

Part 3

Purposes and Powers

16-10a-301 Purposes.

- (1) A corporation incorporated under this chapter and including in the corporation's articles of incorporation a statement that meets the requirements of Subsection 16-10a-202(3) may engage in any lawful business or activity except for express limitations set forth in the articles of incorporation.
- (2) A corporation engaging in a business or an activity that is subject to regulation under another statute of this state may incorporate under this chapter only if permitted by, and subject to all limitations of, the other statute.

Amended by Chapter 237, 2015 General Session

16-10a-302 General powers.

Unless its articles of incorporation provide otherwise, and except as restricted by the Utah Constitution, every corporation has perpetual duration and succession in its corporate name and has the same powers as an individual to do all things necessary or convenient to carry out its permitted and lawful purposes, activities, and affairs, including without limitation the power:

- (1) to sue and be sued, complain and defend in the corporation's corporate name;
- (2) to have a corporate seal, which may be altered at will, and to use the corporate seal, or a facsimile of the corporate seal, by impressing or affixing the corporate seal or in any other manner reproducing the corporate seal;
- (3) to make and amend bylaws, not inconsistent with the corporation's articles of incorporation or with the laws of this state, for managing the business and regulating the affairs of the corporation;
- (4) to purchase, receive, lease, or otherwise acquire, and own, hold, improve, use, and otherwise deal with, real or personal property, or any legal or equitable interest in property, wherever located;
- (5) to sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of all or any part of the corporation's property and assets;
- (6) to purchase, receive, subscribe for, or otherwise acquire, own, hold, vote, use, sell, mortgage, lend, pledge, or otherwise dispose of, and deal in and with shares or other interests in, or obligations of, any other entity;
- (7) to make contracts and guarantees, incur liabilities, borrow money, issue the corporation's notes, bonds, and other obligations that may or may not be convertible into or include the option to purchase other securities of the corporation, and secure any of the corporation's obligations by mortgage or pledge of any of the corporation's property, assets, franchises, or income;
- (8) to lend money, invest and reinvest the corporation's funds, and receive and hold real and personal property as security for repayment;
- (9) to be a promoter, partner, member, associate, or manager of any partnership, joint venture, trust, or other entity;
- (10) to conduct the corporation's business and activities, locate offices, and exercise the powers granted by this chapter within or without this state;
- (11) to elect directors and appoint officers, employees, and agents of the corporation, define their duties, fix their compensation, and lend them money and credit;

- (12) to pay pensions and establish pension plans, pension trusts, profit sharing plans, share bonus plans, share option plans, and benefit or incentive plans for any or all of the corporation's current or former directors, officers, employees, and agents;
- (13) to operate, and to make donations, for the public welfare or for charitable, religious, scientific, or educational purposes;
- (14) to transact any lawful business that will aid governmental policy;
- (15) to make payments or donations, or do any other act, not inconsistent with law, that furthers the business and affairs of the corporation; and
- (16) to establish rules governing the conduct of the business and affairs of the corporation in the event of an emergency.

Amended by Chapter 237, 2015 General Session

16-10a-303 Ultra vires.

- (1) Except as provided in Subsection (2), the validity of corporate action may not be challenged on the ground that the corporation lacks or lacked power to act.
- (2) A corporation's power to act may be challenged:
 - (a) in a proceeding by a shareholder against the corporation to enjoin the act;
 - (b) in a proceeding by the corporation, directly, derivatively, or through a receiver, trustee, or other legal representative, against an incumbent or former director, officer, employee, or agent of the corporation; or
 - (c) in a proceeding by the attorney general under Section 16-10a-1430.
- (3) In a shareholder's proceeding under Subsection (2)(a) to enjoin an unauthorized corporate act, the court may enjoin or set aside the act, if equitable and if all affected persons are parties to the proceeding, and may award damages for loss, other than anticipated profits, suffered by the corporation or another party because of enjoining the unauthorized act.

Enacted by Chapter 277, 1992 General Session