August 11, 1934

Arizona Rural Rehabilitation Corporation,
Heard Building,
Phoenix, Arizona

Attention: Mr. E. E. Webb

Gentlemen:

You have asked me to examine the proposed "Certificate of Incorporation" and minutes of the first meeting and by-laws of the proposed State Rural Rehabilitation Corporation.

I first wish to take the liberty of pointing out that the organic law of the corporation is known in this state as "Articles of Incorporation" rather than "Certificate of Incorporation".

Section 603 of the Revised Code of Arizona, 1928, provides that the annual increase or income of all property owned by the corporation must not exceed $50,000 and also limits the amount of real property which can be held by the corporation to not more than necessary for the objects of the association.

Paragraph 4 of the proposed articles provides for a capital stock of $5,000. I suggest that this amount be substantially increased in view of subdivision 6 of Section 537, Revised Code of Arizona, 1928, as amended by Chapter 94 of the Regular Session, Laws of the Eleventh Legislature, inasmuch as this section limits the amount of indebtedness to which a corporation may subject itself to not more than two-thirds of the authorized capital stock and, in case that such stock be of no par value, the amount of such indebtedness shall be regulated by the Corporation Commission.

Section 602, Revised Code of Arizona, 1928, requires that the articles of incorporation for this type

34-291

of corporation set forth the holding of the election for directors and the time and place where the same is held. I observe that this provision is absent from the proposed articles which you submitted. I suggest that we discuss, at your best convenience, the drafting of a new setup for your proposed corporation.

Yours very truly,

Attorney General

CAR/CD

Assistant Attorney General

COPY