

CORPORATE RECORDS

MINUTES & BY-LAWS

Experienced tax counsel advise that every corporation formed for business purposes should provide the advantages of IRC Sec. 1244 for its shareholders!

at:
or
as
sh.
de:
se:
ex:
in:

au:
of:
pa:
co:
\$1

du:
an:
an:

di:
so:
of:
qu:
in:

THE REVENUE ACT OF 1978 MAKES COMPLIANCE EASIER!

One view interpreting the Act (PL 95-600, Sec. 345) suggests that the corporation does not have to do anything to comply. If at the time of loss on sale or transfer of shares the corporation meets the requirements of Sec. 1244 the benefits are automatic.

Your publisher believes this is a short sighted view. Yes! Sec. 1244 does not require an affirmative act adopting a formal plan any longer. However, if the management of the corporation is unaware of the existence of Sec. 1244 and its requirements, the corporation may not be a "small business corporation" as defined in Sec. 1244 and its stock may not be "Sec. 1244" stock at the time of the shareholder's loss.

We suggest that you include the attached resolution in the organization meeting of directors or the first meeting of directors. This will alert corporate management about Sec. 1244 and its benefits. It is the minimum that should be done!

You can do better — and we can help you. Our revised Sec. 1244 package includes:

- Introduction and explanation of IRC Sec. 1244
- Instructions
- Resolution of directors
- Letters to shareholders
- Twenty self adhesive legends for share certificates
- Corporate record forms
- Section 1244 (with '78 Revenue Act changes)
- Senate Committee Report

This set of S 1244 usually sells for \$5.75 plus applicable sales tax and delivery charge. If you have not ordered it with the corporate outfit at the combination price of \$4.50 you may still do so . . . send your check today for \$4.50 + \$1.25 delivery and applicable sales tax and this page. No need to write a letter, just fill in your name and address below.

Ship to.....
.....
.....
ZIP CODE

***Instructions for completing the attached form:** Carefully detach the form at the perforated fold and insert in the minutes of the directors' meeting.

The Board of Directors have determined that in order to attract investment in the corporation the corporation shall be organized and managed so that it is a "Small Business Corporation" as defined in IRC Sec. 1244 (c)(1), as amended, and so that the shares issued by the corporation are "Section 1244 Stock" as defined in IRC Sec. 1244 (c)(1), as amended. Compliance with this section will enable shareholders to treat the loss on the sale or exchange of their shares as an "ordinary loss" on their personal income tax returns.

RESOLVED, that the proper officers of the corporation are authorized to sell and issue common shares in an aggregate amount of money and other property (as a contribution to capital and as paid in surplus), which together with the aggregate amount of common shares outstanding at the time of issuance, does not exceed \$1,000,000, and

RESOLVED, that the sale and issuance of shares shall be conducted in compliance with IRC Sec. 1244, so that the corporation and its shareholders may obtain the benefits of IRC Sec. 1244, and further

RESOLVED, that the proper officers of the corporation are directed to maintain such accounting records as are necessary so that any shareholder that experiences a loss on the transfer of common shares of the corporation may determine whether they qualify for "ordinary loss" deduction treatment on their personal income tax returns.

CORPORATE RECORD TICKLER

.....

corporate name annual meeting date fiscal year ends

.....

attention address zip telephone no.

.....

attorney in charge related corporations

.....

accountants accountant in charge

.....

address zip telephone

.....

registered agent address zip telephone

.....

principal shareholders

	19.....	19.....	19.....
Chairman
Director
Director
Director
.....
President
Vice Pres.
Secretary
Treasurer
.....
.....

PROCEEDINGS: (check box if minutes completed)

Type Key: Annual Meeting Shareholder — AMS, Annual Meeting Directors — AMD, Special Meeting Shareholders — SMS, Special Meeting Directors — SMD,
Action Taken Without Meeting, Shareholders — ATS, Action Taken Without Meeting, Directors — ATD, Committee Meeting — CM.

Date	Type	Date	Type	Date	Type
.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

LOCATOR: Corporate records sent to:

	date	date returned
.....
.....
.....
.....

Extra seal in client's office.

INSTRUCTIONS

Maintain a separate binder with these control forms for each corporation represented by the firm. Organize it alphabetically or by date of the annual meeting or fiscal year end. The date method provides a convenient tickler for an annual review. Additional sheets and control binder available from the publisher. Prior to tax audit you can now easily determine if minutes are up to date.

© 1975 Julius Blumberg, Inc. NYC

TAX SUPPLEMENT

Contents

- S 1245-1 (front) Subchapter S analysis.
- S 1245-2 IRC form 2553: Subchapter S election, consents & instructions.
- S 1245-3 Minutes: special meeting of directors, resolution authorizing Subchapter S election.
- S 1245-1 (reverse) Medical care reimbursement plan analysis.
- S 1245-4 Medical Care Reimbursement Plan.
- S 1245-5 Minutes of special meeting of directors: resolution adopting medical care reimbursement plan.

IRC SUBCHAPTER S

Subchapter S enables a qualifying "small business corporation" to elect to be taxed essentially as a partnership for income tax purposes. All Shareholders must consent to the election. The effect of the election is to attribute corporate income or losses to the shareholders in proportion to their shareholdings. The following comments are based upon the Revenue Act of 1978 revisions of IRC Subchapter S. (See Sections 341, 342, 343 and 701 of the Revenue Act of 1978). The amendments apply to tax years commencing after December 31, 1978.

REQUIREMENTS OF SUBCHAPTER S

- A. The corporation must qualify as a "small business corporation."
 - 1. It must have no more than 15 shareholders.
 - 2. It must have only one class of stock outstanding.
 - 3. Shareholders must be either an individual, an estate, or a grantor of a trust.
 - 4. It must be a domestic corporation.
 - 5. It must not be a member of an affiliated group of corporations.
 - 6. Shareholders may not be non-resident aliens.
- B. The shareholders must consent to the election.
- C. The corporation may not derive more than 80% of its gross receipts for the year from sources outside the United States.
- D. The corporation may not derive more than 20% of its gross receipts from royalties, rents, dividends, interest, annuities and sales or exchanges of stock or securities.

PROCEDURE TO MAKE ELECTIONS

The corporation must file U.S. Treasury Department form 2553, Election by Small Business Corporation and Shareholder's Statement of Consent, with the District Director of Internal Revenue for the district in which the corporation's principal place of business is located.

FORM 2553, ELECTION BY SMALL BUSINESS CORPORATIONS

- 1. Person(s) authorized by corporation to sign a corporate Federal Income Tax Return must sign form 2553.
- 2. Only the original must be filed with the District Director.
- 3. All person who are shareholders on the day of the election must consent to the election. The legal guardian, or if none exists, the natural guardian of a minor must give consent for the minor. The executor or administrator may give consent for an estate.
- 4. See form 2553 for instructions and additional information.

TIME OF FILING AND EFFECTIVE DATE

The election must be filed either during the first 75 days of the taxable year or at anytime during the preceding taxable year. If an election is made after the first 75 days of the taxable year and on or before the last day of such taxable year it shall be treated as made for the next taxable year. The first month of a new corporation does not begin until the corporation has shareholders, acquires assets, or begins doing business, whichever is first to occur.

Elections need not be renewed annually. They are good until revoked or terminated. The election terminates if a new shareholder affirmatively refuses (in such manner as the Secretary may by regulations prescribe) to consent to the election on or before the 60th day after the day on which the stock is acquired.

MEDICAL CARE REIMBURSEMENT PLAN

In recent years many closely held corporations have adopted medical care expense reimbursement plans to provide security for executive employees and their dependents and as part of an executive benefits compensation package to attract and hold new executives. Tax consequences aside, practical considerations must be weighed because the payments of such benefits can be costly. Each shareholder in a closely held corporation becomes an insurer of the participants of the plan to the extent that the medical care expenses are not funded by insurance. It is wise to put a limit on the obligation of the corporation although not essential.

Plans may be drawn to benefit employees, not shareholders as such. The genesis of the plan must be the employer-employee relationship, not the shareholder relationship. Where covered employees are also shareholders, plans will be upheld if the employee-shareholder contributes substantial services as an employee and the compensation received for employment together with the reimbursement for medical care expense is reasonable compensation in total.

The Revenue Act of 1978 (§366 amending IRC §105) further restricts the use of medical care reimbursement plans. This amendment applies to tax years after December 31, 1979. The following requirements must be satisfied if a plan is to be tax exempt: (a) The plan must not discriminate in favor of a highly paid employee. Such employee is one who is one of the 5 highest paid officers, a shareholder owning more than 10% of the employee's stock, or is among the highest paid 25% of all employees other than shareholders or officers. (b) At least 70% or more of all employees or 80% or more of employees eligible to participate must benefit from the plan. Employees that need not be included are: (a) Part time or seasonal, (b) Those who have not completed 3 years service, (c) Those under 25 years old, (d) Non-resident aliens and Employees covered by a union's medical plan.

It has been suggested that participants in the plan agree by written instrument to refund reimbursements received from the corporation in the event that deductions taken by the corporation are challenged by the taxing authority. This practice is questionable for two reasons: (1) The presence of such an agreement raises, by its existence, the validity of the plan, and (2) The tax consequences to the individual may be undesirable (the reimbursement is treated as a dividend to the cash basis participant in the year received).

Election by a Small Business Corporation

(As to taxable status under subchapter S of the Internal Revenue Code)

Note: This election under section 1372(a) (with the consent of all your shareholders) to be treated as an "electing small business corporation" for income tax purposes may be made only if the corporation meets all six of the requirements stated in instruction A. See section 1372(e) which describes certain conditions whereby the status of an electing small business corporation may be revoked or terminated.

Name of corporation	Employer identification number (see Instruction L)	Principal business activity and specific product or service (see Instruction F)
Number and street		Election is to be effective for the taxable year beginning (Month, day, year)
City or town, State and ZIP code		Number of shares issued and outstanding (see Instruction E)
Is the corporation the outgrowth or continuation of any form of predecessor? <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," state name of predecessor, type of organization, and period during which it was in existence ►		Date and place of incorporation

If this election is effective for the first taxable year the corporation is in existence, complete A through H below, otherwise complete E through H.

A Date corporation first had shareholders	B Date corporation first had assets	C Date corporation began doing business	D Annual return will be filed for taxable year ending (month)
---	-------------------------------------	---	---

E Name and address (including ZIP code) of each shareholder	F Shareholders' Statement of Consent. We the undersigned shareholders consent to the election of the above corporation to be treated as an "electing small business corporation" under section 1372(a). (Signature of shareholders and date)	G Stock owned		H Social Security number
		Number of shares	Dates acquired	
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				

Note: For this election to be valid, the consent of each shareholder must be shown above, or the consent of each shareholder must be attached to this form. (See instruction D.)

Under penalties of perjury, I declare that I have examined this election, including accompanying schedules and statements, and to the best of my knowledge and belief it is true, correct, and complete.

Signature and Title of Officer ► _____ Date ► _____

Purpose

(References are to the Internal Revenue Code.)

The purpose of this election is to permit the undistributed taxable income of an "electing small business corporation" to be taxed to the shareholders rather than the corporation. The term "undistributed taxable income" means taxable income (as computed under section 1373(d)) minus the sum of (1) the tax imposed by sections 56 and 1378(a) and (2) the amount of money distributed as dividends out of earnings and profits of the taxable year.

Instructions

A. Corporations eligible to elect.—The corporation may make the election only if it meets all six of the following requirements:

1. it is a domestic corporation
 2. it has no more than 15 shareholders
- Note:** For purposes of requirement 2 above, a husband and wife (and their estates) shall be treated as one shareholder.
3. it has only individuals, estates, or certain trusts as shareholders
 4. it has no nonresident alien shareholders
 5. it has only one class of stock
 6. it is not a member of an affiliated group of corporations (as defined in section 1504).

Note: A corporation is not considered a member of an affiliated group if it owns stock in a corporation that has not begun business before the close of the taxable year to which the election applies and does not have taxable income during that year.

B. When to make the election.

1. For taxable years beginning after December 31, 1978, complete Form 2553 and file it either (1) any time during the preceding taxable year, or (2) any time during the first 75 days of the tax year. If an election is made after the first 75 days of the tax year and on or before the last day of such tax year, such election shall be treated as made for the following tax year.

2. For taxable years beginning before January 1, 1979, Form 2553 was required to be filed either (1) during the first month of that year, or (2) during the month before the first month. For example, a 1978 calendar year corporation must have made the election either in January 1978 or in December 1977 for the election to be effective for the 1978 tax year.

A prior year election which was not timely filed may be corrected if certain conditions are met. See section 5(d) of Public Law 95-628 for details concerning a perfecting election.

For purposes of this election, a new corporation's taxable year begins when it has shareholders, acquires assets, or begins doing business, whichever happens first. (See regulation 1.1372-2(b) for other details.)

The election will be effective for the taxable year for which it is made and for all later years unless it is terminated or revoked under section 1372(e).

C. Valid election.—The election will be valid only if all persons who are shareholders in such corporation on the day on which such election is made consent to such election.

D. Shareholder's statement of consent.—On the date of election, each shareholder must consent to the election either by signing the Shareholders' Statement of Consent (item F on Form 2553) or by signing a separate statement which must be attached to Form 2553 and must include:

1. the name and address of the corporation and of the shareholder,

2. the number of shares of stock owned by the shareholder,
3. the dates the shares were acquired, and
4. a statement that the shareholder consents to the corporation's election to be treated as a small business corporation under section 1372(a).

If you wish, you may incorporate the consents of all shareholders in one statement.

The consent must be signed by both husband and wife if they have a community interest in the stock or the income from it, and by each tenant in common, each joint tenant, and each tenant by the entirety.

The consent of a minor shall be made by the minor or the minor's legal guardian, or the minor's natural guardian if no legal guardian has been appointed (even in the case of stock held by a custodian for a minor under a statute patterned after the Uniform Gifts to Minors Act).

New Shareholder.—An election by a small business corporation shall terminate if a new shareholder (any person who was not a shareholder on the day on which the election was made) becomes a shareholder in such corporation and affirmatively refuses to consent to the election on or before the 60th day after the day on which the new shareholder acquires the stock.

The new shareholder's affirmative refusal to consent to the election must be filed with the Internal Revenue Service Center having jurisdiction for the area in which the principal business, office or agency of the corporation is located.

If the new shareholder is the estate of a decedent, the 60-day period for affirmatively refusing to consent to the election shall expire on the 60th day after (1) the day on which the executor or administrator of the estate qualifies, or (2) the last day of the taxable year of the corporation in which the decedent died, whichever is earlier.

Any termination of an election by reason of the affirmative refusal of any person to consent to such election shall be effective for the taxable year of the corporation in which such person becomes a shareholder in the corporation (or if later, the first taxable year for which such election would otherwise have been effective) and for all succeeding taxable years of the corporation. (See section 1372(e)(1).)

E. Number of shares issued and outstanding.—This block should contain only one figure for stock both issued and outstanding. This figure will be the number of shares of stock that have been issued to shareholders and have not been reacquired by the corporation. This number must equal the total number of shares owned by all shareholders as reported in item G of Form 2553.

F. Principal business activity and principal product or service.—In reporting the principal business activity give the one business activity that accounts for the largest percentage of "total receipts." "Total receipts" means gross sales and gross receipts, plus all other income. State the principal product or service as well as the principal business activity. For example, if the principal business activity is "Grain mill products," the principal product or service may be "cereal preparation." See Codes for Principal Business Activity at the back of the Instructions for Form 1120S, U.S. Small Business Corporation Income Tax Return.

G. Where to file.—File this election with the Internal Revenue Service Center where the corporation will file Form 1120S, U.S. Small Business Corporation Income Tax Return. A copy should also be retained for the permanent files of the corporation.

If the corporation's principal business, office or agency is located in	Use the following Internal Revenue Service Center address
New Jersey, New York City and counties of Nassau, Rockland, Suffolk, and Westchester	Holtsville, NY 00507
New York (all other counties), Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	Andover, MA 05501
Alabama, Florida, Georgia, Mississippi, South Carolina	Atlanta, GA 31101
Michigan, Ohio	Cincinnati, OH 45999
Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, Texas	Austin, TX 73301
Alaska, Arizona, Colorado, Idaho, Minnesota, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Ogden, UT 84201
Illinois, Iowa, Missouri, Wisconsin	Kansas City, MO 64999
California, Hawaii	Fresno, CA 93888
Indiana, Kentucky, North Carolina, Tennessee, Virginia, West Virginia	Memphis, TN 37501
Delaware, District of Columbia, Maryland, Pennsylvania	Philadelphia, PA 19255

H. Signature.—This form must be signed by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or any other corporate officer (such as tax officer) who is authorized to sign.

I. Election after termination or revocation.—If an election has been terminated or revoked under section 1372(e), see section 1372(f) and section 1.1372-5 of the regulations for the restrictions on eligibility to make a new election.

J. Investment credit property.—Section 47 and the regulations thereunder provide that investment credit property ceases to be investment credit property when a corporation makes a valid election under section 1372 to be an "electing small business corporation" and the tax recapture provisions of section 47 will apply.

The corporation and its shareholders may, however, execute the agreement specified in section 1.47-4(b)(2) of the regulations so that the recapture provisions of section 1.47-1(a) of the regulations will not apply to the section 38 property.

K. Work incentive (WIN) program credit.—Section 1.50A-5(b)(1) of the regulations provides that certain WIN wages paid prior to January 1, 1979, for which the WIN credit was claimed will cease to qualify as WIN wages when a corporation makes a valid election under section 1372 to be an "electing small business corporation." Therefore, the recapture provisions of section 1.50A-3 of the regulations may apply. However, the corporation and its shareholders may execute the agreement specified in section 1.50A-5(b)(2) of the regulations so that the recapture provisions of section 1.50A-3 of the regulations will not apply to the WIN expenses because of the corporation's election under section 1372.

L. Employer identification number.—Corporations that have not applied for an employer identification number should enter "not applied for." If a number has been applied for but not received, enter "applied for."

Corporations which do not have an EIN should apply for one on Form SS-4, available from any IRS or Social Security Administration office. Send Form SS-4 to the same Internal Revenue Service Center to which Form 1120S is sent.

MINUTES OF SPECIAL MEETING OF DIRECTORS

OF

USSERY/RULE ARCHITECTS, P. C.

A special meeting of the Board of Directors of the Corporation was held at the time, date and place set forth below.

All of the Directors being present, the meeting was called to order by the Chairman. The Chairman advised that all the shareholders had executed written consents to the election by the Corporation to be treated as a "small business corporation". Upon motion duly made, seconded and unanimously carried, it was

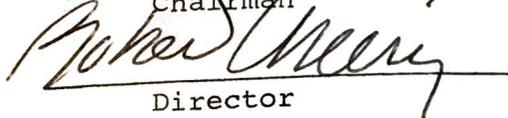
RESOLVED, that the proper officers of the corporation are hereby authorized to take any and all action necessary to comply with the requirements of the Internal Revenue Service for making an election pursuant to Sub Chapter S of the Internal Revenue Code, Sec. 1372, and it was further

RESOLVED, that the signing of these minutes by the Directors shall constitute full ratification thereof and waiver of notice of the meeting by the signatories.

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the meeting was adjourned.

Place: 103 Brunswick Avenue, St. Simons Island, Georgia
Date: December 4, 1981
Time: 2:00 p.m.



Chairman


Director



Secretary


Director

Director

MEDICAL CARE REIMBURSEMENT PLAN OF

1. BENEFITS

The Corporation shall reimburse all eligible employees for expenses incurred by themselves and their dependents, as defined in IRC §152, as amended, for medical care, as defined in IRC §213(e), as amended, subject to the conditions and limitations as hereinafter set forth. It is the intention of the Corporation that the benefits payable to eligible employees hereunder shall be excluded from their gross income pursuant to IRC §105, as amended.

2. ELIGIBILITY

3. LIMITATIONS

(a) The Corporation shall reimburse any eligible employee no more than \$ _____ in any fiscal year for medical care expenses.

(b) Reimbursement or payment provided under this Plan shall be made by the Corporation only in the event and to the extent that such reimbursement or payment is not provided under any insurance policy(ies), whether owned by the Corporation or the employee, or under any other health and accident or wage continuation plan. In the event that there is such an insurance policy or plan in effect, providing for reimbursement in whole or in part, then to the extent of the coverage under such policy or plan, the Corporation shall be relieved of any and all liability hereunder.

4. SUBMISSION OF PROOF

Any eligible employee applying for reimbursement under this Plan shall submit to the Corporation, at least quarterly, all bills for medical care, including premium notices for accident or health insurance, for verification by the Corporation prior to payment. Failure to comply herewith, may at the discretion of the Corporation, terminate such eligible employee's right to said reimbursement.

5. DISCONTINUATION

This Plan shall be subject to termination at any time by vote of the board of directors of the Corporation; provided, however, that medical care expenses incurred prior to such termination shall be reimbursed or paid in accordance with the terms of this Plan.

6. DETERMINATION

The president shall determine all questions arising from the administration and interpretation of the Plan except where reimbursement is claimed by the president. In such case determination shall be made by the board of directors.

Adopted by the Board of Directors
on _____ 19____

.....
Secretary

MINUTES OF SPECIAL MEETING OF DIRECTORS

OF

USSERY/RULE ARCHITECTS, P. C.

A special meeting of the Board of Directors of the Corporation was held on December 4, 1981 at 2:00 P. M. at 103 Brunswick Avenue, St. Simons Island, Georgia.

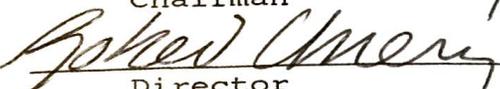
All of the Directors being present, the meeting was called to order by the Chairman. The Chairman advised that the meeting was called to approve and adopt a medical care expense reimbursement plan. A copy of the plan was presented to those present and upon motion duly made, seconded and unanimously carried, it was

RESOLVED, that the "Medical Care Reimbursement Plan" presented to the meeting is hereby approved and adopted, that a copy of the plan shall be appended to these minutes, and that the proper officers of the corporation are hereby authorized to take whatever action is necessary to implement the plan, and it is further

RESOLVED, that the signing of these minutes by the Directors shall constitute full ratification thereof and waiver of notice of the meeting by the signatories.

There being no further business to come before the meeting, upon motion duly made, seconded and unanimously carried, the meeting was adjourned.



Chairman


Director



Secretary


Director

Director

Minutes
and
By Laws

OF

USSERY/RULE ARCHITECTS, P. C.

INCORPORATED UNDER THE LAWS OF

GEORGIA

TABLE OF CONTENTS

Introduction (one page)
Worksheet (two pages)
Minutes of Organization Meeting (organization 1 through organization 6)
Waiver of Notice of Organization Meeting (organization 7)
Certificate of Incorporation (one page)
Assignments of Subscriptions (one page)
Resignations of Directors (one page)
Specimen Stock Certificate (one page)
Resolution Designating Depository of Funds (one page)
Ratification of Meeting (one page)
Consent to Action Taken In Lieu of Organization Meeting (consent 1 and consent 2)

By-Laws

Article I Offices

Article II Stockholders

- 1 annual meeting
- 2 special meetings
- 3 place of meetings
- 4 notice of meetings
- 5 closing of transfer books or fixing of record date
- 6 voting lists
- 7 quorum
- 8 proxies
- 9 voting
- 10 order of business
- 11 informal action by stockholders

Article III Board of Directors

- 1 general powers
- 2 number, tenure and qualifications
- 3 regular meetings
- 4 special meetings
- 5 notice
- 6 quorum
- 7 manner of acting
- 8 newly created directorships and vacancies
- 9 removal of directors
- 10 resignations
- 11 compensation
- 12 presumption of assent
- 13 executive and other committee

Article IV Officers

- 1 number
- 2 election and term of office
- 3 removal
- 4 vacancies
- 5 president
- 6 vice-president
- 7 secretary
- 8 treasurer
- 9 salaries

Article V Contracts, Loans, Checks and Deposits

- 1 contracts
- 2 loans
- 3 checks, drafts, etc.
- 4 deposits

Article VI Certificate for Shares and Their Transfer

- 1 certificates for shares
2. transfer of shares

Article VII Fiscal Year

Article VIII Dividends

Article IX Seal

Article X Waiver of Notice

Article XI Amendments

Annual and Succeeding Minutes

Minutes of the Annual Meeting of Stockholders (SM 1 through SM 3)
Inspectors Report (SM 3)
Ratification (SM 3)
Waiver of Notice (SM 4)
Notice of Annual Meeting (SM 4a)
Oath of Inspectors of Election (SM 5)
Proxy (SM 5a)
Minutes of Regular Meeting of Directors (DM 1 and DM 2)
Waiver of Notice (DM 3)
Minutes of Special Meeting of Directors (SDM 1 and SDM 2)
Waiver of Notice (SDM 3)

INTRODUCTION

Certificate of Incorporation

Forms for certificate of incorporation, articles of incorporation, or corporate charter, as the case may be, are available from the Secretary of State in most states.

Most state statutes require filing incorporation documents with the office of the Secretary of State. Furthermore, some states may have publication and/or county recording requirements.

Organization

The first step to be taken to commence corporate activity after the certificate of incorporation has been filed is to hold the organization meeting. This meeting is held either by the incorporators, directors named in the certificate of incorporation, or subscribing stockholders (consult state statutes to determine which group holds the organization meeting). Two sets of organization minutes are included herewith. One set is prepared for a formal organization meeting and the second is prepared in the form of consent to action taken in lieu of a formal organization meeting. The latter set of minutes are more convenient to use, however, they may only be used where state statutes permit action by consent.

If directors are not named in the certificate of incorporation you may wish to have the directors appointed or elected at the organization meeting. Thereafter, the meeting should proceed as a directors meeting. The following is a checklist of items to be considered at the organization meeting:

1. Presentation of certificate of incorporation, enter record of filings and publication (if latter is necessary).
2. Directors—acceptance of resignations, election of directors to serve until the first annual meeting of stockholders.
3. Adoption of by-laws.
4. Fixing of principal office of corporation.
5. Election of officers and fixing compensation.
6. Approving leases and proposals for acquisition of real estate and/or assuming assets and liabilities of unincorporated business.
7. Assignment of incorporators subscriptions where applicable.
8. Approve corporate seal, certificates and record book.
9. Adopt plan under IRC. Sec. 1244 (separate papers available from the publisher of these forms).
10. Authorize issuance of stock.
11. Designate depository of funds.
12. Qualify corporation to do business in other jurisdictions.
13. Any other matter appropriate to organization of the corporation.

Annual and Succeeding Minutes

Additional sets of minutes are enclosed for the following

Annual Meeting of Stockholders
Regular Meeting of Directors
Special Meeting of Directors

Worksheets

Worksheets for the preparation of the organization minutes and by-laws are included with this set to simplify their completion. The use of these worksheets by the attorney to instruct the typist will save both the attorney and the typist a great deal of time.

WORKSHEETS

Instructions: Read the italicized directions, complete the blanks and check the appropriate boxes for your typists attention. Additional resolutions may be dictated or drafted on separate papers. Make an appropriate cross references in the margin of the worksheet where the italicized directions indicate. Additional pages should be numbered with the previous page number plus a letter suffix (5a, 5b, etc.)

ORGANIZATION MINUTES

- prepare the organization meeting minutes, pages organization 1 through 7. Remove pages consent 1 and 2
prepare organization consent minutes, pages consent 1 and 2, remove pages organization 1 through 7.

MINUTES OF THE ORGANIZATION MEETING

- ORGANIZATION 1 1. insert name of the corporation
2. meeting held at
3. date of meeting 19
4. time of meeting M.
5. following were present
6. chairman of the meeting
7. secretary of the meeting
8. original Certificate of Incorporation filed on 19

Organization 2 refers to assignments of subscribing stockholders (item 9) and resignations of directors (item 10). Typist should strike out unused paragraphs or remove entire page if both items 9 and 10 are unused.

- ORGANIZATION 2 9. assignment of stock: from to shares
10. resignations of

organization 2a contains election of directors. If no election is to be held item 11 should be left blank and typist should remove organization 2a.

- ORGANIZATION 2a 11. directors nominated
ORGANIZATION 3 12. minutes and by-laws prepared by
13. officers elected: president, vice-president, secretary, treasurer
14. impress seal in margin

- ORGANIZATION 4 15. corporate offices established at city of state of
16. insert name of bank located at

organization 5 contains blank space on which you may wish to add additional resolutions. Make an appropriate cross reference in this margin to the separate resolutions.

- organization 5a contains resolutions adopting a proposal to exchange stock for property.
remove organization 5a
complete item 17.

- ORGANIZATION 5a 17. proposal from dated 19 number of shares issued

- ORGANIZATION 6 18. dated 19

organization 6 contains a list of documents that may be appended to the minutes. Complete the documents checked below and strike out on the list those not checked.

- Waiver of notice of meeting (see below for directions to complete)
Certificate of incorporation

- Assignments of subscriptions
- Resignations of directors
- Specimen stock certificates
- Resolution designating depository of funds
- Ratification of meeting
- By-laws (see below for directions to complete)

WAIVER OF NOTICE OF THE ORGANIZATION MEETING

- ORGANIZATION 7 1. insert name of the corporation.....
 2. insert: place of meeting.....
 date of meeting.....19.....
 time of meeting.....M.
 3. date the waiver.....19.....

CONSENT TO ACTION TAKEN IN LIEU OF ORGANIZATION MEETING

- CONSENT 1 1. insert name of corporation.....
 2. certificate of incorporation filed on.....19.....
 3. directors appointed.....

 4. officers appointed: president.....
 vice-president.....
 secretary.....
 treasurer.....

 5. minutes and by-laws prepared by.....
 6. impress seal in margin

If you wish to use a resolution adopting a proposal to exchange stock for property use the form on page organization 5a, renumber the page consent 1a and complete item 7.

7. proposal from.....
 dated.....19..... number of shares issued.....

Add additional resolutions on separate sheets numbered 1a, 1b, etc. Make an appropriate reference in this margin to the separate resolutions.

- CONSENT 2 8. insert name of bank.....
 located at.....
 9. dated.....19.....

Consent 2 contains a list of documents that should be appended to the minutes.

BY-LAWS

ARTICLE

- By-laws 1 I insert name of corporation.....
 office in the state of.....
 of..... county of.....
 II-1 annual meetings held on the..... day of.....19..... at.....M.
 II-2 special meetings called by the president at the request of not less than.....% of
 the shares entitled to vote.
 By-laws 2 II-4 written notice of meeting shall be delivered not less than..... days nor more
 than..... days before the date of the meeting.
 II-5 directors may close transfer books for..... days. To determine stockholders
 entitled to vote at a stockholders meeting directors may close books for
 days. Directors may set record date..... days in
 advance of determination of eligible stockholders. For purposes of stockholders meeting
 directors may set record date..... days in advance.
 By-laws 3 II-6 list of stockholders shall be made..... days before meeting and kept on file
 days.
 II-7 quorum of stockholders shall be..... of the outstanding shares.
 By-laws 5 III-2 number of directors shall be.....
 III-5 notice of special meeting shall be given..... days in advance.
 By-laws 6 III-6 directors shall constitute a quorum.
 By-laws 11 VII fiscal year shall begin on the..... day of.....

MINUTES OF
THE ORGANIZATION MEETING
OF
USSERY/RULE ARCHITECTS, P. C.

The organization meeting of incorporators was held at
on December 4, 19 81 at 2:00 P. M.

The following were present : Robert Ussery and Tom Rule

being all the incorporators of the corporation.

Robert Ussery was appointed chairman of the
meeting and Tom Rule was appointed secretary.

The secretary then presented and read to the meeting
the waiver of notice of the meeting, subscribed by all the
persons named in the certificate of incorporation, and it
was ordered that it be appended to the minutes of the meeting.

The secretary then presented and read to the meeting a
copy of the certificate of incorporation and reported that on
November 16, 19 82 the original thereof was filed in
the office of the Secretary of State of this State. The copy
of the certificate of incorporation was ordered appended to
the minutes of the meeting.

The secretary then presented assignments executed by the subscribing stockholders as follows:

<u>from</u>	<u>to</u>	<u>number of shares</u>
-------------	-----------	-----------------------------

RESOLVED, that the assignments of subscription rights as stated above are hereby approved and it is ordered that the assignments as executed by the subscribing stockholders be appended to the minutes of this meeting.

The secretary then presented to the meeting the resignation of

as directors of the corporation.

RESOLVED that the resignation of directors listed above is hereby approved and accepted and the form of resignation as executed by said directors be appended to these minutes.

The chairman then stated that nominations were in order for election of directors of the corporation to hold office until the first annual meeting of stockholders and until their successors shall be elected and shall qualify.

The following persons were nominated:

Robert Ussery

Tom Rule

No further nominations being made nominations were closed and a vote was taken.

After the vote had been counted, the chairman declared that the foregoing named nominees were elected directors of the corporation.

The chairman then stated that the newly elected directors would assume their responsibilities immediately and that this meeting would be considered as the first meeting of directors to organize the corporation and to transact such business as should properly come before the meeting.

The secretary then presented a proposed form of by-laws prepared by James G. Williams of Pipkin, Williams and Greene counsel to the corporation. The proposed by-laws were read to the meeting, considered and upon motion duly made, seconded and carried, were adopted as and for the by-laws of the corporation and ordered appended to the minutes of the meeting.

The chairman of the meeting then called for the election of officers of the corporation. The following persons were nominated to the office preceding their name:

president	Tom Rule
vice-president	Robert Ussery
secretary)
	: ROBERT USSERY
treasurer)

No further nominations being made the nominations were closed and the directors proceeded to vote on the nominees. The chairman announced that the foregoing nominees were elected to the offices set before their respective names.

The secretary submitted to the meeting a seal proposed for use as the corporate seal, a specimen stock certificate proposed for use as the corporate certificate for stock, the corporate record book, and the stock transfer ledger. Upon motion duly made, seconded and carried, it was

RESOLVED, that the seal now presented at this meeting, an impression of which is directed to be made in the minutes of this meeting, be and the same hereby is adopted as the seal of the corporation, and further

RESOLVED, that the specimen stock certificate presented to this meeting be and hereby is adopted as the form of certificate of stock to be issued to represent shares in the corporation, and further

RESOLVED, that the corporate record book, including the stock transfer ledger, be and hereby is adopted as the record book and stock transfer ledger of the corporation.

Upon motion duly made, seconded and carried, it was

RESOLVED, that the treasurer of the corporation be and hereby is authorized to pay all charges and expenses incident to or arising out of the organization of the corporation and to reimburse any person who has made any disbursement therefor.

Upon motion, duly made, seconded and carried, it was

RESOLVED, that an office of the corporation be established and maintained at 103 Brunswick Avenue in the City of St. Simons Island State of Georgia and that meetings of the board of directors from time to time may be held either at the principal office or at such other place as the board of directors shall from time to time order.

Upon motion, duly made, seconded and carried, it was

RESOLVED, that for the purpose of authorizing the corporation to do business in any state, territory or dependency of the United States or any foreign country in which it is necessary or expedient for this corporation to transact business, the proper officers of this corporation are hereby authorized to appoint and substitute all necessary agents or attorneys for service of process, to designate and change the location of all necessary statutory offices and, under the corporate seal, to make and file all necessary certificates, reports, powers of attorney and other instruments as may be required by the laws of such state, territory, dependency or country to authorize the corporation to transact business therein.

The chairman then stated that it was desirable to designate a depository for the funds of the corporation. Thereupon, on motion duly made, seconded and unanimously adopted, it was

RESOLVED, that the treasurer be and hereby is authorized to open a bank account in behalf of the corporation with The Coastal Bank of Georgia located at St. Simons Island, Georgia and a resolution for that purpose on the printed form of said bank was adopted and was ordered appended to the minutes of this meeting.

Upon motion duly made, seconded and carried, it was

RESOLVED, that the board of directors be and hereby is authorized to issue the unsubscribed capital stock of the corporation at such times and in such amounts as it shall determine, and to accept in payment thereof, cash, labor done, personal property, real property or leases thereof, or such other property as the board may deem necessary for the business of the corporation.

The secretary then presented to the meeting a written proposal from Robert Ussery and Tom Rule dated December 4, 1981 and addressed to this corporation.

Upon motion duly made, seconded and carried, the said proposal was ordered filed with the secretary, and he was requested to append a copy of the proposal to the minutes.

The proposal was taken up for consideration and the following resolution was on motion unanimously adopted

WHEREAS, a written proposal has been made to this corporation which proposal has been appended to these minutes, and

WHEREAS, in the judgment of the board of directors the assets proposed to be transferred to the corporation are reasonably worth the amount of the consideration demanded therefor, and that it is in the best interests of this corporation to accept the said offer as set forth in said proposal,

NOW THEREFORE, IT IS RESOLVED that said offer, as set forth in said proposal, be and the same hereby is approved and accepted, and that in accordance with the terms thereof, this corporation shall as full payment for said property issue to said offeror(s) or nominee(s) fully paid and non-assessable shares of this corporation, and it is

FURTHER RESOLVED, that upon the delivery to this corporation of said assets and the execution and delivery of such proper instruments as may be necessary to transfer and convey the same to this corporation, the officers of this corporation are authorized and directed to execute and deliver the certificate or certificates for such shares as are required to be issued and delivered on acceptance of said offer in accordance with the foregoing.

Upon motion duly made, seconded and carried, it was

RESOLVED, that the corporation proceed to carry on the business for which it was incorporated, and further

RESOLVED, that the signing of these minutes shall constitute full ratification thereof and waiver of notice of the meeting by the signatories.

There being no further business before the meeting, on motion duly made, seconded and carried, the meeting was adjourned.

Dated: December 4, 1981



chairman



secretary

A true copy of each of the following papers referred to in the foregoing minutes is appended hereto:

Waiver of notice of the meeting
Certificate of incorporation
Assignments of subscription
Resignation of directors
By-laws
Specimen stock certificates
Resolution designating depository of funds
Proposal