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FOR APPROVAL

**HARMONIZED REVISED UNIFORM
UNINCORPORATED NONPROFIT ASSOCIATION ACT**
*(Amendments to Revised Uniform Unincorporated
Nonprofit Association Act (2008))*

NATIONAL CONFERENCE OF COMMISSIONERS
ON UNIFORM STATE LAWS

AMERICAN BAR ASSOCIATION

MEETING IN ITS ONE-HUNDRED-AND-TWENTIETH YEAR
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UNINCORPORATED NONPROFIT ASSOCIATION ACT**
*(Amendments to Revised Uniform Unincorporated
Nonprofit Association Act (2008))*

WITHOUT PREFATORY NOTES OR COMMENTS, BUT WITH REPORTERS' NOTES

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Jointly By

NATIONAL CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS
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AMERICAN BAR ASSOCIATION

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May 31, 2011

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**HARMONIZED REVISED UNIFORM UNINCORPORATED NONPROFIT
ASSOCIATION ACT**

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HARMONIZED REVISED UNIFORM UNINCORPORATED NONPROFIT ASSOCIATION ACT

Introductory Reporters' Note

The proposed revisions to the text of the act set forth in this document have been prepared as part of a project that has two purposes: (i) to harmonize the language of all of the unincorporated entity laws, and (ii) to revise the language of each of those acts in a manner that permits their integration into a single code of entity laws.

The Comments to the act have been omitted from this document to reduce its length. Following the approval of the changes in this document by the Conference, the Comments will be restored with appropriate changes.

The harmonization process has involved the revision of the following acts:

Business Organizations Act (the "HUB")
Model Entity Transactions Act ("META")
Model Registered Agents Act
Uniform Partnership Act (1997)
Uniform Limited Partnership Act (2001)
Uniform Limited Liability Company Act (2006)
Uniform Statutory Trust Entity Act
Uniform Limited Cooperative Association Act
Uniform Unincorporated Nonprofit Association Act (2008)

Changes to the currently effective text of the act are shown by ~~striking through text to be deleted~~ and underlining text to be added. Changes that adopt language from the HUB or META, or are merely relocations of current language or corrections to cross references are shown in regular type. *Changes that adopt language from other unincorporated entity laws are shown in italics.* CHANGES THAT DO NOT HAVE A SOURCE IN ONE OF THE EXISTING UNINCORPORATED ENTITY LAWS ARE SHOWN IN SMALL CAPS.

**HARMONIZED REVISED UNIFORM UNINCORPORATED NONPROFIT
ASSOCIATION ACT**

SECTION 1. SHORT TITLE. This [act] may be cited as the Revised Uniform
Unincorporated Nonprofit Association {Act.}

SECTION 2. DEFINITIONS. In this [act]:

(1) “Established practices” means the practices used by an unincorporated nonprofit association without material change during the most recent five years of its existence, or if it has existed for less than five years, during its entire existence.

(2) “Governing principles” means the agreements, whether oral, in a record, or implied from its established practices, or in any combination thereof, that which govern the purpose or operation of an unincorporated nonprofit association and the rights and obligations of its members and managers. The term includes any amendment or restatement of the agreements constituting the governing principles.

(3) “Manager” means a person that is responsible, alone or in concert with others, for the management of an unincorporated nonprofit association.

(4) “Member” means a person that, under the governing principles, may participate in the selection of persons authorized to manage the affairs of the unincorporated nonprofit association or in the development of the policies and activities of the association.

(5) “Person” means an individual, business corporation, ~~business trust, statutory entity trust, estate, trust,~~ nonprofit corporation, partnership, limited partnership, limited liability company, [general cooperative association,] limited cooperative association, unincorporated nonprofit association, statutory trust, business trust, common-law business trust, estate, trust, association, joint venture, public corporation, government or governmental subdivision, agency, or instrumentality, or any other legal or commercial entity.

1 (6) “Property” means all property, whether real, personal, or mixed or tangible or
2 intangible, or any right or interest therein.

3 ~~(6)~~ (7) “Record”, used as a noun, means information that is inscribed on a tangible
4 medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

5 (8) “Sign” means, with present intent to authenticate or adopt a record:

6 (A) to execute or adopt a tangible symbol; or

7 (B) to attach to or logically associate with the record an electronic symbol, sound,
8 symbol, or process.

9 ~~(7)~~ (9) “State” means a state of the United States, the District of Columbia, Puerto Rico,
10 the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction
11 of the United States.

12 (10) “Transfer” includes:

13 (A) an assignment;

14 (B) a conveyance;

15 (C) a sale;

16 (D) a lease;

17 (E) an encumbrance, including a mortgage or security interest;

18 (F) a gift; and

19 (G) a transfer by operation of law.

20 ~~(8)~~ (11) “Unincorporated nonprofit association” means an unincorporated organization
21 consisting of [two] or more members joined under an agreement that is oral, in a record, or
22 implied from conduct, for one or more common, nonprofit purposes. The term does not include:

23 (A) a trust;

24 (B) a marriage, domestic partnership, common law domestic relationship, civil

union, or other domestic living arrangement;

(C) an organization formed under any other statute that governs the organization and operation of unincorporated associations;

(D) a joint tenancy, tenancy in common, or tenancy by the entireties even if the co-owners share use of the property for a nonprofit purpose; or

(E) a relationship under an agreement in a record that expressly provides that the relationship between the parties does not create an unincorporated nonprofit association.

SECTION 3. RELATION TO OTHER LAW.

(a) ~~Principles~~ Unless displaced by particular provisions of this [act], the principles of law and equity supplement this [act] ~~unless displaced by a particular provision of it.~~

(b) A statute governing a specific type of unincorporated nonprofit association prevails over an inconsistent provision in this [act], to the extent of the inconsistency.

(c) This [act] supplements the law of this state that applies to nonprofit associations operating in this state. If a conflict exists, that law applies.

SECTION 4. GOVERNING LAW.

(a) Except as otherwise provided in subsection (b), the law of this state governs the operation in this state of ~~all~~ an unincorporated nonprofit ~~associations~~ association formed or operating in this state.

(b) Unless the governing principles specify a different jurisdiction, the law of the jurisdiction in which an unincorporated nonprofit association has its main place of activities governs the internal affairs of the association.

SECTION 5. ~~LEGAL~~ ENTITY; PERPETUAL EXISTENCE; POWERS.

(a) An unincorporated nonprofit association is ~~a legal~~ an entity distinct from its members and managers.

(b) An unincorporated nonprofit association has perpetual duration unless the governing principles specify otherwise.

(c) An unincorporated nonprofit association has the same powers as an individual to do all things necessary or convenient to carry on its purposes.

(d) An unincorporated nonprofit association may engage in profit-making activities but profits from any activities must be used or set aside for the association's nonprofit purposes.

SECTION 6. OWNERSHIP AND TRANSFER OF PROPERTY.

(a) An unincorporated nonprofit association may acquire, hold, encumber, or transfer in its name an interest in ~~real or personal~~ property.

(b) An unincorporated nonprofit association may be a beneficiary of a trust or contract, a legatee, or a devisee.

SECTION 7. STATEMENT OF AUTHORITY AS TO REAL PROPERTY.

(a) In this section, "statement of authority" means a statement authorizing a person to transfer an interest in real property held in the name of an unincorporated nonprofit association.

(b) An interest in real property held in the name of an unincorporated nonprofit association may be transferred by a person authorized to do so in a statement of authority [filed] [recorded] by the association in the office in the [county] in which a transfer of the property would be [filed] [recorded].

(c) A statement of authority must set forth:

(1) the name of the unincorporated nonprofit association;

(2) the address in this state, including the street address, if any, of the association or, if the association does not have an address in this state, its out-of-state address;

(3) that the association is an unincorporated nonprofit association; and

(4) the name, title, or position of a person authorized to transfer an interest in real

1 property held in the name of the association.

2 (d) A statement of authority must be executed in the same manner as [a deed] [an
3 affidavit] by a person other than the person authorized in the statement to transfer the interest.

4 (e) A filing officer may collect a fee for [filing] [recording] a statement of authority in the
5 amount authorized for [filing] [recording] a transfer of real property.

6 (f) A document amending, revoking, or canceling a statement of authority or stating that
7 the statement is unauthorized or erroneous must meet the requirements for executing and [filing]
8 [recording] an original statement.

9 (g) Unless canceled earlier, a [filed] [recorded] statement of authority and its most recent
10 amendment expire [five] years after the date of the most recent [filing] [recording].

11 (h) If the record title to real property is in the name of an unincorporated nonprofit
12 association and the statement of authority is [filed] [recorded] in the office of the [county] in
13 which a transfer of the property would be [filed] [recorded], the authority of the person named in
14 the statement to transfer is conclusive in favor of a person that gives value without notice that the
15 person lacks authority.

16 **SECTION 8. LIABILITY.**

17 (a) A debt, obligation, or other liability of an unincorporated nonprofit association,
18 whether arising in contract, tort, or otherwise:

19 (1) is solely the debt, obligation, or other liability of the association; and

20 (2) does not become a debt, obligation, or other liability of a member or manager
21 solely because the member acts as a member or the manager acts as a manager.

22 (b) A person's status as a member or manager does not prevent or restrict law other than
23 this [act] from imposing liability on the person or the association because of the person's
24 conduct.

1 **SECTION 9. ASSERTION AND DEFENSE OF CLAIMS.**

2 (a) An unincorporated nonprofit association may sue or be sued in its own name.

3 (b) A member or manager may assert a claim the member or manager has against the
4 unincorporated nonprofit association. An association may assert a claim it has against a member
5 or manager.

6 **SECTION 10. EFFECT OF JUDGMENT OR ORDER.** A judgment or order against
7 an unincorporated nonprofit association is not by itself a judgment or order against a member or
8 manager.

9 **SECTION 11. APPOINTMENT OF AGENT TO RECEIVE SERVICE OF**
10 **PROCESS.**

11 (a) An unincorporated nonprofit association may ~~file in the office of~~ deliver to the
12 [Secretary of State] for filing a statement appointing an agent authorized to receive service of
13 process.

14 (b) A statement appointing an agent must ~~set forth~~ state:

15 (1) the name of the unincorporated nonprofit association; and

16 (2) the name of the person in this state authorized to receive service of process
17 and the person's address, including the street address, in this state.

18 (c) A statement appointing an agent must be signed ~~and [acknowledged] [sworn to]~~ by a
19 person authorized to manage the affairs of the unincorporated nonprofit association and by the
20 person appointed as the agent. ~~By signing and [acknowledging] [swearing to] the statement the~~
21 ~~person becomes the agent. The signing of the statement is an affirmation of fact that the person is~~
22 authorized to manage the affairs of the unincorporated nonprofit association and that the agent
23 has consented to serve.

24 (d) An amendment to or cancellation of a statement appointing an agent to receive service

1 of process must meet the requirements for ~~executing~~ signing an original statement. An agent
2 may resign by ~~filing~~ delivering a resignation ~~in~~ to the office of the [Secretary of State] for filing
3 and giving notice to the association.

4 (e) The [Secretary of State] may collect a fee for filing a statement appointing an agent
5 to receive service of process, an amendment, a cancellation, or a resignation in the amount
6 charged for filing similar documents.

7 (f) A statement appointing an agent to receive service of process takes effect on filing by
8 the [Secretary of State] and is effective for five years after the date of filing unless canceled or
9 terminated earlier.

10 (g) A statement appointing an agent to receive service of process may not be rejected for
11 filing because the name of the unincorporated nonprofit association signing the statement is not
12 distinguishable on the records of the [Secretary of State] from the name of another entity
13 appearing in those records. The filing of such a statement does not make the name of the
14 unincorporated nonprofit association signing the statement unavailable for use by another entity.

15 **[SECTION 12. SERVICE OF PROCESS.** In an action or proceeding against an
16 unincorporated nonprofit association, process may be served on an agent authorized by
17 appointment to receive service of process, on a manager of the association, or in any other
18 manner authorized by the law of this state.]

19 **SECTION 13. ACTION OR PROCEEDING NOT ABATED BY CHANGE.** An
20 action or proceeding against an unincorporated nonprofit association does not abate merely
21 because of a change in its members or managers.

22 **[SECTION 14. VENUE.** Unless otherwise provided by law other than this [act], venue
23 of an action against an unincorporated nonprofit association brought in this state is determined
24 under the statutes applicable to an action brought in this state against a corporation.]

1 **SECTION 15. MEMBER NOT AGENT.** A member is not an agent of the association
2 solely by reason of being a member.

3 **SECTION 16. APPROVAL BY MEMBERS.**

4 (a) Except as otherwise provided in the governing principles, an unincorporated nonprofit
5 association must have the approval of its members to:

6 (1) admit, suspend, dismiss, or expel a member;

7 (2) select or dismiss a manager;

8 (3) adopt, amend, or repeal the governing principles;

9 (4) sell, lease, exchange, or otherwise dispose of all, or substantially all, of the
10 association's property, with or without the association's goodwill, outside the ordinary course of
11 its activities;

12 (5) dissolve under ~~section 28(2)~~ Section 28(a)(2) or merge under ~~section~~ Section
13 30;

14 (6) undertake any other act outside the ordinary course of the association's
15 activities; or

16 (7) determine the policy and purposes of the association.

17 (b) An unincorporated nonprofit association must have the approval of the members to do
18 any other act or exercise a right that the governing principles require to be approved by
19 members.

20 **SECTION 17. MEMBER MEETINGS ~~OF MEMBERS~~; VOTING, NOTICE, AND**
21 **QUORUM PROCEDURAL REQUIREMENTS.**

22 (a) Unless the governing principles provide otherwise:

23 (1) approval of a matter by THE members requires an affirmative majority of the
24 votes cast at a meeting of members; and

(2) each member is entitled to one vote on each matter that is submitted for approval by THE members.

(b) ~~NOTICE AND QUORUM REQUIREMENTS FOR MEMBER MEETINGS AND THE CONDUCT OF MEETINGS OF MEMBERS ARE DETERMINED BY THE GOVERNING PRINCIPLES. THE GOVERNING PRINCIPLES MAY PROVIDE FOR THE:~~

(1) CALLING, LOCATION, AND TIMING OF MEMBER MEETINGS;

(2) NOTICE AND QUORUM REQUIREMENTS FOR MEMBER MEETINGS;

(3) CONDUCT OF MEMBER MEETINGS;

(4) TAKING OF ACTION BY THE MEMBERS BY CONSENT WITHOUT A MEETING OR CASTING BALLOTS; AND

(5) PARTICIPATION BY MEMBERS IN A MEMBER MEETING BY TELEPHONE OR OTHER MEANS OF ELECTRONIC COMMUNICATION.

(C) IF THE GOVERNING PRINCIPLES DO NOT PROVIDE FOR A MATTER DESCRIBED IN SUBSECTION (B), CUSTOMARY USAGES AND PRINCIPLES OF PARLIAMENTARY LAW AND PROCEDURE APPLY.

SECTION 18. DUTIES OF MEMBER.

(a) A member does not have ~~a~~ any fiduciary duty to an unincorporated nonprofit association or to another member solely ~~by~~ reason of being a member.

(b) A member shall discharge the duties to the unincorporated nonprofit association and the other members and exercise any rights under this [act] consistent with the governing principles and the contractual obligation of good faith and fair dealing.

SECTION 19. ADMISSION, SUSPENSION, DISMISSAL, OR EXPULSION OF MEMBERS.

(a) A person becomes a member and may be suspended, dismissed, or expelled in

1 accordance with the association's governing principles. If there are no applicable governing
2 principles, a person may become a member or be suspended, dismissed, or expelled from an
3 association only by a vote of its members. A person may not be admitted as a member without
4 the person's consent.

5 (b) Unless the governing principles provide otherwise, the suspension, dismissal, or
6 expulsion of a member does not relieve the member from any unpaid capital contribution, dues,
7 assessments, fees, or other obligation incurred or commitment made by the member before the
8 suspension, dismissal, or expulsion.

9 **SECTION 20. MEMBER'S RESIGNATION.**

10 (a) A member may resign as a member in accordance with the governing principles. In
11 the absence of applicable governing principles, a member may resign at any time.

12 (b) Unless the governing principles provide otherwise, resignation of a member does not
13 relieve the member from any unpaid capital contribution, dues, assessments, fees, or other
14 obligation incurred or commitment made by the member before resignation.

15 **SECTION 21. MEMBERSHIP INTEREST NOT TRANSFERABLE.** Except as
16 otherwise provided in the governing principles, a member's interest or any right under the
17 governing principles is not transferable.

18 **SECTION 22. SELECTION OF MANAGERS; MANAGEMENT RIGHTS OF**
19 **MANAGERS.** Except as otherwise provided in this [act] or the governing principles:

- 20 (1) only the members may select a manager or managers;
21 (2) a manager may be a member or a nonmember;
22 (3) if a manager is not selected, all members are managers;
23 (4) each manager has equal rights in the management and conduct of the association's
24 activities;

(5) all matters relating to the association's activities are decided by its managers except for matters reserved for approval by members in section 16; and

(6) a difference among managers is decided by a majority of the managers.

SECTION 23. DUTIES OF MANAGERS.

(a) A manager owes to the unincorporated nonprofit association and to its members the ~~fiduciary~~ duties of loyalty and care.

(b) A manager shall manage the unincorporated nonprofit association in good faith, in a manner the manager reasonably believes to be in the best interests of the association, and with such care, including reasonable inquiry, as a prudent person would reasonably exercise in a similar position and under similar circumstances. A manager may rely in good faith upon any opinion, report, statement, or other information provided by another person that the manager reasonably believes is a competent and reliable source for the information.

(c) After full disclosure of all material facts, a specific act or transaction that would otherwise violate the fiduciary duty of loyalty by a manager may be authorized or ratified by a majority of the members that are not interested directly or indirectly in the act or transaction.

(d) A manager that makes a business judgment in good faith satisfies the duties specified in subsection (a) if the manager:

(1) is not interested, directly or indirectly, in the subject of the business judgment and is otherwise able to exercise independent judgment;

(2) is informed with respect to the subject of the business judgment to the extent the manager reasonably believes to be appropriate under the circumstances; and

(3) believes that the business judgment is in the best interests of the unincorporated nonprofit association and in accordance with its purposes.

(e) The governing principles in a record may limit or eliminate the liability of a manager

1 to the unincorporated nonprofit association or its members for damages for any action taken, or
2 for failure to take any action, as a manager, except liability for:

- 3 (1) the amount of financial benefit improperly received by a manager;
- 4 (2) an intentional infliction of harm on the association or one or more of its
5 members;
- 6 (3) an intentional violation of criminal law;
- 7 (4) breach of the *fiduciary* duty of loyalty; or
- 8 (5) improper distributions.

9 **SECTION 24. ~~NOTICE AND QUORUM~~ PROCEDURAL REQUIREMENTS FOR**
10 **MANAGER MEETINGS OF MANAGERS.** ~~NOTICE AND QUORUM REQUIREMENTS FOR~~
11 ~~MEETINGS OF MANAGERS AND THE CONDUCT OF MEETINGS OF MANAGERS ARE DETERMINED BY THE~~

12 (A) THE GOVERNING PRINCIPLES MAY PROVIDE FOR THE:

- 13 (1) CALLING, LOCATION, AND TIMING OF MANAGER MEETINGS;
- 14 (2) NOTICE AND QUORUM REQUIREMENTS FOR MANAGER MEETINGS;
- 15 (3) CONDUCT OF MANAGER MEETINGS;
- 16 (4) TAKING OF ACTION BY THE MANAGERS BY CONSENT WITHOUT A MEETING; AND
- 17 (5) PARTICIPATION BY MANAGERS IN A MANAGER MEETING BY TELEPHONE OR
18 OTHER MEANS OF ELECTRONIC COMMUNICATION.

19 (B) IF THE GOVERNING PRINCIPLES DO NOT PROVIDE FOR A MATTER DESCRIBED IN
20 SUBSECTION (A), CUSTOMARY USAGES AND PRINCIPLES OF PARLIAMENTARY LAW AND PROCEDURE
21 APPLY.

22 **SECTION 25. RIGHT OF MEMBER OR MANAGER TO INFORMATION.**

23 (a) On reasonable notice, a member or manager of an unincorporated nonprofit
24 association may inspect and copy during the unincorporated nonprofit association's regular

operating hours, at a reasonable location specified by the association, any record maintained by the association regarding its activities, financial condition, and other circumstances, to the extent the information is material to the member's or manager's rights and duties under the governing principles.

(b) An unincorporated nonprofit association may impose reasonable restrictions on access to and use of information to be furnished under this section, including designating the information confidential and imposing obligations of nondisclosure and safeguarding on the recipient.

(c) An unincorporated nonprofit association may charge a person that makes a demand under this section reasonable copying costs, limited to the costs of labor and materials.

(d) A former member or manager is entitled to information to which the member or manager was entitled while a member or manager if the information pertains to the period during which the person was a member or manager, the former member or manager seeks the information in good faith, and the former member or manager satisfies subsections (a) through (c).

SECTION 26. DISTRIBUTIONS PROHIBITED; COMPENSATION AND OTHER PERMITTED PAYMENTS.

(a) Except as otherwise provided in subsection (b), an unincorporated nonprofit association may not pay dividends or make distributions to a member or manager.

(b) An unincorporated nonprofit association may:

(1) pay reasonable compensation or reimburse reasonable expenses to a member or manager for services rendered;

(2) confer benefits on a member or manager in conformity with its nonprofit purposes;

1 (3) repurchase a membership and repay a capital contribution made by a member
2 to the extent authorized by its governing principles; or

3 (4) make distributions of property to members upon winding up and termination
4 to the extent permitted by ~~section~~ Section 29.

5 **SECTION 27. REIMBURSEMENT; INDEMNIFICATION; ADVANCEMENT OF**
6 **EXPENSES.**

7 (a) Except as otherwise provided in the governing principles, an unincorporated nonprofit
8 association shall reimburse a member or manager for authorized expenses reasonably incurred in
9 the course of the member's or manager's activities on behalf of the association.

10 (b) An unincorporated nonprofit association may indemnify a member or manager for
11 any debt, obligation, or other liability incurred in the course of the member's or manager's
12 activities on behalf of the association if the person seeking indemnification has complied with
13 Sections 18 and 23. Governing principles in a record may broaden or limit indemnification.

14 (c) If a person is made or threatened to be made a party in an action or proceeding based
15 on that person's activities on behalf of an unincorporated nonprofit association and the person
16 makes a request in a record to the association, a majority of the disinterested managers may
17 approve in a record advance payment, or reimbursement, by the association, of all or a part of the
18 reasonable expenses, including attorney's fees and costs, incurred by the person before the final
19 disposition of the proceeding. To be entitled to an advance payment or reimbursement, the
20 person must state in a record that the person has a good faith belief that the criteria for
21 indemnification in subsection (b) have been satisfied and that the person will repay the amounts
22 advanced or reimbursed if the criteria for payment have not been satisfied. The governing
23 principles in a record may broaden or limit the advance payments or reimbursements.

24 (d) An unincorporated nonprofit association may purchase insurance on behalf of a

1 member or manager for liability asserted against or incurred by the member or manager in the
2 capacity of a member or manager, whether or not the association has authority under this [act] to
3 reimburse, indemnify, or advance expenses to the member or manager against the liability.

4 (e) The rights of reimbursement, indemnification, and advancement of expenses under
5 this section apply to a former member or manager for an activity undertaken on behalf of the
6 unincorporated nonprofit association while a member or manager.

7 **SECTION 28. DISSOLUTION.**

8 (a) An unincorporated nonprofit association may be dissolved as follows:

9 (1) if the governing principles provide a time or method for dissolution, at that
10 time or by that method;

11 (2) if the governing principles do not provide a time or method for dissolution,
12 upon approval by the members;

13 (3) if no member can be located and the association's operations have been
14 discontinued for at least three years, by the managers or, if the association has no current
15 manager, by its last manager;

16 (4) by court order; or

17 (5) under law other than this [act].

18 (b) After dissolution, an unincorporated nonprofit association continues in existence until
19 its activities have been wound up and it is terminated pursuant to ~~section~~ Section 29.

20 **SECTION 29. WINDING UP AND TERMINATION.** Winding up and termination of
21 an unincorporated nonprofit association must proceed in accordance with the following rules:

22 (1) All known debts and liabilities must be paid or adequately provided for.

23 (2) Any property subject to a condition requiring return to the person designated by the
24 donor must be transferred to that person.

(3) Any property subject to a trust must be distributed in accordance with the trust agreement.

(4) Any remaining property must be distributed as follows:

(A) as required by law other than this [act] that requires assets of an association to be distributed to another person with similar nonprofit purposes;

(B) in accordance with the association's governing principles or in the absence of applicable governing principles, to the members of the association per capita or as the members direct; or

(C) if neither subparagraph (A) nor (B) applies, under [cite the unclaimed property law in this state].

SECTION 30. MERGERS.

(a) In this section:

~~(1) "Constituent organization" means an organization that is merged with one or more other organizations including the surviving organization.~~

~~(2) "Nonsurviving organization" means a constituent organization that is not the surviving organization.~~

~~(3) "Organization" means an unincorporated nonprofit association, a general partnership, including a limited liability partnership, limited partnership, including a limited liability limited partnership, limited liability company, business or statutory trust, corporation, or any other legal or commercial entity having a statute governing its formation and operation. The term includes a for-profit or nonprofit organization.~~

~~(4) "Surviving organization" means an organization into which one or more other organizations are merged.~~

(1) "Entity":

1 (A) means a person that has:

2 (i) a legal existence separate from any person that has a right to
3 vote or consent with respect to any of the entity’s internal affairs; or

4 (ii) the power to acquire an interest in real property in its own
5 name; and

6 (B) does not include:

7 (i) an individual;

8 (ii) a testamentary or inter vivos trust with a predominantly
9 donative purpose or a charitable trust;

10 (iii) an association or relationship that is not a partnership solely by
11 reason of [Section 202(c) of the Uniform Partnership Act (1997)] or a similar provision of the
12 law of another jurisdiction;

13 (iv) a decedent’s estate; or

14 (v) a government or a governmental subdivision, agency, or
15 instrumentality.

16 (2) “Merging entity” means an entity that is a party to a merger and exists
17 immediately before the merger becomes effective.

18 (3) “Organic rules” means the public organic record and private organic rules of
19 an entity.

20 (4) “Private organic rules” means the rules, whether or not in a record, that govern
21 the internal affairs of an entity, are binding on all its equity owners or persons with the right to
22 vote or consent with respect to any of its internal affairs, and are not part of its public organic
23 record, if any.

24 (5) “Public organic record” means the record the filing of which by the [Secretary

1 of State] forms an entity and any amendment to or restatement of that record.

2 (6) “Surviving entity” means the entity that continues in existence after or is
3 created by a merger.

4 (b) An unincorporated nonprofit association may ~~merge~~ be a merging entity or surviving
5 entity in a merger with any ~~organization~~ entity that is authorized by law to merge with an
6 unincorporated nonprofit association.

7 (c) A merger involving an unincorporated nonprofit association is subject to the
8 following rules:

9 (1) Each constituent ~~organization~~ entity shall comply with its governing law.

10 (2) Each party to the merger shall approve a plan of merger. The plan, which
11 must be in a record, must include the following provisions:

12 (A) the name and form of each ~~organization~~ entity that is a party to the
13 merger;

14 (B) the name and form of the surviving ~~organization~~ entity and, if the
15 surviving ~~organization~~ entity is to be created by the merger, a statement to that effect;

16 (C) if the surviving ~~organization~~ entity is to be created by the merger, the
17 surviving ~~organization’s organizational documents~~ entity’s organic rules that are proposed to be
18 in a record;

19 (D) if the surviving ~~organization~~ entity is not to be created by the merger,
20 any amendments to be made by the merger to the surviving ~~organization’s organizational~~
21 ~~documents~~ entity’s organic rules that are, or are proposed to be, in a record; and

22 (E) the terms and conditions of the merger, including the manner and basis
23 for converting the interests in each ~~constituent organization~~ merging entity into any combination
24 of money, interests in the surviving ~~organization~~ entity, and other consideration except that the

1 plan of merger may not permit members of an unincorporated nonprofit association to receive
2 merger consideration if a distribution of such consideration would not be permitted in the
3 absence of a merger under Sections 26 and 29.

4 (3) The plan of merger must be approved by the members of each unincorporated
5 nonprofit association that is a ~~constituent organization in the merger~~ merging entity. If a plan of
6 merger would impose personal liability for an obligation of a ~~constituent or surviving~~
7 ~~organization~~ an entity on a member of an association that is a ~~party to the merger~~ merging entity,
8 the plan may not take effect unless it is approved in a record by the member.

9 (4) Subject to the contractual rights of third parties, after a plan of merger is
10 approved and at any time before the merger is effective, a ~~constituent organization~~ merging
11 entity may amend the plan or abandon the merger as provided in the plan, or except as otherwise
12 prohibited in the plan, with the same consent as was required to approve the plan.

13 (5) Following approval of the plan, a merger under this section is effective:

14 (A) if a ~~constituent organization~~ merging entity is required to give notice
15 to or obtain the approval of a governmental agency or officer in order to be a party to a merger,
16 when the notice has been given and the approval has been obtained; and

17 (B) if the surviving ~~organization~~ entity:

18 (i) is an unincorporated nonprofit association, as specified in the
19 plan of merger and upon compliance by any ~~constituent organization~~ merging entity that is not
20 an association with any requirements, including any required filings in the [office of the
21 Secretary of State], of the ~~organization's~~ entity's governing statute; or

22 (ii) is not an unincorporated nonprofit association, as provided by
23 the statute governing the surviving ~~organization~~ entity.

24 (d) When a merger becomes effective:

- 1 (1) the surviving ~~organization~~ entity continues or comes into existence;
- 2 (2) each ~~constituent organization that merges into the surviving organization~~
3 merging entity that is not the surviving entity ceases to exist ~~as a separate entity~~;
- 4 (3) all property ~~owned by each constituent organization that ceases to exist of~~
5 each merging entity vests in the surviving ~~organization~~ entity without transfer, reversion, or
6 impairment;
- 7 (4) all debts, obligations, or other liabilities of each ~~nonsurviving organization~~
8 merging entity continue as debts, obligations, or other liabilities of the surviving ~~organization~~
9 entity;
- 10 (5) ~~an action or proceeding pending by or against any nonsurviving organization~~
11 ~~may be continued as if the merger had not occurred~~ the name of the surviving entity may be
12 substituted for the name of any merging entity that is a party to any pending action or
13 proceeding;
- 14 (6) except as ~~prohibited~~ otherwise provided by law other than this [act], all ~~of the~~
15 rights, privileges, immunities, powers, and purposes of each ~~constituent organization that ceases~~
16 ~~to exist~~ merging entity vest in the surviving ~~organization~~ entity;
- 17 (7) except as otherwise provided in the plan of merger, the terms and conditions
18 of the plan of merger take effect;
- 19 (8) the merger does not affect the personal liability, if any, of a member or
20 manager of a ~~constituent organization~~ merging entity for a debt, obligation, or other liability
21 incurred before the merger is effective; and
- 22 (9) a surviving ~~organization~~ entity that is not organized in this state is subject to
23 the jurisdiction of the courts of this state to enforce any debt, obligation, or other liability owed
24 by a ~~constituent organization~~ merging entity, if before the merger the ~~constituent organization~~

1 merging entity was subject to suit in this state for the debt, obligation, or other liability.

2 (e) Property held for a charitable purpose under the law of this state by a ~~constituent~~
3 ~~organization~~ merging entity immediately before a merger under this section becomes effective
4 may not, as a result of the merger, be diverted from the objects for which it was ~~given~~ donated,
5 granted, or devised, unless, to the extent required by or pursuant to the law of this state
6 concerning cy pres or other law dealing with nondiversion of charitable assets, the ~~organization~~
7 entity obtains an appropriate order of [~~name of the appropriate~~ court] [the ~~attorney general~~
8 Attorney General] specifying the disposition of the property.

9 (f) A bequest, devise, gift, grant, or promise contained in a will or other instrument of
10 donation, subscription, or conveyance that is made to a ~~nonsurviving organization~~ merging entity
11 that is not the surviving entity and that takes effect or remains payable after the merger inures to
12 the surviving ~~organization~~ entity. A trust obligation that would govern property if transferred to
13 the nonsurviving ~~organization~~ entity applies to property that is transferred to the surviving
14 ~~organization~~ entity under this section.

15 **[SECTION 31. TRANSITION CONCERNING REAL AND PERSONAL**
16 **PROPERTY.]**

17 (a) If, before [the effective date of this [act]], an interest in property was by terms of a
18 transfer purportedly transferred to an unincorporated nonprofit association but under the law of
19 this state the interest did not vest in the association, or in one or more persons on behalf of the
20 association under subsection (b), on [the effective date of this [act]] the interest vests in the
21 association, unless the parties to the transfer have treated the transfer as ineffective.

22 (b) If, before [the effective date of this [act]], an interest in property was by terms of a
23 transfer purportedly transferred to an unincorporated nonprofit association but the interest was
24 vested in one or more persons to hold the interest for members of the association, on or after [the

effective date of this [act]] the persons, or their successors in interest, may transfer the interest to the association in its name, or the association may require that the interest be transferred to it in its name.]

SECTION 32. UNIFORMITY OF APPLICATION AND CONSTRUCTION. In applying and construing this uniform act, consideration must be given to the need to promote uniformity of the law with respect to its subject matter among states that enact it.

SECTION 33. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND NATIONAL COMMERCE ACT. This [act] modifies, limits, and supersedes the ~~federal~~ Electronic Signatures in Global and National Commerce Act, 15 U.S.C. ~~section~~ Section 7001, et seq., but does not modify, limit, or supersede ~~section~~ Section 101(c) of that act, 15 U.S.C. ~~section~~ Section 7001(c), or authorize electronic delivery of any of the notices described in ~~section~~ Section 103(b) of that act, 15 U.S.C. ~~section~~ Section 7003(b).

SECTION 34. SEVERABILITY CLAUSE. *If any provision of this [act] or its application to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of this [act] which can be given effect without the invalid provision or application, and to this end the provisions of this [act] are severable.*

Legislative Note: *Include this section only if this state lacks a general severability statute or a decision by the highest court of this state stating a general rule of severability.*

SECTION ~~34~~ 35. SAVINGS CLAUSE. This [act] does not affect an action or proceeding commenced or right accrued before [the effective date of this [act]] ~~takes effect~~.

SECTION ~~35~~ 36. REPEALS. The following are repealed:

(1)

(2)

(3).

SECTION ~~36~~ 37. EFFECTIVE DATE. This [act] takes effect . . .