THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL No. 88 Session of 2011

INTRODUCED BY GREENLEAF AND RAFFERTY, JANUARY 12, 2011

REFERRED TO JUDICIARY, JANUARY 12, 2011

AN ACT

1 2 3 4 5 6	Amending Title 15 (Corporations and Unincorporated Associations) of the Pennsylvania Consolidated Statutes, extensively regulating unincorporated nonprofit associations in the areas of organic nature, structure, formation, alteration, management, participation, functions, liability and dissolution.
7	The General Assembly of the Commonwealth of Pennsylvania
8	hereby enacts as follows:
9	Section 1. Section 153(a) of Title 15 of the Pennsylvania
10	Consolidated Statutes is amended to read:
11	§ 153. Fee schedule.
12	(a) General rule[(Repealed).] The fees of the bureau,
13	including fees for the public acts and transactions of the
14	Secretary of the Commonwealth administered through the bureau,
15	shall be as follows:
16	(1) Unincorporated nonprofit associations:
17	(i) Statement appointing an agent to receive
18	service of process
19	(ii) Resignation of appointed agent 40
20	(iii) Amendment or cancellation of statement

1	appointing an agent
2	(2) (Reserved).
3	Section 2. Chapter 91 heading and sections 9101, 9102 and
4	9103 of Title 15 are amended to read:
5	CHAPTER 91
6	[UNINCORPORATED ASSOCIATIONS GENERALLY]
7	UNINCORPORATED NONPROFIT
8	ASSOCIATIONS
9	[§ 9101. Customary parliamentary law applicable.
10	Except as otherwise provided by statute or by the organic
11	documents under which an unincorporated association is
12	constituted, each unincorporated association shall be governed
13	by customary usages and principles of parliamentary law and
14	procedure.
15	§ 9102. Funeral and similar benefits.
16	Members of unincorporated associations paying periodic or
17	funeral benefits shall not be individually liable for the
18	payment of periodic or funeral benefits or other similar
19	liabilities of the association. The liabilities shall be payable
20	only out of the treasury of the association.
21	§ 9103. Nontransferable membership interests.
22	(a) General ruleFor the purpose of encouraging lawful
23	associational activity among agricultural and industrial workers
24	through the organization of unincorporated associations for
25	mutual benefit insurance, saving or other lawful objects where
26	the persons so organizing derive benefits from the preservation
27	and continuance of the membership and interest among persons
28	engaged in a common calling, labor or enterprise, the
29	unincorporated association may provide, in its organic
30	documents, that membership in the association or interest in its
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funds or property shall be nontransferable without the consent
 of the association.

3 (b) Assignments and pledges. -- No attempted assignment, transfer or pledge of a membership or interest made in violation 4 of a transfer restriction adopted pursuant to subsection (a) 5 shall pass any right or interest, legal or equitable, to the 6 7 person to whom it is attempted to be made if the transfer 8 restriction is brought to the knowledge of that person. 9 Knowledge of nontransferability. --Whenever the interest (C) 10 of a member in the funds or property of any unincorporated association subject to subsection (a) is evidenced by a 11 12 certificate, an endorsement thereon that the certificate is 13 nontransferable shall be conclusive evidence that the person to 14 whom any attempted assignment, transfer or pledge of the 15 certificate is made has knowledge of the nontransferable character of the interest of the member.] 16 17 Section 3. Title 15 is amended by adding sections to read: <u>§ 9111. Short title and application of chapter.</u> 18 19 (a) Short title. -- This chapter shall be known and may be cited as the Pennsylvania Uniform Unincorporated Nonprofit 20 21 Association Law. 22 (b) Transitional provisions concerning property .--(1) If, before {the Legislative Reference Bureau shall 23 24 insert here the effective date of this chapter}, an interest 25 in property was by the terms of a transfer purportedly 26 transferred to a nonprofit association but under the law of 27 this Commonwealth the interest did not vest in the nonprofit 28 association, or in one or more persons on behalf of the 29 nonprofit association under paragraph (2), on {the Legislative Reference Bureau shall insert here the effective 30

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1	date of this chapter}, the interest vests in the nonprofit
2	association, unless the parties to the transfer have treated
3	the transfer as ineffective.
4	(2) If, before {the Legislative Reference Bureau shall
5	insert here the effective date of this chapter}, an interest
6	in property was by the terms of a transfer purportedly
7	transferred to a nonprofit association but the interest was
8	vested in one or more persons to hold the interest for the
9	nonprofit association, its members or both, on or after {the
10	Legislative Reference Bureau shall insert here the effective
11	date of this chapter}, the persons, or their successors in
12	interest, may transfer the interest to the nonprofit
13	association in its name; or the nonprofit association may
14	require that the interest be transferred to it in its name.
15	<u>(c) Savings provisions</u>
16	(1) This chapter supplements the law of this
17	Commonwealth that applies to nonprofit associations operating
18	in this Commonwealth, but if a conflict exists between this
19	chapter and other law, the other law applies.
20	(2) Nothing in this chapter shall be deemed to repeal or
21	supersede any provision in section 7 of the act of April 26,
22	1855 (P.L.328, No.347), entitled "An act relating to
23	Corporations and to Estates held for Corporate, Religious and
24	<u>Charitable uses."</u>
25	(d) Cross referenceSee section 5331 (relating to
26	unincorporated associations).
27	<u>§ 9112. Definitions.</u>
28	The following words and phrases when used in this chapter
29	shall have the meanings given to them in this section unless the
30	context clearly indicates otherwise:

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1	"Governing principles." The agreements, whether oral, in
2	record form or implied from course of conduct, that govern the
3	purpose or operation of a nonprofit association and the rights
4	and obligations of its members and managers. The term includes
5	any amendment or restatement of the agreements constituting the
6	governing principles.
7	"Manager." A person that is responsible, alone or in concert
8	with others, for the management of a nonprofit association.
9	"Member." A person that, under the governing principles, may
10	participate in the selection of persons authorized to manage the
11	affairs of the nonprofit association or in the development of
12	policies and activities of the nonprofit association.
13	"Nonprofit association." An unincorporated organization
14	consisting of two or more members joined for one or more common,
15	nonprofit and lawful purposes. The term does not include:
16	<u>(1) a trust;</u>
17	(2) a marriage, domestic partnership, common law
18	domestic relationship, civil union or other domestic living
19	<u>arrangement;</u>
20	(3) an organization formed under any other statute that
21	governs the organization and operation of unincorporated
22	associations;
23	(4) a professional association subject to Chapter 93
24	(relating to professional associations);
25	(5) a limited liability company operating or formed for
26	<u>a nonprofit purpose;</u>
27	(6) a joint tenancy, tenancy in common or tenancy by the
28	entireties, even if the co-owners share use of the property
29	<u>for a nonprofit purpose; or</u>
30	(7) a relationship under an agreement in record form

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1	that expressly provides that the relationship between the
2	parties does not create a nonprofit association.
3	<u>§ 9113. Governing law.</u>
4	(a) OperationsExcept as provided in subsection (b), the
5	law of this Commonwealth governs the operation in this
6	Commonwealth of all nonprofit associations formed or operating
7	in this Commonwealth.
8	(b) Internal affairsUnless the governing principles
9	specify a different jurisdiction, the law of the jurisdiction in
10	which a nonprofit association has its main place of activities
11	governs the internal affairs of the nonprofit association.
12	<u>§ 9114. Entity status.</u>
13	(a) Legal entityA nonprofit association is a legal entity
14	distinct from its members and managers.
15	(b) Perpetual durationA nonprofit association has
16	perpetual duration unless the governing principles specify
17	<u>otherwise.</u>
18	(c) PowersA nonprofit association has the same powers as
19	an individual to do all things necessary or convenient to carry
20	<u>on its purposes.</u>
21	(d) ProfitsA nonprofit association may engage in profit-
22	making activities, but profits from any activities must be used
23	or set aside for the nonprofit purposes of the nonprofit
24	association.
25	<u>§ 9115. Ownership and transfer of property.</u>
26	(a) General ruleA nonprofit association may acquire,
27	hold, encumber or transfer in its name an interest in real or
28	personal property.
29	(b) Testamentary and fiduciary dispositionsA nonprofit
30	association may be a beneficiary of a trust or contract, a

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1	<u>legatee or a devisee.</u>
2	§ 9116. Statement of authority as to real property.
3	(a) General ruleAn interest in real property held in the
4	name of a nonprofit association may be encumbered or transferred
5	by a person authorized to do so in a statement of authority
6	recorded by the nonprofit association in the office of the
7	recorder of deeds for the county in which a transfer of the
8	property would be recorded.
9	(b) Contents of statementThe statement of authority must
10	set forth:
11	(1) the name of the nonprofit association;
12	(2) the address in this Commonwealth, including the
13	street and number, if any, of the nonprofit association or,
14	if the nonprofit association does not have an address in this
15	Commonwealth, its address outside of this Commonwealth;
16	(3) that the association is a nonprofit association; and
17	(4) the name, title or position of a person authorized
18	to encumber or transfer an estate or interest in real
19	property held in the name of the nonprofit association.
20	(c) ExecutionA statement of authority must be executed in
21	the same manner as a deed by a person other than the person
22	authorized in the statement to encumber or transfer an estate or
23	interest.
24	(d) Recording feeThe recorder of deeds may collect a fee
25	for recording a statement of authority in the amount authorized
26	for recording a transfer of real property, but the mere
27	recording of a statement of authority does not constitute a
28	transfer of an interest in the real property for the purpose of
29	the taxation of real property transfers.
30	(e) ChangesA document amending, revoking or canceling a
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1	statement of authority or stating that the statement is
2	unauthorized or erroneous must meet the requirements for
3	executing and recording an original statement.
4	(f) Cancellation by operation of lawUnless canceled
5	earlier, a recorded statement of authority and its most recent
6	amendment expire five years after the date of the most recent
7	recording.
8	(g) Effect of filingIf the record title to real property
9	is in the name of a nonprofit association and a statement of
10	authority is recorded in the office of the recorder of deeds for
11	the county in which a transfer of the property would be
12	recorded, the authority of the person named in the statement to
13	encumber or transfer is conclusive in favor of a person that
14	gives value without notice that the person lacks authority.
15	<u>§ 9117. Liability.</u>
16	(a) General ruleA debt, obligation or other liability of
17	a nonprofit association, whether arising in contract, tort or
18	<u>otherwise:</u>
19	(1) is solely the debt, obligation or other liability of
20	the nonprofit association; and
21	(2) does not become a debt, obligation or other
22	liability of a member or manager solely:
23	(i) because of a person's status as a member or
24	manager; or
25	<u>(ii) because:</u>
26	(A) a member acts as a member; or
27	(B) a manager acts as a manager.
28	(b) Liability for conductA person's status as a member or
29	manager does not prevent or restrict law other than this chapter
30	from imposing liability on the person or the nonprofit

1	association because of the person's conduct.
2	(c) AgentsA person that makes a contract or incurs an
3	obligation on behalf of a nonprofit association after {the
4	Legislative Reference Bureau shall insert here the effective
5	<u>date of this chapter} is not liable for performance or breach of</u>
6	the contract or other obligation if the fact that the person was
7	acting for the nonprofit association was disclosed to, was known
8	by or reasonably should have been known by the other party to
9	the contract or to the party owed performance.
10	§ 9118. Assertion and defense of claims.
11	(a) General ruleA nonprofit association may sue or be
12	sued in its own name.
13	(b) Permissible claimsA member or manager may assert a
14	claim the member or manager has against the nonprofit
15	association. A nonprofit association may assert a claim it has
16	<u>against a member or manager.</u>
16 17	<u>against a member or manager.</u> (c) Representational statusA nonprofit association may
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1	(b) Contents of statementA statement appointing an agent
2	to receive service of process must set forth:
3	(1) the name of the nonprofit association; and
4	(2) the name of the person in this Commonwealth
5	authorized to receive service of process and the person's
6	address, including street and number, in this Commonwealth.
7	(c) Signature of statementA statement appointing an agent
8	to receive service of process must be signed by a person
9	authorized to manage the affairs of the nonprofit association
10	and by the person appointed as the agent. By signing the
11	statement the person becomes the agent.
12	(d) Amendment or cancellationAn amendment to or
13	cancellation of a statement appointing an agent to receive
14	service of process must meet the requirements for signature of
15	<u>an original statement. An agent may resign by delivering a</u>
16	resignation to the department for filing and giving notice to
17	the nonprofit association.
18	(e) Cross referencesSee section 135 (relating to
19	requirements to be met by filed documents).
20	§ 9121. Action or proceeding not abated by change of members or
21	managers.
22	An action or proceeding against a nonprofit association does
23	not abate merely because of a change in its members or managers.
24	<u>§ 9122. Member not agent.</u>
25	<u>A member is not an agent of the nonprofit association solely</u>
26	by reason of being a member.
27	§ 9123. Approval by members.
28	(a) General ruleExcept as provided in the governing
29	principles, a nonprofit association must have the approval of
30	its members to:

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1	(1) admit, suspend, dismiss or expel a member;
2	(2) select or dismiss a manager;
3	(3) adopt, amend or repeal the governing principles;
4	(4) sell, lease, exchange or otherwise dispose of all or
5	substantially all, of the association's property, with or
6	without the association's goodwill, outside the ordinary
7	course of its activities;
8	(5) dissolve under section 9134 (relating to
9	<u>dissolution);</u>
10	(6) undertake any other act outside the ordinary course
11	of the association's activities; or
12	(7) determine the policy and purposes of the
13	association.
14	(b) Other actionsA nonprofit association must have the
15	approval of the members to do any other act or exercise a right
16	that the governing principles require to be approved by members.
17	§ 9124. Action by members.
18	(a) General ruleExcept as provided in the governing
19	principles:
20	(1) approval of a matter by the members requires the
21	affirmative vote of at least a majority of the votes cast at
22	a meeting of members; and
23	(2) each member is entitled to one vote on each matter
24	that is submitted for approval by the members.
25	(b) Procedural mattersThe governing principles may
26	provide for the:
27	(1) calling, location and timing of meetings of the
28	members;
29	(2) notice and quorum requirements for member meetings;
30	(3) conduct of member meetings;
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1	(4) taking of action by the members by consent without a
2	meeting or by ballot; and
3	(5) participation by members in a meeting of the members
4	by telephone or other means of electronic communication.
5	(c) Absence of governing principlesIf the governing
6	principles do not provide for a matter described in subsection
7	(b), customary usages and principles of parliamentary law and
8	procedure apply.
9	<u>§ 9125. Duties of member.</u>
10	(a) No fiduciary duties generallyA member does not have a
11	fiduciary duty to a nonprofit association or to another member
12	solely by being a member.
13	(b) Discharge of duties and exercise of rightsA member
14	shall discharge duties to the nonprofit association and the
15	other members under the governing principles and shall exercise
16	any rights under the governing principles and this chapter
17	consistent with the governing principles and the obligation of
18	good faith and fair dealing.
19	<u>§ 9126. Membership.</u>
20	(a) Admission, suspension, dismissal and expulsion of
21	member
22	(1) A person becomes a member and may be suspended,
23	dismissed or expelled in accordance with the governing
24	principles. If there are no applicable governing principles,
25	a person may become a member or be suspended, dismissed or
26	expelled only with the approval of the members. A person may
27	not be admitted as a member without the person's consent.
28	(2) Except as provided in the governing principles, the
29	suspension, dismissal or expulsion of a member does not
30	relieve the member from any unpaid capital contribution,
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1	dues, assessments, fees or other obligation incurred or
2	commitment made by the member before the suspension,
3	<u>dismissal or expulsion.</u>
4	(b) Resignation of member
5	(1) A member may resign as a member in accordance with
6	the governing principles. In the absence of applicable
7	governing principles, a member may resign at any time.
8	(2) Except as provided in the governing principles,
9	resignation of a member does not relieve the member from any
10	unpaid capital contribution, dues, assessments, fees or other
11	obligation incurred or commitment made by the member before
12	resignation.
13	<u>§ 9127. Membership interest not transferable.</u>
14	(a) General ruleExcept as set forth in subsection (b) or
15	the governing principles, a member's interest or any right under
16	the governing principles is not transferable.
17	(b) Certain nonprofit associations formed prior to effective
18	<u>date</u>
19	(1) This subsection applies to a nonprofit association:
20	(i) which was formed before {the Legislative
21	Reference Bureau shall insert here the effective date of
22	<pre>this chapter};</pre>
23	(ii) which was formed for the purpose of encouraging
24	lawful associational activity among agricultural and
25	industrial workers through the organization of a
26	nonprofit association for mutual benefit insurance,
27	saving or other lawful objects; and
28	(iii) in which the persons that organized the
29	nonprofit association derive benefits from the
30	preservation and continuance of the membership and
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1	interest among persons engaged in a common calling, labor
2	<u>or enterprise.</u>
3	(2) For a nonprofit association under paragraph (1), the
4	following apply:
5	(i) Except as set forth in subparagraph (ii), a
6	member's interest or any right under the governing
7	principles is transferable.
8	(ii) A member's interest or any right under the
9	governing principles is nontransferable if the governing
10	principles so provide.
11	(c) Assignments and pledgesNo legal or equitable right or
12	interest shall pass as a result of an attempted assignment,
13	transfer or pledge of a membership or an interest in violation
14	<u>of:</u>
15	(1) subsection (a); or
16	(2) a transfer restriction under subsection (b)(2)(ii).
17	(d) Knowledge of nontransferabilityWhenever the interest
18	of a member in a nonprofit association is evidenced by a
19	certificate, an endorsement on the certificate that the
20	certificate is nontransferable shall be conclusive evidence that
21	the person to whom any attempted assignment, transfer or pledge
22	of the certificate is made has knowledge of the nontransferable
23	character of the interest of the member.
24	<u>§ 9128. Selection and management rights of managers.</u>
25	Except as provided in this chapter or the governing
26	principles:
27	(1) if a manager is not selected, all members are
28	managers;
29	(2) only the members may select a manager;
30	(3) a manager may be a member or a nonmember; and

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1	(4) all matters relating to the activities of the
2	nonprofit association are decided by its managers except for
3	matters reserved for approval by the members in section 9123
4	(relating to approval by members).
5	<u>§ 9129. Duties of managers.</u>
6	(a) Standard of care
7	(1) A manager shall perform the duties for which a
8	manager is responsible or which the manager undertakes in
9	good faith; in a manner the manager reasonably believes to be
10	in the best interests of the nonprofit association and in
11	accordance with its purposes; and with such care, including
12	reasonable inquiry, skill and diligence, as a person of
13	ordinary prudence would use under similar circumstances.
14	(2) A manager may rely in good faith upon any opinion,
15	report, statement or other information provided by another
16	person that the manager reasonably believes is a competent
17	and reliable source for the information.
18	(b) Conflicts of interest
19	(1) A manager owes a duty of loyalty to the nonprofit
20	association with respect to the responsibilities of the
21	manager.
22	(2) After full disclosure of all material facts, a
23	specific act or transaction, that would otherwise violate the
24	duty of loyalty by a manager, may be authorized or ratified
25	by a majority of the members that are not interested directly
26	or indirectly in the act or transaction.
27	(c) PresumptionA manager that makes a judgment in good
28	faith satisfies the duties specified in subsection (a) if the
29	manager:
30	(1) is not interested, directly or indirectly, in the
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1	subject of the judgment and is otherwise able to exercise
2	independent judgment;
3	(2) is informed with respect to the subject of the
4	judgment to the extent the manager reasonably believes to be
5	appropriate under the circumstances; and
6	(3) believes that the judgment is in, or not opposed to,
7	the best interests of the nonprofit association.
8	(d) Limitation of liability
9	(1) Except as set forth in paragraph (2), the governing
10	principles in record form may provide that a manager shall
11	not be personally liable, as a manager, for monetary damages
12	for any action taken unless:
13	(i) the manager has breached or failed to perform
14	the manager's duties under this chapter; and
15	(ii) the breach or failure to perform constitutes
16	self-dealing, willful misconduct or recklessness.
17	(2) Paragraph (1) shall not apply to:
18	(i) the responsibility or liability of a manager
19	<u>under a criminal statute; or</u>
20	(ii) the liability of the manager for the payment of
21	taxes under Federal, State or local law.
22	§ 9130. Action by managers.
23	(a) General ruleExcept as provided in the governing
24	principles:
25	(1) approval of a matter by the managers requires the
26	affirmative vote of at least a majority of the votes cast at
27	a meeting of managers; and
28	(2) each manager is entitled to one vote on each matter
29	that is submitted for approval by the managers.
30	(b) Procedural mattersThe governing principles may

1	provide for the:
2	(1) delegation to a manager of authority to act without
3	a meeting of the managers;
4	(2) creation and authority of committees of the
5	managers;
6	(3) calling, location and timing of meetings of the
7	managers or a committee of the managers;
8	(4) notice and quorum requirements for meetings of the
9	managers or a committee of the managers;
10	(5) conduct of meetings of the managers or a committee
11	of the managers;
12	(6) taking of action by the managers or a committee of
13	the managers by consent without a meeting or by ballot;
14	(7) participation by managers in a meeting of the
15	managers or a committee of the managers by telephone or other
16	means of electronic communication; and
17	(8) taking of action by a manager by proxy.
18	(c) Absence of governing principlesIf the governing
19	principles do not provide for a matter described in subsection
20	(b), customary usages and principles of parliamentary law and
21	procedure apply.
22	§ 9131. Right of member or manager to information.
23	(a) InspectionOn reasonable notice, a member or manager
24	of a nonprofit association may inspect and copy, at a reasonable
25	time and location specified by the nonprofit association, any
26	record maintained by the nonprofit association regarding its
27	activities, financial condition and other circumstances, to the
28	extent the information is material to the rights and duties of
29	the member or manager under the governing principles.
30	(b) RestrictionsA nonprofit association may impose
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1	reasonable restrictions on access to and use of information to
2	be furnished under this section, including designating the
3	information confidential and imposing on the recipient
4	obligations of nondisclosure and safeguarding.
5	(c) CostsA nonprofit association may charge a person that
6	makes a demand under this section reasonable copying costs.
7	(d) Former member or managerA former member or manager is
8	entitled to information to which the member or manager was
9	entitled while a member or manager if:
10	(1) the information pertains to the period during which
11	the person was a member or manager;
12	(2) the former member or manager seeks the information
13	in good faith; and
14	(3) the former member or manager satisfies subsections
15	(a), (b) and (c).
16	§ 9132. Distributions prohibited; compensation and other
17	permitted payments.
18	(a) General ruleExcept as provided in subsection (b), a
19	nonprofit association may not pay dividends or make
20	<u>distributions to a member or manager.</u>
21	(b) Permitted paymentsA nonprofit association may:
22	(1) pay reasonable compensation or reimburse reasonable
23	expenses to a member or manager for services rendered;
24	(2) confer benefits on or make contributions to a member
25	or manager in conformity with its nonprofit purposes;
26	(3) repurchase a membership and repay a capital
27	contribution made by a member to the extent authorized by its
28	governing principles;
29	(4) repay indebtedness to a member or manager; and
30	(5) make distributions of property to members upon

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1	winding up and termination to the extent permitted by section
2	9135 (relating to winding up and termination).
3	§ 9133. Reimbursement, indemnification and advancement of
4	<u>expenses.</u>
5	(a) ReimbursementExcept as provided in the governing
6	principles, a nonprofit association shall reimburse a member or
7	manager for authorized expenses reasonably incurred in the
8	course of the activities of the member or manager on behalf of
9	the nonprofit association.
10	(b) Indemnification and advancement of expenses
11	(1) A nonprofit association is subject to Ch. 57 Subch.
12	D (relating to indemnification).
13	(2) For purposes of applying Ch. 57 Subch. D, references
14	to the "articles" or "bylaws," "directors" and "members"
15	shall mean the "governing principles," "managers" and
16	"members," respectively.
17	<u>§ 9134. Dissolution.</u>
18	(a) General ruleA nonprofit association may be dissolved
19	<u>as follows:</u>
20	
21	(1) if the governing principles provide a time or method
Ζ⊥	(1) if the governing principles provide a time or method for dissolution, at that time or by that method;
22	
	for dissolution, at that time or by that method;
22	for dissolution, at that time or by that method; (2) if the governing principles do not provide a time or
22 23	for dissolution, at that time or by that method; (2) if the governing principles do not provide a time or method for dissolution, upon approval by the members;
22 23 24	for dissolution, at that time or by that method; (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 operations of
22 23 24 25	for dissolution, at that time or by that method; (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 operations of the nonprofit association have been discontinued for at least
22 23 24 25 26	<pre>for dissolution, at that time or by that method; (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 operations of the nonprofit association have been discontinued for at least three years, by:</pre>
22 23 24 25 26 27	for dissolution, at that time or by that method; (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 operations of the nonprofit association have been discontinued for at least three years, by: (i) the managers; or

1	(5) under law other than this chapter.
2	(b) Continuation during winding upAfter dissolution, a
3	nonprofit association continues in existence until its
4	activities have been wound up and it is terminated under section
5	9135 (relating to winding up and termination).
6	<u>§ 9135. Winding up and termination.</u>
7	Winding up and termination of a nonprofit association must
8	proceed in accordance with the following rules:
9	(1) All known debts and liabilities must be paid or
10	adequately provided for.
11	(2) Any property subject to a condition requiring return
12	to the person designated by the donor must be transferred to
13	that person.
14	(3) Any property subject to a trust must be distributed
15	in accordance with the trust agreement.
16	(4) Any property committed to a charitable purpose shall
17	be distributed in accordance with that purpose unless the
18	nonprofit obtains a court order under 20 Pa.C.S. Ch. 77
19	Subch. D (relating to creation, validity, modification and
20	termination of trust) specifying the disposition of the
21	property.
22	(5) Any remaining property shall be distributed as
23	follows:
24	(i) Distribution shall be made:
25	(A) in accordance with the governing principles
26	of the nonprofit association; or
27	(B) in the absence of applicable governing
28	principles, to the members of the nonprofit
29	association:
30	<u>(I) per capita; or</u>

1	(II) as the members direct.
2	(ii) If subparagraph (i) does not apply,
3	distribution shall be made under Article XIII.1 of the
4	act of April 9, 1929 (P.L.343, No.176), known as The
5	Fiscal Code.
6	§ 9136. Subordination of chapter to canon law.
7	If and to the extent canon law or similar principles
8	applicable to a nonprofit association organized for religious
9	purposes sets forth provisions relating to the government and
10	regulation of the affairs of the nonprofit association that are
11	inconsistent with the provisions of this chapter on the same
12	subject, the provisions of canon law or similar principles shall
13	control except to the extent prohibited by the Constitution of
14	the United States or the Constitution of Pennsylvania.
15	Section 4. This act shall take effect in 60 days.