

**OPINION**  
**46-274**

May 4, 1946           (OPINION)

TAX DEED PROCEEDINGS

RE: Who May Redeem

From our conversation of the other day, I understand that the county acquired tax deed to some lots in Lakota. The lots were not resold at regular sale. The county commissioners procured a bid on this property and issued the thirty days' notice. During the thirty days' notice, the prospective purchaser moved a house on the lots. Now I understand that a stockholder or stockholders of a defunct and extinct corporation are talking about redeeming the property. If these facts are correct, the question arises whether a stockholder or stockholders of a defunct and extinct corporation have the right to redeem the property formerly owned by the defunct corporation prior to tax deed.

The dissolution of a corporation is effected under chapter 10-16 of the North Dakota Revised Code of 1943 by an involuntary dissolution of the corporation and the expiration of the time limited by its articles. Unless other persons are appointed by the court, the directors or managers of the corporation at the time of its dissolution are trustees of the creditors and stockholders or members of the dissolved corporation. They have the power to settle the affairs of the corporation, to collect moneys due the corporation, to pay its debts, and to divide among the stockholders the property which remains after the payment of debts and expenses. (section 10-1610 of the North Dakota Revised Code of 1943). A corporation once dissolved can be revived by filing new articles of incorporation. (Section 10-1625 of the 1943 Revised Code).

"Under the modern rules, dissolution of a corporation does not take away nor destroy its property, but the same belongs to the stockholders subject to the payment of its debts." (19 C.J.S. 1488, Sec. 1730 (b)).

The stockholders of a corporation do not become owners of property of a corporation at expiration of its charter, but property still belongs to corporation to be disposed of by legal process and may not be taken over directly by survivors. (16 C.J.S. 1490, Note 24).

Under section 57-2818 of the North Dakota Revised Code of 1943, "if property is sold at private sale to any person other than the former owner, his executor or administrator, or any member of his immediate family, such sale shall be held in abeyance for a period of thirty days from the date of notice to the former owner, his executor or administrator, or any member of his immediate family, given by registered mail by the county auditor, to his last known post-office address, or, if the post-office address is not known, then to the post office nearest the land, during which time the former owner, his executor or administrator, or any member of his immediate family, may make redemption by payment in full of the delinquent taxes, penalty,

and interest charged against such real estate or the proposed sale price, whichever may be the lesser."

Applying the above stated rules of law statutes to the right of a surviving stockholder or stockholders of a corporation which has been dissolved by expiration of its charter to redeem corporate real estate forfeited to the county by tax deed, it appears to me that the surviving directors or managers might have a right to redeem for the corporation. In making a redemption they would have to act as such directors or managers for and on behalf of the corporation and not for themselves individually. It would appear that no individual stockholder, or a group of stockholders, acting for themselves, would have any right of redemption unless he proceeded by a suit in equity brought by himself and all other stockholders on a showing that the surviving directors or managers of the corporation had refused or failed to act.

The section above cited, with reference to the right of redemption, indicates that the former owner, his executor or administrator, or any member of his immediate family, may redeem from sale to the county. A stockholder or stockholders would not come within the term "former owner." In order to have the right to redeem as former owners they must establish in the manner suggested their right to redeem and then only on behalf of all the stockholders and on a showing that the directors and managers had failed, refused, and neglected to act.

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Attorney General