenance of the corporation, for the use of water, or for the use of any of the works of the corporation, or for violation of any of the bylaws, rules and regulations of the corporation, or for principal and interest of maturing indebtedness.

(2) The bylaws or the resolution establishing the rates, tolls, fees, fines and charges shall fix the time when they shall become due and payable, and shall also fix a time after which they shall become delinquent, which time shall be any time within one year from the due date.

(3) If any rates, tolls, fees, fines or charges remain unpaid after the delinquency date, the corporation may file a notice of lien and collect the delinquent charges in the manner provided for collection of incurred charges of an irrigation district under ORS 545.494, 545.496, 545.498, 545.502, 545.504 and 545.506.

(4) If rates, tolls, fees, fines or charges, or any installment thereof, are not paid when due, interest shall be charged and collected on the past due amount at the rate of one and one-half percent per month, or fraction of a month, until paid. [1991 c.459 §432c; 2013 c.284 §3]

554.140 Directors' duty to institute proceedings to enforce lien; attorney fees.

(1) The board of directors shall institute proceedings to enforce the lien of any assessment when the last installment of such assessment is delinquent for more than three months. If the board fails to promptly institute and diligently prosecute in good faith proceedings for enforcement of a lien after that time and any member or creditor of the corporation shall give written notice to the board of such delinquency and request that such procedure be instituted and the board

neglects for 30 days thereafter in good faith to bring suit to enforce the lien, the members of the board so failing shall each be jointly and severally liable to the corporation in the amount of the delinquent assessment.

(2) Any member or creditor of the corporation may bring an action on behalf of the corporation in its name against any such directors to enforce the payment thereof; however, no directors shall be personally liable for payment of a delinquent assessment if:

(a) The record of proceedings of a duly constituted meeting of the board held prior to the commencement of such action show either that such director presented or voted in favor of a resolution presented and voted upon by the board calling for the prompt commencement of such enforcement proceedings; or

(b) If no meeting of the board was held between the time prescribed for enforcement of a delinquent assessment lien and the commencement of an action against the directors by a member or creditor of the corporation, that such director duly requested a special meeting of the board of directors be called for the purpose of adopting such a resolution and that the proposed resolution was submitted with the request.

(3) In any legal proceeding instituted by the board of directors of the corporation as provided in this section, the court may award to the prevailing party, in addition to the costs and disbursements of such proceedings, a reasonable attorney fee at trial and on appeal. [Amended by 1963 c.549 §1; 1981 c.897 §65; 1995 c.618 §87]

554.150 Action to compel assessment.

If the board of directors neglects to make any assessment provided by ORS 554.005 to 554.340 for 30 days after the time when it is required to be made, any member of the corporation or any creditor thereof who is likely to be injured thereby may bring an action to compel the assessment to be made. In any such case the costs and expenses thereof may be assessed to the directors who were willfully negligent in failing to make the same and judgment rendered against them jointly and severally by the court in the same action. In such action the corporation and the directors shall be parties defendant. [Amended by 1979 c.284 §173]

554.160 Assessments to provide funds to meet obligations; custody, disbursement and disposal of funds; general operating expenses. (1) When any bonds or obligations of the corporation are payable from revenue of assessments pledged for the payment thereof, the board of directors shall, at the time of creating such indebtedness or

issuing such bonds or obligations or at any time thereafter when assessments therefor are made, designate such fund by appropriate name and shall at the time of making each assessment thereafter determine the amount and portion of the assessment in dollars which is required to be then made for revenue of such fund. In determining and levying every assessment provided in ORS 554.005 to 554.340 the board of directors shall provide separately for the amount to be so raised for each of the several funds so designated and named including the general operation and maintenance fund.

(2) The revenues apportioned to the funds pledged to the payment of bonds and obligations shall be separately held and kept and accounted for. The corporation shall disburse the funds only for the purposes for which levied until the indebtedness and obligation for which the assessment was made is fully paid with interest, whereupon the remainder shall be transferred to the general fund of the corporation for the payment of expenses of the corporation and its operation and maintenance. At the time of making assessments the board of directors shall first determine the estimated amount necessary for the expenses of operation and maintenance and then the several amounts for the respective funds, and determine that the whole amount thereof is within the limitations, restrictions and provisions of the landowners' notice provided for in ORS 554.170 to 554.190. [Amended by 1969 c.694 §47; 2001 c.215 §30]

554.170 Covenants by landowners; effect. Owners of all the land described in the articles of incorporation or amendments thereto may at any time after the adoption of the plans and specifications for improving the land as provided in ORS 554.210, mutually covenant and agree for the purpose of binding their respective lands, as provided in ORS 554.180. Such covenants and agreements shall attach to and run with the land for the purpose of limiting, restricting and governing the conduct of the corporation. Such covenants, limitations, restrictions and agreements must not be inconsistent with the articles of incorporation, and after the recording of the same as provided in ORS 554.190 they may not be altered, amended, modified or rescinded during the life of such corporation without the consent of landowners representing two-thirds of the lands in the district and persons having an interest in such lands and the corporation and its creditors if any there are. After the recording, the bylaws of the corporation and every act and proceeding of such corporation must be in accordance with and subject to the limitations, restrictions and provisions thereof. [Amended by 1965 c.427 §1]

554.180 Landowners' notice; contents.

(1) If the owners of all the land desire to enter into such covenant with respect to matters hereinafter provided they shall make, subscribe and acknowledge before some person authorized to take acknowledgment of deeds, a notice to whom it may concern, which notice shall contain:

(a) A description of the land with the same particularity as is provided for in the articles of incorporation.

(b) A statement that the owners of the described land have incorporated themselves under the corporate name of (stating such name), and that the land will be improved as described in the articles of incorporation of record in the Office of the Secretary of State and in the office where deeds and other instruments affecting the title to real property are recorded in the county where the land is situated.

(c) A statement either that the land shall be subject to any indebtedness incurred by the corporation, or that the land shall be subject to the lien of any assessments thereon by the corporation for its works and the improvement of the land as described in the articles of incorporation under the provisions of ORS 554.005 to 554.340.

(2) If all the landowners desire, they may therein further limit, restrict and provide with respect to said matters and the conduct of the corporation with regard to the described land by mutually determining and stating therein any or all of the following:

(a) Whether all the land is uniformly and in like amount per acre or per parcel thereof benefited by the improvements; and if not so benefited they may by agreement determine and apportion the relative amount of benefits per acre or per parcel between the several parcels and portions describing the same with the same particularity as is provided for the articles of incorporation.

(b) The whole amount of benefit per acre or per parcel which will accrue from the works and improvement proposed in the articles of incorporation. If the lands are not uniformly benefited they may determine and appraise the benefits as to the several parcels and portions of all of the land and in that case particularly describe the same and state the amount of benefits accruing to the respective portions and parcels thereof per acre or per parcel in dollars, which shall in such case be the maximum amount per acre or per parcel as a lien thereon for any purpose of the corporation other than for operation and maintenance.

(c) The whole amount in dollars of annual benefits which will accrue per acre or per parcel from the works and improvement

described in the articles of incorporation. If it has been determined that all the land is not so uniformly and equally benefited they shall in such case determine and state the amount in dollars of the annual benefit per acre or per parcel of the several parcels and portions of all the land particularly describing the same, which amount of annual benefits so determined shall be the maximum amount of assessments by the corporation per acre or per parcel made and apportioned according to such determination as a lien upon the land payable per annum inclusive of the operation and maintenance assessments, and the assessment of any land in any year in excess of these annual benefits is to the extent of such excess void. [Amended by 1987 c.94 §149; 1995 c.233 §5]

554.190 Recording notice; effect; lien on land; priority.

(1) The notice shall be recorded in the office where deeds and other instruments affecting the title to real property are recorded in the county where the land is situated. From the recording thereof such notice shall be a covenant to and with the corporation and its members and creditors, attaching to and running with the described land and every part thereof, granting the rights, privileges and liens as in ORS 554.005 to 554.340 provided and in the notice stated with respect thereto. In addition, such recording shall constitute prior approval of the members of the corporation of those actions of the board of directors obligating the corporation as authorized in ORS 554.220 to 554.280.

(2) If it is stated in the notice that the land described in the articles of incorporation and the notice shall be subject to any indebtedness incurred by the corporation, all debts and obligations of the corporation theretofore and thereafter created shall be a lien upon the land described in the notice prior to every other lien attaching to the land subsequent to the time of recording of the notice, except state, county and school taxes, whether such debt or obligation of the corporation is in existence at the time the latter lien attaches or is created afterward. Such lien shall not be personal but shall be an obligation upon the land and run with the land.

(3) If, however, the landowners state in the notice that the land described in the articles of incorporation shall be subject to the lien of assessments by such corporation for the works and improvement of the land, then all the debts and obligations of the corporation shall be a direct obligation of the corporation with the irrevocable right of the creditors and obligees to have assessments made by the corporation for the payment of such debts and obligations pursuant to the provisions of ORS 554.005 to 554.340 and

within the limitations, restrictions and provisions of the landowners' notice. In such case every debt and obligation of the corporation created within the limitations and restrictions of the landowners' notice is with the implied or express covenant that the corporation will make the assessments necessary to be made for the payment thereof as same may mature and be payable, and will prorate and apportion the same to all the described lands in accordance with the provisions of ORS 554.005 to 554.340 and the notice. Every assessment made pursuant to this subsection and the landowners' notice by the corporation and prorated and apportioned pursuant to such notice within the limitations, restrictions and provisions thereof shall be a lien upon the acreage of such land as so assessed by the corporation, and the lien shall relate back, vest and attach thereto as of the time of filing for record of the landowners' notice. Every other lien, right, title, interest and estate attaching, vesting or in any manner accruing or acquired subsequent to the filing of such landowners' notice, whether before or after such assessment, except state, county and school taxes, shall be inferior and subject to the lien of such assessment. [Amended by 1991 c.459 §432e]

554.200 Incurring indebtedness before notice recorded; scope of notice. When any corporation is organized pursuant to ORS 554.005 to 554.340, the board of directors and the corporation may not lawfully incur any indebtedness or obligation of such corporation, except as otherwise provided in ORS 554.005 to 554.340, before the landowners' notice has been executed and recorded. When the notice is so recorded, it shall be notice to the world of the facts therein stated. It shall not be necessary, for the purpose of the lien of any assessment or indebtedness of the corporation upon any of the lands described therein, to file or record in the office where deeds and other instruments affecting the title to real property are recorded, any resolution of the corporation or notice of assessment, indebtedness or lien; but as to all matters upon the recording of the landowners' notice every person interested in any of the land therein described or dealing with respect thereto is put upon inquiry respecting the same and shall ascertain from the corporation the extent and amount of such indebtedness, assessment and lien upon the land. [Amended by 1987 c.158 §117]

554.210 Plans and specifications; how adopted. (1) Owners of all the land described in the articles of incorporation may, by unanimous agreement in writing, subscribed and acknowledged by them:

(a) Cause to be prepared and approve and adopt detailed plans and specifications for the works and improving of the lands under the plan described in the articles of incorporation;

(b) Make a report upon the same, including an estimate of the cost; and

(c) File the plans, specifications and report with the secretary of the corporation.

(2) When the owners have acted pursuant to subsection (1) of this section:

(a) The board of directors shall adopt a resolution briefly reciting the facts of the plans, specifications and report and accepting, approving and adopting them as the plan of improvement of the land described in the articles of incorporation.

(b) The plans, and specifications and report shall be the plans of the corporation for the works and improvement of the land.

(3) If the landowners do not adopt plans, specifications and a report thereon by unanimous consent, the plans, specifications and report may be adopted by resolution at a meeting of members as provided in subsections (4) to (6) of this section.

(4) The board of directors at any meeting of the board may adopt a resolution:

(a) Designating and authorizing the expenditures for preliminary investigation and report upon the plans and cost of works and construction, or repair or reconstruction of the same, or purchasing or acquiring any property, ditches, dikes, levees, plants, improvements, easements, rights of way, water rights, or other things necessary, advantageous or beneficial for improving the land under the plan described in the articles of incorporation; or

(b) Determining and declaring that such preliminary investigation and the expense thereof is unnecessary.

(5) Pursuant to action under subsection (4) of this section, the directors shall then:

(a) Secure a competent engineer, if necessary or desirable, who shall make the investigation, and prepare detailed plans and specifications and make a report upon the same, including an estimate of the cost thereof; or

(b) Prepare detailed plans and specifications and report with an estimate of the cost thereof without securing an engineer.

(6) The directors shall submit the detailed plans and specifications and report to a meeting of the members of the corporation for adoption. Adoption must in that case be made by resolution passed by a two-thirds vote of all the votes to which the members may be entitled.

(7) Notwithstanding subsections (1) to (6) of this section, when a corporation formed under ORS chapter 554 takes ownership of existing sanitary sewer facilities under ORS 554.020 (1)(b), the board of directors may adopt as detailed plans and specifications of the corporation the plans and specifications of the former owner or operator of the sanitary sewer facilities without securing a competent engineer. [Amended by 2013 c.284 §4]

554.220 Bonds; denominations; interest; maturities; execution; coupons; amortized installment obligations. (1) At any time after recording the landowners' notice as provided in ORS 554.190 and adoption of a plan for improvement of the land described in the articles of incorporation as provided in ORS 554.210, the board of directors may, if in their judgment it seems best, and subject to the limitations, restrictions and provisions of the landowners' notice, issue bonds or other obligations of the corporation necessary or convenient for improving the lands, including the refunding of outstanding bonds and any indebtedness of the corporation.

(2) The bonds shall be in such denominations as the board may determine, and bear interest from date at a rate determined by the board, payable semiannually, to mature at intervals to be determined by the board, both principal and interest being payable at some convenient insured institution or trust company, as those terms are defined in ORS 706.008, that is named in the bonds. The bonds shall be signed by the president of the corporation and attested with the seal of the corporation and the signature of the secretary. They may be issued so as to mature serially in annual amounts so as to be approximately equal, principal and interest, and may be issued so as to include a sum sufficient to pay the first four years' interest, or less, to accrue on the bonds, and be numbered serially in the order in which they mature. Each such bond shall have interest coupons attached bearing the serial number of the bond, which coupons shall be serially numbered in the order of maturity.

(3) If the directors so determine, they may issue for the purposes stated in this section, or as provided in ORS 554.270 and 554.280, one or more amortized installment obligations of the corporation constituting a designated series of such bonds as particularly described in ORS 554.280, all of which obligations shall be evenly and ratably paid as the attached installments mature as determined by the board of directors and as described in ORS 554.280. The latter bonds and coupons shall be executed and attested as provided by subsections (1) and (2) of this section for bonds of the corporation. [Amended

by 1969 c.694 §48; 1977 c.188 §10; 1981 c.94 §49; 1981 c.526 §7; 1997 c.631 §493; 2001 c.215 §31]

554.230 Bonds; recitals; payment; liability of land. (1) Bonds or obligations of the corporation shall refer therein to ORS 554.005 to 554.340 and to the resolution of the board of directors authorizing the same, and shall briefly recite the purpose for which issued. If they constitute a lien on the land described in the articles of incorporation they shall so state therein; otherwise they shall state that they and the interest thereon are payable by the revenue derived from the annual assessments by the corporation upon the land described in the articles of incorporation and the landowners' notice, which assessments are lien-apportioned to every acre of such land and assessed for a fund pledged for the payment thereof, and that the corporation covenants to and with the holder thereof to make such assessments as required by the laws of Oregon and to pay the obligation (or bond) at the maturity therein provided, and further that the assessment required to be made for the payment thereof at maturity will not together with all other assessments required for payment of the debts and obligations, operation and maintenance, and other charges, exceed the limitations prescribed in the landowners' notice.

(2) Upon the issue of any bond or obligation payable by revenue derived from assessment by the corporation upon the land for a fund designated in the resolution authorizing such issue, the land described in the articles of incorporation and the landowners' recorded notice shall thereafter be and remain liable to be assessed for such payments as provided in and subject to the provisions of ORS 554.005 to 554.340.

554.240 Retirement of bonds; conditions of sale; resolution authorizing bond issue; surrender of bonds in payment of assessments; debts not to exceed assessments or benefits. (1) The corporation may provide that bonds or any of them may be retired at the option of the corporation on any interest-paying date after the expiration of a time determined and fixed therein.

(2) Bonds and obligations shall not be sold for less than 90 percent of their face value, and may be issued all at the same time or in such amounts as the board deems necessary. Before issuing any bonds or obligations the board shall first pass a resolution authorizing the same and provide the whole amount thereof and the purpose of same and if payable from a separate fund shall designate the same. The resolution shall prescribe the form and substance of the bonds or obligations and provide with respect thereto the matters and things otherwise prescribed therefor in ORS 554.005 to 554.340.

(3) When any bond, obligation or coupon is payable from revenue by assessment to constitute a fund for the payment thereof, any such bond, obligation or coupon may at or after its maturity be surrendered to the corporation in payment of such assessment, but not in payment of any assessment for operation and maintenance expense or any other fund separately pledged for payment of other obligations, bonds or debts of the corporation. Bonds and obligations received in payment of any obligation shall be numbered consecutively and the lowest numbers paid off first.

(4) No obligations of the corporation shall be issued by the board unless it is determined that the annual assessment which will be required for the payment thereof as same matures together with other assessments which will be necessary for maintenance and operation expense and other purposes will not exceed in the whole the maximum amount of annual benefits which may be assessed and apportioned in any one year. Nor shall debts be incurred and obligations issued the aggregate amount of which will exceed the limitation determined by the determined benefits as stated in the recorded landowners' notice.

554.250 Refunding bonds. The board of directors may issue bonds for the purpose of refunding or satisfying any of the bonded or other indebtedness of the corporation, whether or not due, or which has or may become payable at the option of the corporation, or by consent of the holders of the indebtedness, or by any lawful means, whether such bonded or other indebtedness is now existing or may hereafter be created, and there are not funds in the treasury of the corporation available for the payment of the same and unpaid interest thereon.

554.260 Contracts with governmental agencies or others for financial assistance or cooperative action. Whenever the board of directors of the corporation shall by resolution determine it to be for the best interest of the corporation, the board may enter into contract with the United States or its duly constituted agencies, or any municipal or other corporation of Oregon, or any person, for the purpose of procuring or receiving a loan or financial assistance for any works or improvement of the corporation, or for the maintenance and operation of any works or improvement of the corporation or of such other party, or for the purpose of acquiring jointly or controlling and managing in conjunction with such other party any works or improvement or any easement or right of way necessary for such improvement or work; and may bind the corporation for

the maintenance, support and operation of the whole or any part thereof after construction of the same; and may agree that any works or improvement of the United States or any constituted governmental agency embracing any part of the works or improvement of the corporation or serving any purpose thereof shall be subject to the control, rules and regulations of the United States or any of its constituted agencies or officers as any law or regulation of the United States may require; and may agree to protect the United States and its constituted governmental agencies or officers from any loss or damage by reason of any works or improvement for or in behalf of the corporation as any law may require as a condition thereof; and may contract with the United States to furnish without cost such easements and rights of way and other property as shall be necessary for the proposed improvement and works of the corporation and their maintenance and operation, as required or provided by law as a condition thereof.

554.270 Purchase or lease of works and water rights; provision as to payment; serial coupon obligations. (1)

Whenever the board of directors of the corporation shall by resolution determine that it is to the best interest of the corporation, the board may enter into contracts for the purchase or option to purchase or lease, upon such terms as it determines to the best interest of the corporation, any ditch, works, improvement, easement, right of way, water right or other thing required or advantageous to the corporation for the works and improvement of the land described in the articles of incorporation within the scope of the purposes therein named.

(2) In any such case the board may by such contract provide for spreading the payments over such period as may be agreed upon and may issue therefor serial installment coupon obligations in such number and denominations as it may determine, inclusive of interest at such rate as the board may provide on all unpaid assessments, together with an amount sufficient to pay a proportionate part of the cost of administering the bond assessment program and issuing the bonds authorized under ORS 554.220 and 554.250, including, but not limited to, legal, printing and consultant's fees, such amount to be determined by the governing body. The installment coupons shall be of such amount and stated maturity as will pay and retire all installment coupon obligations of such designated series evenly, justly and ratably from year to year at the same time, and shall be general obligations of the corporation, payable from a fund as provided in ORS 554.280. [Amended by 1981 c.322 §9]

554.280 Resolution for serial coupon obligations; maturities; interest; retirement; recitals; fund for payment; assessments. (1) For the purpose stated in ORS 554.270, the board of directors shall by resolution determine and declare that the same is to the best interest of the corporation; briefly describe the purpose and object thereof and the amount of money required therefor; provide for, authorize and direct issuing the installment coupon obligations, describing and fixing the number of such obligations constituting the series and the denominations thereof; and shall adopt and prescribe the form and substance of such obligations. Each obligation shall bear the same series designation and be separately serially numbered, which series designation and serial number shall likewise appear upon each installment coupon attached. Coupons of each obligation shall be serially numbered in the order of their maturity and shall be so payable at a place designated in the bonds.

(2) Interest at a rate determined by the board may be included and amortized for the retirement of both principal and interest as provided in the resolution and in this section. Every obligation shall recite that it is issued pursuant to such resolution and payable from a fund derived from annual assessments of the lands described in the articles of incorporation for such purpose, the proceeds of which are pledged for the payment, and that the corporation covenants to levy such assessments according to law and the resolution in amount sufficient, inclusive of estimated delinquencies, to pay the installment coupons thereto attached as they mature.

(3) The resolution shall appropriately designate the fund. The board of directors shall thereafter on or before the time fixed in the bylaws determine and assess the amount necessary to be assessed at such time for payment of the installment coupons as they mature. Proceeds from such assessment shall constitute a fund which is pledged for payment of such obligations. The treasurer shall segregate and keep separate the proceeds of every assessment for such funds, and shall deposit the same in an insured institution as defined in ORS 706.008, in a separate account designating such fund. The district treasurer shall not disburse the same except as provided in this section. [Amended by 1969 c.694 §49; 1977 c.188 §11; 1981 c.94 §50; 1981 c.526 §8; 1997 c.631 §494; 2001 c.215 §32]

554.290 Warrants to pay claims; interest; assessments to pay warrants; limitation on amount of warrants. All claims against the corporation shall be paid by warrants drawn on the treasurer of the corporation and signed by the president and

secretary of the board of directors. If any warrant is not paid when presented to the treasurer of the board of directors, because of lack of funds in the treasury, that fact shall be indorsed on the warrant and the warrant shall draw interest thereafter at a rate determined by the board until there is money in hand to pay the amount of the warrant and the interest then accumulated. No interest shall be allowed on warrants after sufficient funds are in the treasury to pay the indorsed warrants and interest. The secretary of the board shall give notice to the payee or other holder if known whenever sufficient funds are available to pay outstanding warrants. Warrants shall be numbered, drawn against the proper fund, and paid from such fund in the order of issuance. The board of directors shall levy an assessment each year of sufficient amount of money to pay the outstanding warrants. No warrants shall be issued the payment of which in the ensuing year inclusive of the assessments required for all other purposes will exceed the annual assessment limit fixed in the landowners' recorded notice, or the aggregate indebtedness of which with all other indebtedness for other purposes than operation and maintenance will exceed the total benefits to accrue to the land described in the articles of incorporation as stated in the recorded landowners' notice. [Amended by 1981 c.94 §51]

554.300 Amendment of articles; approval by members; dissolution of corporation by members; inclusion of lands by irrigation, drainage or flood control district. (1) The articles of incorporation of any corporation organized under ORS 554.005 to 554.340 may at any time be amended so as to include or exclude land as provided under ORS 554.510 to 554.590, include or delete matters described under ORS 554.040 or to make other amendments authorized under this chapter. An amendment shall not affect the date of priority of the lien of the corporation upon any land, but as to any new land included by an amendment the lien shall attach from the date of the recording of the amended notice. No land can be excluded until its proportionate share of all existing debts of the corporation has been paid.

(2) An amendment other than an amendment to include or exclude land shall be voted upon by the members at a regular meeting or a special meeting called for that purpose. The amendment shall require approval by two-thirds or more of the votes of the members present or by proxy. The articles of amendment shall be submitted to the Office of the Secretary of State for filing.

(3) In addition to the procedures available for administrative dissolution under ORS 554.302 and 554.305, any such corpo-

ration may be dissolved and its affairs terminated as provided in subsections (4) and (5) of this section. However, no corporation may be dissolved as provided in subsections (4) and (5) of this section before payment or release of all debts and obligations of the corporation, including every contract and agreement with the federal or the state government, or its or their constituted governmental authorities or agencies, or the assumption of its obligations by another with the consent of all parties.

(4) The board of directors of the corporation shall cause notice to be given of a meeting of the members, which notice shall contain a statement to the effect that the dissolution of the corporation will be considered at the meeting, and a brief statement of the reasons why dissolution is deemed advisable. The question of whether or not the corporation shall be dissolved may be presented at the meeting, and if two-thirds or more of the votes of the members present or by proxy are cast in favor of dissolution, the board shall proceed to dissolve the corporation and liquidate its affairs. The board shall constitute a board of trustees and as such shall dispose of the property of the corporation and pay its debts and obligations or procure releases thereof; provided, that in case an irrigation district, drainage district or flood control district is organized to include the lands in the corporation or any part thereof, the board of directors of the corporation, or the board of trustees in case the corporation has voted to dissolve, shall convey to such irrigation, drainage or flood control district any and all irrigation works or other property owned by such corporation, upon the assumption by the irrigation, drainage or flood control district of the obligations of the corporation.

(5) Upon completing the liquidation of the corporation, the trustees shall submit to the Office of the Secretary of State for filing a statement that the corporation has been dissolved and its affairs liquidated. The trustees also shall send a true copy of the statement to the county clerk of the county in which the corporation had its principal place of business, that the corporation has been legally dissolved, and the clerk shall record the statement in the records of the office of the clerk. [Amended by 1971 c.200 §9; 1985 c.351 §23; 1987 c.94 §150; 1995 c.233 §6; 2013 c.284 §8]

554.302 Dissolution of corporation by Secretary of State; conditions. The Secretary of State may commence a proceeding under ORS 554.305 to administratively dissolve a corporation organized under the provisions of ORS 554.005 to 554.340 if:

(1) The corporation does not pay when due any fees imposed under ORS 554.016;

(2) The corporation does not deliver its annual report to the Secretary of State when due;

(3) The corporation is without a registered agent or registered office in this state;

(4) The corporation does not notify the Secretary of State that its registered agent or registered office has been changed, that its registered agent has resigned or that its registered office has been discontinued; or

(5) The corporation's period of duration stated in its articles of incorporation expires. [1987 c.94 §152; 1991 c.132 §34]

554.305 Notice of grounds for dissolution; opportunity for correction; effect of dissolution. (1) If the Secretary of State determines that one or more grounds exist under ORS 554.302 for dissolving a corporation organized under ORS 554.005 to 554.340, the Secretary of State shall give the corporation written notice of the determination.

(2) If the corporation does not correct each ground for dissolution or demonstrate to the reasonable satisfaction of the Secretary of State, within 45 days after notice is given, that each of the grounds that the Secretary of State has determined to be a ground for the dissolution does not exist, the Secretary of State shall dissolve the corporation.

(3) A corporation administratively dissolved continues the corporation's corporate existence but may not carry on any activities except activities that are necessary or appropriate to wind up and liquidate the corporation's business and affairs and notify claimants.

(4) The administrative dissolution of a corporation does not terminate the authority of the corporation's registered agent.

(5) A corporation involuntarily dissolved under this section continues to exist as a body corporate for the purpose of performing or enforcing any debt or obligation under contract or agreement with the federal or state government, including the power to levy and collect assessments for performing or enforcing the debt or obligation. [1987 c.94 §153; 1991 c.132 §15; 1993 c.190 §23; 2013 c.159 §15]

554.307 Reinstatement of dissolved corporation. (1) A corporation that the Secretary of State administratively dissolved under ORS 554.305 may apply to the Secretary of State for reinstatement within five years from the date of dissolution. The application must state:

(a) The name of the corporation and the effective date of the corporation's administrative dissolution; and

(b) That the ground or grounds for dissolution either did not exist or have been eliminated.

(2) If the Secretary of State determines that the application contains the information required by subsection (1) of this section, that the information is correct and that the corporation's name satisfies the requirements of ORS 554.040 (2), the Secretary of State shall reinstate the corporation.

(3) When effective, the reinstatement relates back to and takes effect as of the effective date of the administrative dissolution and the corporation resumes carrying on the corporation's business as if the administrative dissolution had never occurred.

(4) The Secretary of State may waive the requirement under subsection (1) of this section that the corporation apply for reinstatement within five years after the date of administrative dissolution if the corporation requests the waiver and provides evidence of the corporation's continued existence as an active concern during the period of administrative dissolution. [1987 c.94 §154; 1991 c.132 §16; 1995 c.215 §30; 2011 c.147 §27]

554.309 Denial of reinstatement; appeal. (1) If the Secretary of State denies a corporation's application for reinstatement following administrative dissolution, the Secretary of State shall give written notice to the corporation that explains the reason or reasons for denial.

(2) The corporation may appeal the denial of reinstatement pursuant to the provisions of ORS chapter 183. [1987 c.94 §155]

554.310 [Amended by 1963 c.358 §1; 1969 c.694 §50; 1983 c.717 §32; 1985 c.351 §24; 1987 c.94 §151; repealed by 1991 c.132 §37]

554.315 Annual report; contents; filing with Secretary of State; amended report.

(1) Every corporation organized under ORS 554.005 to 554.340 shall submit to the Office of Secretary of State for filing an annual report that sets forth:

(a) The name of the corporation and the state or country under whose law it is incorporated;

(b) The street address of its registered office and the name of its registered agent at the office in this state;

(c) The address, including street and number and mailing address, if different, of its principal office;

(d) The names and addresses of the president and secretary of the corporation;

(e) The category of the classification code established by rule of the Secretary of State most closely designating the primary business activity of the corporation; and

(f) Additional identifying information that the Secretary of State may require by rule.

(2) The information contained in the annual report shall be current as of 30 days before the anniversary of the corporation. The report shall be submitted not later than the anniversary date and a copy of the report shall be filed with the county treasurer referred to in ORS 554.160.

(3) The Secretary of State shall mail the annual report form to any address shown for the corporation in the current records of the office. Failure of the corporation to receive the annual report form from the Secretary of State shall not relieve the corporation of its duty to deliver an annual report to the office as required by this section.

(4) If an annual report does not contain the information required by this section, the Secretary of State shall notify the reporting corporation in writing and return the report to it for correction. The corporation must correct the error within 45 days after the Secretary of State gives such notice.

(5) The corporation may deliver to the office for filing an amendment to the annual report if a change in the information set forth in the annual report occurs after the report is delivered to the office for filing and before the next anniversary. This subsection applies only to a change that is not required to be made by an amendment to the articles of incorporation. The amendment to the annual report must set forth:

(a) The name of the corporation as shown on the records of the office; and

(b) The information as changed. [1991 c.132 §19]

Note: 554.315 was added to and made a part of ORS chapter 554 by legislative action but was not added to any smaller series therein. See Preface to Oregon Revised Statutes for further explanation.

554.320 Exemption from taxation. The property and income of a corporation organized under the provisions of ORS 554.005 to 554.340, but not for profit, or a corporation organized under ORS 554.380, shall be exempt from taxation. The property and income of corporations which were incorporated under chapter 172, Oregon Laws 1911, and which amend their articles to state that the corporation shall not operate for profit shall also be exempt from taxation. [Amended by 1993 c.502 §5; 2013 c.284 §9]

554.330 [Repealed by 1969 c.345 §20]

554.340 Judicial determination of legality of proceedings. (1) The board of directors of any corporation organized under the provisions of ORS 554.005 to 554.340, or of any corporation organized before March 4, 1937, which amends its articles and landowners' notice pursuant to the pro-

visions of ORS 554.420, may, after adopting a resolution adjudging the same to be to the interest of the corporation and authorizing the same, by petition commence special proceedings in the circuit court of the county in which the office of the corporation is located, for the purpose of having a judicial examination and judgment of the court as to the regularity and legality:

(a) Of the proceedings in connection with the organization of the corporation; or

(b) Of the proceedings of the board and corporation providing for and authorizing the issue or sale of any bonds or obligations of the corporation whether or not theretofore sold or disposed of; or

(c) Of any action or proceeding for the inclusion or exclusion of land, or declaring the result of any election, or of any order levying any assessment or ordering the issue of any bonds or obligations for any purpose; or

(d) Of any plan of improvement of lands described in the articles of incorporation or of any proposed works and improvement for which bonds or obligations are authorized to be issued; or

(e) Of the authorization of any contract with the United States or any municipality or corporation or person, and as to the validity of such contract whether or not it has been executed.

(2) All or any of the proceedings of the corporation may be judicially examined and determined by the court in one proceeding as prayed in the petition. The provisions of ORS 548.110 shall apply to the proceedings provided in this section, and jurisdiction of the corporation shall be obtained in the manner provided for irrigation or drainage districts in that section.

(3) Any landowner or person having an estate or interest therein or member of the corporation or assessment payer may, within 30 days after the entry of any order or the performance of any of the acts or things mentioned in subsection (1) of this section for which a contest is provided, bring a proceeding to determine the validity thereof, in which case the board of directors shall be made parties defendant and service of the summons shall be had upon the members of the board in the manner provided in ORS 548.115 for irrigation and drainage districts. The proceedings shall be tried and determined in the same manner as provided in subsections (1) and (2) of this section for proceedings brought by the corporation itself.

(4) No contest of any proceeding or matter or thing by this section provided to be had or done shall be had or maintained at

any time or in any manner except as provided in this section.

554.350 Service to lands outside district; findings; tax exemption. (1) A corporation organized pursuant to ORS 554.005 to 554.340 may obligate itself by written contract to utilize the corporation's delivery system to deliver water for any beneficial use authorized under Oregon law on lands not described in its articles of incorporation if its board of directors by resolution determines that such action does not impair the corporation's ability to service the lands described in its articles of incorporation. In furtherance of such arrangement the corporation may:

(a) Adopt plans and specifications pursuant to ORS 554.210 for the construction of works and improvements on lands described in its articles of incorporation or on lands not described therein and thereafter to construct the same; and

(b) Pursuant to ORS 554.260, jointly acquire, control and manage any works, improvements, easement or right of way necessary to fulfill its contractual obligations and bind itself for the maintenance, support and operation of the whole or any part thereof.

(2) The delivery of water, the collection of charges for such delivery and the ownership of property pursuant to this section shall not subject the corporation's income and property, wherever located, to taxation if its property and income are otherwise exempt pursuant to ORS 554.320. [1979 c.180 §2; 1999 c.591 §1]

REORGANIZATION OF DISTRICTS AS CORPORATIONS

554.375 Dissolution of district and reorganization as corporation; meeting of landowners; approval of reorganization by landowners. (1) The board of supervisors of a drainage district organized under ORS chapter 547 and existing prior to January 1, 1993, or the advisory board of a diking district organized under ORS chapter 551 and existing prior to January 1, 1993, may call a meeting of the owners of land situated in the district for the purpose of determining whether or not the district shall dissolve and reorganize as a corporation for drainage or flood control organized under this chapter.

(2) At least 10 days before the date of the meeting, notice of the meeting shall be given by publication in a newspaper of general circulation published in each county in which lands of the district are situated.

(3) The landowners, assembled at the place and time required by the notice, shall consider the question whether or not the

district shall dissolve and reorganize as provided in this section. Each owner is entitled to one vote in person or by proxy for each acre of land owned by the owner in the district.

(4) Members representing more than 75 percent of the votes entitled to be cast within the district constitute a quorum for the transaction of business, including voting on the question of dissolution and reorganization, at the meeting.

(5) If members representing two-thirds or more of the votes entitled to be cast within the district approve dissolving the district and reorganizing the district as a corporation under this chapter, the board of supervisors or the advisory board of the district shall adopt an order so proclaiming and enter the order upon the minutes of the meeting. The chairperson of the meeting shall deliver to the Secretary of State a certified copy of the order proclaiming the results of the vote on the question of dissolution and reorganization.

(6) The board of supervisors or the advisory board of the district shall thereupon proceed with dissolution and reorganization as provided in ORS 554.380 and 554.385. [1993 c.502 §1; 1995 c.233 §7]

554.380 Articles of incorporation for corporation formed from dissolved district; required provisions; membership.

(1) After the vote held under ORS 554.375 and the delivery of a certified copy of the order proclaiming the results of the vote to the Secretary of State, the board of supervisors or the advisory board of the district shall proceed with the organization of a corporation for drainage or for flood control under this chapter. The corporation shall be organized as provided in this chapter except as provided otherwise in this section.

(2) The articles of incorporation filed by the board of supervisors or the advisory board of the district shall be as specified in ORS 554.040 except that:

(a) The articles shall declare that the corporation is organized for the purpose of draining land or for the purpose of protecting land by flood control or for both drainage and flood control. If the reorganizing district is also providing water for irrigation or other authorized purposes, the articles shall also contain such purposes.

(b) The articles shall state that the board of supervisors or the advisory board of the district being reorganized are the directors of the corporation and shall hold office until the dates on which their terms of office as supervisors or members of the advisory board of the district would have expired.

(c) The articles shall specify that the corporation is a successor corporation to a drainage district under ORS chapter 547 or a diking district under ORS chapter 551 and that the name assumed by the corporation shall be the same as the district being reorganized except that the words "improvement company" shall be substituted for the word "district."

(d) The articles shall declare that the corporation is not formed for the purpose of operating the corporation for profit other than from the benefits of improvement of the land for which the corporation is formed.

(e) The articles shall declare that the lands to be improved by the works of the corporation are the same lands formerly included within the boundaries of the district being reorganized. In lieu of describing such lands as provided in ORS 554.040 (3), the lands may be identified by assessor's map number with a map or maps attached showing the location and identification thereon of the lands.

(f) The articles shall specify that the corporation shall:

(A) If formed for the purpose of draining land, continue operation and maintenance of the district's existing drainage works and any other works authorized under ORS 547.320 and 547.325; or

(B) If formed for the purpose of protecting land by flood control, provide maintenance of the district's existing flood control works or any other works authorized under ORS chapter 551.

(g) The articles shall declare that the corporation assumes all of the rights, duties and obligations legally incurred under contracts, covenants, other agreements, leases and business transactions entered into or begun before the date of dissolution of the district being reorganized and dissolved.

(3) Every owner of land described in the articles of incorporation of the reorganizing district is a member of the corporation.

(4) Notwithstanding any other law, the corporation formed under this section shall assume all debts and obligations of the dissolving district and may impose charges or assessments for the debts and obligations and for operational costs without the execution and recording of the landowners' notice under ORS 554.180. All lands subject to liens and encumbrances for such debts and obligations shall remain subject to the liens and encumbrances. A landowners' notice encumbering land for any new nonoperational debt shall require the consent of landowners representing two-thirds of the lands in the district. [1993 c.502 §2; 2013 c.284 §10]

554.385 Findings by board of reorganizing district; plan of dissolution; transfer of district assets to corporation; statement of dissolution. (1) When the decision of the landowners described in ORS 554.375 authorizes the dissolution of a drainage district or a diking district and the reorganization of the district into a corporation for drainage or flood control under this chapter, the board of supervisors of a drainage district or the advisory board of a diking district shall make findings of fact which shall include:

(a) The amount of each outstanding bond, coupon and other indebtedness, with a general description of the indebtedness and the name of the holder and owner of each, if known.

(b) A description of each parcel of real property and interest in real property and, if the property was acquired for delinquent taxes or assessments, the amount of such taxes and assessments on each parcel of property.

(c) Uncollected assessments and charges levied by the district and the amount upon each lot or tract of land.

(d) A description of the personal property and of all other assets of the district.

(2) The board of supervisors or the advisory board shall propose a plan of dissolution and liquidation, which shall include provision for transfer and conveyance of all assets of the district to the corporation organized by the board of supervisors or advisory board under ORS 554.380.

(3) Dissolution of a drainage district or diking district under this section shall occur without further action by the landowners of the district.

(4) The board of supervisors or the advisory board shall convey to the corporation organized by the board of supervisors or the advisory board under ORS 554.380 all assets of the dissolving district when:

(a) The corporation assumes all debts and obligations of the dissolving district and undertakes to continue to furnish the services provided by the dissolving district pursuant to the plan of dissolution and liquidation and the articles of incorporation of the corporation; and

(b) The consent of all the known holders of valid indebtedness against the district has been obtained, or provision has been made in the plan for payment of the nonassenting holders.

(5) When all assets of the dissolving district are transferred to the corporation, the board of supervisors or the advisory board shall file with the governing body of the

county in which the greatest area of the district is situated a sworn statement that the district has been dissolved under ORS 554.320 and 554.375 to 554.390 and its affairs liquidated. From the date of the statement, the corporate existence of the district is terminated for all purposes.

(6) ORS 548.900 to 548.955 and 551.180 do not apply to a district dissolved under ORS 554.320 and 554.375 to 554.390. [1993 c.502 §3]

554.390 Dissolution of district and reorganization as corporation under ORS 554.320 and 554.375 to 554.390 prohibited after 2004. A drainage district or a diking district shall not be dissolved and reorganized under ORS 554.320 and 554.375 to 554.390 after December 31, 2004. [1993 c.502 §4; 2001 c.703 §1]

CORPORATIONS ORGANIZED UNDER 1911 ACT

554.410 Applicability of ORS 554.005 to 554.340 to corporations organized under 1911 Act. Nothing in ORS 554.005 to 554.340 shall be so construed as to affect the validity of any district improvement company organized before March 4, 1937, under the provisions of chapter 172, Oregon Laws 1911, or its rights in or to property, or any of its rights or privileges of whatsoever kind or nature; but such corporations hereby are made subject to the provisions of ORS 554.005 to 554.340 so far as applicable. The provisions of ORS 554.005 to 554.340 shall not affect, impair or discharge any contract, obligation, lien or charge for or upon which such a company was or might become liable or chargeable had those sections not been passed; nor shall they affect the validity of any bonds issued prior to March 4, 1937; nor shall they affect any action then pending. All such corporations organized after March 4, 1937, shall be organized under the provisions of ORS 554.005 to 554.340 and not otherwise. Any corporation organized before March 4, 1937, under the provisions of chapter 172, Oregon Laws 1911, which amends its articles of incorporation and landowners' notice as provided in ORS 554.420, shall thereafter be subject to the provisions of ORS 554.005 to 554.340.

554.420 Amendment of articles, and landowners' notice, of corporation organized under 1911 Act. (1) Articles of incorporation of any district improvement company organized before March 4, 1937, under the provisions of chapter 172, Oregon Laws 1911, and the recorded notice of the owners of the lands described in such articles of incorporation, may be amended as provided in this section.

(2) If the members desire to amend the articles of incorporation they shall execute

the amended articles, stating therein that such articles are for the purpose of amending articles of the same corporation of record in the Office of the Secretary of State and in the county where the land therein described is situated; that the amended articles are signed by an officer, director or court-appointed fiduciary by authority of a resolution of the board of directors; and that such articles as amended and adopted are as therein set out. The amended articles must conform with ORS 554.040. The amended articles must describe the land with particularity and state the owners thereof and the persons having any interest therein. The board of directors shall determine whether all landowners and persons having any interest in the lands have duly executed the same.

(3) If satisfied therewith the board of directors may, upon the execution by all landowners of the amended landowners' notice and being satisfied therewith and that all have executed the same, by resolution authorize an officer, director or court appointed fiduciary to execute the same on behalf of the corporation. Thereupon the amended articles shall be submitted to the Office of the Secretary of State for filing. The requirements for filing a document under ORS 554.005 apply to the amended articles.

(4) One true copy of the amended articles also shall be filed in each county where the land is situated.

(5) The landowners' amended notice shall be executed and recorded in the manner provided in ORS 554.180 and 554.190.

(6) From the filing of the amended articles by the Secretary of State, the amended articles and landowners' notice shall be effective instruments for every purpose; provided that such amended notice shall in no manner affect any lien, encumbrance, interest or estate in any of the lands attached, fixed or vested at the time of filing the same, or the priority thereof. If in such amendments it appears that the corporation is not for profit and it is so stated therein, the corporation shall thereafter pay any applicable fee under ORS 554.016. [Amended by 1971 c.200 §10; 1987 c.94 §156; 1991 c.132 §35; 2013 c.284 §11]

554.430 Applicability of 1911 Act, as amended, to corporations organized under that Act. To the extent only that, by reason of the provisions of ORS 554.410, they have not been superseded, sections 2, 3, 4, 6, 7, 8, 9, 11 and 12 of chapter 172, Oregon Laws 1911, as amended by section 2, chapter 101, Oregon Laws 1917, and by chapters 267 and 420, Oregon Laws 1927, and as supplemented by section 2, chapter 164, Oregon Laws 1923, shall remain applicable to corporations organized before March 4, 1937, un-

der the provisions of chapter 172, Oregon Laws 1911.

554.440 Malheur Improvement Company; exclusion or inclusion of land. (1) Any person holding land within the Malheur Improvement Company district created under chapter 172, Oregon Laws 1911, who desires to have the land of the person excluded from the Malheur Improvement Company district, may file a petition with the secretary of such district. The petition shall be in writing, verified, and shall set forth the description of the lands desired to be excluded, and the reasons for such exclusion. Likewise, any person owning lands without such district who desires to have the lands of the person included within the district, may file a petition with the secretary, which petition shall be in writing, verified, and shall set forth the reasons why the land should be included in the district, and further, that the lands are susceptible of irrigation or drainage, as the case may be, from the system of works of the district.

(2) The secretary shall present any such petition at the next meeting of the board of directors of the improvement company. The board shall fix a time for the hearing thereof, either at a special meeting of the members of the corporation called for the purpose, or at the next regular annual meeting of the members. At such meeting, the petitioners may present witnesses and be represented either in person or by attorney, to establish the allegations set forth in the petition. Upon such hearing, the matter of including or excluding such lands from the district shall be put to a vote of the members, and if a majority vote of the members owning lands in the district is in favor of the relief asked for in the petition, then an order shall be made in the minutes in accordance with such vote.

(3) The secretary shall thereupon make a certificate certifying to the fact of the filing of such petition and the hearing thereon, and the action taken by the members of the district, and in such certificate shall describe the land included or excluded from the district, as the case may be. The secretary shall submit the certificate to the Office of the Secretary of State for filing and shall file a true copy of the certificate with the county clerk of the county where the lands are situated. From and after the filing of the certificate by the Secretary of State the land described in the certificate shall be included or excluded, as the case may be, in or from the improvement company district.

(4) The articles of incorporation of the Malheur Improvement Company shall upon the filing of the certificate by the Secretary of State, and without any procedure other

than as in this section provided, be deemed amended to include or exclude, as the case may be, the lands described in such certificate; provided, however, that any land within such improvement company district, and excluded therefrom on petition, shall not be relieved from the payment of its proportion of any bonded indebtedness created and outstanding of the company, prior to the exclusion of such lands therefrom. Lands without the improvement company district, and included therein by petition, shall be subject to any assessment thereafter levied by the company, whether for bonded indebtedness or otherwise. [Amended by 1987 c.94 §157]

INCLUSION AND EXCLUSION OF LAND

554.510 Authority to include or exclude lands. A corporation formed under ORS 554.005 to 554.340 may amend its articles of incorporation to include or exclude land as provided in ORS 554.510 to 554.590. [1963 c.103 §2; 1987 c.94 §158]

554.520 Application for inclusion or exclusion; approval of members. When a corporation receives an application of one or more landowners either to include the lands of the landowner in or exclude the lands of the landowner from the corporation, the application shall be acted upon at a meeting of the members. If at the meeting the members present approve the application of the landowner by a majority vote, articles of amendment shall be executed by the corporation and filed with the Secretary of State and from the date of such filing the lands described in the amendment, as recited in the amendment, shall either be included or excluded from the corporation. [1963 c.103 §3]

554.530 Application; contents; deposit; filing. The application of the landowner shall:

(1) Be in writing and certified by the applicant.

(2) State the legal description of the land the applicant wishes either included in or excluded from the corporation.

(3) Contain a brief statement of the reason for request of the inclusion or exclusion of the lands of the landowner, and if the request is to include lands, a statement that the lands will be benefited by being included in the corporation.

(4) Be accompanied by a deposit in an amount to be determined by the corporation to pay the expenses of holding a meeting of the members to consider the application, including the cost of publishing notice of the meeting. After payment of such expenses, the

balance of such deposit, if any, shall be returned to the applicant by the corporation.

(5) Be filed with the officer or clerk in charge of the principal office of the corporation. [1963 c.103 §4]

554.540 Meeting date. At the next meeting of the board of directors of the corporation after an application is filed and the deposit for expenses paid, the secretary of the corporation shall present the application to the board of directors. The board shall fix a date and time for the members to consider the application at a meeting at the principal office of the corporation, which shall be either a special meeting called for that purpose or the next regular annual meeting of the members. [1963 c.103 §5]

554.550 Notice of meeting. The secretary as directed by the board shall cause notice of the meeting to be published once each week for three successive weeks prior to the meeting in a newspaper published within the boundaries of the corporation, if any, or in a newspaper of general circulation in the county, where the principal office of the corporation is situated. The notice shall state the date of filing the application, the name of the applicant, a description of the land sought to be included or excluded, and the reason therefor given by the applicant. The notice shall state that all members, creditors of the corporation and other interested persons may attend the meeting, and be heard concerning the application. [1963 c.103 §6]

554.560 Quorum for meeting. Notwithstanding the provision of ORS 554.070 (2) providing for a quorum to do business, the members of the corporation present shall constitute a quorum to approve or reject the application to include land in, or exclude land from, the corporation. [1963 c.103 §7]

554.570 Effect of exclusion on existing debts. (1) An amendment to exclude land shall not relieve any land from any lien existing at the time of the exclusion of the land, affect the date of priority of any lien of the corporation upon any land or relieve any landowner from any obligation to pay any valid outstanding bonds or indebtedness of the corporation; but the land shall continue to be subject to the lien and chargeable with all obligations outstanding at the time of the exclusion. For the purpose of enforcing any lien for such obligations, lands excluded shall be considered part of the corporation as if the exclusion had never been accomplished.

(2) Lands excluded shall not be chargeable with a lien for any obligation incurred after the date of filing the articles of amendment with the Secretary of State, providing for the exclusion of such lands. [1963 c.103 §8]

554.580 Condition of approval of inclusion. (1) As a condition to approval of an application, if the meeting is on an application to include lands, the members may require the applicant to agree to pay a pro rata share of all unpaid obligations incurred for improvements which the applicant would have been required to pay if the land of the applicant had been in the corporation from its formation or from the time the obligations were incurred.

(2) From the date of filing articles of amendment with the Secretary of State, providing for the inclusion of such lands they shall be liable for obligations incurred and assessments levied. [1963 c.103 §9]

554.590 Articles of amendment; filing; effective date. (1) If an application to include or exclude lands is approved, articles of amendment shall set forth:

(a) The name of the corporation.

(b) A reference to the provision in the original or amended articles of the corporation affected and a statement of the particular land by legal subdivisions so far as

possible and otherwise by tracts or lots of duly platted land or by metes and bounds, with the acreage thereof and the name of the owner as shown by the records of the county, included or excluded by the amendment.

(c) The date the members approved the inclusion or exclusion of the land.

(2) The articles of amendment shall be submitted to the Office of the Secretary of State for filing. The requirements for filing a document under ORS 554.005 apply to articles of amendment under this section.

(3) From the date that the Secretary of State files the articles of amendment, the lands described in the amendment shall be included or excluded from the corporation as recited in the amendment.

(4) The corporation shall file a true copy of the articles of amendment with the county recording officer of the county where the land included or excluded by the amendment is situated. [1963 c.103 §10; 1971 c.200 §11; 1987 c.94 §159]

554.600 [1963 c.103 §11; repealed by 1987 c.94 §171]

