

UNIFORM UNINCORPORATED NONPROFIT ASSOCIATION ACT

- Comparison draft showing changes from AM 2011 binder draft (clean, stripped, and resequenced) to the latest version of the draft final act

UNIFORM UNINCORPORATED NONPROFIT ASSOCIATION ACT (2008)
(Last Amended 2011)

SECTION 1. SHORT TITLE. This [act] may be cited as the ~~Revised~~ Uniform
Unincorporated Nonprofit Association Act: ~~([year of enactment])~~.

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, 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, 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.

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

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

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

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

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

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

(10) “Transfer” includes:

(A) an assignment;

(B) a conveyance;

(C) a sale;

(D) a lease;

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

(F) a gift; and

(G) a transfer by operation of law.

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

(A) a trust;

1 (B) a marriage, domestic partnership, common law domestic relationship, civil
2 union, or other domestic living arrangement;

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

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

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

9 SECTION 3. RELATION TO OTHER LAW.

10 ~~— (a) Unless displaced by particular provisions of this [act], the principles of law and~~
11 ~~equity supplement this [act].~~

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

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

16 ~~— (c) Unless displaced by particular provisions of this [act], the principles of law and equity~~
17 ~~supplement this [act].~~

18 *Legislative Note: A thorough review of all these other laws should be conducted to be sure they*
19 *do not need to be amended in order to continue to apply to nonprofit associations after the act is*
20 *effective. If amendments to these other laws are necessary, they should be included as trailing*
21 *amendments in the Bill containing this Act.*

22 SECTION 4. GOVERNING LAW.

23 (a) Except as otherwise provided in subsection (b), the law of this state governs the
24 operation in this state of an unincorporated nonprofit association formed or operating in this
25 state.
26

(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. ENTITY; PERPETUAL EXISTENCE; POWERS.

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

1 would be [filed] [recorded].

2 (c) A statement of authority must set forth:

3 (1) the name of the unincorporated nonprofit association;

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

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

7 (4) the name, title, or position of a person authorized to transfer an interest in real
8 property held in the name of the association.

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

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

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

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

18 (h) If the record title to real property is in the name of an unincorporated nonprofit
19 association and the statement of authority is [filed] [recorded] in the office of the [county] in
20 which a transfer of the property would be [filed] [recorded], the authority of the person named ~~in~~
21 ~~the statement to transfer~~under subsection (c)(4) is conclusive in favor of a person that gives value
22 without notice that the person lacks authority.

23 **SECTION 8. LIABILITY.**

(a) A debt, obligation, or other liability of an unincorporated nonprofit association, ~~whether arising in contract, tort, or otherwise, is solely the debt, obligation, or other liability of the association. A member or manager is not personally liable, directly or indirectly, by way of contribution or otherwise for a debt, obligation, or other liability of the association solely by reason of being or acting as a member or manager. This subsection applies regardless of the dissolution of the association.~~

~~_____ (1) is solely the debt, obligation, or other liability of the association; and
_____ (2) does not become a debt, obligation, or other liability of a member or manager solely because the member acts as a member or the manager acts as a manager.~~

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

~~_____ (c) The failure of an unincorporated nonprofit association to observe formalities relating to the exercise of its powers or management of its activities and affairs is not a ground for imposing liability on a member or manager of the association for a debt, obligation, or other liability of the association.~~

SECTION 9. ASSERTION AND DEFENSE OF CLAIMS.

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

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

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

1 manager.

2 [SECTION ~~12~~11. SERVICE OF PROCESS. In an action or proceeding against an
3 unincorporated nonprofit association, process may be served on an agent authorized by
4 appointment to receive service of process, on a manager of the association, or in any other
5 manner authorized by the law of this state.]

6 SECTION ~~13~~12. ACTION OR PROCEEDING NOT ABATED BY CHANGE. An
7 action or proceeding against an unincorporated nonprofit association does not abate merely
8 because of a change in its members or managers.

9 [SECTION ~~14~~13. VENUE. Unless otherwise provided by law other than this [act],
10 venue of an action against an unincorporated nonprofit association brought in this state is
11 determined under the statutes applicable to an action brought in this state against a corporation.]

12 SECTION ~~15~~14. MEMBER NOT AGENT. A member is not an agent of the
13 association solely by reason of being a member.

14 SECTION ~~16~~15. APPROVAL BY MEMBERS.

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

- 17 (1) admit, suspend, dismiss, or expel a member;
- 18 (2) select or dismiss a manager;
- 19 (3) adopt, amend, or repeal the governing principles;
- 20 (4) sell, lease, exchange, or otherwise dispose of all, or substantially all, of the
21 association's property, with or without the association's goodwill, outside the ordinary course of
22 its activities;
- 23 (5) dissolve under Section ~~28~~27(a)(2) or merge under Section ~~30~~29;

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

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

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

**SECTION ~~17~~16. MEMBER MEETINGS; ~~VOTING, NOTICE, AND;~~
PROCEDURAL REQUIREMENTS.**

(a) Unless the governing principles provide otherwise:

(1) approval of a matter by the members requires ~~an~~the affirmative vote of at least a majority of the 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)~~ 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.

1 **SECTION ~~18~~17. DUTIES OF MEMBER.**

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

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

7 **SECTION ~~19~~18. ADMISSION, SUSPENSION, DISMISSAL, OR EXPULSION OF**
8 **MEMBERS.**

9 (a) A person becomes a member and may be suspended, dismissed, or expelled in
10 accordance with the association's governing principles. If there are no applicable governing
11 principles, a person may become a member or be suspended, dismissed, or expelled from an
12 association only by a vote of its members. A person may not be admitted as a member without
13 the person's consent.

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

18 **SECTION ~~20~~19. MEMBER'S RESIGNATION.**

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

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

1 **SECTION ~~21~~20. MEMBERSHIP INTEREST NOT TRANSFERABLE.** Except as
2 otherwise provided in the governing principles, a member's interest or any right under the
3 governing principles is not transferable.

4 **SECTION ~~22~~21. SELECTION OF MANAGERS; MANAGEMENT RIGHTS OF**
5 **MANAGERS.** Except as otherwise provided in this [act] or the governing principles:

6 (1) only the members may select a manager or managers;

7 (2) a manager may be a member or a nonmember;

8 (3) if a manager is not selected, all members are managers;

9 (4) each manager has equal rights in the management and conduct of the association's
10 activities;

11 (5) all matters relating to the association's activities are decided by its managers except
12 for matters reserved for approval by members in Section ~~16~~15; and

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

14 **SECTION ~~23~~22. DUTIES OF MANAGERS.**

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

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

23 (c) After full disclosure of all material facts, a specific act or transaction that would

1 otherwise violate the fiduciary duty of loyalty by a manager may be authorized or ratified by a
2 majority of the members that are not interested directly or indirectly in the act or transaction.

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

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

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

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

11 (e) The governing principles in a record may limit or eliminate the liability of a manager
12 to the unincorporated nonprofit association or its members for damages for any action taken, or
13 for failure to take any action, as a manager, except liability for:

14 (1) the amount of financial benefit improperly received by a manager;

15 (2) an intentional infliction of harm on the association or one or more of its
16 members;

17 (3) an intentional violation of criminal law;

18 (4) breach of the fiduciary duty of loyalty; or

19 (5) improper distributions.

20 **SECTION ~~24. QUORUM~~²³. PROCEDURAL REQUIREMENTS FOR**
21 **MANAGER MEETINGS~~24~~.**

22 (a) The governing principles may provide for the:

23 (1) calling, location, and timing of manager meetings;

(2) notice and quorum requirements for manager meetings;

(3) conduct of manager meetings;

(4) taking of action by the managers by consent without a meeting; and

(5) participation by managers in a manager meeting by telephone or other means of electronic communication.

(b) If the governing principles do not provide for a matter described in subsection (a), customary usages and principles of parliamentary law and procedure apply.

SECTION 2524. RIGHT OF MEMBER OR MANAGER TO INFORMATION.

(a) On reasonable notice, a member or manager of an unincorporated nonprofit 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

1 information in good faith, and the former member or manager satisfies subsections (a) through
2 (c).

3 **SECTION ~~26~~25. DISTRIBUTIONS PROHIBITED; COMPENSATION AND**
4 **OTHER PERMITTED PAYMENTS.**

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

7 (b) An unincorporated nonprofit association may:

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

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

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

14 (4) make distributions of property to members upon winding up and termination
15 to the extent permitted by Section ~~29~~28.

16 **SECTION ~~27~~26. REIMBURSEMENT; INDEMNIFICATION; ADVANCEMENT**
17 **OF EXPENSES.**

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

21 (b) An unincorporated nonprofit association may indemnify a member or manager for
22 any debt, obligation, or other liability incurred in the course of the member's or manager's
23 activities on behalf of the association if the person seeking indemnification has complied with

1 Sections ~~1817~~ and ~~2322~~. Governing principles in a record may broaden or limit indemnification.

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

12 (d) An unincorporated nonprofit association may purchase insurance on behalf of a
13 member or manager for liability asserted against or incurred by the member or manager in the
14 capacity of a member or manager, whether or not the association has authority under this [act] to
15 reimburse, indemnify, or advance expenses to the member or manager against the liability.

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

19 **SECTION ~~2827~~. DISSOLUTION.**

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

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

23 (2) if the governing principles do not provide a time or method for dissolution,

upon approval by the members;

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

(4) by court order; or

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

(b) After dissolution, an unincorporated nonprofit association continues in existence until its activities have been wound up and it is terminated pursuant to Section ~~2928~~.

SECTION ~~2928~~. WINDING UP AND TERMINATION. Winding up and termination of an unincorporated nonprofit association must proceed in accordance with the following rules:

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

(2) Any property subject to a condition requiring return to the person designated by the 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 ~~3029~~. MERGERS.

(a) In this section:

(1) “Entity”:

(A) means a person that has:

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

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

(B) does not include:

(i) an individual;

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

(iii) an association or relationship that is not described in paragraph (A) and is not a partnership solely by reason of [Section 202(c) of the Uniform Partnership Act (1997) (Last Amended 2011)] [Section 7 of the Uniform Partnership Act (1914)] or a similar provision of the law of another jurisdiction;

(iv) a decedent’s estate; or

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

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

(3) “Organic rules” means the public organic record and private organic rules of

1 an entity.

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

6 (5) “Public organic record” means the record the filing of which by the [Secretary
7 of State] forms an entity and any amendment to or restatement of that record.

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

10 (b) An unincorporated nonprofit association may be a merging entity or surviving entity
11 in a merger with any entity that is authorized by law to merge with an unincorporated nonprofit
12 association.

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

15 (1) Each constituent entity shall comply with its governing law.

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

18 (A) the name and form of each entity that is a party to the merger;

19 (B) the name and form of the surviving entity and, if the surviving entity is
20 to be created by the merger, a statement to that effect;

21 (C) if the surviving entity is to be created by the merger, the surviving
22 entity’s organic rules that are proposed to be in a record;

23 (D) if the surviving entity is not to be created by the merger, any

1 amendments to be made by the merger to the surviving entity's organic rules that are, or are
2 proposed to be, in a record; and

3 (E) the terms and conditions of the merger, including the manner and basis
4 for converting the interests in each merging entity into any combination of money, interests in
5 the surviving entity, and other consideration except that the plan of merger may not permit
6 members of an unincorporated nonprofit association to receive merger consideration if a
7 distribution of such consideration would not be permitted in the absence of a merger under
8 Sections ~~26~~25 and ~~29~~28.

9 (3) The plan of merger must be approved by the members of each unincorporated
10 nonprofit association that is a merging entity. If a plan of merger would impose personal
11 liability for an obligation of an entity on a member of an association that is a merging entity, the
12 plan may not take effect unless it is approved in a record by the member.

13 (4) Subject to the contractual rights of third parties, after a plan of merger is
14 approved and at any time before the merger is effective, a merging entity may amend the plan or
15 abandon the merger as provided in the plan, or except as otherwise prohibited in the plan, with
16 the same consent as was required to approve the plan.

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

18 (A) if a merging entity is required to give notice to or obtain the approval
19 of a governmental agency or officer in order to be a party to a merger, when the notice has been
20 given and the approval has been obtained; and

21 (B) if the surviving entity:

22 (i) is an unincorporated nonprofit association, as specified in the
23 plan of merger and upon compliance by any merging entity that is not an association with any

1 requirements, including any required filings in the [office of the Secretary of State], of the
2 entity's governing statute; or

3 (ii) is not an unincorporated nonprofit association, as provided by
4 the statute governing the surviving entity.

5 (d) When a merger becomes effective:

6 (1) the surviving entity continues or comes into existence;

7 (2) each merging entity that is not the surviving entity ceases to exist;

8 (3) all property of each merging entity vests in the surviving entity without
9 transfer, reversion, or impairment;

10 (4) all debts, obligations, or other liabilities of each merging entity continue as
11 debts, obligations, or other liabilities of the surviving entity;

12 (5) the name of the surviving entity may be substituted for the name of any
13 merging entity that is a party to any pending action or proceeding;

14 (6) except as otherwise provided by law other than this [act], all the rights,
15 privileges, immunities, powers, and purposes of each merging entity vest in the surviving entity;

16 (7) except as otherwise provided in the plan of merger, the terms and conditions
17 of the plan of merger take effect;

18 (8) the merger does not affect the personal liability, if any, of a member or
19 manager of a merging entity for a debt, obligation, or other liability incurred before the merger is
20 effective; and

21 (9) a surviving entity that is not organized in this state is subject to the jurisdiction
22 of the courts of this state to enforce any debt, obligation, or other liability owed by a merging
23 entity, if before the merger the merging entity was subject to suit in this state for the debt,

obligation, or other liability.

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

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

[SECTION ~~3130~~. TRANSITION CONCERNING REAL AND PERSONAL PROPERTY.]

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

(b) If, before [the effective date of this [act]], an interest in property was by terms of a transfer purportedly transferred to an unincorporated nonprofit association but the interest was 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.]

Legislative Note: This is an optional section and it may not be necessary to adopt it (or any one of the subsections) in a particular state. The initial common law rule was that a purported transfer of property to an unincorporated nonprofit association totally failed as the association was not a legal entity. If a state currently has that rule, it should adopt subsection (a). If, on the other hand, its rule is that title does not pass to the association in its name but passes instead to a fiduciary, such as its officers, to hold the property for the benefit of the members, a state should adopt subsection (b).

If a state has by statute made transfers effective to some classes of nonprofit associations but not all, it should probably adopt both subsections (a) and (b). On the other hand, if a state has made all transfers to all unincorporated nonprofit associations effective, it does not need section 31.

**SECTION ~~14~~31. APPOINTMENT OF REGISTERED AGENT ~~TO RECEIVE~~
SERVICE OF PROCESS.**

(a) An unincorporated nonprofit association may deliver to the [Secretary of State] for filing a statement appointing an agent authorized to receive service of process.

(b) A statement appointing ~~ana~~ registered agent must state:

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

(2) the name ~~of the person~~ and street and mailing addresses in this state ~~authorized to receive service of process and the person's address, including the street address, in this state of~~ the registered agent.

(c) A statement appointing ~~ana~~ registered agent must be signed by a person authorized to manage the affairs of the unincorporated nonprofit association and by the person appointed as the agent. The signing of the statement is an affirmation of fact that the person is authorized to manage the affairs of the unincorporated nonprofit association and that the agent has consented to serve.

(d) An amendment to or cancellation of a statement appointing ~~ana~~ registered agent ~~to~~

1 ~~receive service of process~~ must meet the requirements for signing an original statement. An
2 agent may resign by delivering a resignation to the office of the [Secretary of State] for filing and
3 giving notice to the ~~association-unincorporated nonprofit association at the address most~~
4 ~~recently supplied to the agent by the association..~~

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

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

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

17 ~~(h) The only duty under this [act] of a registered agent is to forward to the unincorporated~~
18 ~~nonprofit association at the address most recently supplied to the agent by the association any~~
19 ~~process, notice, or demand pertaining to the association which is served or received by the agent.~~

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

23 **SECTION 33. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND**

1 **NATIONAL COMMERCE ACT.** This [act] modifies, limits, and supersedes the Electronic
2 Signatures in Global and National Commerce Act, 15 U.S.C. Section 7001, et seq., but does not
3 modify, limit, or supersede Section 101(c) of that act, 15 U.S.C. Section 7001(c), or authorize
4 electronic delivery of any of the notices described in Section 103(b) of that act, 15 U.S.C.
5 Section 7003(b).

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

8 **[SECTION 3435. SEVERABILITY CLAUSE.** If any provision of this [act] or its
9 application to any person or circumstance is held invalid, the invalidity does not affect other
10 provisions or applications of this [act] which can be given effect without the invalid provision or
11 application, and to this end the provisions of this [act] are severable~~-.]~~

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

14
15 **SECTION 36. REPEALS.** The following are repealed:

16 (1)

17 (2)

18 (3).

19 **SECTION 37. EFFECTIVE DATE.** This [act] takes effect . . .