

Contents

About the Author	vi
Author's Preface	vii
Forms Disk Instructions	xiv
CHAPTER 1: GENERAL PROVISIONS	
SECTION 1. EFFECT OF STATUTE AND FILING PROCEDURES	1-5
§ 1.1. <i>Applicability of the Corporations and Associations Article</i>	1-5
§ 1.2. <i>Construction of the Corporations and Associations Article</i>	1-5
§ 1.3. <i>Reservation of Power to Amend or Repeal Charter</i>	1-6
§ 1.4. <i>Filing Documents for Record</i>	1-6
§ 1.5. <i>Execution of Articles and Other Documents</i>	1-6
§ 1.6. <i>Alternative to Acknowledgment and Verification under Oath</i>	1-7
§ 1.7. <i>Corporate Acknowledgments</i>	1-8
§ 1.8. <i>Corporate Seal</i>	1-8
§ 1.9. <i>Expedited Processing of Documents by the SDAT</i>	1-9
§ 1.10. <i>Fax Service</i>	1-9
§ 1.11. <i>Recording and Filing Fees</i>	1-10
§ 1.11.1. <i>Fee for Recording and Filing Articles</i>	1-10
§ 1.11.2. <i>Fee for Filed but Unrecorded Documents</i>	1-11
§ 1.11.3. <i>Fee for Certificates</i>	1-12
§ 1.11.4. <i>Fee for Service of Process on the SDAT</i>	1-12
§ 1.11.5. <i>Fee for Expedited Service</i>	1-12
§ 1.12. <i>Organization and Capitalization Fee</i>	1-12
§ 1.12.1. <i>Organization and Capitalization Fee Schedule Based on Aggregate Par Value</i>	1-13
§ 1.12.2. <i>Fee for Increase in Aggregate Par Value</i>	1-13
§ 1.12.3. <i>Fee for Consolidation or Merger of Existing Corporations</i>	1-14
§ 1.12.4. <i>Fee Schedule for Nonstock Corporations</i>	1-14
§ 1.13. <i>Effective Time and Date for Recording or Filing</i>	1-14
§ 1.14. <i>Correcting Filed Documents</i>	1-14
§ 1.15. <i>Filing Duty of the SDAT and Rejected Documents</i>	1-15
§ 1.16. <i>Evidence of Corporate Existence and Payment of Fees and Taxes</i>	1-15
§ 1.17. <i>Annual Personal Property Return/Annual Report</i>	1-16
§ 1.18. <i>Maryland Corporation Income Tax Return</i>	1-16
SECTION 2. PURPOSES AND POWERS	1-16
§ 1.20. <i>Purpose for Which a Corporation May Be Formed</i>	1-16
§ 1.21. <i>General Powers of a Corporation</i>	1-16
§ 1.22. <i>Ultra Vires</i>	1-18
SECTION 3. INCORPORATION	1-18
§ 1.30. <i>Incorporators</i>	1-18

CONTENTS

§1.31.	<i>Corporate Existence</i>	1-19
§1.32.	<i>Articles of Incorporation</i>	1-19
§1.32.1.	<i>Required Provisions</i>	1-19
§1.32.2.	<i>Optional Provisions</i>	1-20
§1.32.3.	<i>Optional Provisions Governing Stock</i>	1-21
§1.32.4.	<i>Terms of Stock May Depend on Extrinsic Facts</i>	1-22
§1.33.	<i>Organization Meeting of Directors</i>	1-22
§1.34.	<i>Adopting and Amending of Bylaws</i>	1-22
§1.35.	<i>Contents of Bylaws</i>	1-23
§1.36.	<i>Keeping the Bylaws</i>	1-23
SECTION 4.	CORPORATION NAME	1-23
§1.40.	<i>Definitions</i>	1-23
§1.41.	<i>Name Requirements</i>	1-24
§1.42.	<i>Distinctive Factors</i>	1-25
§1.43.	<i>Nondistinctive Factors</i>	1-25
§1.44.	<i>Reservation of Name</i>	1-26
§1.45.	<i>Registration of the Name of a Foreign Corporation</i>	1-26
§1.46.	<i>Procedure for Registering the Name of Foreign Corporation</i>	1-27
§1.47.	<i>Trade Name</i>	1-27
§1.48.	<i>Penalties for Improper Use of Corporate Indication</i>	1-28
SECTION 5.	OFFICE AND AGENT	1-29
§1.50.	<i>Principal Office and Resident Agent</i>	1-29
§1.51.	<i>Notice of Change Filed by Corporation</i>	1-29
§1.52.	<i>Notice of Change Filed by Resident Agent</i>	1-30
§1.53.	<i>Resignation of Resident Agent</i>	1-30
§1.54.	<i>Service of Process and Notice</i>	1-30
§1.55.	<i>Substituted Service on SDAT</i>	1-31
§1.56.	<i>Service of Process and Personal Jurisdiction over Foreign Corporations</i>	1-32
Form 1-14.	Certificate of Correction	1-34
Form 1-17-A.	SDAT Form: Annual Personal Property Return/Annual Report for 2006	1-36
Form 1-17-B.	SDAT Form: 60 Day Extension Request for Filing Annual Report for 2001	1-40
Form 1-18.	Comptroller Form: Maryland Corporation Income Tax Return for 2001	1-42
Form 1-32-1.	Articles of Incorporation for a Maryland Corporation	1-44
Form 1-32-2.	Additional/Optional Charter Provisions for Particular Matters	1-50
	A. Staggered Board of Directors	1-50
	B. Capped Voting Rights	1-51
	C. Time Weighted Voting Rights	1-53
	D. Restrictions on Naming Nominees and Proposing Matters at Meetings of Stockholders	1-54
	E. Business Judgment Rule in Connection with a Change of Control Transaction	1-54
	F. Supermajority Vote of Stockholders to Amend the Bylaws	1-55
	G. Supermajority Vote of Stockholders to Amend any Existing Charter Provision	1-56
	H. Uncertificated Shares	1-56

	I. Prohibiting Election to be Governed by the Unsolicited Takeover	
	Legislation	1-57
Form 1-32-3.	Articles of Incorporation for a Maryland Subsidiary Corporation	1-59
Form 1-32-4.	Articles of Incorporation for a Maryland Trust Company	1-62
Form 1-33-A.	Organization Meeting of Directors/Unanimous Written Consent of Directors	1-64
Form 1-33-B.	Additional/Optional Resolutions for Organization Meeting of Directors	1-68
	A. Foreign State Qualification	1-68
	B. Business Combinations	1-68
	C. Stock Option Plan	1-68
	D. Subchapter S Election	1-68
	E. Reclassification and Articles Supplementary	1-68
	F. Transfer Agent and Registrar	1-69
Form 1-34-A.	Bylaws for a Maryland Corporation	1-70
Form 1-34-B.	Additional/Optional Bylaw Provisions for Particular Matters	1-83
	A. Advance Notice to Board of Directors for Business to be Transacted at Stockholder Meetings	1-83
	B. Increasing Director Vote Required to Alter the Number of Directors	1-86
	C. Staggered Board of Directors	1-86
	D. Removal of Directors on Staggered Board	1-86
	E. Vacancies on the Board	1-86
	F. Special Meeting of Directors	1-87
	G. Meeting by Conference Telephone	1-87
	H. Resignation of Directors, Presumption of Assent, and Advisory Directors	1-87
	I. Exemption from the Control Share Acquisition Statute	1-88
	J. Loans and Deposits	1-88
	K. Supermajority Vote to Repeal, Alter, Amend, or Rescind the Bylaws	1-88
	L. Certain Persons May Contract on Behalf of the Corporation, Reliance by the Directors and Officers on Information Provided by Others	1-88
Form 1-34-C.	Bylaws for a Maryland Subsidiary Corporation	1-90
Form 1-44-A.	Application to Reserve Corporate Name	1-99
Form 1-44-B.	SDAT Form: Foreign Corporation Name Registration/Name Renewal Application	1-100
Form 1-44-C.	Consent to Use of Similar Name Letter	1-101
Form 1-47-A.	SDAT Form: Trade Name Application	1-102
Form 1-47-B.	SDAT Form: Trade Name Amendment or Cancellation Application	1-104

Form 1-47-C.	SDAT Form: Foreign Corporation Assumed Name	1-106
Form 1-50.	Consent of Resident Agent	1-108
Form 1-52-A.	SDAT Form: Resident Agent's Notice of Change of Address—Filed by Resident Agent	1-109
Form 1-52-B.	Statement Changing Address of Resident Agent—Filed by Corporation	1-110
Form 1-52-C.	Certificate Changing Name and Address of Resident Agent and Address of Principal Office for a Maryland Corporation	1-111
Form 1-52-D.	Certificate Changing Name and Address of Resident Agent and Address of Principal Office for a Foreign Corporation	1-113

CHAPTER 2: STOCK AND DISTRIBUTIONS

SECTION 1. STOCK	2-3
§ 2.1. <i>Introduction</i>	2-3
§ 2.1.1. <i>Conversion Rights</i>	2-3
§ 2.1.2. <i>Redemption Rights</i>	2-4
§ 2.2. <i>Terms of Classes or Series of Stock Determined by the Board of Directors</i>	2-4
§ 2.3. <i>Rights Determined by Extrinsic Facts</i>	2-4
§ 2.4. <i>Restrictions on Transferability</i>	2-4
§ 2.5. <i>Articles Supplementary</i>	2-5
§ 2.6. <i>Fractional Shares</i>	2-5
§ 2.7. <i>Lost Stock Certificate</i>	2-7
§ 2.8. <i>No Preemptive Rights</i>	2-7
§ 2.9. <i>Acquisition of its Own Stock by a Corporation</i>	2-7
SECTION 2. ISSUANCE OF STOCK	2-8
§ 2.20. <i>Power to Issue Stock</i>	2-8
§ 2.21. <i>Subscription for Stock</i>	2-8
§ 2.22. <i>Authorizing the Issuance of Stock</i>	2-9
§ 2.23. <i>Authorizing the Issuance of Convertible Stock and Stock Options</i>	2-10
§ 2.24. <i>Potential Limitations on the Issuance of Stock</i>	2-10
§ 2.25. <i>Price and Consideration for Stock</i>	2-10
§ 2.26. <i>Payment for Stock and Convertible Securities</i>	2-11
§ 2.27. <i>Stock Certificates</i>	2-12
§ 2.27.1. <i>Form and Content of Stock Certificates</i>	2-12
§ 2.27.2. <i>Uncertificated Shares</i>	2-13
§ 2.28. <i>Liability</i>	2-13
§ 2.28.1. <i>Liability of Directors and Officers for Issuing Stock</i>	2-13
§ 2.28.2. <i>Liability of Subscribers and Stockholders</i>	2-13
§ 2.29. <i>Expense of Issue</i>	2-14
SECTION 3. DISTRIBUTIONS TO STOCKHOLDERS	2-14
§ 2.30. <i>Introduction</i>	2-14
§ 2.31. <i>Equity Insolvency Test and Balance Sheet Test</i>	2-14
§ 2.32. <i>Measuring the Effect of Indebtedness</i>	2-15
§ 2.33. <i>Time of Measuring the Effect of Distribution</i>	2-16
§ 2.34. <i>Status of Indebtedness to Stockholder</i>	2-16

§2.35. <i>Stock Dividends and Stock Splits</i>	2-16
§2.35.1. Stock Dividends	2-17
§2.35.2. Stock Split	2-17
§2.35.3. Reverse Stock Split	2-17
§2.36. <i>Determining the Amount of Stated Capital and Capital Surplus</i>	2-18
§2.36.1. “Stated Capital” Defined	2-18
§2.36.2. Stock with Par Value	2-18
§2.36.3. Stock without Par Value	2-18
§2.36.4. Stock Issued in Consolidation, Merger, or Acquisition of Another Corporation	2-18
§2.36.5. Surplus Considered Capital Surplus	2-18
§2.36.6. Application of Capital Surplus	2-18.1
§2.37. <i>Liabilities of Directors for Unlawful Distributions</i>	2-19
SECTION 4. APPENDIX TO CHAPTER 2	2-19
Form 2-1-1. Automatic Conversion of Preferred Stock on a Public Offering	2-23
Form 2-2-A. Two Classes of Common Stock	2-24
Form 2-2-B. Two Classes or More Classes of Stock with Different Rights — Blank Check Provisions	2-25
Form 2-2-C. Terms of Common and Convertible Preferred Stock — Private Financing with Going Public Expectations	2-26
Form 2-2-D. Terms of Cumulative Preferred Stock	2-39
Form 2-2-E. Terms of Convertible Preferred Stock	2-44
Form 2-2-F. Warrant to Purchase Common Stock	2-55
Form 2-2-G. Securities Law Compliance	2-64
Form 2-5. Articles Supplementary	2-65
Form 2-7. Lost Stock Certificate Affidavit and Indemnity Agreement	2-67
Form 2-21. Stock Subscription Letter	2-69
Form 2-27. Alternative and Optional Statements on Stock Certificates	2-70

CHAPTER 3: DIRECTORS AND OFFICERS

SECTION 1. DIRECTORS 3-3

 § 3.1. *Introduction* 3-3

 § 3.2. *Management of Corporation's Business* 3-4

 § 3.3. *Functions and Powers of the Board of Directors* 3-4

 § 3.4. *Number of Directors* 3-6

 § 3.5. *Election and Tenure of Directors* 3-6

 § 3.6. *Qualification of Directors* 3-7

 § 3.7. *Board Meetings* 3-7

 § 3.8. *Notice of Board Meeting* 3-8

 § 3.9. *Directors Taking Action* 3-8

 § 3.9.1. *Majority Rule* 3-8

 § 3.9.2. *Quorum Requirements* 3-8

 § 3.9.3. *Informal Action by Directors* 3-8

 § 3.10. *Director Dissenting from Board Action* 3-9

 § 3.11. *Executive and Other Board Committees* 3-9

 § 3.11.1. *Appointment by the Board* 3-9

 § 3.11.2. *Board Committee Meetings* 3-10

 § 3.11.3. *Informal Action by Committee* 3-10

 § 3.11.4. *Restrictions and Requirements on Delegating Power to Board Committees* ... 3-10

 § 3.12. *Vacancy on the Board of Directors* 3-11

 § 3.12.1. *Stockholders' Power to Fill Vacancy* 3-11

 § 3.12.2. *Board's Power to Fill Vacancy* 3-11

 § 3.12.3. *Tenure of Director Elected to Fill a Vacancy* 3-11

 § 3.13. *Directors Holding Over* 3-12

 § 3.14. *Removing a Director* 3-12

SECTION 2. DUTY OF CARE AND DUTY OF LOYALTY 3-13

 § 3.20. *Duty of Care* 3-14

 § 3.20.1. *Section 2-405.1 of the General Corporation Law* 3-14

 § 3.20.2. *Based on the Model Act* 3-15

 § 3.20.3. *Standard of Care Not a Codification of the Business Judgment Rule* 3-16

 § 3.21. *Other Aspects of the Duty of Care* 3-17

 § 3.21.1. *Regular Attendance and Participation at Board Meetings* 3-17

 § 3.21.2. *Reliance on Information from Others* 3-17

 § 3.22. *Recent Developments* 3-18

 § 3.23. *Liability under the Standard of Care Provision* 3-18

 § 3.24. *Charter Provision Limiting Director and Officer Liability* 3-18

 § 3.25. *The Business Judgment Rule* 3-19

 § 3.25.1. *Purpose of the Business Judgment Rule* 3-19

 § 3.25.2. *Applying the Business Judgment Rule* 3-20

 § 3.25.3. *Burden of Proof* 3-22

 § 3.26. *Duty of Loyalty* 3-22

 § 3.27. *Interested Director Transactions* 3-22

§ 2.35.	<i>Stock Dividends and Stock Splits</i>	2-16
§ 2.35.1.	Stock Dividends	2-17
§ 2.35.2.	Stock Split	2-17
§ 2.36.	<i>Determining the Amount of Stated Capital and Capital Surplus</i>	2-17
§ 2.36.1.	“Stated Capital” Defined	2-17
§ 2.36.2.	Stock with Par Value	2-18
§ 2.36.3.	Stock without Par Value	2-18
§ 2.36.4.	Stock Issued in Consolidation, Merger, or Acquisition of Another Corporation	2-18
§ 2.36.5.	Surplus Considered Capital Surplus.	2-18
§ 2.36.6.	Application of Capital Surplus	2-18
§ 2.37.	<i>Liabilities of Directors for Unlawful Distributions</i>	2-19
SECTION 4.	APPENDIX TO CHAPTER 2	2-19
Form 2-1-1.	Automatic Conversion of Preferred Stock on a Public Offering, see Form 2-2-C. Terms of Common and Convertible Preferred Stock — Private Preferred Financing with Going Public Expectations, Section B.6.	2-23
Form 2-2-A.	Two Classes of Common Stock	2-24
Form 2-2-B.	Two Classes or More Classes of Stock with Different Rights—Blank Check Provisions, see Form 1-32-1, Articles of Incorporation for a Maryland Corporation, Article Sixth, Section (c)	2-25
Form 2-2-C.	Terms of Common and Convertible Preferred Stock — Private Financing with Going Public Expectations	2-26
Form 2-2-D.	Terms of Cumulative Preferred Stock	2-39
Form 2-2-E.	Terms of Convertible Preferred Stock	2-44
Form 2-2-F.	Warrant to Purchase Common Stock	2-55
Form 2-2-G.	Securities Law Compliance	2-64
	A. Legend to be Included on the Face of Certificates for Securities Issued in Transactions Exempt from Federal and State Securities Laws, see Legend at the beginning of Form 2-2-F. Warrant to Purchase Common Stock.	
	B. Contractual Provision Relating to Securities Law Compliance, see Form 2-2-F. Warrant to Purchase Common Stock, Paragraph (j).	
	C. Registration Rights under the Securities Act of 1933, see Form 2-2-F. Warrant to Purchase Common Stock, Paragraph (k)	
Form 2-5.	Articles Supplementary	2-65
Form 2-7.	Lost Stock Certificate Affidavit and Indemnity Agreement	2-67
Form 2-21.	Stock Subscription Letter	2-69
Form 2-27.	Alternative and Optional Statements on Stock Certificates	2-70

CHAPTER 3: DIRECTORS AND OFFICERS

SECTION 1. DIRECTORS 3-3

 § 3.1. *Introduction* 3-3

 § 3.2. *Management of Corporation's Business* 3-4

 § 3.3. *Functions and Powers of the Board of Directors* 3-4

 § 3.4. *Number of Directors* 3-6

 § 3.5. *Election and Tenure of Directors* 3-6

 § 3.6. *Qualification of Directors* 3-7

 § 3.7. *Board Meetings* 3-7

 § 3.8. *Notice of Board Meeting* 3-8

 § 3.9. *Directors Taking Action* 3-8

 § 3.9.1. *Majority Rule* 3-8

 § 3.9.2. *Quorum Requirements* 3-8

 § 3.9.3. *Informal Action by Directors* 3-8

 § 3.10. *Director Dissenting from Board Action* 3-9

 § 3.11. *Executive and Other Board Committees* 3-9

 § 3.11.1. *Appointment by the Board* 3-9

 § 3.11.2. *Board Committee Meetings* 3-10

 § 3.11.3. *Informal Action by Committee* 3-10

 § 3.11.4. *Restrictions and Requirements on Delegating Power to Board Committees* ... 3-10

 § 3.12. *Vacancy on the Board of Directors* 3-11

 § 3.12.1. *Stockholders' Power to Fill Vacancy* 3-11

 § 3.12.2. *Board's Power to Fill Vacancy* 3-11

 § 3.12.3. *Tenure of Director Elected to Fill a Vacancy* 3-11

 § 3.13. *Directors Holding Over* 3-12

 § 3.14. *Removing a Director* 3-12

SECTION 2. DUTY OF CARE AND DUTY OF LOYALTY 3-13

 § 3.20. *Duty of Care* 3-14

 § 3.20.1. *Section 2-405.1 of the General Corporation Law* 3-14

 § 3.20.2. *Based on the Model Act* 3-15

 § 3.20.3. *Standard of Care Not a Codification of the Business Judgment Rule* 3-16

 § 3.21. *Other Aspects of the Duty of Care* 3-17

 § 3.21.1. *Regular Attendance and Participation at Board Meetings* 3-17

 § 3.21.2. *Reliance on Information from Others* 3-17

 § 3.22. *Recent Developments* 3-18

 § 3.23. *Liability under the Standard of Care Provision* 3-18

 § 3.24. *Charter Provision Limiting Director and Officer Liability* 3-18

 § 3.25. *The Business Judgment Rule* 3-19

 § 3.25.1. *Purpose of the Business Judgment Rule* 3-19

 § 3.25.2. *Applying the Business Judgment Rule* 3-20

 § 3.25.3. *Burden of Proof* 3-22

 § 3.26. *Duty of Loyalty* 3-22

 § 3.27. *Interested Director Transactions* 3-22

§ 3.27.1.	Procedure for Approving Interested Director Transactions	3-23
§ 3.27.2.	Lacking Approval of Interested Transaction	3-24
§ 3.27.3.	Standards of Indemnification as an Alternative to Ratification	3-24
§ 3.28.	<i>Corporate Opportunity</i>	3-25
§ 3.29.	<i>Ratification of Breaches of the Duties of Care and Loyalty</i>	3-26
SECTION 3.	OFFICERS	3-27
§ 3.30.	<i>Required and Permitted Officers</i>	3-27
§ 3.31.	<i>Election, Tenure, and Removal of Officers</i>	3-27
§ 3.32.	<i>Powers and Duties of Officers and Agents</i>	3-27
§ 3.33.	<i>Officers Holding More Than One Office</i>	3-28
§ 3.34.	<i>Financial Assistance to Officers and Employees</i>	3-28
SECTION 4.	INDEMNIFICATION	3-28
§ 3.40.	<i>Definition of “Director” for Indemnification</i>	3-28
§ 3.41.	<i>Generally</i>	3-29
§ 3.42.	<i>Payment of Expenses in Advance of Disposition of Action</i>	3-29
§ 3.43.	<i>Standard of Conduct for Permissive Indemnification of Directors</i>	3-29
§ 3.44.	<i>No Indemnification for Director Found Liable for Improper Personal Benefit</i>	3-31
§ 3.45.	<i>Mandatory Indemnification</i>	3-31
§ 3.46.	<i>Court-Ordered Indemnification</i>	3-31
§ 3.47.	<i>Determining Permissive Indemnification</i>	3-31
§ 3.48.	<i>Authorizing Indemnification and Determining Reasonableness of Expenses</i>	3-32
§ 3.49.	<i>Reporting Indemnification to Stockholders</i>	3-33
§ 3.50.	<i>Statutory Indemnification Not Exclusive</i>	3-33
§ 3.51.	<i>Officer, Employee, and Agent Indemnification</i>	3-33
§ 3.52.	<i>Insurance or Similar Protection for Directors, Officers, Employees, or Agents</i> . . .	3-33
Form 3-24.	Indemnification Provisions/Indemnification Agreement	3-35
	A. Charter Indemnification Provision, see Form 1-32-1, Article Eighth, Section (a)(5)	
	B. Bylaw Indemnification Provision, see Form 1-34-A, Article Eighth	
	C. Charter Limiting Liability Provision, see Form 1-32-1, Article Eighth, Section (a)(6)	
	D. Indemnification Agreement	
Form 3-42.	Affirmation and Undertaking	3-41
CHAPTER 4: STOCKHOLDERS		
SECTION 1.	GENERAL STOCKHOLDER PROVISIONS	4-3
§ 4.1.	<i>Annual Meeting of Stockholders</i>	4-3
§ 4.2.	<i>Special Meeting of Stockholders</i>	4-3
§ 4.3.	<i>Participation in Meeting via Conference Communications</i>	4-4
§ 4.4.	<i>Notice of Meetings</i>	4-5
§ 4.5.	<i>Notice to the Corporation from Stockholder</i>	4-5
§ 4.6.	<i>Place of Meeting</i>	4-5
§ 4.7.	<i>Informal Action by Stockholders</i>	4-6

MARYLAND CORPORATE FORMS AND PRACTICE MANUAL

§ 4.8.	<i>Quorum and Voting Requirements</i>	4-6
§ 4.9.	<i>Right to Vote and Voting by Proxy</i>	4-6
§ 4.10.	<i>Revocability of Proxies</i>	4-7
§ 4.11.	<i>Voting by Certain Holders of Stock</i>	4-7
§ 4.11.1.	Stock Held by Fiduciary	4-8
§ 4.11.2.	Stock Held by Pledgee	4-8
§ 4.11.3.	Jointly Held Stock	4-8
§ 4.12.	<i>Voting of Stock Held by Corporation</i>	4-8
§ 4.13.	<i>Voting Trust</i>	4-9
§ 4.13.1.	Comparing Voting Trusts with Proxies	4-9
§ 4.13.2.	Creating a Voting Trust	4-10
§ 4.14.	<i>Record Date and Closing the Stock Transfer Book</i>	4-11
§ 4.15.	<i>Stockholder's Right of Inspection</i>	4-12
§ 4.16.	<i>Additional Right of Inspection by Stockholders Holding 5 Percent of Stock</i>	4-12
§ 4.17.	<i>Certification of Beneficial Ownership</i>	4-13
SECTION 2.	STOCKHOLDER ACTION	4-13
§ 4.20.	<i>Comparing Direct Action with Derivative Action</i>	4-13
§ 4.21.	<i>Ownership Requirements to Bring Derivative Suit</i>	4-15
§ 4.21.1.	Contemporaneous Ownership Requirement	4-15
§ 4.21.2.	Unclean Hands Doctrine	4-16
§ 4.21.3.	Possible Exception	4-16
§ 4.22.	<i>Standing and Valid Grounds to Sue</i>	4-16
§ 4.23.	<i>Demand on the Board of the Directors</i>	4-17
§ 4.24.	<i>Demand Futile</i>	4-17
§ 4.25.	<i>Demand on the Stockholders</i>	4-18
§ 4.26.	<i>Board's Response before Filing—Presuit Investigation Committee</i>	4-19
§ 4.27.	<i>Board's Response after Filing—Special Litigation Committee</i>	4-20
Form 4-1-A.	Board Resolutions Regarding Annual Meeting of Stockholders	4-22
Form 4-1-B.	Forms for Annual Meeting of Stockholders	4-23
	A. Script and Agenda	4-23
	B. Certificate of Secretary as to Mailing Notice, Proxy Material, and Annual Report	4-27
	C. Certificate of Secretary as to Quorum	4-28
	D. Ballot—Management Proxies	4-29
	E. Ballot—Stockholder Voting in Person or by Special Proxy	4-30
	F. Report of the Secretary on Election of Directors	4-31
	G. Ballot—Management Proxies	4-32
	H. Ballot—Stockholder Voting in Person or by Special Proxy	4-33
	I. Report of Secretary on Motion	4-34
Form 4-4-A.	Notice of Annual Stockholder Meeting	4-35
Form 4-4-B.	Notice of Special Stockholder Meeting	4-36
Form 4-7.	Informal Action/Written Consent of Stockholders	4-37
Form 4-9-A.	Public Corporation Proxy	4-38
Form 4-9-B.	Private Corporation Proxy	4-40

Form 4-9-C.	Increasing Stockholder Vote Required to Amend the Charter and Bylaws	4-41
	A. Supermajority Vote of Stockholders to Amend the Charter, see Form 1-32-2. Additional/Optional Provisions for Particular Matters, Section G.	
	B. Supermajority Vote of Stockholders to Amend the Bylaws, see Form 1-32-2. Additional/Optional Provisions for Particular Matters, Section F.	
Form 4-9-D.	Restrictions on Stockholder Voting Rights	4-42
	A. Capped Voting Rights, see Form 1-32-2, Additional/Optional Charter Provisions for Particular Matters, Section B	
	B. Time Weighted Voting rights, see Form 1-32-2. Additional/Optional Provisions for Particular Matters, Section C	
Form 4-10-A.	Specialized Form of Irrevocable Proxy	4-43
Form 4-10-B.	Irrevocable Proxy in Connection with Pledge of Shares	4-46
Form 4-13.	Voting Trust Documents	4-48
	A. Notice of Transfer	4-48
	B. Common Stock Transfer Agreement	4-49
	C. Stock Power	4-53
	D. Voting Trust Agreement	4-54
	E. Voting Trust Certificate	4-59

CHAPTER 5: FUNDAMENTAL CHANGES		
§ 5.1.	<i>Introduction</i>	5-3
§ 5.2.	<i>Statutory Authority for Fundamental Changes</i>	5-3
§ 5.3.	<i>Consideration for Stock or Assets</i>	5-4
§ 5.4.	<i>Approving Fundamental Changes</i>	5-4
§ 5.5.	<i>Exceptions to Stockholder Approval of Fundamental Changes</i>	5-5
§ 5.6.	<i>Notice of Fundamental Changes to the Stockholders</i>	5-6
§ 5.7.	<i>Business Combinations and Control Share Transactions</i>	5-6
§ 5.8.	<i>Failure to Comply with the Statutory Procedures</i>	5-6
§ 5.9.	<i>Filing the Articles of Consolidation, Merger, Share Exchange, or Transfer of Assets</i>	5-7
§ 5.10.	<i>Abandoning the Proposed Transaction</i>	5-7
§ 5.11.	<i>Contents of the Articles</i>	5-7
§ 5.11.1.	For All Articles	5-7
§ 5.11.2.	For Articles of Consolidation	5-8
§ 5.11.3.	For Articles of Merger	5-8
§ 5.11.4.	For Articles of Share Exchange	5-9
§ 5.11.5.	For Articles of Transfer	5-9
§ 5.12.	<i>Action by the SDAT</i>	5-10
§ 5.13.	<i>Property Certificate for Assessment Records</i>	5-10
§ 5.14.	<i>Time Fundamental Change Effective</i>	5-10

§ 5.15.	<i>Effect of Consolidation or Merger</i>	5-11
§ 5.15.1.	Powers of the Successor Corporation	5-11
§ 5.15.2.	Transfer of Property, Rights, Privileges, and Franchises	5-11
§ 5.15.3.	Successor Corporation Liable for Debts and Obligations	5-11
§ 5.15.4.	Bylaws of the Successor Corporation Formed by Consolidation	5-12
§ 5.16.	<i>Effect of Share Exchange</i>	5-12
§ 5.17.	<i>Effect of Transfer of Assets</i>	5-12
§ 5.17.1.	Successor Corporation May Be Liable for Debts and Obligations	5-12
§ 5.18.	<i>Merger of Subsidiary Corporation into Parent Corporation</i>	5-13
§ 5.18.1.	Rights of Minority Stockholders of Subsidiary Corporation	5-14
§ 5.19.	<i>Transfer of Assets in the Ordinary Course of Business.</i>	5-14
Form 5-4.	Resolution Declaring Proposed Fundamental Changes Advisable	5-15
Form 5-11-3-A.	Articles of Merger (Between Two Maryland Corporations)	5-16
Form 5-11-3-B.	Articles of Merger — Additional and Alternative Provisions for Merger with Foreign Corporations	5-21
Form 5-11-3-C.	Articles of Merger (Between a Maryland Corporation and a Delaware Corporation — Maryland Successor)	5-22
Form 5-11-4.	Articles of Share Exchange	5-26
Form 5-11-5.	Articles of Transfer	5-29
Form 5-13.	SDAT Form: Certificate of Conveyance/Property Certificate	5-32
Form 5-17.	Transfer of Assets Assumption Agreement	5-86
 CHAPTER 6: TAKEOVER LEGISLATION		
SECTION 1.	INTRODUCTION	6-3
SECTION 2.	THE MARYLAND BUSINESS COMBINATION ACT	6-3
§ 6.20.	<i>Introduction</i>	6-3
§ 6.21.	<i>Definitions</i>	6-4
§ 6.21.1	“Affiliate” or “Affiliated Person”	6-4
§ 6.21.2	“Announcement Date”	6-4
§ 6.21.3	“Associate”	6-4
§ 6.21.4	“Beneficial Owner”	6-4
§ 6.21.5	“Business Combination”	6-5
§ 6.21.6	“Control”	6-6
§ 6.21.7	“Determination Date”	6-6
§ 6.21.8	“Interested Stockholder”	6-6
§ 6.12.9	“Market Value”	6-7
§ 6.21.10	“Valuation Date”	6-7
§ 6.22.	<i>Business Combinations Prohibited</i>	6-7
§ 6.23.	<i>Business Combination Exemption—Fair Price</i>	6-8
§ 6.24.	<i>Business Combination Exemption—Resolution by the Board of Directors</i>	6-10
§ 6.25.	<i>Business Combination Exemption—Certain Types of Corporations</i>	6-11
SECTION 3.	THE MARYLAND CONTROL SHARE ACQUISITION ACT	6-12
§ 6.30.	<i>Introduction</i>	6-12
§ 6.31.	<i>Definitions</i>	6-12

§ 6.31.1	“Acquiring Person”	6-12
§ 6.31.2	“Associate”	6-12
§ 6.31.3	“Control Shares”	6-13
§ 6.31.4	“Control Share Acquisition”	6-13
§ 6.31.5	“Interested Shares”	6-14
§ 6.32.	<i>Voting Rights</i>	6-14
§ 6.33.	<i>Acquiring Person Statement</i>	6-15
§ 6.34.	<i>Special Meeting to Determine Voting Rights for Control Shares</i>	6-15
§ 6.35.	<i>Notice of Special Meeting</i>	6-16
§ 6.36.	<i>Corporation’s Right to Redeem Control Shares</i>	6-16
§ 6.37.	<i>Status of Objecting Stockholders</i>	6-17
SECTION 4. THE 1999 UNSOLICITED TAKEOVER LEGISLATION		6-17
§ 6.40.	<i>Introduction</i>	6-17
§ 6.41.	<i>Definitions</i>	6-18
§ 6.41.1	“Acquiring Person”	6-18
§ 6.41.2	“Affiliate”	6-18
§ 6.41.3	“Associate”	6-18
§ 6.41.4	“Beneficial Owner”	6-18
§ 6.41.5	“Control”	6-18
§ 6.41.6	“Director”	6-19
§ 6.41.7	“Stockholder”	6-19
§ 6.41.8	“Subsidiary”	6-19
§ 6.42.	<i>Effect of the New Subtitle</i>	6-19
§ 6.42.1	Classified Board	6-19
§ 6.42.2	Special Meetings of Stockholders	6-20
§ 6.43.	<i>Eligibility and Manner of Election</i>	6-20
§ 6.43.1.	Stockholder Rights Plans	6-20
§ 6.43.2.	Statutory Provisions	6-20
§ 6.44.	<i>Directors’ Duties in the Takeover Context</i>	6-21
Form 6-1.	Board Resolution to Limit the Applicability of the Maryland Business Combination Act and the Maryland Control Share Acquisition Act . . .	6-23
Form 6-43-A.	Stockholder Rights Plan Agreement	6-27
	Exhibit A: Rights Certificate	6-51
	Exhibit B: Articles Supplementary	6-57
Form 6-43-B.	Confidential Memorandum from Counsel—First Submission	6-61
Form 6-43-C.	Follow-up Confidential Memorandum from Counsel	6-69
Form 6-43-D.	Resolutions for Consideration by the Board of Directors	6-70
Form 6-43-E.	Summary of Stockholder Rights Plan	6-75
Form 6-43-F.	Checklist of General Procedures for Issuing Rights.	6-78
CHAPTER 7: APPRAISAL RIGHTS OF OBJECTING STOCKHOLDERS		
§ 7.1.	<i>Introduction</i>	7-2
§ 7.2.	<i>General Rule</i>	7-2
§ 7.3.	<i>When the Right to Fair Value Does Not Apply</i>	7-3

MARYLAND CORPORATE FORMS AND PRACTICE MANUAL

§ 7.4.	<i>Basis for Determining Fair Value</i>	7-3
§ 7.5.	<i>Procedure to Elect the Appraisal Remedy</i>	7-4
§ 7.6.	<i>Effect of Demand on Dividend and Other Rights</i>	7-5
§ 7.7.	<i>Withdrawal of Demand</i>	7-5
§ 7.8.	<i>Restoration of Dividend and Other Rights to Objecting Stockholder</i>	7-5
§ 7.9.	<i>Notice and Offer to Objecting Stockholders</i>	7-5
§ 7.10.	<i>Petition for Appraisal</i>	7-6
§ 7.11.	<i>Notation on the Stock Certificates</i>	7-6
§ 7.12.	<i>Judicial Appraisal Proceeding to Determine Fair Value</i>	7-7
§ 7.13.	<i>Court Action Based on Report</i>	7-7
§ 7.14.	<i>Judgment with Interest</i>	7-8
§ 7.15.	<i>Assessment of Costs and Expenses for the Judicial Appraisal Proceeding</i>	7-8
§ 7.16.	<i>No Payment until Surrender of Stock</i>	7-8
§ 7.17.	<i>Rights of a Successor with Respect to Stock Acquired from an Objecting Stockholder</i>	7-9
Form 7-2.	Federal Securities Law Document Disclosure Regarding Appraisal Rights	7-10
Form 7-5-A.	Notice of Objection to Proposed Amendment to the Articles of Incorporation	7-13
Form 7-5-B.	Demand for Payment for Stock	7-14
Form 7-9.	Notice and Offer to Stockholder	7-15
Form 7-10.	Petition for Appraisal	7-16
CHAPTER 8: AMENDMENT AND RESTATEMENT OF CHARTER		
§ 8.1.	<i>Introduction</i>	8-2
§ 8.2.	<i>Amending the Charter</i>	8-2
§ 8.2.1.	<i>Amendment by the Board of Directors</i>	8-3
§ 8.2.2.	<i>Amendment Before Issuance of Stock</i>	8-4
§ 8.2.3.	<i>Amendment When Stock Outstanding or Subscribed for</i>	8-4
§ 8.2.4.	<i>Required Provisions</i>	8-5
§ 8.2.5.	<i>Required Provisions When Increasing Authorized Stock</i>	8-5
§ 8.3.	<i>Restating the Charter</i>	8-5
§ 8.3.1.	<i>Required Provisions</i>	8-5
§ 8.3.2.	<i>Prohibited Provisions</i>	8-6
§ 8.4.	<i>Amending and Restating the Charter</i>	8-6
§ 8.5.	<i>Executing and Filing of the Articles</i>	8-6
§ 8.6.	<i>Effective Time of Articles</i>	8-7
§ 8.7.	<i>Abandonment of Proposed Amendment</i>	8-7
Form 8-2.	Articles of Amendment	8-8
Form 8-3.	Articles of Restatement	8-10
Form 8-4.	Articles of Amendment and Restatement	8-11

CHAPTER 9: DISSOLUTION, FORFEITURE, REVIVAL, AND EXTENSION

SECTION 1. VOLUNTARY DISSOLUTION 9-3

 § 9.1. *Voluntary Dissolution by Incorporators or Board of Directors 9-3*

 § 9.2. *Voluntary Dissolution by Board of Directors and Stockholders 9-3*

 § 9.3. *Contents of the Articles of Dissolution 9-4*

 § 9.4. *Execution of the Articles of Dissolution 9-4*

 § 9.5. *Notice to Creditors and Employees Prior to Filing 9-4*

 § 9.6. *Filing the Articles of Dissolution 9-4*

 § 9.7. *Effect of Dissolution and Time Voluntary Dissolution Effective 9-5*

 § 9.8. *Revocation of Dissolution 9-5*

 § 9.9. *Powers of Directors in Voluntary Dissolution. 9-5*

 § 9.10. *Appointment of Receiver in Voluntary Dissolution 9-6*

 § 9.11. *Distributions to Stockholders in Voluntary Dissolution 9-6*

 § 9.12. *Liability of Directors 9-7*

SECTION 2. INVOLUNTARY DISSOLUTION. 9-7

 § 9.20. *Grounds for Involuntary Dissolution 9-7*

 § 9.20.1. *Petition by Stockholders. 9-7*

 § 9.20.2. *Petition by Creditors. 9-8*

 § 9.20.3. *Petition by the Attorney General 9-9*

 § 9.21. *Appointment of Receiver in Cases Except Insolvency. 9-9*

 § 9.22. *Appointment of Receiver in Insolvency. 9-9*

 § 9.23. *Powers of Receiver in Involuntary Dissolution. 9-10*

 § 9.24. *Notifying Tax Collectors of Involuntary Dissolution. 9-10*

SECTION 3. FORFEITURE OF CHARTER 9-10

 § 9.30. *Grounds for Forfeiture 9-10*

 § 9.31. *Reinstatement Because of Mistake 9-11*

 § 9.32. *Other Remedies Not Affected. 9-12*

 § 9.33. *Powers of Directors on Forfeiture 9-12*

 § 9.34. *Appointment of Receiver on Forfeiture. 9-12*

 § 9.35. *Distribution When the Number of Outstanding Shares Is Known. 9-12.1*

 § 9.36. *Distribution When the Number of Outstanding Shares Is Unknown. 9-13*

SECTION 4. REVIVAL OF CHARTER. 9-14

 § 9.40. *Procedure for Reviving a Forfeited Charter 9-14*

 § 9.41. *Contents of the Articles of Revival 9-14*

 § 9.42. *Conditions for Accepting the Articles of Revival 9-15*

 § 9.43. *Effect of Acceptance of Articles of Revival 9-15*

 § 9.44. *Meeting of Stockholders after Revival. 9-15*

 § 9.45. *Effects of Revival. 9-16*

 § 9.46. *Director and Officer Liability for Period after Forfeiture and before Revival. 9-17*

 § 9.47. *Liability of Persons Doing Business after Forfeiture 9-17*

SECTION 5. EXTENSION OF CHARTER 9-18

 § 9.50. *Power to Reinstale Expired Charter and Extend Corporate Existence 9-18*

 § 9.51. *Contents of the Articles of Extension. 9-18*

 § 9.52. *Conditions on Expiration of Corporate Existence 9-19*

 § 9.53. *Effect of Extension. 9-19*

Form 9-3.	Articles of Dissolution	9-21
Form 9-41.	Articles of Revival	9-24

CHAPTER 10: REGISTERED INVESTMENT COMPANIES

§ 10.1.	<i>Introduction</i>	10-2
§ 10.2.	<i>Authorized Capital Stock</i>	10-3
§ 10.3.	<i>Acquisition of Own Stock</i>	10-3
§ 10.4.	<i>Independent and Disinterested Status of Directors</i>	10-4
§ 10.5.	<i>Annual Meetings of Stockholders</i>	10-5
§ 10.6.	<i>Changes in Name or Designation of Stock</i>	10-6
§ 10.7.	<i>Right to Fair Value of Stock</i>	10-6
§ 10.8.	<i>Closed-End Fund Stockholder Proposals</i>	10-6
§ 10.9.	<i>Applicability of Takeover Legislation</i>	10-6
§ 10.10.	<i>Transfers of Assets of Open-End Investment Companies without Stockholder Approval</i>	10-6.1
§ 10.11	<i>Segregation of Assets and Liabilities</i>	10-6.1
Form 10-1.	Articles of Incorporation for Open-End Series Investment Company	10-7
Form 10-2.	Articles Supplementary to Increase Authorized Capital Stock for Open-End Investment Company	10-16
Form 10-3.	Articles of Incorporation for a Closed-End Investment Company	10-18

CHAPTER 11: CLOSE CORPORATIONS

§ 11.1.	<i>What Is a Close Corporation?</i>	11-2
§ 11.2.	<i>Election to Be Governed by the Close Corporation Act</i>	11-3
§ 11.3.	<i>No Limit on Number of Stockholders</i>	11-3
§ 11.4.	<i>Execution of Documents</i>	11-3
§ 11.5.	<i>The Unanimous Stockholders' Agreement</i>	11-3
§ 11.6.	<i>Unanimous Stockholder Approval Requirements</i>	11-4
§ 11.7.	<i>Board of Directors Not Required</i>	11-5
§ 11.8.	<i>Annual Meeting of Stockholders Not Required</i>	11-6
§ 11.9.	<i>Broader Inspection of Books and Records</i>	11-6
§ 11.10.	<i>Restrictions on Issuance and Transfer of Stock</i>	11-6
§ 11.11.	<i>Fundamental Changes/Transfer Restrictions</i>	11-7
§ 11.12.	<i>Dissolution</i>	11-7
§ 11.13.	<i>Avoiding Dissolution</i>	11-8
§ 11.14.	<i>Termination of Statutory Close Corporation Election</i>	11-9
§ 11.15.	<i>Alternative to the Close Corporation Act</i>	11-9
Form 11-2-A.	Articles of Incorporation for a Maryland Close Corporation	11-10
Form 11-2-B.	Bylaws for a Maryland Close Corporation	11-13
Form 11-5-A.	Stockholders' Agreement (short form)	11-21
Form 11-5-B.	Stockholders' Agreement (long form)	11-27

CHAPTER 12: PROFESSIONAL SERVICE CORPORATIONS

SECTION 1. GENERAL PROVISIONS	12-3
§ 12.1. <i>Application of the General Corporation Law</i>	12-3
§ 12.2. <i>Definitions</i>	12-3

§ 12.2.1.	Disqualified Person	12-3
§ 12.2.2.	Foreign Professional Corporation	12-3
§ 12.2.3.	License	12-3
§ 12.2.4.	Licensing Unit	12-4
§ 12.2.5.	Professional Corporation	12-4
§ 12.2.6.	Professional Service	12-4
§ 12.2.7.	Qualified Person	12-5
SECTION 2.	CREATION	12-5
§ 12.20.	<i>Eligibility to Be a Professional Corporation.</i>	12-5
§ 12.20.1.	Special Rules Governing Lawyers	12-5
§ 12.21.	<i>General Powers and Limitations of Professional Corporations.</i>	12-5
§ 12.22.	<i>Election of Professional Corporation Status.</i>	12-6
§ 12.23.	<i>Rendering Professional Services.</i>	12-7
§ 12.24.	<i>Corporation Name.</i>	12-7
§ 12.24.1.	Inclusion of Stockholder’s Surname	12-7
§ 12.24.2.	Certificate of Authorization for Using Corporate Name	12-8
SECTION 3.	STOCK PROVISIONS	12-8
§ 12.30.	<i>Stock Issuance Restrictions.</i>	12-8
§ 12.31.	<i>Mandatory Statement on Stock Certificates</i>	12-9
§ 12.32.	<i>Stock Transfer Restrictions</i>	12-9
SECTION 4.	MANDATORY REACQUISITION OF CORPORATION STOCK	12-9
§ 12.40.	<i>Reacquisition of Stock upon Death or Disqualification of a Stockholder.</i>	12-9
§ 12.41.	<i>Reacquisition Procedure</i>	12-10
§ 12.41.1.	Corporation Sends Offer	12-10
§ 12.41.2.	Stockholder Demands Fair Value	12-11
§ 12.41.3.	Canceling the Stock of a Disqualified Stockholder	12-11
§ 12.42.	<i>Judicial Appraisal Proceeding to Determine Fair Value</i>	12-12
§ 12.43.	<i>Assessment of Costs and Fees for the Judicial Appraisal Proceeding</i>	12-12
SECTION 5.	CORPORATE GOVERNANCE	12-13
§ 12.50.	<i>Directors and Officers Provisions.</i>	12-13
§ 12.51.	<i>Voting by Proxy and Voting Trust Provisions</i>	12-13
§ 12.52.	<i>Confidential Relationship with Client or Patient</i>	12-14
§ 12.53.	<i>Privileged Communications</i>	12-14
§ 12.54.	<i>Liability for Negligent or Wrongful Act.</i>	12-14
SECTION 6.	REORGANIZATION AND JUDICIAL DISSOLUTION	12-15
§ 12.60.	<i>Merger.</i>	12-15
§ 12.61.	<i>Cessation of Rendering Professional Services</i>	12-15
§ 12.62.	<i>Judicial Dissolution.</i>	12-15
SECTION 7.	FOREIGN PROFESSIONAL CORPORATION	12-16
§ 12.70.	<i>Authority to Transact Business</i>	12-16
§ 12.71.	<i>Application for a Certificate of Authority.</i>	12-16
§ 12.72.	<i>Revocation of the Certificate of Authority.</i>	12-16
SECTION 8.	LICENSING	12-17
§ 12.80.	<i>Jurisdiction of a Licensing Unit</i>	12-17
§ 12.81.	<i>Suspension or Revocation of the Articles of Incorporation.</i>	12-17

Form 12-22-A. Articles of Incorporation for a Professional Service Corporation 12-18
Form 12-22-B. Bylaws for a Professional Service Corporation 12-21

CHAPTER 13: NONSTOCK CORPORATIONS

§ 13.1. *Introduction* 13-2
 § 13.2. *Applying the General Corporation Law* 13-2
 § 13.3. *For Profit Nonstock Corporation Permitted* 13-3
 § 13.4. *Members of Nonstock Corporations* 13-3
 § 13.5. *Lack of Quorum at Meeting* 13-3
 § 13.6. *Charter and Bylaws Provisions* 13-4
 § 13.7. *Organization Meeting* 13-4
 § 13.8. *Directors and Members* 13-4
 § 13.9. *Consolidation, Merger, and Transfer of Assets* 13-5
 § 13.10. *Dissolution or Forfeiture of Charter* 13-5
 § 13.11. *Court Disposition of Charitable or Religious Property* 13-5

Form 13-1. Articles of Incorporation for a Maryland Charitable Nonstock Corporation Without Non-Trustee Members 13-6
Form 13-2. Bylaws for a Maryland Charitable Nonstock Corporation Without Non-Trustee Members 13-10
Form 13-3. Articles of Incorporation for a Maryland Charitable Nonstock Corporation with Non-Trustee Members 13-16
Form 13-4. Bylaws for a Maryland Charitable Nonstock Corporation with Non-Trustee Members 13-20
Form 13-7. Consent of Trustees to Waive Organization Meeting 13-29

CHAPTER 14: TAX-EXEMPT CORPORATIONS IN MARYLAND

SECTION 1. GENERAL PROVISIONS 14-3
 § 14.1. *Maryland Income Tax Exemption* 14-4
 § 14.2. *Maryland Sales and Use Tax Exemption* 14-5
 § 14.3. *Maryland Real and Personal Property Tax Exemption* 14-6
 SECTION 2. LIMITING LIABILITY OF DIRECTORS AND CERTAIN OTHERS 14-7
 § 14.20. *Limitations on Director and Officer Liability of the General Corporation Law Apply to Tax-Exempt Corporations* 14-7
 § 14.21. *Special Limitations of Liability on Directors and Certain Others* 14-7
 § 14.21.1. *Limitations Where the Organization Has Required Insurance Coverage* 14-7
 § 14.21.2. *Limitations on the Liability of Volunteers* 14-8
 § 14.21.3. *Other Limitations on Liability* 14-9
 SECTION 3. OVERVIEW OF THE REQUIREMENTS OF AND APPLICATION FOR I.R.C. § 501(C)(3) STATUS 14-10
 § 14.30. *Requirements of an I.R.C. § 501(c)(3) Organization* 14-10
 § 14.31. *Allowed Purposes for an I.R.C. § 501(c)(3) Organization* 14-10
 § 14.32. *Tests for Qualifying as an I.R.C. § 501(c)(3) Organization* 14-11

§ 14.32.1.	The Organizational Test	14-11
§ 14.32.2.	The Operational Test	14-11
§ 14.33.	<i>Procedure for Filing an I.R.C § 501(c)(3) Exemption Application Form.</i>	14-12
§ 14.34.	<i>Rights of an Organization Receiving an Adverse Determination on Exempt Status</i>	14-12
SECTION 4.	I.R.C. § 501(C)(3) ORGANIZATIONS VS. I.R.C. §§ 501(C)(4), 501(C)(5), 501(C)(6), AND 501(C)(7) ORGANIZATIONS	14-13
§ 14.40.	<i>General Comparison of the Various Exempt Organizations</i>	14-13
§ 14.41.	<i>I.R.C. § 501(c)(4) Organization's Advantage if Lobbying Activities Are Planned</i>	14-13
SECTION 5.	OTHER PROVISIONS	14-14
§ 14.50.	<i>Maryland Uniform Management of Institutional Funds Act.</i>	14-14
§ 14.51.	<i>Regulation of Charitable Solicitation</i>	14-14
§ 14.51.1.	Registration of Charitable Organization.	14-15
§ 14.51.2.	Annual Report	14-15
§ 14.51.3.	Annual Fees	14-15
§ 14.51.4.	Financial Statement	14-15
§ 14.51.5.	Registration of Professional Solicitors	14-16
§ 14.51.6.	Exemption from Title 6 of the Business Regulation Article Requirements.	14-16
Form 14-1-A.	Letter to Comptroller of the Treasury to Request Exemption from Maryland Income Tax	14-17
Form 14-1-B.	Comptroller Form: Combined Registration Application.	14-18
Form 14-1-C.	COMAR 03.06.01.22 Exempt Organization	14-24
Form 14-51-1.	Secretary of State Form: Exempt Organization Fund-Raising Notice	14-26
Form 14-51-2-A.	Secretary of State Form: Registration Statement for Charitable Organization (COR 92)	14-29
Form 14-51-2-B.	Secretary of State Form: Annual Renewal of Registration Instructions, Check List and Form	14-31
Form 14-51-4.	Secretary of State Form: Financial Form for Organizations Not Filing IRS Form 990 (COF 85)	14-33
 CHAPTER 15: MARYLAND SECURITIES ACT		
SECTION 1.	INTRODUCTION AND IMPORTANT DEFINITIONS	15-6
§ 15.1.	<i>The National Securities Markets Improvement Act of 1996</i>	15-6
§ 15.2.	<i>Important Definitions</i>	15-7
§ 15.2.1.	Agent	15-7
§ 15.2.2.	Broker-Dealer.	15-8
§ 15.2.3.	Federal Covered Adviser	15-8
§ 15.2.4.	Investment Adviser	15-8
§ 15.2.5.	Investment Adviser Representative	15-10
§ 15.2.6.	Offer or Offer to Sell	15-10
§ 15.2.7.	Security.	15-11
§ 15.2.7.1.	Interests in Real Estate Syndicates and Condominiums	15-12
SECTION 2.	ADMINISTRATION AND LIABILITY PROVISIONS	15-12
§ 15.20.	<i>Enforcement.</i>	15-12

MARYLAND CORPORATE FORMS AND PRACTICE MANUAL

§ 15.21. <i>Administrative Hearing Procedures</i>	15-13
§ 15.21.1. Service by Mail	15-13
§ 15.21.2. Answer	15-13
§ 15.21.3. Proposed Decisions and Exceptions	15-13
§ 15.21.4. Appeals	15-13
§ 15.21.5. Investigations and Subpoenas	15-13
§ 15.22. <i>Civil Liability</i>	15-14
§ 15.23. <i>Criminal Liability</i>	15-15
§ 15.24. <i>No-Action Letters and Interpretive Opinions</i>	15-16
§ 15.25. <i>Stamped and Electronic Signatures</i>	15-16
SECTION 3. SECURITIES AND TRANSACTIONS EXEMPTIONS	15-17
§ 15.30. <i>Securities Exemptions</i>	15-17
§ 15.30.1. Government Guaranteed Securities Exemption	15-17
§ 15.30.2. Bank Securities Exemption	15-17
§ 15.30.3. Nonprofit Exemption	15-18
§ 15.30.4. Designated Securities Exchange and Clearing Agency Exemption	15-19
§ 15.30.5. Employee Benefit Plan Exemption	15-19
§ 15.30.6. Collective Investment Funds Exemption	15-20
§ 15.31. <i>Transaction Exemptions</i>	15-20
§ 15.31.1. Isolated Non-Issuer Exemption	15-20
§ 15.31.2. Non-Issuer Securities Manual Exemption	15-20
§ 15.31.3. Non-Issuer Broker-Dealer Exemptions	15-21
§ 15.31.4. Underwriters Exemption	15-21
§ 15.31.5. Real Estate Bond or Indebtedness-Related Exemption	15-21
§ 15.31.6. <i>Receiver Exemption</i>	15-21
§ 15.31.7. Pledgee Exemption	15-22
§ 15.31.8. Institutional Investor Exemption	15-22
§ 15.31.9. Pre-Organization Exemption	15-22
§ 15.31.10. Existing Security Holder Exemption	15-22
§ 15.31.11. Employee Stock Ownership Trust Exemption	15-22.1
§ 15.31.12. Unit Investment Trust Exemption	15-22.1
§ 15.31.13. Additional Transaction Exemptions by Order of the Commissioner	15-22.1
§ 15.31.13.1. Mortgage-Related Securities Exemption	15-22.1
§ 15.31.13.2. Exemption for Certain Offers and Sales to Accredited Investors	15-22.1
§ 15.31.14. Maryland Limited Offering Exemption (MLOE)	15-23
§ 15.31.14.1. General Conditions Applicable to Both Exemptions	15-23
§ 15.31.14.2. Local Issuer Transactional Exemption	15-24
§ 15.31.14.3. General Transactional Exemption	15-25
§ 15.31.15. Exemption by Coordination with SEC Rule 505	15-26
§ 15.32. <i>Other Registration Exemptions</i>	15-27
§ 15.32.1. Sale of Business Exemption	15-27
§ 15.32.2. Internet Offering Exemption	15-27
§ 15.33. <i>Federal Covered Securities</i>	15-28

§ 15.33.1.	Notice Filing Required	15-28
§ 15.33.2.	Securities Offered under Section 18(b)(3) or 18(b)(4)(A)-(C) of the Securities Act	15-28
§ 15.33.3.	Securities Offered under Section 18(b)(4)(D) of the Securities Act — SEC Rule 506	15-29
SECTION 4.	REGISTRATION OF SECURITIES.	15-29
§ 15.40.	<i>Registration by Notification</i>	15-29
§ 15.41.	<i>Registration by Coordination</i>	15-30
§ 15.41.1.	Shelf Registration Pursuant to SEC Rule 415 (Securities Sold on a Continuous or Delayed Basis)	15-30
§ 15.42.	<i>Registration by Qualification</i>	15-30
§ 15.42.1.	Escrow	15-30
§ 15.42.2.	Small Corporate Offering Registration (SCOR)	15-30
§ 15.42.3.	Coordinated Equity Review (CER)	15-30.1
§ 15.44.	<i>Mid-Atlantic Regional Review Program</i>	15-31
§ 15.45.	<i>Registration Statement</i>	15-32
§ 15.45.1.	Offering Amount	15-32
§ 15.45.2.	Disclosure of “Blank Check” and “Blind Pool” Offerings	15-32
§ 15.45.3.	Prospectus for Registration by Qualification and Notification	15-32
§ 15.45.4.	Period of Effectiveness.	15-32
§ 15.45.5.	Renewal Registration	15-33
§ 15.45.6.	Denials, Suspensions, and Revocations	15-33
§ 15.46.	<i>Filing Fees to Register Securities by Notification, Coordination, or Qualification</i>	15-33
§ 15.47.	<i>Reports on Stock Registered by Notification or Qualification</i>	15-33
§ 15.48.	<i>Filing Advertising and Sales Literature</i>	15-33
§ 15.49.	<i>Investment Company Notice Filing to Sell Federal Covered Securities</i>	15-34
§ 15.49.1.	Initial Notice.	15-34
§ 15.49.2.	Filing Fees for Investment Companies.	15-34
§ 15.49.3.	Renewal Notice	15-35
§ 15.49.4.	Terminating Notice.	15-35
§ 15.49.5.	Amendments.	15-35
SECTION 5.	REGISTRATION OF PERSONS TRANSACTING IN SECURITIES.	15-35
§ 15.50.	<i>Registration Required to Transact Business</i>	15-35
§ 15.50.1.	Internet Dissemination of Information	15-36
§ 15.50.2.	Consent to Service of Process	15-36
§ 15.50.3.	Effectiveness Date	15-36
§ 15.50.4.	Expiration Date	15-36
§ 15.50.5.	Registering Successors.	15-36
§ 15.50.6.	Examination Requirement	15-37
§ 15.50.6.1.	Broker-Dealer and Agent	15-37
§ 15.50.6.2.	Issuer Agent.	15-37
§ 15.50.6.3.	Investment Adviser and Investment Adviser Representative	15-37
§ 15.50.7.	Denial, Revocation, Suspension of Registration	15-38
§ 15.51.	<i>Broker-Dealer Registration</i>	15-38

MARYLAND CORPORATE FORMS AND PRACTICE MANUAL

§ 15.51.1.	Applicability of Registration Requirement When Selling Limited Partnership Interests	15-38
§ 15.51.2.	Initial Registration	15-39
§ 15.51.3.	Register at Least One Agent	15-39
§ 15.51.4.	Renewal Registration	15-39
§ 15.52.	<i>Registration of Broker-Dealer Agent or Issuer Agent</i>	15-39
§ 15.52.1.	Initial Registration	15-39
§ 15.52.2.	Renewal Registration	15-40
§ 15.53.	<i>Registration of Investment Adviser</i>	15-40
§ 15.53.1.	Exemption from Registration	15-40
§ 15.53.2.	Investment Adviser Currently Registered with the SEC and in Maryland	15-41
§ 15.53.3.	Initial Registration of Investment Adviser	15-41
§ 15.53.4.	Renewal of Investment Adviser Registration	15-42
§ 15.53.5.	Supervisory Procedures	15-42
§ 15.54.	<i>Registration of Investment Adviser Representative</i>	15-42
§ 15.54.1.	Initial Registration of Investment Adviser Representative	15-43
§ 15.54.2.	New Connection with an Investment Adviser or Federal Covered Adviser	15-43
§ 15.54.3.	Renewal of Investment Adviser Representative Registration	15-43
§ 15.55.	<i>Federal Covered Adviser</i>	15-44
§ 15.55.1.	Notice Filing	15-44
§ 15.55.2.	Investment Adviser Currently Registered with the SEC and Maryland	15-44
§ 15.55.2.1.	National <i>De Minimis</i> Standard—No Filing Required	15-44
§ 15.55.2.2.	SEC Registered Investment Advisers Not Registered in Maryland	15-45
§ 15.55.3.	Federal Covered Adviser’s Investment Adviser Representative	15-45
§ 15.55.3.1.	Registration of Federal Covered Adviser’s Investment Adviser Representative	15-45
§ 15.55.3.2.	Federal Covered Adviser Registering Its Investment Adviser Representatives	15-45
§ 15.55.4.	Period of Effectiveness for Notice Filings	15-45
§ 15.55.5.	Renewal of Registration for Investment Adviser Representatives	15-46
§ 15.56.	<i>Advisory Activities</i>	15-46
§ 15.56.1.	Agency Cross Transactions and Exemptions	15-46
§ 15.56.2.	Advisory Contract	15-47
§ 15.56.2.1.	No Assignment	15-47
§ 15.56.2.2.	Performance-Based Compensation	15-47
§ 15.56.2.3.	Custody of Client Funds	15-47
§ 15.56.3.	Brochure Rule	15-47
§ 15.56.4.	Unethical Practices in Advisory Activities	15-48
SECTION 6.	POST- REGISTRATION PROVISIONS	15-48
§ 15.60.	<i>Correcting Amendments</i>	15-48
§ 15.60.1.	Broker-Dealer and Agent	15-48
§ 15.60.2.	Investment Adviser and Investment Adviser Representative	15-48
§ 15.60.3.	Federal Covered Adviser	15-48
§ 15.61.	<i>Bond and Net Capital Requirements</i>	15-49

§ 15.61.1.	Broker-Dealer and Agent	15-49
§ 15.61.2.	Investment Adviser	15-49
§ 15.62.	<i>Financial Statements, Reports and Recordkeeping</i>	15-49
§ 15.62.1.	Broker-Dealer	15-49
§ 15.62.2.	Investment Adviser	15-50
§ 15.63.	Cancellation of Registration or Notice Filing	15-50
§ 15.63.1.	Abandonment of Investment Adviser or Investment Adviser Representative Registration	15-50
§ 15.64.	<i>Withdrawal of Registration</i>	15-50
§ 15.64.1.	Broker-Dealer and Agent	15-51
§ 15.64.2.	Investment Adviser and Investment Adviser Representative	15-51
SECTION 7.	FRAUDULENT AND OTHER PROHIBITED ACTS	15-51
§ 15.70.	<i>Offers, Sales, or Purchases</i>	15-51
§ 15.71.	<i>Misleading Filings</i>	15-51
§ 15.72.	<i>Unlawful Representations Concerning Registration or Exemption</i>	15-52
Form 15-AR200.	Renewal of Registration of Non-NASD Broker-Dealer	15-53
Form 15-AR200a.	Application for Renewal of Agents of Non-NASD Member Broker-Dealer	15-55
Form 15-ADV.	Uniform Application for Investment Adviser Registration	15-57
Form 15-ADV-T.	Form for Declaring Eligibility for SEC Registration	15-84-52
Form 15-ADV-W.	Notice of Withdrawal from Registration as Investment Adviser	15-85
Form 15-BD.	Uniform Application for Broker-Dealer Registration	15-88
Form 15-BDW.	Uniform Request for Withdrawal from Broker-Dealer Registration ..	15-114
Form 15-CER-1.	Coordinated Equity Review (for IPO's)	15-116
Form 15-D.	Notice of Sale of Securities Pursuant to Regulation D	15-118
Form 15-IAC.	Investment Adviser Certification Form	15-126
Form 15-ISR.	Application for Renewal of Issuer Agent Registration	15-130
Form 15-MAIE.	Model Accredited Investor Exemption Uniform Notice of Transaction	15-130.1
Form 15-MARRF.	Small Business Securities Offering Application for Mid-Atlantic Regional Review Form	15-131
Form 15-MLOE 1.	Notice of Limited Offering of Securities under the Maryland Securities Act	15-135
Form 15-MLOE-2.	Limited Offering of Securities under the MLOE (Parts I & II)	15-139
Form 15-NF.	Uniform Investment Company Notice Filing	15-160
Form 15-SRQ-1.	Status of Registration and Use of Proceeds	15-164
Form 15-U-1.	Uniform Application to Register Securities	15-166
Form 15-U-2.	Uniform Consent to Service of Process	15-170
Form 15-U-4.	Uniform Application for Securities Industry Registration or Transfer	15-175
Form 15-U-5.	Uniform Termination Notice for Securities Industry Registration	15-200
Form 15-U-7.	Small Corporate Offering Registration Form	15-212

CHAPTER 16: FOREIGN CORPORATIONS	
SECTION 1. GENERAL PROVISIONS	16-3
§ 16.1. <i>Restrictions on Business and Assent to Maryland Laws</i>	16-3
§ 16.2. <i>Filing Fees</i>	16-3
§ 16.3. <i>Registration of Corporation Name</i>	16-3
§ 16.4. <i>Foreign Nonprofit Corporations</i>	16-4
§ 16.5. <i>Foreign Professional Corporations</i>	16-4
SECTION 2. REGISTRATION OR QUALIFICATION OF FOREIGN CORPORATIONS	16-4
§ 16.20. <i>Registration to “Do Interstate and Foreign Business”</i>	16-4
§ 16.20.1. <i>When Registration Is Required</i>	16-4
§ 16.20.2. <i>Registration Procedure</i>	16-4
§ 16.20.3. <i>Termination of Registration</i>	16-4
§ 16.21. <i>Qualification to “Do Intrastate Business”</i>	16-5
§ 16.21.1. <i>When Qualification Is Required</i>	16-5
§ 16.21.2. <i>Qualification Procedure</i>	16-6
§ 16.21.3. <i>Termination of Qualification</i>	16-6
§ 16.22. <i>Activities Not Considered to Be Intrastate Business</i>	16-6
§ 16.23. <i>Activities Not Considered Intrastate, Interstate, or Foreign Business</i>	16-7
§ 16.24. <i>Exceptions to the Registration and Qualification Requirements</i>	16-7
§ 16.25. <i>Certificate of Registration or Qualification</i>	16-8
§ 16.26. <i>Suits Brought by a Foreign Corporation</i>	16-8
§ 16.26.1. <i>Suits Barred</i>	16-10
§ 16.26.2. <i>Suits Not Barred</i>	16-11
§ 16.26.3. <i>Burden of Proof to Disqualify Foreign Corporation</i>	16-11
§ 16.26.4. <i>Asserting Defenses and Counterclaims</i>	16-12
§ 16.27. <i>Suits Against Foreign Corporations</i>	16-12
§ 16.28. <i>Penalties Against the Corporation, Officers, and Agents</i>	16-12
§ 16.29. <i>Contracts Not Affected by Failure to Register or Qualify</i>	16-13
SECTION 3. REQUIREMENTS AFTER REGISTRATION OR QUALIFICATION	16-13
§ 16.30. <i>Maintaining Resident Agent and Principal Office</i>	16-13
§ 16.31. <i>Service of Process and Personal Jurisdiction</i>	16-14
§ 16.32. <i>Annual Report/Annual Personal Property Return to the SDAT</i>	16-14
§ 16.33. <i>Certified Statement to the SDAT</i>	16-14
§ 16.33.1. <i>Failure of a Qualified Corporation to File the Certified Statement</i>	16-15
§ 16.34. <i>Termination of Registration or Qualification</i>	16-15
§ 16.35. <i>Forfeiture of Right to Do Intrastate Business</i>	16-15
Form 16-3-A. SDAT Form: Foreign Corporation Name Registration/Name Renewal Application, see Form 1-44-B	16-17
Form 16-3-B. SDAT Form: Foreign Corporation Assumed Name, see Form 1-47-C...	16-18
Form 16-21-2. SDAT Form: Foreign Corporation Qualification	16-19
Form 16-21-3. SDAT Form: Application for Termination for a Foreign Corporation Qualification	16-20
Form 16-32. SDAT Form: Annual Personal Property Return/Annual Report, see Form 1-17-A	16-21

**Form 16-33. SDAT Form: Certificate of Conveyance/Property Certificate,
See Form 5-13..... 16-22**

Forms Index..... INDEX-1
Table of Cases..... INDEX-6
Table of Maryland Laws..... INDEX-14
Subject Index..... INDEX-39