

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 276 Session of
2003INTRODUCED BY GREENLEAF, COSTA, LEMMOND, O'PAKE AND THOMPSON,
FEBRUARY 10, 2003

SENATOR GREENLEAF, JUDICIARY, AS AMENDED, MARCH 25, 2003

AN ACT

1 ~~Amending Title 15 (Corporations and Unincorporated Associations)~~ <—
2 AMENDING TITLES 15 (CORPORATIONS AND UNINCORPORATED <—
3 ASSOCIATIONS) AND 54 (NAMES) of the Pennsylvania Consolidated
4 Statutes, further providing for ASSOCIATIONS, FOR procedures <—
5 in the Department of State, for electronic notices and
6 communications, for issuance of shares of business
7 corporations, for fundamental transactions involving business
8 corporations, for limited liability companies and for
9 nonprofit corporations and unincorporated nonprofit
10 associations; making revisions, corrections and additions;
11 repealing certain acts and parts of acts; and making
12 editorial corrections.

13 The General Assembly of the Commonwealth of Pennsylvania
14 hereby enacts as follows:

15 Section 1. Short title.

16 This act shall be known and may be cited as the GAA
17 Amendments Act of 2003.

18 Section 2. Amendment of Title 15.

19 As much of Title 15 of the Pennsylvania Consolidated Statutes
20 as is hereinafter set forth is reenacted, amended or added to
21 read:

22 § 102. Definitions.

1 Subject to additional or inconsistent definitions contained
2 in subsequent provisions of this title that are applicable to
3 specific provisions of this title, the following words and
4 phrases when used in this title shall have, unless the context
5 clearly indicates otherwise, the meanings given to them in this
6 section:

7 * * *

8 "BANKING [INSTITUTION." A BANKING INSTITUTION AS DEFINED IN <—
9 SECTION 1103 (RELATING TO DEFINITIONS).] INSTITUTION" OR
10 "DOMESTIC BANKING INSTITUTION." A DOMESTIC CORPORATION FOR
11 PROFIT THAT IS AN INSTITUTION AS DEFINED IN THE ACT OF NOVEMBER
12 30, 1965 (P.L.847, NO.356), KNOWN AS THE BANKING CODE OF 1965.

13 * * *

14 "Execute." When used with respect to authenticating a
15 filing, document or other record, means "sign."

16 * * *

17 "INSURANCE [CORPORATION."] CORPORATION" OR "DOMESTIC <—
18 INSURANCE CORPORATION." AN INSURANCE CORPORATION AS DEFINED IN
19 SECTION 3102 (RELATING TO DEFINITIONS).

20 * * *

21 "LIMITED LIABILITY COMPANY." A DOMESTIC OR FOREIGN LIMITED
22 LIABILITY COMPANY AS DEFINED IN SECTION 8903 (RELATING TO
23 DEFINITIONS [AND INDEX OF DEFINITIONS]).

24 * * *

25 "OBLIGATION." INCLUDES A NOTE OR OTHER FORM OF INDEBTEDNESS,
26 WHETHER SECURED OR UNSECURED.

27 "Officially publish." Publish in two newspapers of general
28 circulation in the English language in the county in which the
29 registered office of the association is located, or, in the case <—
30 of a proposed association is to, WILL be located, one of which <—

1 shall be the legal newspaper, if any, designated by the rules of
2 court for the publication of legal notices or, if there is no
3 legal newspaper, in two newspapers of general circulation in the
4 county. When there is but one newspaper of general circulation
5 in ~~any~~ THE county, advertisement in that newspaper shall be <—
6 sufficient. Where no other frequency is specified, the notice
7 shall be published one time in the appropriate newspaper or
8 newspapers. See section 109(a)(2) (relating to name of
9 commercial registered office provider in lieu of registered
10 address).

11 * * *

12 "Record form." Inscribed on a tangible medium or stored in
13 an electronic or other medium and retrievable in tangible and
14 reasonably legible form.

15 * * *

16 "REPRESENTATIVE." [A REPRESENTATIVE AS DEFINED IN SECTION <—
17 1103 (RELATING TO DEFINITIONS).] WHEN USED WITH RESPECT TO AN <—
18 ASSOCIATION, JOINT VENTURE, TRUST OR OTHER ENTERPRISE, THE TERM
19 MEANS A PERSON OCCUPYING THE POSITION OR DISCHARGING THE
20 FUNCTIONS OF A DIRECTOR, OFFICER, EMPLOYEE OR AGENT THEREOF,
21 REGARDLESS OF THE NAME OR TITLE BY WHICH THE PERSON MAY BE
22 DESIGNATED. THE TERM DOES NOT IMPLY THAT A DIRECTOR, AS SUCH, IS
23 AN AGENT OF A CORPORATION.

24 "SAVINGS [ASSOCIATION." A SAVINGS ASSOCIATION AS DEFINED IN
25 SECTION 1103.] ASSOCIATION" OR "DOMESTIC SAVINGS ASSOCIATION."
26 A DOMESTIC CORPORATION FOR PROFIT THAT IS AN ASSOCIATION AS
27 DEFINED IN THE ACT OF DECEMBER 14, 1967 (P.L.746, NO.345), KNOWN
28 AS THE SAVINGS ASSOCIATION CODE OF 1967.

29 "Sign." Includes:

30 (1) to sign manually or adopt a tangible symbol with the

present intent to authenticate OR SUBSCRIBE TO a record; or <—

(2) to attach to, or logically associate with, a record
an electronic symbol, sound or process with the present
intent to authenticate OR SUBSCRIBE TO the record. <—

* * *

§ 107. Form of records.

(a) General rule.--Any records maintained by a corporation

or other association in the regular course of its business,

including shareholder or membership records, books of account

and minute books, may be kept [on, or be in the form of, punch

cards, magnetic storage media, photographs, microphotographs or

any other information storage device if the records so kept can

be converted into reasonably legible written form within a

reasonable time] in record form. Any corporation or other

association shall [so] convert any ~~records so kept~~ OF ITS <—

RECORDS [SO KEPT] into a tangible and reasonably legible form TO <—

THE EXTENT THEY ARE NOT KEPT IN THAT FORM upon the request of

any person entitled to inspect the records. Where records are

kept in [this manner, a] record form, a tangible and reasonably

legible [written] form [produced from the information storage

device] that accurately portrays the record shall be admissible

in evidence, and shall be accepted for all other purposes, to

the same extent as an original written record of the same

information would have been accepted.

(b) Meaning of "written."--References in this title to a

document in writing or to a written provision of an agreement or

other document shall be deemed to include and be satisfied by a

document or provision of an agreement or document in record

form.

§ 131. Application of subchapter.

1 As used in this subchapter, the term "this title" includes
2 Titles 17 (relating to credit unions) and 54 (relating to names)
3 and any other provision of law that makes reference to the
4 powers and procedures of this subchapter or, to the extent not
5 inconsistent with this subchapter, requires a filing in the
6 Corporation Bureau of the Department of State and does not
7 specify some or all of the necessary procedures therefor
8 provided in this subchapter.

9 § 133. Powers of Department of State.

10 (a) General rule.--The Department of State shall have the
11 power and authority reasonably necessary to enable it to
12 administer this subchapter efficiently and to perform the
13 functions specified in section 132 (relating to functions of
14 Department of State), in 13 Pa.C.S. (relating to commercial
15 code) and in 17 Pa.C.S. (relating to credit unions). The
16 following shall not be agency regulations for the purposes of
17 section 612 of the act of April 9, 1929 (P.L.177, No.175), known
18 as The Administrative Code of 1929, the act of October 15, 1980
19 (P.L.950, No.164), known as the Commonwealth Attorneys Act, the
20 act of June 25, 1982 (P.L.633, No.181), known as the Regulatory
21 Review Act, or any similar provision of law, but shall be
22 subject to the opportunity of public comment requirement under
23 section 201 of the act of July 31, 1968 (P.L.769, No.240),
24 referred to as the Commonwealth Documents Law:

25 (1) Sample filing forms promulgated by the department
26 under subsection (d).

27 (2) Instructions accompanying sample filing forms and
28 other explanatory material published in the Pennsylvania Code
29 that is intended to substantially track applicable statutory
30 provisions relating to the particular filing or to any of the

functions of the department covered by this subsection, if a regulation of the department expressly states that such instructions or explanatory materials shall not have the force of law.

(3) Regulations, which the department is hereby authorized to promulgate, that:

(i) Authorize payment of fees and other remittances through or by a credit or debit card issuer or other financial intermediary.

(ii) Authorize contracts with credit or debit card issuers and other financial intermediaries relating to the collection, transmission and payment of fees and other remittances.

[(iii) Adjust the level of fees and other remittances as otherwise fixed by law so as to facilitate their transmission through or by a credit card issuer or other financial intermediary pursuant to such regulations without net cost to the department.]

* * *

§ 152. DEFINITIONS.

THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS SUBCHAPTER SHALL HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE CONTEXT CLEARLY INDICATES OTHERWISE:

"ANCILLARY TRANSACTION." INCLUDES:

(1) PRECLEARANCE OF DOCUMENT[,];

(2) AMENDMENT OF ARTICLES, CHARTER, CERTIFICATE OR OTHER ORGANIC DOCUMENT, RESTATEMENT OF ARTICLES, CHARTER, CERTIFICATE OR OTHER ORGANIC DOCUMENT[, CHANGE IN REGISTERED OR PRINCIPAL OFFICE, CHANGE IN SHARE STRUCTURE,];

(3) DISSOLUTION, CANCELLATION OR TERMINATION[,

REORGANIZATION,] OF AN ASSOCIATION;

(4) WITHDRAWAL BY FOREIGN ASSOCIATION[,];

(5) WITHDRAWAL BY A PARTNER[, OR];

(6) ANY [SIMILAR TRANSACTION,] TRANSACTION SIMILAR TO
ANY OF THE FOREGOING; OR

(7) THE DEPOSIT IN THE DEPARTMENT OF STATE FOR FILING
IN, BY OR WITH THE DEPARTMENT OF STATE OR THE SECRETARY OF
THE COMMONWEALTH OF ANY ARTICLES, STATEMENTS, PROCEEDINGS,
AGREEMENTS OR ANY LIKE PAPERS AFFECTING ASSOCIATIONS UNDER
THE STATUTES OF THIS COMMONWEALTH[.] FOR WHICH A SPECIFIC FEE
IS NOT SET FORTH IN SECTION 153 (RELATING TO FEE SCHEDULE) OR
OTHER APPLICABLE STATUTE.

"BUREAU." THE CORPORATION BUREAU OF THE DEPARTMENT OF STATE
OR ANY SUCCESSOR AGENCY WITHIN THE DEPARTMENT.

§ 153. Fee schedule.

(a) General rule.--The fees of the Corporation Bureau of the
department, including fees for the public acts and transactions
of the Secretary of the Commonwealth administered through the
bureau, shall be as follows:

* * *

(5) FICTITIOUS NAMES:

(I) REGISTRATION..... 52

(II) EACH ANCILLARY TRANSACTION, OTHER
THAN ONE DESCRIBED IN SUBPARAGRAPH (III)... 52

(III) AMENDMENT OF A FICTITIOUS NAME
REGISTRATION LIMITED TO CHANGING ONE OR
MORE OF THE ADDRESSES SET FORTH THEREIN.... 4

* * *

(13) CHANGE OF REGISTERED OFFICE [BY
AGENT]:

1	(I) EACH STATEMENT OF CHANGE OF	
2	REGISTERED OFFICE BY AGENT.....	4

3	<u>(II) STATEMENT OR CERTIFICATE OF</u>	
4	<u>CHANGE OF REGISTERED OFFICE.....</u>	<u>4</u>

5 * * *

6	<u>(15) Unincorporated nonprofit</u>	
7	<u>associations:</u>	
8	<u>(i) Statement appointing an agent to</u>	
9	<u>receive service of process.....</u>	<u>52</u>
10	<u>(ii) Resignation of appointed agent...</u>	<u>28</u>
11	<u>(iii) Each ancillary transaction.....</u>	<u>52</u>

12 * * *

13 § 1103. Definitions.

14 (A) GENERAL DEFINITIONS.--Subject to additional definitions <—
15 contained in subsequent provisions of this subpart that are
16 applicable to specific provisions of this subpart, the following
17 words and phrases when used in this subpart shall have the
18 meanings given to them in this section unless the context
19 clearly indicates otherwise:

20 ["ACT" OR "ACTION." INCLUDES FAILURE TO ACT.] <—

21 * * *

22 ["BANKING INSTITUTION" OR "DOMESTIC BANKING INSTITUTION." A
23 DOMESTIC CORPORATION FOR PROFIT THAT IS AN INSTITUTION AS
24 DEFINED IN THE ACT OF NOVEMBER 30, 1965 (P.L.847, NO.356), KNOWN
25 AS THE BANKING CODE OF 1965.]

26 * * *

27 ["CORPORATION FOR PROFIT." A CORPORATION INCORPORATED FOR A
28 PURPOSE OR PURPOSES INVOLVING PECUNIARY PROFIT, INCIDENTAL OR
29 OTHERWISE, TO ITS SHAREHOLDERS OR MEMBERS.

30 "CORPORATION NOT-FOR-PROFIT." A CORPORATION NOT INCORPORATED

1 FOR A PURPOSE OR PURPOSES INVOLVING PECUNIARY PROFIT, INCIDENTAL
2 OR OTHERWISE.

3 "COURT." SUBJECT TO ANY INCONSISTENT GENERAL RULE PRESCRIBED
4 BY THE SUPREME COURT OF PENNSYLVANIA:

5 (1) THE COURT OF COMMON PLEAS OF THE JUDICIAL DISTRICT
6 EMBRACING THE COUNTY WHERE THE REGISTERED OFFICE OF THE
7 CORPORATION IS OR IS TO BE LOCATED; OR

8 (2) WHERE A CORPORATION RESULTS FROM A MERGER,
9 CONSOLIDATION, DIVISION OR OTHER TRANSACTION WITHOUT
10 ESTABLISHING A REGISTERED OFFICE IN THIS COMMONWEALTH OR
11 WITHDRAWS AS A FOREIGN CORPORATION, THE COURT OF COMMON PLEAS
12 IN WHICH VENUE WOULD HAVE BEEN LAID IMMEDIATELY PRIOR TO THE
13 TRANSACTION OR WITHDRAWAL.

14 "CREDIT UNION." A CREDIT UNION AS DEFINED IN 17 PA.C.S. §
15 102 (RELATING TO APPLICATION OF TITLE).

16 "DEPARTMENT." THE DEPARTMENT OF STATE OF THE COMMONWEALTH.]

17 * * *

18 "Distribution." A direct or indirect transfer of money or
19 other property (except its own shares or options, rights or
20 warrants to acquire its own shares) or incurrence of
21 indebtedness by a corporation to or for the benefit of any or
22 all of its shareholders in respect of any of its shares whether
23 by dividend or by purchase, redemption or other acquisition of
24 its shares or otherwise. Neither the making of, nor payment or
25 performance upon, a guaranty or similar arrangement by a
26 corporation for the benefit of any or all of its shareholders
27 nor a direct or indirect transfer or allocation of assets or
28 liabilities effected under Chapter 19 (relating to fundamental
29 changes) with the approval of the shareholders shall constitute
30 a distribution for the purposes of this subpart.

<—

~~"Execute." When used with respect to authenticating a
filing, document or other record, means "sign."~~

~~* * *~~

~~"Record form." Inscribed on a tangible medium or stored in
an electronic or other medium and retrievable in tangible and
reasonably legible form.~~

~~* * *~~

~~"Sign." Includes:~~

~~(1) to sign manually or adopt a tangible symbol with the
present intent to authenticate a record; or~~

~~(2) to attach to, or logically associate with, a record
an electronic symbol, sound or process with the present
intent to authenticate the record.~~

~~* * *~~

<—

["DOMESTIC CORPORATION FOR PROFIT." A CORPORATION FOR PROFIT
INCORPORATED UNDER THE LAWS OF THIS COMMONWEALTH.

"DOMESTIC CORPORATION NOT-FOR-PROFIT." A CORPORATION NOT-
FOR-PROFIT INCORPORATED UNDER THE LAWS OF THIS COMMONWEALTH.]

* * *

["FOREIGN CORPORATION FOR PROFIT." A CORPORATION FOR PROFIT
INCORPORATED UNDER ANY LAWS OTHER THAN THOSE OF THIS
COMMONWEALTH.

"FOREIGN CORPORATION NOT-FOR-PROFIT." A CORPORATION NOT-FOR-
PROFIT INCORPORATED UNDER ANY LAWS OTHER THAN THOSE OF THIS
COMMONWEALTH.]

* * *

["INSURANCE CORPORATION" OR "DOMESTIC INSURANCE CORPORATION."
AN INSURANCE CORPORATION AS DEFINED IN SECTION 3102 (RELATING TO
DEFINITIONS).

"INTERNAL REVENUE CODE OF 1986." THE INTERNAL REVENUE CODE

1 OF 1986 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.).]

2 * * *

3 ["OFFICIALLY PUBLISH." PUBLISH IN TWO NEWSPAPERS OF GENERAL
4 CIRCULATION IN THE ENGLISH LANGUAGE IN THE COUNTY IN WHICH THE
5 REGISTERED OFFICE OF THE CORPORATION IS LOCATED, OR IN THE CASE
6 OF A PROPOSED CORPORATION IS TO BE LOCATED, ONE OF WHICH SHALL
7 BE THE LEGAL NEWSPAPER, IF ANY, DESIGNATED BY THE RULES OF COURT
8 FOR THE PUBLICATION OF LEGAL NOTICES OR, IF THERE IS NO LEGAL
9 NEWSPAPER, IN TWO NEWSPAPERS OF GENERAL CIRCULATION IN THE
10 COUNTY. WHEN THERE IS BUT ONE NEWSPAPER OF GENERAL CIRCULATION
11 IN ANY COUNTY, ADVERTISEMENT IN THAT NEWSPAPER SHALL BE
12 SUFFICIENT. WHERE NO OTHER FREQUENCY IS SPECIFIED, THE NOTICE
13 SHALL BE PUBLISHED ONE TIME IN THE APPROPRIATE NEWSPAPER OR
14 NEWSPAPERS. SEE SECTION 109(A)(2) (RELATING TO NAME OF
15 COMMERCIAL REGISTERED OFFICE PROVIDER IN LIEU OF REGISTERED
16 ADDRESS).]

17 * * *

18 ["REPRESENTATIVE." WHEN USED WITH RESPECT TO AN ASSOCIATION,
19 JOINT VENTURE, TRUST OR OTHER ENTERPRISE, MEANS A PERSON
20 OCCUPYING THE POSITION OR DISCHARGING THE FUNCTIONS OF A
21 DIRECTOR, OFFICER, EMPLOYEE OR AGENT THEREOF, REGARDLESS OF THE
22 NAME OR TITLE BY WHICH THE PERSON MAY BE DESIGNATED. THE TERM
23 DOES NOT IMPLY THAT A DIRECTOR, AS SUCH, IS AN AGENT OF A
24 CORPORATION.

25 "SAVINGS ASSOCIATION" OR "DOMESTIC SAVINGS ASSOCIATION." A
26 DOMESTIC CORPORATION FOR PROFIT THAT IS AN ASSOCIATION AS
27 DEFINED IN THE ACT OF DECEMBER 14, 1967 (P.L.746, NO.345), KNOWN
28 AS THE SAVINGS ASSOCIATION CODE OF 1967.]

29 * * *

30 "Voting" or "casting a vote." Includes the giving of

1 [written] consent in lieu of voting. The term does not include
2 either recording the fact of abstention or failing to vote for a
3 candidate or for approval or disapproval of a matter, whether or
4 not the person entitled to vote characterizes the conduct as
5 voting or casting a vote.

6 (B) INDEX OF OTHER DEFINITIONS.--THE FOLLOWING IS A <—
7 NONEXCLUSIVE LIST OF WORDS AND PHRASES USED IN THIS SUBPART AS
8 DEFINED IN SECTION 102:

9 "ACT" OR "ACTION."

10 "BANKING INSTITUTION" OR "DOMESTIC BANKING INSTITUTION."

11 "CORPORATION FOR PROFIT."

12 "CORPORATION NOT-FOR-PROFIT."

13 "COURT."

14 "CREDIT UNION."

15 "DEPARTMENT."

16 "DOMESTIC CORPORATION FOR PROFIT."

17 "DOMESTIC CORPORATION NOT-FOR-PROFIT."

18 "EXECUTE."

19 "FOREIGN CORPORATION FOR PROFIT."

20 "FOREIGN CORPORATION NOT-FOR-PROFIT."

21 "INSURANCE CORPORATION" OR "DOMESTIC INSURANCE CORPORATION."

22 "INTERNAL REVENUE CODE OF 1986."

23 "OBLIGATION."

24 "OFFICIALLY PUBLISH."

25 "RECORD FORM."

26 "REPRESENTATIVE."

27 "SAVINGS ASSOCIATION" OR "DOMESTIC SAVINGS ASSOCIATION."

28 "SIGN."

29 § 1521. Authorized shares.

30 * * *

1 (d) Status and rights.--Shares of a business corporation
2 shall be deemed personal property. Except as otherwise provided
3 by the articles or, when so permitted by subsection (c), by one
4 or more bylaws adopted by the shareholders, the terms of each
5 share shall be in all respects equal to every other share. See
6 section 1906(d)(4) (relating to special treatment of holders of
7 shares of same class or series).

8 § 1523. Pricing and issuance of shares.

9 Except as otherwise restricted in the bylaws, shares of a
10 business corporation may be issued at a price determined by the
11 board of directors, or the board may [set a minimum price or
12 establish a formula or method by which the price may be
13 determined] authorize one or more officers, acting alone or with
14 the participation of one or more directors, to determine the
15 purchasers, number of shares, price and other terms on which
16 shares will be issued, within limits and OR subject to relevant <—
17 criteria which shall be specifically prescribed by the board.

18 § 1704. Place and notice of meetings of shareholders.

19 (a) Place.--Meetings of shareholders may be held at such
20 geographic location within or without this Commonwealth as may
21 be provided in or fixed pursuant to the bylaws. Unless otherwise
22 provided in or pursuant to the bylaws, all meetings of the
23 shareholders shall be held at the executive office of the
24 corporation wherever situated. If a meeting of the shareholders
25 is held by means of the Internet or other electronic
26 communications technology in a fashion pursuant to which the
27 shareholders have the opportunity to read or hear the
28 proceedings substantially concurrently with their occurrence,
29 vote on matters submitted to the shareholders [and], pose
30 questions to the directors, make appropriate motions and comment

1 on the business of the meeting, the meeting need not be held at
2 a particular geographic location.

3 (b) Notice.--[Written notice] Notice of every meeting of the
4 shareholders shall be given by, or at the direction of, the
5 secretary or other authorized person to each shareholder of
6 record entitled to vote at the meeting at least:

7 (1) ten days prior to the day named for a meeting that
8 will consider a fundamental change under Chapter 19 (relating
9 to fundamental changes); or

10 (2) five days prior to the day named for the meeting in
11 any other case.

12 If the secretary or other authorized person neglects or refuses
13 to give notice of a meeting, the person or persons calling the
14 meeting may do so.

15 * * *

16 (d) Cross reference.--See section 2528 (relating to notice
17 of shareholder meetings).

18 § 1705. Waiver of notice.

19 (a) [Written waiver] General rule.--Whenever any [written]
20 notice is required to be given under the provisions of this
21 subpart or the articles or bylaws of any business corporation, a
22 waiver thereof [in writing, signed] that is filed with the
23 secretary of the corporation in record form signed by the person
24 or persons entitled to the notice, whether before or after the
25 time stated therein, shall be deemed equivalent to the giving of
26 the notice. Neither the business to be transacted at, nor the
27 purpose of, a meeting need be specified in the waiver of notice
28 of the meeting.

29 * * *

30 § 1727. Quorum of and action by directors.

1 * * *

2 (b) Action by consent.--Unless otherwise restricted in the
3 bylaws, any action required or permitted to be taken at a
4 meeting of the directors may be taken without a meeting if,
5 prior or subsequent to the action, a consent or consents thereto
6 in record form signed by all of the directors in office is filed
7 with the secretary of the corporation.

8 § 1759. Voting and other action by proxy.

9 (a) General rule.--

10 (1) Every shareholder entitled to vote at a meeting of
11 shareholders or to express consent or dissent to corporate
12 action [in writing] without a meeting may authorize another
13 person to act for him by proxy.

14 (2) The presence of, or vote or other action at a
15 meeting of shareholders, or the expression of consent or
16 dissent to corporate action [in writing], by a proxy of a
17 shareholder shall constitute the presence of, or vote or
18 action by, or [written] consent or dissent of the shareholder
19 for the purposes of this subpart.

20 (3) Where two or more proxies of a shareholder are
21 present, the corporation shall, unless otherwise expressly
22 provided in the proxy, accept as the vote or other action of
23 all shares represented thereby the vote cast or other action
24 taken by a majority of them and, if a majority of the proxies
25 cannot agree whether the shares represented shall be voted or
26 upon the manner of voting the shares or taking the other
27 action, the voting of the shares or right to take other
28 action shall be divided equally among those persons.

29 * * *

30 (c) Revocation.--A proxy, unless coupled with an interest,

1 shall be revocable at will, notwithstanding any other agreement
2 or any provision in the proxy to the contrary, but the
3 revocation of a proxy shall not be effective until notice
4 thereof has been given to the secretary of the corporation or
5 its designated agent in writing or by electronic transmission.
6 An unrevoked proxy shall not be valid after three years from the
7 date of its execution, authentication or transmission unless a
8 longer time is expressly provided therein. A proxy shall not be
9 revoked by the death or incapacity of the maker unless, before
10 the vote is counted or the authority is exercised, [written]
11 notice of the death or incapacity is given to the secretary of
12 the corporation or its designated agent.

13 * * *

14 (e) Cross [reference] references.--See [section] sections
15 1702 (relating to manner of giving notice) and 3135 (relating to
16 proxies of members of mutual insurance companies).

17 § 1764. Voting lists.

18 (a) General rule.--The officer or agent having charge of the
19 transfer books for shares of a business corporation shall make a
20 complete list of the shareholders entitled to vote at any
21 meeting of shareholders, arranged in alphabetical order, with
22 the address of and the number of shares held by each. This
23 section does not require the corporation to include electronic
24 mail addresses or other electronic contact information on the
25 list. The list shall be produced and kept open at the time and
26 place of [the] each meeting of shareholders of a nonregistered
27 corporation held at a geographic location and shall be subject
28 to the inspection of any shareholder during the whole time of
29 the meeting for the purposes thereof [except that, if a business
30 corporation has 5,000 or more shareholders, in lieu of the

1 making of the list the corporation may make the information
2 therein available at the meeting by any other means]. See
3 section 2529 (relating to voting lists).

4 * * *

5 (c) Electronic meetings.--If a meeting of shareholders of a
6 nonregistered corporation is not held at a geographic location,
7 the corporation shall make the list of shareholders required by
8 subsection (a) available on a reasonably accessible electronic
9 network ~~if DURING THE WHOLE TIME OF THE MEETING AND SHALL~~ <—
10 PROVIDE the information required to gain access to the list ~~is~~ <—
11 ~~provided with the notice of the meeting and the list is~~
12 ~~accessible during the whole time of the meeting.~~ WITH THE NOTICE <—
13 OF THE MEETING.

14 § 1766. Consent of shareholders in lieu of meeting.

15 (a) Unanimous consent.--Unless otherwise restricted in the
16 bylaws, any action required or permitted to be taken at a
17 meeting of the shareholders or of a class of shareholders of a
18 business corporation may be taken without a meeting if, prior or
19 subsequent to the action, a consent or consents thereto signed
20 by all of the shareholders who would be entitled to vote at a
21 meeting for such purpose shall be filed in record form with the
22 secretary of the corporation.

23 (b) Partial consent.--If the bylaws so provide, any action
24 required or permitted to be taken at a meeting of the
25 shareholders or of a class of shareholders may be taken without
26 a meeting upon the signed consent of shareholders who would have
27 been entitled to cast the minimum number of votes that would be
28 necessary to authorize the action at a meeting at which all
29 shareholders entitled to vote thereon were present and voting.
30 The consents shall be filed in record form with the secretary of

1 the corporation.

2 * * *

3 (d) Cross [reference] references.--See [section] sections
4 1702 (relating to manner of giving notice) and 2524 (relating to
5 consent of shareholders in lieu of meeting).

6 § 1906. Special treatment of holders of shares of same class or
7 series.

8 * * *

9 (c.1) Determination of groups.--For purposes of applying the
10 provisions of subsections (a)(1) and (b), the determination of
11 which shareholders are part of each group receiving special
12 treatment shall be made as of the record date for shareholder
13 action on the plan.

14 (d) Exceptions.--This section shall not apply to:

15 * * *

16 (3) A plan that contains an express provision that this
17 section shall not apply or that fails to contain an express
18 provision that this section shall apply. [The shareholders of <—
19 a corporation that proposes a plan ~~providing for special~~ <—
20 ~~treatment~~ to which this section is not applicable by reason
21 of this paragraph shall have the remedies contemplated by
22 section 1105 (relating to restriction on equitable relief).] <—

23 * * *

24 § 1907. Purpose of fundamental transactions.

25 It shall not be necessary for a transaction under this
26 chapter to have an independent business purpose in order for the
27 transaction to be lawful.

28 § 1911. Amendment of articles authorized.

29 (a) General rule.--A business corporation, in the manner
30 provided in this subchapter, may from time to time amend its

1 articles for one or more of the following purposes:

2 * * *

3 (4) To cancel or otherwise affect the right of holders
4 of the shares of any class or series to receive dividends
5 that have accrued but have not been declared or to otherwise
6 effect a reclassification of or otherwise affect the
7 substantial rights of the holders of any shares, including,
8 without limitation, by providing special treatment of shares
9 held by any shareholder or group of shareholders [as
10 authorized by, and subject to the provisions of,] in <—
11 accordance CONSISTENT with section 1906 (relating to special <—
12 treatment of holders of shares of same class or series).

13 * * *

14 § 1913. Notice of meeting of shareholders.

15 (a) General rule.--[Written notice] Notice of the meeting of
16 shareholders of a business corporation that will act on the
17 proposed amendment shall be given to each shareholder entitled
18 to vote thereon. [There shall be included in, or enclosed with,
19 the notice] The notice shall include a copy of the proposed
20 amendment or a summary of the changes to be effected thereby
21 and, if Subchapter D of Chapter 15 (relating to dissenters
22 rights) is applicable, a copy of that subchapter.

23 (b) Cross [reference] references.--See Subchapter A of
24 Chapter 17 (relating to notice and meetings generally) and
25 section 2528 (relating to notice of shareholder meetings).

26 § 1923. Notice of meeting of shareholders.

27 (a) General rule.--[Written notice] Notice of the meeting of
28 shareholders that will act on the proposed plan shall be given
29 to each shareholder of record, whether or not entitled to vote
30 thereon, of each domestic business corporation that is a party

1 to the merger or consolidation. [There shall be included in, or
2 enclosed with, the notice] The notice shall include OR BE
3 ACCOMPANIED BY a copy of the proposed plan or a summary thereof
4 [and, if]. If Subchapter D of Chapter 15 (relating to dissenters
5 rights) is applicable to the holders of shares of any class or
6 series, a copy of that subchapter and of section 1930 (relating
7 to dissenters rights) shall be furnished to the holders of
8 shares of that class or series. If the surviving or new
9 corporation will be a nonregistered corporation, the notice
10 shall state that a copy of its bylaws as they will be in effect
11 immediately following the merger or consolidation will be
12 furnished to any shareholder on request and without cost.

13 (b) Cross references.--See Subchapter A of Chapter 17
14 (relating to notice and meetings generally) and [section]
15 sections 2512 (relating to dissenters rights procedure) and 2528
16 (relating to notice of shareholder meetings).

17 § 1957. Effect of division.

18 * * *

19 (b) Property rights; allocations of assets and
20 liabilities.--

21 (1) * * *

22 (iv) [To] Except as provided in section 1952(g)
23 (relating to proposal and adoption of plan of division),
24 to the extent allocations of liabilities are contemplated
25 by the plan of division, the liabilities of the dividing
26 corporation shall be deemed without further action to be
27 allocated to and become the liabilities of the resulting
28 corporations on such a manner and basis and with such
29 effect as is specified in the plan; and one or more, but
30 less than all, of the resulting corporations shall be

1 free of the liabilities of the dividing corporation to
2 the extent, if any, specified in the plan, if in either
3 case:

4 (A) no fraud on minority shareholders or
5 shareholders without voting rights or violation of
6 law shall be effected thereby; and

7 (B) the plan does not constitute a fraudulent
8 transfer under 12 Pa.C.S. Ch. 51 (relating to
9 fraudulent transfers).

10 * * *

11 § 1973. Notice of meeting of shareholders.

12 (a) General rule.--[Written notice] Notice of the meeting of
13 shareholders that will consider the resolution recommending
14 dissolution of the business corporation shall be given to each
15 shareholder of record entitled to vote thereon [and the purpose
16 shall be included]. The purpose of the meeting shall be stated
17 in the notice [of the meeting].

18 (b) Cross [reference] references.--See Subchapter A of
19 Chapter 17 (relating to notice and meetings generally) and
20 section 2528 (relating to notice of shareholder meetings).

21 § 1978. Winding up of corporation after dissolution.

22 * * *

23 (b) Standard of care of directors and officers.--The
24 dissolution of the corporation shall not subject its directors
25 or officers to standards of conduct different from those
26 prescribed by or pursuant to Chapter 17 (relating to officers,
27 directors and shareholders). Directors of a dissolved
28 corporation who have complied with section 1975 (relating to
29 predissolution provision for liabilities) or Subchapter H
30 (relating to postdissolution provision for liabilities) and

governing persons of a successor entity who have complied with Subchapter H shall not be personally liable to the creditors or claimants of the dissolved corporation.

§ 2528. Notice of shareholder meetings.

If a registered corporation solicits proxies generally with respect to a meeting of its shareholders, the corporation need not give notice of the meeting to any shareholder to whom the corporation is not required to send a proxy statement pursuant to the rules of the Securities and Exchange Commission.

§ 2529. Voting lists.

A registered corporation shall not be required to produce or make available to its shareholders a list of shareholders in connection with any meeting of its shareholders for which a judge or judges of election are appointed, but such a list shall be furnished to the judge or judges of election.

§ 2545. Notice to shareholders.

* * *

(b) Obligations of the corporation.--If the controlling person or group so requests, the corporation shall, at the option of the corporation and at the expense of the person or group, either furnish a list of all such shareholders and their postal addresses to the person or group or [mail] provide the notice to all such shareholders.

* * *

(e) Cross reference.--See section 1702 (relating to manner of giving notice).

§ 3133. Notice of meetings of members of mutual insurance companies.

(a) General rule.--Unless otherwise restricted in the bylaws, persons authorized or required to give notice of an

1 annual meeting of members of a mutual insurance company for the
2 election of directors or of a meeting of members of a mutual
3 insurance company called for the purpose of considering
4 amendment of the articles or bylaws, or both, of the corporation
5 may, in lieu of any [written] notice of meeting of members
6 required to be given by this subpart, give notice of such
7 meeting by causing notice of such meeting to be officially
8 published. Such notice shall be published each week for at
9 least:

10 (1) Three successive weeks, in the case of an annual
11 meeting.

12 (2) Four successive weeks, in the case of a meeting to
13 consider amendment of the articles or bylaws, or both.

14 (b) Cross reference.--See 1 Pa.C.S. § 1909 (relating to
15 time; publication for successive weeks).

16 § 3135. Proxies of members of mutual insurance companies.

17 In no event shall a proxy given by a member of a mutual
18 insurance company, unless coupled with an interest, be voted on
19 or utilized to express consent or dissent to corporate action
20 [in writing] after 11 months from the date of execution of the
21 proxy.

22 § 4127. Merger, consolidation or division of qualified foreign
23 corporations.

24 (a) General rule.--Whenever a qualified foreign business
25 corporation is a nonsurviving party to a statutory merger,
26 consolidation or division permitted by the laws of the
27 jurisdiction under which it is incorporated, the corporation or
28 other association surviving the merger, or the new corporation
29 or other association resulting from the consolidation or
30 division, as the case may be, shall file in the Department of

1 State a statement of merger, consolidation or division, which
2 shall be executed by the surviving or new corporation or other
3 association and shall set forth:

4 * * *

5 (5) In the case of a merger, consolidation or division
6 in which any of the new or resulting associations is a
7 corporation, or if the surviving corporation in a merger was
8 a nonqualified foreign business corporation prior to the
9 merger, the statements on the part of the surviving or each
10 new or resulting corporation required by section 4124(a)
11 (relating to application for a certificate of authority).

12 (b) Effect of filing.--The filing of the statement shall
13 operate, as of the effective date of the merger, consolidation
14 or division, to cancel the certificate of authority of each
15 nonsurviving constituent corporation that was a qualified
16 foreign business corporation and to qualify the surviving [or
17 new corporation], new or resulting corporations, if any, under
18 this subchapter. If the surviving [or new corporation does], new
19 or resulting corporations do not desire to continue as [a]
20 qualified foreign business [corporation, it] corporations, they
21 may thereafter withdraw in the manner provided by section 4129
22 (relating to application for termination of authority).

23 * * *

24 (d) Cross [reference] references.--See [section] sections
25 134 (relating to docketing statement) and 135 (relating to
26 requirements to be met by filed documents).

27 § 5103. Definitions.

28 (A) GENERAL DEFINITIONS.--Subject to additional definitions <—
29 contained in subsequent provisions of this subpart that are
30 applicable to specific provisions of this subpart, the following

1 words and phrases when used in this subpart shall have the
2 meanings given to them in this section unless the context
3 clearly indicates otherwise:

4 ["ACT" OR "ACTION." INCLUDES FAILURE TO ACT.]

<—

5 * * *

6 "Amendment." An amendment of the articles.

7 * * *

8 "Board of directors" or "board." The group of persons
9 [vested with the management of] under the direction of whom the
10 business and affairs of the corporation are managed irrespective
11 of the name by which [such] the group is designated in the
12 articles. The term does not include an other body. [The term,
13 when used in any provision of this subpart relating to the
14 organization or procedures of or the manner of taking action by
15 the board of directors, shall be construed to include and refer
16 to any executive or other committee of the board. Any provision
17 of this subpart relating or referring to action to be taken by
18 the board of directors or the procedure required therefor shall
19 be satisfied by the taking of corresponding action by a
20 committee of the board of directors to the extent authority to
21 take such action has been delegated to such committee pursuant
22 to section 5731 (relating to executive and other committees of
23 the board).] See section 5731(c) (relating to status of
24 committee action).

25 * * *

26 "Business corporation." A domestic corporation for profit
27 defined in section 1103 (relating to definitions).

28 "Bylaws." The code or codes of rules adopted for the
29 regulation or management of the business and affairs of the
30 corporation irrespective of the name or names by which [such]

1 the rules are designated. The term includes provisions of the
2 articles as provided by section 5504(c) (relating to bylaw
3 provisions in articles).

4 "Charitable purposes." The relief of poverty, the
5 advancement and provision of education, including without
6 limitation postsecondary education, the advancement of religion,
7 [the promotion of health,] the prevention and treatment of
8 disease or injury, including without limitation mental
9 retardation and mental disorders, governmental or municipal
10 purposes, and any other [purposes] purpose the accomplishment of
11 which is recognized as important and beneficial to the
12 [community] public and which advances social, moral or physical
13 objectives.

14 * * *

15 ["CORPORATION FOR PROFIT." A CORPORATION INCORPORATED FOR A <—
16 PURPOSE OR PURPOSES INVOLVING PECUNIARY PROFIT, INCIDENTAL OR
17 OTHERWISE, TO ITS SHAREHOLDERS OR MEMBERS.

18 "CORPORATION NOT-FOR-PROFIT." A CORPORATION NOT INCORPORATED
19 FOR A PURPOSE OR PURPOSES INVOLVING PECUNIARY PROFIT, INCIDENTAL
20 OR OTHERWISE.

21 "COURT." SUBJECT TO ANY INCONSISTENT GENERAL RULE PRESCRIBED
22 BY THE SUPREME COURT OF PENNSYLVANIA:

23 (1) THE COURT OF COMMON PLEAS OF THE JUDICIAL DISTRICT
24 EMBRACING THE COUNTY WHERE THE REGISTERED OFFICE OF THE
25 CORPORATION IS OR IS TO BE LOCATED; OR

26 (2) WHERE A CORPORATION RESULTS FROM A MERGER,
27 CONSOLIDATION, DIVISION OR OTHER TRANSACTION WITHOUT
28 ESTABLISHING A REGISTERED OFFICE IN THIS COMMONWEALTH OR
29 WITHDRAWS AS A FOREIGN CORPORATION, THE COURT OF COMMON PLEAS
30 IN WHICH VENUE WOULD HAVE BEEN LAID IMMEDIATELY PRIOR TO THE

TRANSACTION OR WITHDRAWAL.

"DEPARTMENT." THE DEPARTMENT OF STATE OF THE COMMONWEALTH.]

"Directors." [Persons] Individuals designated, elected or appointed, by that or any other name or title, to act as directors, and their successors. The term does not include a member of an other body, as such. The term, when used in relation to any power or duty requiring collective action, shall be construed to mean "board of directors."

* * *

["DOMESTIC CORPORATION FOR PROFIT." A CORPORATION FOR PROFIT <—
INCORPORATED UNDER THE LAWS OF THIS COMMONWEALTH.

"DOMESTIC CORPORATION NOT-FOR-PROFIT." A CORPORATION NOT-FOR-PROFIT INCORPORATED UNDER THE LAWS OF THIS COMMONWEALTH.]

"Employee." Does not include members, directors or members of an other body, as such. See section 5730 (relating to compensation of directors) as to acceptance by a director of duties that make him also an employee.

* * *

~~"Execute." When used with respect to authenticating a~~ <—
~~filing, document or other record, means "sign."~~

["FOREIGN CORPORATION FOR PROFIT." A CORPORATION FOR PROFIT <—
INCORPORATED UNDER ANY LAWS OTHER THAN THOSE OF THIS
COMMONWEALTH.

"FOREIGN CORPORATION NOT-FOR-PROFIT." A CORPORATION NOT-FOR-PROFIT INCORPORATED UNDER ANY LAWS OTHER THAN THOSE OF THIS
COMMONWEALTH.]

* * *

"Fraternal benefit society." A domestic corporation not-for-profit that is a society as defined in the [act of July 29, 1977 (P.L.105, No.38) known as the Fraternal Benefit Society Code]

1 act of December 14, 1992 (P.L.835, No.134), known as the
2 Fraternal Benefit Societies Code.

3 * * *

4 ~~"Member."~~ ~~[One having]~~ ~~A person having one or more~~ <—
5 ~~membership rights in a corporation in accordance with the~~
6 ~~provisions of its bylaws. The term, when used in relation to the~~
7 ~~taking of corporate action,~~ ~~includes:~~

8 ~~(1) [the] The proxy of a member, if action by proxy is~~
9 ~~permitted under the bylaws of the corporation[; and].~~

10 ~~(2) [a] A delegate to any convention or assembly of~~
11 ~~delegates of members established pursuant to any provision of~~
12 ~~this subpart.~~

13 ~~If and to the extent the bylaws confer membership rights [of~~
14 ~~members] upon holders of [securities evidencing indebtedness]~~
15 ~~obligations of the corporation or governmental or other entities~~
16 ~~pursuant to any provision of this subpart or other provision of~~
17 ~~law, the term shall be construed to include [such security~~
18 ~~holders] those holders and governmental or other entities. The~~
19 ~~term shall be construed to include "shareholder" if the~~
20 ~~corporation issues shares of stock. A person who does not have~~
21 ~~any membership rights in a corporation is not a member for~~
22 ~~purposes of this subpart, even though the person may be referred~~
23 ~~to as a "member" by the corporation.~~

24 "MEMBER." [ONE HAVING MEMBERSHIP RIGHTS IN A CORPORATION IN <—
25 ACCORDANCE WITH THE PROVISIONS OF ITS BYLAWS. THE TERM, WHEN
26 USED IN RELATION TO THE TAKING OF CORPORATE ACTION INCLUDES:

27 (1) THE PROXY OF A MEMBER, IF ACTION BY PROXY IS
28 PERMITTED UNDER THE BYLAWS OF THE CORPORATION; AND

29 (2) A DELEGATE TO ANY CONVENTION OR ASSEMBLY OF
30 DELEGATES OF MEMBERS ESTABLISHED PURSUANT TO ANY PROVISION OF

1 THIS SUBPART.

2 IF AND TO THE EXTENT THE BYLAWS CONFER RIGHTS OF MEMBERS UPON
3 HOLDERS OF SECURITIES EVIDENCING INDEBTEDNESS OR GOVERNMENTAL OR
4 OTHER ENTITIES PURSUANT TO ANY PROVISION OF THIS SUBPART THE
5 TERM SHALL BE CONSTRUED TO INCLUDE SUCH SECURITY HOLDERS AND
6 GOVERNMENTAL OR OTHER ENTITIES. THE TERM SHALL BE CONSTRUED TO
7 INCLUDE "SHAREHOLDER" IF THE CORPORATION ISSUES SHARES OF
8 STOCK.] ANY OF THE FOLLOWING:

9 (1) A PERSON WHO IS SELECTED OR OTHERWISE QUALIFIES AS A
10 MEMBER OF A CORPORATION IN ACCORDANCE WITH AN EXPRESS
11 PROVISION OF THE BYLAWS OF THE CORPORATION, IF THE ARTICLES
12 OF INCORPORATION OF THE CORPORATION DO NOT PROVIDE THAT THE
13 CORPORATION WILL HAVE NO MEMBERS.

14 (2) A PERSON WHO HAS AT LEAST ONE MEMBERSHIP RIGHT IN A
15 CORPORATION, IF THE BYLAWS OF THE CORPORATION DO NOT CONTAIN
16 ANY PROVISION FOR THE SELECTION OR QUALIFICATION OF MEMBERS.

17 (3) WHEN USED IN RELATION TO THE TAKING OF CORPORATE
18 ACTION:

19 (I) A PERSON ACTING AS A PROXY OF A MEMBER OF A
20 CORPORATION, IF ACTION BY PROXY IS PERMITTED UNDER THE
21 BYLAWS OF THE CORPORATION.

22 (II) A PERSON ACTING AS A DELEGATE TO A CONVENTION
23 OR ASSEMBLY OF DELEGATES OF MEMBERS ESTABLISHED PURSUANT
24 TO ANY PROVISION OF THIS SUBPART.

25 (4) A PERSON WHO IS A HOLDER OF AN OBLIGATION OF A
26 CORPORATION, IF AND TO THE EXTENT THE BYLAWS OF A CORPORATION
27 CONFER MEMBERSHIP RIGHTS UPON SUCH PERSONS PURSUANT TO ANY
28 PROVISION OF THIS SUBPART OR OTHER PROVISION OF LAW.

29 (5) A GOVERNMENTAL OR OTHER ENTITY, IF AND TO THE EXTENT
30 THE BYLAWS OF A CORPORATION CONFER MEMBERSHIP RIGHTS UPON

1 GOVERNMENTAL OR OTHER ENTITIES PURSUANT TO ANY PROVISION OF
2 THIS SUBPART OR OTHER PROVISION OF LAW.

3 (6) A SHAREHOLDER OF A CORPORATION, IF THE CORPORATION
4 ISSUES SHARES OF STOCK. THE TERM DOES NOT INCLUDE A PERSON
5 WHO IS REFERRED TO AS A "MEMBER" BY A CORPORATION, IF THE
6 PERSON DOES NOT OTHERWISE SATISFY THE PROVISIONS OF THIS
7 DEFINITION.

8 "Membership rights." Any of the following rights with
9 respect to a nonprofit corporation:

10 (1) to vote on the election or removal of directors or
11 members of another body;

12 (2) to vote on approval of an amendment, plan or the
13 dissolution of the corporation; or

14 (3) to receive a distribution from the net assets of the
15 corporation upon its dissolution.

16 "Nonprofit corporation" or "domestic nonprofit corporation."
17 A domestic corporation not-for-profit [which] that is not
18 excluded from the scope of this subpart by section 5102
19 (relating to application of subpart).

20 "Nonqualified foreign corporation" or "nonqualified foreign
21 nonprofit corporation." A foreign corporation not-for-profit
22 [which] that is not a qualified foreign corporation, as defined
23 in this section.

24 ~~"Obligation." Includes a note or other form of indebtedness,~~ <—
25 ~~whether secured or unsecured.~~

26 * * *

27 ~~"Officially publish." Publish in two newspapers of general~~ <—
28 ~~circulation in the English language in the county in which the~~
29 ~~registered office of the corporation is located or, in the case~~
30 ~~of a proposed corporation, is to be located, one of which shall~~

~~be the legal newspaper, if any, designated by the rules of court
for the publication of legal notices or, if there is no legal
newspaper, in two newspapers of general circulation in the
county. When there is but one newspaper of general circulation
in any county, advertisement in that newspaper shall be
sufficient. Where no other frequency is specified, the notice
shall be published one time in the appropriate newspaper or
newspapers. See section 109(a)(2) (relating to name of
commercial registered office provider in lieu of registered
address).~~

"Other body." A term employed in this subpart to denote a
person or group, other than the board of directors or a
committee thereof, who pursuant to authority expressly conferred
by this subpart may be vested by the bylaws of the corporation
with powers [which] that, if not vested by the bylaws in [such]
the person or group, would by this subpart be required to be
exercised by [either]:

(1) the [membership of a corporation taken as a whole]
members;

(2) a convention or assembly of delegates of members
established pursuant to any provision of this subpart; or

(3) the board of directors.

Except as otherwise provided in this subpart, a corporation may
establish distinct persons or groups to exercise different
powers [which] that this subpart authorizes a corporation to
vest in an other body.

"Plan." A plan of merger, consolidation, asset transfer,
division or conversion.

* * *

~~"Record form." Inscribed on a tangible medium or stored in~~

<—

1 ~~an electronic or other medium and retrievable in tangible and~~
2 ~~reasonably legible form.~~

3 "Registered office." That office maintained by a corporation
4 in this Commonwealth, the address of which is filed [in] with
5 the Department of State or which was recorded in the office of
6 the recorder of deeds in the manner formerly required by
7 statute. See section 109 (relating to name of commercial
8 registered office provider in lieu of registered address).

9 * * *

10 ~~"Representative." When used with respect to [a corporation,~~ <—
11 ~~partnership] an association, joint venture, trust or other~~
12 ~~enterprise, means a person occupying the position or discharging~~
13 ~~the functions of a director, member of an other body, officer,~~
14 ~~employee or agent thereof, regardless of the name or title by~~
15 ~~which the person may be designated. The term does not imply that~~
16 ~~a director or member of an other body, as such, is an agent of a~~
17 ~~corporation.~~

18 ~~"Sign." Includes:~~

19 ~~(1) to sign manually or adopt a tangible symbol with the~~
20 ~~present intent to authenticate a record; or~~

21 ~~(2) to attach to, or logically associate with, a record~~
22 ~~or an electronic symbol, sound or process with the present~~
23 ~~intent to authenticate the record.~~

24 ["REPRESENTATIVE." WHEN USED WITH RESPECT TO A CORPORATION, <—
25 PARTNERSHIP, JOINT VENTURE, TRUST OR OTHER ENTERPRISE, MEANS A
26 DIRECTOR, OFFICER, EMPLOYEE OR AGENT THEREOF.]

27 "Trust instrument." Any lawful deed of gift, grant, will or
28 other document by which the donor, grantor or testator [shall
29 give, grant or devise] gives, grants or devises any real or
30 personal property or the income therefrom in trust for any

1 charitable purpose.

2 "Unless otherwise provided" or "except as otherwise
3 provided." When used to introduce or modify a rule, implies
4 that the alternative provisions contemplated may either relax or
5 restrict the stated rule.

6 "Unless otherwise restricted" or "except as otherwise
7 restricted." When used to introduce or modify a rule, implies
8 that the alternative provisions contemplated may further
9 restrict, but may not relax, the stated rule.

10 "Voting" or "casting a vote." Includes the giving of consent
11 in lieu of voting. The term does not include either recording
12 the fact of abstention or failing to vote for a candidate or for
13 approval or disapproval of a matter, whether or not the person
14 entitled to vote characterizes the conduct as voting or casting
15 a vote.

16 (B) INDEX OF OTHER DEFINITIONS.--THE FOLLOWING IS A <—
17 NONEXCLUSIVE LIST OF WORDS AND PHRASES USED IN THIS SUBPART AS
18 DEFINED IN SECTION 102 (RELATING TO DEFINITIONS):

19 "ACT" OR "ACTION."

20 "CORPORATION FOR PROFIT."

21 "CORPORATION NOT-FOR-PROFIT."

22 "COURT."

23 "DEPARTMENT."

24 "DOMESTIC CORPORATION FOR PROFIT."

25 "DOMESTIC CORPORATION NOT-FOR-PROFIT."

26 "EXECUTE."

27 "FOREIGN CORPORATION FOR PROFIT."

28 "FOREIGN CORPORATION NOT-FOR-PROFIT."

29 "INTERNAL REVENUE CODE OF 1986."

30 "OBLIGATION."

1 "OFFICIALLY PUBLISH."

2 "RECORD FORM."

3 "REPRESENTATIVE."

4 "SIGN."

5 § 5105. [Saving clause and restriction] Restriction on
6 equitable relief.

7 [(a) General rule.--Except as otherwise provided in
8 subsection (b) of this section, this subpart and its amendments
9 shall not impair or affect any act done, offense committed, or
10 substantial right accruing, accrued, or acquired, or liability,
11 duty, obligation, penalty, judgment or punishment incurred prior
12 to the time this subpart or any amendment thereto takes effect,
13 but the same may be enjoyed, asserted, enforced, prosecuted, or
14 inflicted as fully and to the same extent as if this subpart or
15 any amendment thereto had not been enacted.

16 (b) Exception.--] A member of a nonprofit corporation shall
17 not have any right to claim the right to valuation [of] and
18 payment [for] of the fair value of his membership interest or
19 shares because of any proposed plan or amendment [of articles]
20 authorized under any provision of this subpart, or to obtain, in
21 the absence of fraud or fundamental unfairness, an injunction
22 against [any such] the plan or amendment.

23 § 5106. [Limited uniform] Uniform application of subpart.

24 (a) General rule.--Except as provided in subsection (b),
25 this subpart and its amendments are intended to provide uniform
26 rules for the government and regulation of the affairs of
27 nonprofit corporations and of their officers, directors and
28 members, regardless of the date or manner of incorporation or
29 qualification, or of the issuance of any evidences of membership
30 in or shares thereof.

(b) Exceptions.--

(1) Unless expressly provided otherwise in any amendment to this subpart [any such], the amendment shall take effect only prospectively.

(2) Any existing corporation lawfully using a name[,] or, as a part of its name, a word[, which] that could not be used as or included in the name of a corporation [hereafter] subsequently incorporated or qualified under this subpart[,] may continue to use [such] the name[,] or word as part of its name[, provided] if the use or inclusion of [such] the word or name was lawful when first adopted by the corporation in this Commonwealth.

(3) [Nothing in subsection] Subsection (a) shall not adversely affect the rights specifically provided for or saved [by the general terms of section 5105 (relating to saving clause and restriction on equitable relief)] in this subpart, including, without limiting the generality of the foregoing, the provisions of section 5952(d) (relating to proposal and adoption of plan of division).

§ 5107. Subordination of subpart to canon law.

If and to the extent canon law applicable to a corporation incorporated for religious purposes shall set forth provisions relating to the government and regulation of the affairs of the corporation [which] that are inconsistent with the provisions of this subpart on the same subject, the provisions of canon law shall control to the extent, and only to the extent, required by the Constitution of the United States or the Constitution of Pennsylvania, or both.

§ 5108. Limitation on incorporation.

[No corporation which might] A corporation that can be

1 incorporated under this subpart shall [hereafter] not be
2 incorporated except under the provisions of this subpart.

3 § 5109. Execution of documents.

4 (a) General rule.--Any document filed in the Department of
5 State under this title by a domestic or foreign nonprofit
6 corporation [or a foreign corporation not-for-profit] subject to
7 this subpart may be executed on behalf of the corporation by any
8 one duly authorized officer thereof. The corporate seal may be
9 affixed and attested, but the affixation or attestation of the
10 corporate seal shall not be necessary for the due execution of
11 any filing by a corporation under this title.

12 (b) Cross reference.--See section 135 (relating to
13 requirements to be met by filed documents).

14 [(c) Transitional provision.--This section supersedes any
15 contrary provision of this subpart enacted prior to the
16 enactment of the act of December 21, 1988 (P.L.1444, No.177),
17 known as the General Association Act of 1988.]

18 § 5302. Number and qualifications of incorporators.

19 One or more corporations for profit or not-for-profit or
20 natural persons of full age may incorporate a nonprofit
21 corporation under the provisions of this [article] subpart.

22 § 5307. Advertisement.

23 The incorporators or the corporation shall officially publish
24 a notice of intention to file or of the filing of articles of
25 incorporation. The notice may appear prior to or after the day
26 the articles of incorporation are filed in the Department of
27 State[,] and shall set forth briefly:

28 (1) The name of the proposed corporation.

29 (2) A statement that the corporation is to be or has
30 been incorporated under the provisions of [this article] the

1 Nonprofit Corporation Law of 1988.

2 [(3) A brief summary of the purpose or purposes of the
3 corporation.

4 (4) A date on or before which the articles will be filed
5 in the Department of State or the date the articles were
6 filed.]

7 § 5308. Filing of articles.

8 (a) General rule.--The articles of incorporation shall be
9 filed in the Department of State.

10 (b) Cross [reference] references.--See [section] sections
11 134 (relating to docketing statement) and 135 (relating to
12 requirements to be met by filed documents).

13 § 5309. Effect of filing of articles of incorporation.

14 (a) Corporate existence.--Upon the filing of the articles of
15 incorporation in the Department of State or upon the effective
16 date specified in the articles of incorporation, whichever is
17 later, the corporate existence shall begin.

18 (b) Evidence of incorporation.--Subject to the provisions of
19 section 503 (relating to actions to revoke corporate
20 franchises), the articles of incorporation filed in the
21 [Department of State, or approved by the court and] department,
22 or recorded in the office of the recorder of deeds under the
23 former provisions of law, shall be conclusive evidence of the
24 fact that the corporation has been incorporated.

25 § 5310. Organization meeting.

26 (a) General rule.--After the [filing of the articles of
27 incorporation] corporate existence begins, an organization
28 meeting of the initial directors[,] or, if directors are not
29 named in the articles, of the incorporator or incorporators[,]
30 shall be held, within or without this Commonwealth, for the

1 purpose of adopting bylaws[,] which they shall have authority to
2 do at [such] the meeting, of electing directors [to hold office
3 as provided in the bylaws], if directors are not named in the
4 articles, and the transaction of such other business as may come
5 before the meeting. A bylaw adopted at [such] the organization
6 meeting of directors or incorporators shall be deemed to be a
7 bylaw adopted by the members for the purposes of this [article]
8 subpart and of any other provision of law.

9 (b) Call of and action at meeting.--The meeting may be held
10 at the call of any director or, if directors are not named in
11 the articles, of any incorporator, who shall give at least five
12 days' [written] notice thereof to each other director or
13 incorporator, which notice shall set forth the time and place of
14 the meeting. For the purposes of this section [an], any
15 incorporator may act in person, by consent or by proxy signed by
16 him or his [attorney in fact] attorney-in-fact.

17 (c) Death or incapacity of directors or incorporators.--If a
18 designated director or an incorporator dies or is for any reason
19 unable to act at the meeting, the other or others may act. If
20 there is no other designated director or incorporator able to
21 act, any person for whom an incorporator was acting as agent may
22 act or appoint another to act in his stead.

23 § 5331. [Unincorporated] Incorporation of unincorporated
24 associations.

25 In the case of the incorporation as a nonprofit corporation
26 under this [article] subpart of an unincorporated association
27 the articles of incorporation shall contain, in addition to the
28 provisions heretofore required in this chapter, a statement that
29 the incorporators constitute a majority of the members of the
30 committee authorized to incorporate [such] the association by

1 the requisite vote required by the organic law of the
2 association for the amendment of such organic law.

3 § 5501. Corporate capacity.

4 Except as provided in section 103 [of this title] (relating
5 to subordination of title to regulatory laws), a nonprofit
6 corporation shall have the legal capacity of natural persons to
7 act.

8 § 5504. Adoption, amendment and contents of bylaws.

9 * * *

10 (b) Exception.--Except as provided in section 5310(a)
11 (relating to organization meeting), the board of directors or
12 other body shall not have the authority to adopt or change a
13 bylaw on any subject that is committed expressly to the members
14 by any of the provisions of this subpart. See:

15 Subsection (d) (relating to amendment of voting
16 provisions).

17 Section 5713 (relating to personal liability of
18 directors).

19 Section 5721 (relating to board of directors).

20 Section 5725(b) (relating to selection of directors).

21 Section 5726(a) (relating to removal of directors by the
22 members).

23 Section 5726(b) (relating to removal of directors by the
24 board).

25 Section 5729 (relating to voting rights of directors).

26 Section 5751(a) (relating to classes and qualifications
27 of membership).

28 Section 5752(c) (relating to rights of shareholders).

29 Section 5754(a) (relating to members grouped in local
30 units).

1 Section 5755(a) (relating to regular meetings).

2 Section 5756 (relating to quorum).

3 Section 5757 (relating to action by members).

4 Section 5758 (relating to voting rights of members).

5 Section 5759(a) (relating to voting and other action by
6 proxy).

7 Section [5760(a)] 5762(a) (relating to voting in
8 nonprofit corporation matters).

9 Section [5762] 5765 (relating to judges of election).

10 Section [5766(a)] 5769(a) (relating to termination and
11 transfer of membership).

12 Section [5767] 5770 (relating to voting powers and other
13 rights of certain security holders and other entities).

14 Section 5975(c) (relating to winding up and
15 distribution).

16 * * *

17 (d) Amendment of voting provisions.--

18 (1) Unless otherwise restricted in a bylaw adopted by
19 the members, whenever the bylaws require for the taking of
20 any action by the members or a class of members a specific
21 number or percentage of votes, the provision of the bylaws
22 setting forth that requirement shall not be amended or
23 repealed by any lesser number or percentage of votes of the
24 members or of the class of members.

25 (2) Paragraph (1) shall not apply to a bylaw setting
26 forth the right of members to act by unanimous written
27 consent as provided in section 5766(a) (relating to unanimous
28 consent).

29 (e) Cross reference.--See section 6145 (relating to
30 applicability of certain safeguards to foreign domiciliary

1 corporations).

2 § 5509. Bylaws and other powers in emergency.

3 (a) General rule.--[The] Except as otherwise restricted in
4 the bylaws, the board of directors or other body of any
5 nonprofit corporation may adopt emergency bylaws, subject to
6 repeal or change by action of the members, which shall,
7 notwithstanding any different provisions of law or of the
8 articles or bylaws, be [operative] effective during any
9 emergency resulting from [warlike damage or] an attack on the
10 United States [or any], a nuclear [or atomic] disaster or
11 another catastrophe as a result of which a quorum of the board
12 cannot readily be assembled. The emergency bylaws may make any
13 provision that may be [practical and necessary] appropriate for
14 the circumstances of the emergency, including [provisions that]:

15 (1) [A meeting of the board of directors or other body
16 may be called by any officer or director or member of such
17 other body in such manner and under such conditions as shall
18 be prescribed in the emergency bylaws.] Procedures for
19 calling meetings of the board or other body.

20 (2) [The director or directors or the member or members
21 of such other body in attendance at the meeting, or any other
22 number fixed in the emergency bylaws, shall constitute a
23 quorum.] Quorum requirements for meetings.

24 (3) [The officers or other persons designated on a list
25 approved by the board of directors or other body before the
26 emergency, all in such order of priority and subject to such
27 conditions and for such period of time, not longer than
28 reasonably necessary after the termination of the emergency
29 as may be provided in the emergency bylaws or in the
30 resolution approving the list, shall, to the extent required

1 to provide a quorum at any meeting of the board of directors
2 or such other body, be deemed directors or members of such
3 other body for such meeting.] Procedures for designating
4 additional or substitute directors or members of an other
5 body.

6 (b) Lines of succession; head office.--The board of
7 directors or [such] other body, either before or during any
8 [such] emergency, may provide, and from time to time modify,
9 lines of succession in the event that during [such an] the
10 emergency any or all officers or agents of the corporation shall
11 for any reason be rendered incapable of discharging their
12 duties[,] and may, effective in the emergency, change the head
13 offices or designate several alternative head offices or
14 regional offices of the corporation[,] or authorize the officers
15 [so] to do so.

16 (c) Personnel not liable.--[No officer, director, member of
17 such other body, or employee acting in accordance with any
18 emergency bylaws shall be liable except for wilful misconduct.]

19 A representative of the corporation:

20 (1) Acting in accordance with any emergency bylaws shall
21 not be liable except for willful misconduct.

22 (2) Shall not be liable for any action taken by him in
23 good faith in an emergency in furtherance of the ordinary
24 business affairs of the corporation even though not
25 authorized by the emergency or other bylaws then in effect.

26 (d) Effect on regular bylaws.--To the extent not
27 inconsistent with any emergency bylaws so adopted, the bylaws of
28 the corporation shall remain in effect during any emergency[,]
29 and, upon its termination, the emergency bylaws shall cease to
30 be [operative] effective.

1 (e) Procedure in absence of emergency bylaws.--Unless
2 otherwise provided in emergency bylaws, notice of any meeting of
3 the board of directors or [such] an other body during [such] an
4 emergency shall be given only to [such of the] those directors
5 or members of [such] an other body [as it may be] it is feasible
6 to reach at the time and by such means as [may be] are feasible
7 at the time, including publication [or], radio or television. To
8 the extent required to constitute a quorum at any meeting of the
9 board of directors or [such] an other body during [such an] any
10 emergency, the officers of the corporation who are present
11 shall, unless otherwise provided in emergency bylaws, be deemed,
12 in order of rank and within the same rank in order of seniority,
13 directors or members of [such] the other body, as the case may
14 be, for [such] the meeting.

15 § 5511. Establishment of subordinate units.

16 A nonprofit corporation may establish and terminate local
17 branches, chapters, councils, clubs, churches, lodges, parishes
18 or other subordinate units regardless of their designation, form
19 of government, incorporated or unincorporated status or
20 relationship to the corporation or other supervising and
21 controlling organization of which the corporation is a member or
22 with which it is in allegiance and to which it is subordinate.

23 § 5541. Capital contributions of members.

24 (a) General rule.--A nonprofit corporation organized on a
25 nonstock basis may provide in its bylaws that members, upon or
26 subsequent to admission, shall make capital contributions. The
27 amount shall be specified in, or fixed by the board of directors
28 or other body pursuant to authority granted by, the bylaws. The
29 requirement of a capital contribution may apply to all members,
30 or to the members of a single class, or to members of different

1 classes in different amounts or proportions.

2 (b) Consideration receivable.--[The capital contribution of
3 a member shall consist of money or other property, tangible or
4 intangible, or labor or services actually received by or
5 performed for the corporation or for its benefit or in its
6 formation or reorganization, or a combination thereof. In the
7 absence of fraud in the transaction, the judgment of the board
8 of directors or other body as to the value of the consideration
9 received by the corporation shall be conclusive.] The capital
10 contribution of a member, unless otherwise provided in the
11 bylaws:

12 (1) May consist of money, obligations (including an
13 obligation of a member), services performed whether or not
14 contracted for, contracts for services to be performed,
15 memberships in or securities or obligations of the
16 corporation, or any other tangible or intangible property or
17 benefit to the corporation. If a capital contribution is made
18 in a form other than money, the value of the contribution
19 shall be determined by or in the manner provided by the board
20 of directors or other body.

21 (2) Shall be provided or paid to or as ordered by the
22 corporation.

23 (c) Evidence of contribution.--The capital contribution of a
24 member shall be recorded on the books of the corporation and may
25 be evidenced by a written instrument delivered to the member,
26 but [such] the instrument shall not be denominated a "share
27 certificate" or by any other word or term implying that the
28 instrument is a share certificate subject to section 5752
29 (relating to organization on a stock share basis).

30 (d) Transferability of interest.--Unless otherwise provided

1 in the bylaws, the capital contribution of a member shall not be
2 transferable.

3 (e) Repayment of contribution.--The capital contribution of
4 a member shall not be repaid by the corporation except upon
5 dissolution of the corporation or as provided in this [article]
6 subpart. A corporation may provide in its bylaws that its
7 capital contributions, or some of them, shall be repayable, in
8 whole or in part, at the option of the corporation only, [at] in
9 such amount or amounts (not to exceed the amount of the capital
10 contribution), within such period or periods[,] and on such
11 terms and conditions, not inconsistent with this [article]
12 subpart, as are stated in, or fixed by the board of directors or
13 other body pursuant to authority granted by, the bylaws.

14 § 5542. Subventions.

15 (a) General rule.--The bylaws of a nonprofit corporation may
16 provide that the corporation shall be authorized by resolution
17 of the board of directors or other body to accept subventions
18 from members or nonmembers on terms and conditions not
19 inconsistent with this [article, and to issue certificates
20 therefor] subpart. The resolution of the board or other body may
21 provide that [holders of] the maker of a subvention
22 [certificates] shall be entitled to a fixed or contingent
23 periodic payment out of the corporate assets equal to a
24 percentage of the original amount or value of the subvention.
25 The rights of [holders of subvention certificates] makers of
26 subventions shall at all times be subordinate to the rights of
27 creditors of the corporation.

28 (b) Consideration receivable.--[A subvention shall consist
29 of money or other property, tangible or intangible, actually
30 received by the corporation or expended for its benefit or in

1 its formation or reorganization, or a combination thereof. In
2 the absence of fraud in the transaction, the judgment of the
3 board of directors or other body as to the value of the
4 consideration received by the corporation shall be conclusive.

5 (c) Form of certificate.--Each subvention certificate shall
6 be signed by two duly authorized officers of the corporation,
7 and may be sealed with the seal of the corporation or a
8 facsimile thereof. The signatures of the officers upon a
9 certificate may be facsimiles if the certificate is
10 countersigned by a transfer agent or registered by a registrar
11 other than the corporation itself or its employees. In case any
12 officer who has signed or whose facsimile signature has been
13 placed upon a certificate shall have ceased to be such officer
14 before such certificate is issued, it may be issued by the
15 corporation with the same effect as if he were such officer at
16 the date of issue. The fact that the corporation is a nonprofit
17 corporation shall be noted conspicuously on the face or back of
18 each certificate.] Consideration for subventions, unless
19 otherwise provided in the bylaws:

20 (1) May consist of money, obligations (including an
21 obligation of a subventor), services performed whether or not
22 contracted for, contracts for services to be performed,
23 memberships in or securities or obligations of the
24 corporation, or any other tangible or intangible property or
25 benefit to the corporation. If subventions are issued for
26 other than money, the value of the consideration shall be
27 determined by or in the manner provided by the board of
28 directors or other body.

29 (2) Shall be provided or paid to or as ordered by the
30 corporation.

1 (c) Form of subventions.--Subventions shall be represented
2 by certificates or shall be uncertificated subventions. Each
3 subvention certificate shall be executed by or on behalf of the
4 corporation issuing the subvention in such manner as it may
5 determine. The fact that the corporation is a nonprofit
6 corporation shall be noted conspicuously on the face or back of
7 each certificate.

8 (d) Transferability of subvention.--[Subvention
9 certificates] Subventions shall be nontransferable unless the
10 resolution of the board of directors or other body [shall
11 provide] provides that they shall be transferable either at will
12 or subject to specified restrictions.

13 (e) Redemption at option of corporation.--The resolution of
14 the board of directors or other body may provide that a
15 subvention shall be redeemable, in whole or in part, at the
16 option of the corporation at such price or prices (not to exceed
17 the original amount or value of the subvention plus any periodic
18 payments due or accrued thereon), within such period or periods,
19 and on such terms and conditions, not inconsistent with this
20 [article] subpart, as are stated in the resolution.

21 (f) Redemption at option of holders.--The resolution of the
22 board of directors or other body may provide that makers or
23 holders of all or some [subvention certificates] subventions
24 shall have the right to require the corporation after a
25 specified period of time to redeem [such certificates] the
26 subventions, in whole or in part, at a price or prices that do
27 not exceed the original amount or value of the subvention plus
28 any periodic payments due or accrued thereon, upon an
29 affirmative showing that the financial condition of the
30 corporation will permit the required payment to be made without

1 impairment of its operations or injury to its creditors. The
2 right to require redemption may in addition be conditioned upon
3 the occurrence of a specified event. For the purpose of
4 enforcing their rights under this subsection, makers or holders
5 of [subvention certificates] subventions shall be entitled to
6 inspect the books and records of the corporation.

7 (g) Rights of makers or holders on dissolution.--[Holders]
8 Makers or holders of [subvention certificates] subventions, upon
9 dissolution of the corporation, shall be entitled, after the
10 claims of creditors have been satisfied, to repayment of the
11 original amount or value of the subvention plus any periodic
12 payments due or accrued thereon, unless a lesser sum is
13 specified in the resolution of the board of directors or other
14 body concerning [such] the subvention.

15 § 5543. Debt and security interests.

16 (a) General rule.--[No corporation shall issue bonds or
17 other evidences of indebtedness except for money or other
18 property, tangible or intangible, or labor or services actually
19 received by or performed for the corporation or for its benefit
20 or in its formation or reorganization, or a combination thereof.
21 In the absence of fraud in the transaction, the judgment of the
22 board of directors or other body as to the value of the
23 consideration received by the corporation shall be conclusive.]
24 Unless otherwise provided in the bylaws, a nonprofit corporation
25 may issue its bonds or other obligations for such amount and
26 form of consideration as may be determined by or in the manner
27 provided by the board of directors or other body.

28 (b) Creation of lien on real or personal property.--The
29 board of directors or other body may authorize any mortgage or
30 pledge of, or the creation of a security interest in, all or any

1 part of the real or personal property of the corporation, or any
2 interest therein. [Unless] No application to or confirmation by
3 a court shall be required and, unless otherwise restricted in
4 the bylaws, no vote or consent of the members shall be required
5 to make effective [such] the action by the board or other body.
6 § 5544. [Fees, dues] Dues and assessments.

7 (a) General rule.--A nonprofit corporation may levy dues or
8 assessments, or both, on its members, if authority to do so is
9 conferred by the bylaws, subject to any limitations therein
10 contained. [Such] The dues or assessments, or both, may be
11 imposed upon all members of the same class either alike or in
12 different amounts or proportions, and upon a different basis
13 upon different classes of members. Members of one or more
14 classes may be made exempt from either dues or assessments, or
15 both, in the manner or to the extent provided in the bylaws.

16 (b) Amount and method of collection.--The amount of the levy
17 and method of collection of [such] the dues or assessments, or
18 both, may be fixed in the bylaws, or the bylaws may authorize
19 the board of directors or other body to fix the amount thereof
20 from time to time, and make them payable at such time and by
21 such methods of collection as the board of directors or other
22 body may prescribe.

23 (c) Enforcement of payment.--A nonprofit corporation may
24 make bylaws necessary to enforce the collection of [such] dues
25 or assessments, including provisions for the termination of
26 membership, upon reasonable notice, for nonpayment of [such]
27 dues or assessments, and for reinstatement of membership.

28 § 5546. Purchase, sale, mortgage and lease of real property.

29 [Except for an industrial development corporation whose
30 articles or bylaws otherwise provide, no purchase of real

1 property shall be made by a nonprofit corporation and no
2 corporation shall sell, mortgage, lease away or otherwise
3 dispose of its real property, unless authorized by the vote of
4 two-thirds of the members in office of the board of directors or
5 other body, except that if there are 21 or more directors or
6 members of such other body, the vote of a majority of the
7 members in office shall be sufficient. No application to or
8 confirmation of any court shall be required and, unless
9 otherwise restricted in the bylaws, no vote or consent of the
10 members shall be required to make effective such action by the
11 board or other body. If the real property is subject to a trust
12 the conveyance away shall be free of trust and the trust shall
13 be impinged upon the proceeds of such conveyance.] Except as
14 otherwise provided in this subpart and unless otherwise provided
15 in the bylaws, no application to or confirmation of any court
16 shall be required for the purchase by or the sale, lease or
17 other disposition of the real or personal property, or any part
18 thereof, of a nonprofit corporation, and, unless otherwise
19 restricted in section 5930 (relating to voluntary transfer of
20 corporate assets) or in the bylaws, no vote or consent of the
21 members shall be required to make effective such action by the
22 board or other body. If the property is subject to a trust, the
23 conveyance away shall be free of trust, and the trust shall be
24 impinged upon the proceeds of the conveyance.

25 § 5550. Devises, bequests and gifts after certain fundamental
26 changes.

27 A devise, bequest or gift to be effective in the future, in
28 trust or otherwise, to or for a nonprofit corporation which has:

29 (1) changed its purposes;

30 (2) sold, leased away or exchanged all or substantially

1 all its property and assets;

2 (3) been converted into a business corporation;

3 (4) become a party to a consolidation or a division;

4 (5) become a party to a merger which it did not survive;

5 or

6 (6) been dissolved;

7 after the execution of the document containing [such] the

8 devise, bequest or gift and before the nonprofit corporation

9 acquires a vested interest in the devise, bequest or gift shall

10 be effective only as a court having jurisdiction over the assets

11 may order under [the Estates Act of 1947] 20 Pa.C.S. Ch. 61

12 (relating to estates) or other applicable provisions of law.

13 § 5551. Dividends prohibited; compensation and certain payments

14 authorized.

15 (a) General rule.--A nonprofit corporation shall not pay

16 dividends or distribute any part of its income or profits to its

17 members, directors, or officers. Nothing herein contained shall

18 prohibit a fraternal benefit society operating under the

19 insurance laws of Pennsylvania from paying dividends or refunds

20 by whatever name known pursuant to the terms of its insurance

21 contracts.

22 (b) Reasonable compensation for services.--A nonprofit

23 corporation may pay compensation in a reasonable amount to

24 members, directors, or officers for services rendered.

25 (c) Certain payments authorized.--A nonprofit corporation

26 may confer benefits upon members or nonmembers in conformity

27 with its purposes, may repay capital contributions, and may

28 redeem its subvention certificates or evidences of indebtedness,

29 as authorized by this article, except when the corporation is

30 currently insolvent or would thereby be made insolvent or

1 rendered unable to carry on its corporate purposes, or when the
2 fair value of the assets of the corporation remaining after such
3 conferring of benefits, payment or redemption would be
4 insufficient to meet its liabilities. A nonprofit corporation
5 may make distributions of cash or property to members upon
6 dissolution or final liquidation as permitted by this article.

7 § 5552. (Reserved).

8 § [5552] 5553. Liabilities of members.

9 * * *

10 § [5553] 5554. Annual report of directors or other body.

11 (a) Contents.--The board of directors or other body of a
12 nonprofit corporation shall present annually to the members a
13 report, verified by the president and treasurer or by a majority
14 of the directors or members of [such] the other body, showing in
15 appropriate detail the following:

16 (1) The assets and liabilities, including [the] trust
17 funds, of the corporation as of the end of the fiscal year
18 immediately preceding the date of the report.

19 (2) The principal changes in assets and liabilities,
20 including trust funds, during the fiscal year immediately
21 preceding the date of the report.

22 (3) The revenue or receipts of the corporation, both
23 unrestricted and restricted to particular purposes, for the
24 fiscal year immediately preceding the date of the report,
25 including separate data with respect to each trust fund held
26 by or for the corporation.

27 (4) The expenses or disbursements of the corporation,
28 for both general and restricted purposes, during the fiscal
29 year immediately preceding the date of the report, including
30 separate data with respect to each trust fund held by or for

1 the corporation.

2 (5) The number of members of the corporation as of the
3 date of the report, together with a statement of increase or
4 decrease in [such] their number during the year immediately
5 preceding the date of the report, and a statement of the
6 place where the names and addresses of the current members
7 may be found.

8 (b) Place of filing.--The annual report of the board of
9 directors or other body shall be filed with the minutes of the
10 meetings of members.

11 (c) Report in absence of meeting of members.--The board of
12 directors or other body of a corporation having no members shall
13 direct the president and treasurer to present at the annual
14 meeting of the board or [of such] other body a report in
15 accordance with subsection (a) [of this section], but omitting
16 the requirement of paragraph (5) [thereof]. [Such] The report
17 shall be filed with the minutes of the annual meeting of the
18 board or [of such] other body.

19 (d) Cross reference.--See section 6145 (relating to
20 applicability of certain safeguards to foreign domiciliary
21 corporations).

22 § 5585. Establishment or use of common trust funds authorized.

23 (a) General rule.--Every nonprofit corporation may establish
24 and maintain one or more common trust funds, the assets of which
25 shall be held, invested and reinvested by the corporation itself
26 or by a corporate trustee to which the assets have been
27 transferred pursuant to section 5549 (relating to transfer of
28 trust or other assets to institutional trustee). Upon the
29 payment by the corporate trustee to the nonprofit corporation of
30 the net income from [such] the assets, which income may be

1 determined under section 5548(c) (relating to investment of
2 trust funds) if such election is properly made by the board of
3 directors or other body of the corporation, for use and
4 application to the several participating interests in [such] the
5 common trust fund, the proportionate participation of each
6 interest in [such] the net income shall be designated by the
7 corporate trustee. The nonprofit corporation may, at any time,
8 withdraw the whole or part of any participating interest in
9 [such] the common trust fund for distribution by it as provided
10 in this subchapter.

11 (b) Limitations in trust instrument.--Nothing contained in
12 this section shall be construed to authorize the corporation to
13 invest assets of a trust or fund in any [such] common trust fund
14 contrary to any specific limitation or restriction contained in
15 the trust instrument[,], nor to limit or restrict the authority
16 conferred upon the corporation with respect to investments by
17 [any such] the trust instrument.

18 (c) Effect of good faith mistakes.--[No mistakes] Mistakes
19 made in good faith[,], and in the exercise of due care and
20 prudence[,], in connection with the administration of any [such]
21 common trust fund[,], shall not be held to exceed any power
22 granted to or violate any duty imposed upon the corporation[,]
23 if, promptly after the discovery of the mistake, the corporation
24 takes such action as may be practicable under the circumstances
25 to remedy the mistake.

26 § 5586. Restrictions on investments.

27 (a) Legal investments.--If the trust instrument [shall limit
28 or restrict] limits or restricts the investment of [such] the
29 assets to investments of the class authorized by law as legal
30 investments, [the] a nonprofit corporation may invest and

1 reinvest the assets of the trust or fund in any [such] common
2 trust fund maintained by the corporation[, provided] if the
3 investments composing [such] the fund consist solely of
4 investments of the class authorized by [the Fiduciaries
5 Investment Act of 1949] 20 Pa.C.S. Ch. 72 (relating to prudent
6 investor rule) to be held by fiduciaries.

7 (b) Other than legal investments.--If the trust instrument
8 [shall] does not limit or restrict the investment of [such] the
9 assets to investments of the class authorized by law as legal
10 investments, the corporation may invest and reinvest the assets
11 of the trust or fund in any [such] common trust fund maintained
12 by the corporation[,] composed of such investments as in the
13 honest exercise of the judgment of the directors or other body
14 of the corporation they may, after investigation, determine to
15 be safe and proper investments.

16 § 5587. Determination of interests.

17 A nonprofit corporation shall invest the assets of a trust or
18 fund in a common trust fund authorized by this subchapter by
19 adding [such] those assets thereto, and by apportioning a
20 participation therein to [such] the trust or fund in the
21 proportion that the assets of the trust or fund added thereto
22 bears to the aggregate value of all the assets of [such] the
23 common trust fund at the time of [such] the investment,
24 including in [such] those assets the assets of the trust or fund
25 so added. The withdrawal of a participation from [such] the
26 common trust fund shall be on a basis of its proportionate
27 interest in the aggregate value of all the assets of [such] the
28 common trust fund at the time of [such] the withdrawal. The
29 participating interest of any trust or fund in [such] the common
30 trust fund may from time to time be withdrawn, in whole or in

1 part, by the corporation. Upon such withdrawals, the corporation
2 may make distribution in cash, or ratably in kind, or partly in
3 cash and partly in kind. Participations in such common trust
4 funds shall not be sold by the corporation to any other
5 corporation or person, but this sentence shall not prevent a
6 corporate trustee designated under section 5585 (relating to
7 establishment or use of common trust funds authorized) from
8 investing the assets of [such a] the common trust fund in any
9 collective investment fund established and maintained by it in
10 accordance with law and to which the assets comprising [such a]
11 the common trust fund are eligible contributions.

12 § 5588. Amortization of premiums on securities held.

13 If a bond or other obligation for the payment of money is
14 acquired as an investment for any common trust fund at a cost in
15 excess of the par or maturity value thereof, the nonprofit
16 corporation may, during (but not beyond) the period that [such]
17 the obligation is held as an investment in [such] the fund,
18 amortize [such] the excess cost out of the income on [such] the
19 obligation, by deducting from each payment of income and adding
20 to principal an amount equal to the sum obtained by dividing
21 [such] the excess cost by the number of periodic payments of
22 income to accrue on [such] the obligation from the date of
23 [such] the acquisition until its maturity date.

24 § 5589. Records; ownership of assets.

25 The nonprofit corporation shall designate clearly upon its
26 records the names of the trusts or funds on behalf of which
27 [such] the corporation, as fiduciary or otherwise, owns a
28 participation in any common trust fund and the extent of the
29 interest of the trust or fund therein. No such trust or fund
30 shall be deemed to have individual ownership of any asset in

1 [such] the common trust fund, but shall be deemed to have a
2 proportionate undivided interest in the common trust fund. The
3 ownership of the individual assets comprising any common trust
4 fund shall be solely in the nonprofit corporation as fiduciary
5 or otherwise.

6 § 5702. Manner of giving notice.

7 (a) General rule.--[Whenever written]

8 (1) Any notice [is] required to be given to any person
9 under the provisions of this subpart or by the articles or
10 bylaws of any nonprofit corporation[, it may] shall be given
11 to the person either personally or by sending a copy thereof
12 [by]:

13 (i) By first class or express mail, postage prepaid,
14 [or by telegram (with messenger service specified), telex
15 or TWX (with answer back received)] or courier service,
16 charges prepaid, [or by facsimile transmission,] to [his]
17 the person's postal address [(or to his telex, TWX or
18 facsimile number)] appearing on the books of the
19 corporation or, in the case of directors or members of an
20 other body, supplied by [him] the person to the
21 corporation for the purpose of notice. [If the notice is
22 sent by mail, telegraph or courier service, it shall be
23 deemed to have been given to the person entitled thereto
24 when deposited in the United States mail or with a
25 telegraph office or courier service for delivery to that
26 person or, in the case of telex or TWX, when dispatched.]
27 Notice under this subparagraph shall be deemed to have
28 been given to the person entitled thereto when deposited
29 in the United States mail or with a courier service for
30 delivery to that person.

1 (ii) By facsimile transmission, e-mail or other
2 electronic communication to the person's facsimile number
3 or address for e-mail or other electronic communications
4 supplied by the person to the corporation for the purpose
5 of notice. Notice under this subparagraph shall be deemed
6 to have been given to the person entitled thereto when
7 sent.

8 (2) A notice of meeting shall specify the [place,] day
9 [and], hour and geographic location, if any, of the meeting
10 and any other information required by any other provision of
11 this subpart.

12 * * *

13 § 5704. Place and notice of meetings of members.

14 (a) Place.--Meetings of members may be held at such [place]
15 geographic location within or without this Commonwealth as may
16 be provided in or fixed pursuant to the bylaws. Unless otherwise
17 provided in or pursuant to the bylaws, all meetings of the
18 members shall be held [in this Commonwealth at the registered
19 office of the corporation.] at the executive office of the
20 corporation wherever situated. If a meeting of members is held
21 by means of the Internet or other electronic communications
22 technology in a fashion pursuant to which the members have the
23 opportunity to read or hear the proceedings substantially
24 concurrently with their occurrence, vote on matters submitted to
25 the members, pose questions to the directors and members of any
26 other body, make appropriate motions and comment on the business
27 of the meeting, the meeting need not be held at a particular
28 geographic location.

29 (b) Notice.--[Written notice] Notice of every meeting of the
30 members shall be given by, or at the direction of, the secretary

1 or other authorized person to each member of record entitled to
2 vote at the meeting at least:

3 (1) ten days prior to the day named for a meeting that
4 will consider a fundamental change under Chapter 59 (relating
5 to fundamental changes); or

6 (2) five days prior to the day named for the meeting in
7 any other case.

8 If the secretary or other authorized person neglects or refuses
9 to give notice of a meeting, the person or persons calling the
10 meeting may do so.

11 (c) Contents.--In the case of a special meeting of the
12 members, the notice shall specify the general nature of the
13 business to be transacted, and in all cases the notice shall
14 comply with the express requirements of this subpart. The
15 corporation shall not have a duty to augment the notice.

16 § 5705. Waiver of notice.

17 (a) [Written waiver] General rule.--Whenever any [written]
18 notice is required to be given under the provisions of this
19 subpart or the articles or bylaws of any nonprofit corporation,
20 a waiver thereof [in writing, signed] that is filed with the
21 secretary of the corporation in record form signed by the person
22 or persons entitled to the notice, whether before or after the
23 time stated therein, shall be deemed equivalent to the giving of
24 the notice. [Except as otherwise required by this subsection,
25 neither] Neither the business to be transacted at, nor the
26 purpose of, a meeting need be specified in the waiver of notice
27 of the meeting.

28 * * *

29 § 5708. Use of conference telephone [and similar equipment.] or
30 other electronic technology.

1 (a) Incorporators, directors and members of an other body.--

2 Except as otherwise provided in the bylaws, one or more persons
3 may participate in a meeting of the incorporators, the board of
4 directors or an other body[, or the members] of a nonprofit
5 corporation by means of conference telephone or [similar
6 communications equipment] other electronic technology by means
7 of which all persons participating in the meeting can hear each
8 other. Participation in a meeting pursuant to this section shall
9 constitute presence in person at the meeting.

10 (b) Members.--Except as otherwise provided in the bylaws,
11 the presence or participation, including voting and taking other
12 action, at a meeting of members, or the expression of consent or
13 dissent to corporate action, by a member by conference telephone
14 or other electronic means, including, without limitation, the
15 Internet, shall constitute the presence of, or vote or action
16 by, or consent or dissent of the member for the purposes of this
17 subpart.

18 § 5722. Qualifications of directors.

19 Each director of a nonprofit corporation shall be a natural
20 person of full age who, unless otherwise restricted in the
21 bylaws, need not be a resident of this Commonwealth or a member
22 of the corporation. Except as otherwise provided in this
23 section, the qualifications of directors may be prescribed in
24 the bylaws.

25 § 5723. Number of directors.

26 The board of directors of a nonprofit corporation shall
27 consist of one or more members. [Except as otherwise provided in
28 this section, the] The number of directors shall be fixed by[,]
29 or in the manner provided in[,] the bylaws[; or if]. If not so
30 fixed, the number of directors shall be the same as that stated

1 in the articles or three if no number is so stated.

2 § 5724. Term of office of directors.

3 (a) General rule.--Each director of a nonprofit corporation
4 shall hold office until the expiration of the term for which he
5 was selected and until his successor has been selected and
6 qualified or until his earlier death, resignation or removal.
7 Directors, other than those selected by virtue of their office
8 or former office in the corporation or in any other entity or
9 organization, shall be selected for the term of office provided
10 in the bylaws. In the absence of a provision fixing the term, it
11 shall be one year.

12 (b) Resignations.--Any director may resign at any time upon
13 written notice to the corporation. The resignation shall be
14 effective upon receipt thereof by the corporation or at such
15 subsequent time as shall be specified in the notice of
16 resignation.

17 (c) Decrease in number.--A decrease in the number of
18 directors shall not have the effect of shortening the term of
19 any incumbent director.

20 (d) Classified board of directors.--Except as otherwise
21 provided in the bylaws, if the directors are classified in
22 respect of the time for which they shall severally hold office:

23 (1) Each class shall be as nearly equal in number as
24 possible.

25 (2) The term of office of at least one class shall
26 expire in each year.

27 (3) The members of a class shall not be elected for a
28 longer period than four years.

29 § 5725. Selection of directors.

30 (a) General rule.--Except as otherwise provided in this

1 section, directors of a nonprofit corporation, other than those
2 [named in the articles, if any,] constituting the first board of
3 directors, shall be elected by the members.

4 (b) Other methods.--If a bylaw adopted by the members so
5 provides, directors may be elected, appointed, designated or
6 otherwise selected by such person or persons or by such method
7 or methods as shall be fixed by, or in the manner provided in,
8 [such] the bylaw, and the directors may be classified as to the
9 members who exercise the power to select directors.

10 (c) Vacancies.--Except as otherwise provided in the
11 bylaws[,]:

12 (1) [vacancies] Vacancies in the board of directors,
13 including vacancies resulting from an increase in the number
14 of directors, [shall] may be filled by a majority of the
15 remaining members of the board though less than a quorum, or
16 by a sole remaining director, and each person so [elected]
17 selected shall be a director to serve for the balance of the
18 unexpired term unless otherwise restricted in the bylaws.

19 (2) When one or more directors resign from the board
20 effective at a future date, the directors then in office,
21 including those who have so resigned, shall have power by the
22 applicable vote to fill the vacancies, the vote thereon to
23 take effect when the resignations become effective.

24 (3) In the case of a corporation having a board of
25 directors classified in respect of the time for which
26 directors shall severally hold office, any director chosen to
27 fill a vacancy, including a vacancy resulting from an
28 increase in the number of directors, shall hold office until
29 the next election of the class for which such director has
30 been chosen and until his successor has been selected and

1 qualified or until his earlier death, resignation or removal.

2 (d) Alternate directors.--If the bylaws so provide, a person
3 or group of persons entitled to elect, appoint, designate or
4 otherwise select one or more directors may select [one or more
5 alternates] an alternate for each [such] director. In the
6 absence of a director from a meeting of the board [one of], his
7 [alternates] alternate may, in the manner and upon such notice,
8 if any, as may be provided in the bylaws, attend [such] the
9 meeting or execute a written consent and exercise at the meeting
10 or in such consent such of the powers of the absent director as
11 may be specified by, or in the manner provided in, the bylaws.
12 When so exercising the powers of the absent director, [such] the
13 alternate shall be subject in all respects to the provisions of
14 this [article] subpart relating to directors.

15 (e) Nomination of directors.--Unless otherwise provided in
16 the bylaws [provide otherwise], directors shall be nominated by
17 a nominating committee or from the floor.

18 (f) Cross references.--See the definition of "member" in
19 section 5103 (relating to definitions) and section 5758(c)
20 (relating to cumulative voting).

21 § 5726. Removal of directors.

22 (a) [By] Removal by the members.--

23 (1) Unless otherwise provided in a bylaw adopted by the
24 members, the entire board of directors, or a class of the
25 board[,] where the board is classified with respect to the
26 power to select directors, or any individual director[,] of a
27 nonprofit corporation may be removed from office without
28 assigning any cause by the vote of members, or a class of
29 members, entitled to [cast at least a majority of the votes
30 which all members present would be entitled to cast at any

1 annual or other regular election of the directors or of such
2 class of directors] elect directors, or the class of
3 directors. In case the board or [such] a class of the board
4 or any one or more directors are so removed, new directors
5 may be elected at the same meeting. [If members are entitled
6 to vote cumulatively for the board or a class of the board,
7 no individual director shall be removed unless the entire
8 board or class of the board is removed in case sufficient
9 votes are cast against the resolution for his removal, which,
10 if cumulatively voted at an annual or other regular election
11 of directors, would be sufficient to elect one or more
12 directors to the board or to the class.]

13 (2) An individual director shall not be removed (unless
14 the entire board or class of the board is removed) from the
15 board of a corporation in which members are entitled to vote
16 cumulatively for the board or a class of the board if
17 sufficient votes are cast against the resolution for his
18 removal which, if cumulatively voted at an annual or other
19 regular election of directors, would be sufficient to elect
20 one or more directors to the board or to the class.

21 (b) [By] Removal by the board.--Unless otherwise provided in
22 a bylaw adopted by the members, the board of directors may
23 declare vacant the office of a director [if he is declared] who
24 has been judicially declared of unsound mind [by an order of
25 court or is convicted of felony] or who has been convicted of an
26 offense punishable by imprisonment for a term of more than one
27 year, or for any other proper cause which the bylaws may
28 specify, or if, within 60 days, or such other time as the bylaws
29 may specify, after notice of his selection, he does not accept
30 [such] the office either in writing or by attending a meeting of

1 the board of directors[,] and fulfill such other requirements of
2 qualification as the bylaws may specify.

3 (c) [By] Removal by the court.--[The court may, upon
4 petition of any member or director, remove from office any
5 director in case of fraudulent or dishonest acts, or gross abuse
6 of authority or discretion with reference to the corporation, or
7 for any other proper cause, and may bar from office any director
8 so removed for a period prescribed by the court. The corporation
9 shall be made a party to such action.] Upon application of any
10 member or director, the court may remove from office any
11 director in case of fraudulent or dishonest acts, or gross abuse
12 of authority or discretion with reference to the corporation, or
13 for any other proper cause, and may bar from office any director
14 so removed for a period prescribed by the court. The corporation
15 shall be made a party to the action and as a prerequisite to the
16 maintenance of an action under this subsection a member shall
17 comply with Subchapter G (relating to judicial supervision of
18 corporate action).

19 (d) Effect of reinstatement.--An act of the board done
20 during the period when a director has been suspended or removed
21 for cause shall not be impugned or invalidated if the suspension
22 or removal is thereafter rescinded by the members or by the
23 board or by the final judgment of a court.

24 § 5727. Quorum of and action by directors.

25 (a) General rule.--Unless otherwise provided in the bylaws,
26 a majority of the directors in office of a nonprofit corporation
27 shall be necessary to constitute a quorum for the transaction of
28 business, and the acts of a majority of the directors present
29 and voting at a meeting at which a quorum is present shall be
30 the acts of the board of directors.

1 (b) Action by [written] consent.--Unless otherwise
2 restricted in the bylaws, any action [which may] required or
3 permitted to be taken at a meeting of the directors may be taken
4 without a meeting[, if] if, prior or subsequent to the action, a
5 consent or consents [in writing setting forth the action so
6 taken shall be signed] thereto in record form signed by all of
7 the directors in office [and shall be] is filed with the
8 secretary of the corporation.

9 § 5728. Interested [members,] directors or officers; quorum.

10 (a) General rule.--[No] A contract or transaction between a
11 nonprofit corporation and one or more of its [members,]
12 directors or officers or between a nonprofit corporation and
13 [any other corporation, partnership, association, or other
14 organization] another domestic or foreign corporation for profit
15 or not-for-profit, partnership, joint venture, trust or other
16 association in which one or more of its directors or officers
17 are directors or officers[,] or have a financial or other
18 interest, shall not be void or voidable solely for [such] that
19 reason, or solely because the [member,] director or officer is
20 present at or participates in the meeting of the board of
21 directors [which] that authorizes the contract or transaction,
22 or solely because his or their votes are counted for [such] that
23 purpose, if:

24 (1) the material facts as to the relationship or
25 interest and as to the contract or transaction are disclosed
26 or are known to the board of directors and the board [in good
27 faith] authorizes the contract or transaction by the
28 affirmative votes of a majority of the disinterested
29 directors even though the disinterested directors are less
30 than a quorum;

1 (2) the material facts as to his relationship or
2 interest and as to the contract or transaction are disclosed
3 or are known to the members entitled to vote thereon, if any,
4 and the contract or transaction is specifically approved in
5 good faith by vote of [such] those members; or

6 (3) the contract or transaction is fair as to the
7 corporation as of the time it is authorized, approved or
8 ratified by the board of directors or the members.

9 (b) Quorum.--Common or interested directors may be counted
10 in determining the presence of a quorum at a meeting of the
11 board [which] that authorizes a contract or transaction
12 specified in subsection (a) [of this section].

13 (c) Applicability.--The provisions of this section shall be
14 applicable except as otherwise restricted in the bylaws.

15 § 5729. Voting rights of directors.

16 (a) General rule.--Unless otherwise provided in a bylaw
17 adopted by the members every director shall be entitled to one
18 vote.

19 (b) Multiple and fractional voting.--The requirement of this
20 article for the presence of or vote or other action by a
21 specified percentage of directors shall be satisfied by the
22 presence of or vote or other action by directors entitled to
23 cast such specified percentage of the votes which all directors
24 are entitled to cast.

25 § 5730. Compensation of directors.

26 Except as otherwise restricted in the bylaws, the board of
27 directors of a nonprofit corporation shall have the authority to
28 fix the compensation of directors for their services as [such]
29 directors, and a director may be a salaried officer of the
30 corporation.

1 § 5731. Executive and other committees of the board.

2 * * *

3 (c) Status of committee action.--The term "board of
4 directors" or "board," when used in any provision of this
5 subpart relating to the organization or procedures of or the
6 manner of taking action by the board of directors, shall be
7 construed to include and refer to any executive or other
8 committee of the board. Any provision of this subpart relating
9 or referring to action to be taken by the board of directors or
10 the procedure required therefor shall be satisfied by the taking
11 of corresponding action by a committee of the board of directors
12 to the extent authority to take the action has been delegated to
13 the committee under this section.

14 § 5733. Removal of officers and agents.

15 Unless otherwise provided in the bylaws, any officer or agent
16 of a nonprofit corporation may be removed by the board of
17 directors or other body [whenever in its judgment the best
18 interests of the corporation will be served thereby, but such]
19 with or without cause. The removal shall be without prejudice to
20 the contract rights, if any, of any person so removed. Election
21 or appointment of an officer or agent shall not of itself create
22 contract rights.

23 § 5746. Supplementary coverage.

24 (a) General rule.--The indemnification and advancement of
25 expenses provided by or granted pursuant to the other sections
26 of this subchapter shall not be deemed exclusive of any other
27 rights to which a person seeking indemnification or advancement
28 of expenses may be entitled under any bylaw, agreement, vote of
29 members or disinterested directors or otherwise, both as to
30 action in his official capacity and as to action in another

1 capacity while holding that office. Section 5728 (relating to
2 interested [members,] directors or officers; quorum) shall be
3 applicable to any bylaw, contract or transaction authorized by
4 the directors under this section. A corporation may create a
5 fund of any nature, which may, but need not, be under the
6 control of a trustee, or otherwise secure or insure in any
7 manner its indemnification obligations, whether arising under or
8 pursuant to this section or otherwise.

9 * * *

10 § 5751. Classes and qualifications of membership.

11 (a) General rule.--Membership in a nonprofit corporation
12 shall be of such classes, and shall be governed by such rules of
13 admission, retention, suspension and expulsion, as bylaws
14 adopted by the members shall prescribe, except that [all such]
15 the rules shall be reasonable, germane to the purpose or
16 purposes of the corporation[,] and equally enforced as to all
17 members of the same class. Unless otherwise provided by a bylaw
18 adopted by the members[, there]:

19 (1) There shall be one class of members whose voting and
20 other rights and interests shall be equal.

21 (2) If there is only one class of members, the members
22 shall have all the rights of members generally in a nonprofit
23 corporation.

24 (b) Corporations without voting members.--Where the articles
25 provide that the corporation shall have no members, as such, or
26 where a nonprofit corporation has under its bylaws or in fact no
27 members entitled to vote on a matter, any provision of this
28 [article] subpart or any other provision of law requiring notice
29 to, the presence of, or the vote, consent or other action by
30 members of the corporation in connection with [such] the matter

1 shall be satisfied by notice to, the presence of, or the vote,
2 consent or other action by the board of directors or other body
3 of the corporation.

4 § 5752. Organization on a stock share basis.

5 (a) General rule.--A nonprofit corporation may be organized
6 upon either a nonstock basis or, if so provided in its articles,
7 upon a stock share basis[, as set forth in its articles].

8 (b) Form of certificates; uncertificated shares.--The shares
9 of nonprofit corporations organized upon a stock share basis
10 shall be of such denominations as the bylaws shall provide and
11 shall be represented by share certificates unless the articles
12 provide that any or all classes and series of shares, or any
13 part thereof, shall be uncertificated shares. A provision of the
14 articles providing for uncertificated shares shall not apply to
15 shares represented by a certificate until the certificate is
16 surrendered to the corporation. Except as otherwise expressly
17 provided by law, the rights and obligations of the holders of
18 shares represented by certificates and the rights and
19 obligations of the holders of uncertificated shares of the same
20 class and series shall be identical. The fact that the
21 corporation is a nonprofit corporation shall be noted
22 conspicuously on the face of each certificate. Within a
23 reasonable time after the issuance or transfer of uncertificated
24 shares, the corporation shall send to the registered owner
25 thereof a written notice stating:

26 (1) That the corporation is a nonprofit corporation
27 incorporated under the laws of this Commonwealth.

28 (2) The name of the registered owner.

29 (3) The denomination and class of shares and the
30 designation of the series, if any, of the shares issued or

1 transferred.

2 (c) Rights of shareholders.--Unless otherwise provided in a
3 bylaw adopted by the members, each share shall entitle the
4 holder thereof to one vote. No dividends shall be directly or
5 indirectly paid on [any such] the shares, nor shall the
6 shareholders be entitled to any portion of the earnings of
7 [such] the corporation derived through increment of value upon
8 its property, or otherwise incidentally made, until the
9 dissolution of [any such] the corporation.

10 (d) Transferability of shares.--Unless otherwise provided in
11 the bylaws, [such] the shares shall not be transferable by
12 operation of law or otherwise.

13 (e) Power to cancel shares.--A nonprofit corporation shall
14 have power to exclude from further membership any shareholder
15 who fails to comply with the reasonable and lawful bylaws of the
16 corporation, and may cancel the shares of any [such] offending
17 member without liability for an accounting[,] except as may be
18 provided in the bylaws.

19 (f) Applicability of the Uniform Commercial Code.--The
20 provisions of [Division 8 of Title 13] 13 Pa.C.S. Div. 8
21 (relating to investment securities) shall not apply in any
22 manner to the shares of a nonprofit corporation.

23 (g) Cross reference.--See the definition of "member" in
24 section 5103 (relating to definitions).

25 § 5753. Membership certificates.

26 A nonprofit corporation organized upon a nonstock basis shall
27 not issue shares of stock, but membership in [such] the
28 corporation may be evidenced by certificates of membership. The
29 fact that the corporation is a nonprofit corporation shall be
30 noted conspicuously on the face of each certificate.

1 § 5754. Members grouped in local units.

2 (a) General rule.--The bylaws of a nonprofit corporation may
3 provide that the members of the corporation shall be grouped in
4 incorporated or unincorporated local units formed upon the basis
5 of territorial areas, or such other basis as may be determined
6 in the bylaws, for the purpose of election of delegates or
7 representatives to represent the members of such local units at
8 any regular or special meetings of [such] the corporation.

9 Unless otherwise provided in a bylaw adopted by the members,
10 each local unit participating in a representative capacity by
11 means of one or more delegates or otherwise at a meeting of the
12 corporation shall have a number of votes equal to the total
13 membership of the local unit.

14 (b) Voting at meetings of delegates.--The requirements of
15 this [article] subpart for action by or the consent of a
16 specified number or percentage of the members shall be satisfied
17 by action by or the consent of [such] that number or percentage
18 of votes of delegates or representatives of members selected
19 pursuant to this section.

20 (c) Calling and holding meetings of delegates.--The
21 provisions of this [article] subpart relating to the manner of
22 the calling and holding of and the taking of action at meetings
23 of members shall be applicable to meetings of delegates or
24 representatives of members.

25 (d) Incorporation of local units.--A local unit of an
26 incorporated or unincorporated parent body [which] that is
27 incorporated or organized for a purpose or purposes not
28 involving pecuniary profit, incidental or otherwise, to its
29 members[,] may be incorporated under this [article] subpart by
30 an incorporated parent body or by the members of [such] the

1 local unit.

2 § 5755. Time of holding meetings of members.

3 (a) Regular meetings.--The bylaws of a nonprofit corporation
4 may provide for the number and the time of meetings of members,
5 but unless otherwise provided in a bylaw adopted by the members
6 at least one meeting of the members of a corporation [which]
7 that has members, as such, entitled to vote, shall be held in
8 each calendar year for the election of directors[,] at such time
9 as shall be provided in or fixed pursuant to authority granted
10 by the bylaws. Failure to hold the annual or other regular
11 meeting at the designated time shall not work a dissolution of
12 the corporation or affect otherwise valid corporate acts. If the
13 annual or other regular meeting [shall not be] is not called and
14 held within six months after the designated time, any member may
15 call [such] the meeting at any time thereafter.

16 (b) Special meetings.--Special meetings of the members may
17 be called at any time by:

18 (1) [by] the board of directors[, or];

19 (2) members entitled to cast at least 10% of the votes
20 [which] that all members are entitled to cast at the
21 particular meeting[, by]; or

22 (3) such other officers or persons as may be provided in
23 the bylaws.

24 At any time, upon written request of any person who has called a
25 special meeting, it shall be the duty of the secretary to fix
26 the time of the meeting[,] which, if the meeting is called
27 pursuant to a statutory right, shall be held not more than 60
28 days after the receipt of the request. If the secretary [shall
29 neglect or refuse] neglects or refuses to fix the time of the
30 meeting, the person or persons calling the meeting may do so.

1 (c) Adjournments.--Adjournments of any regular or special
2 meeting may be taken[,] but any meeting at which directors are
3 to be elected shall be adjourned only from day to day, or for
4 such longer periods not exceeding 15 days each, as the members
5 present and entitled to [cast at least a majority of the votes
6 which all members present and voting are entitled to cast] vote
7 shall direct, until [such] the directors have been elected.

8 (d) Cross reference.--See section 6145 (relating to
9 applicability of certain safeguards to foreign domiciliary
10 corporations).

11 § 5756. Quorum.

12 (a) General rule.--A meeting of members of a nonprofit
13 corporation duly called shall not be organized for the
14 transaction of business unless a quorum is present. Unless
15 otherwise provided in a bylaw adopted by the members:

16 (1) The presence of members entitled to cast at least a
17 majority of the votes [which] that all members are entitled
18 to cast on [the matters] a particular matter to be acted upon
19 at the meeting shall constitute a quorum for the purposes of
20 consideration and action on the matter.

21 (2) The members present at a duly organized meeting can
22 continue to do business until adjournment, notwithstanding
23 the withdrawal of enough members to leave less than a quorum.

24 (3) If a meeting cannot be organized because a quorum
25 has not attended, those present may, except as otherwise
26 provided in this [article] subpart, adjourn the meeting to
27 such time and place as they may determine.

28 (b) Exceptions.--Notwithstanding any contrary provision in
29 the articles or bylaws, those members entitled to vote who
30 attend a meeting of members:

1 (1) [In the case of any meeting called for the election
2 of directors those who attend the second of such adjourned
3 meetings] at which directors are to be elected that has been
4 previously adjourned for lack of a quorum, although less than
5 a quorum as fixed in this section[,] or in the [articles or]
6 bylaws, shall nevertheless constitute a quorum for the
7 purpose of election of directors[.];

8 (2) [In the case of any meeting called for any other
9 purpose those who attend the second of such adjourned
10 meetings] that has been previously adjourned for one or more
11 periods aggregating at least 15 days because of an absence of
12 a quorum, although less than a quorum as fixed in this
13 section[,] or in the [articles or] bylaws, shall nevertheless
14 constitute a quorum for the purpose of acting upon any
15 [resolution or other] matter set forth in the notice of the
16 meeting[, if written notice of such second adjourned meeting,
17 stating] if the notice states that those members who attend
18 the adjourned meeting shall nevertheless constitute a quorum
19 for the purpose of acting upon [such resolution or other] the
20 matter[, is given to each member of record entitled to vote
21 at such second adjourned meeting at least ten days prior to
22 the day named for the second adjourned meeting].

23 § 5757. Action by members.

24 (a) General rule.--[Except as otherwise provided in this
25 article or in a bylaw adopted by the members, the acts at a duly
26 organized meeting of members present entitled to cast at least a
27 majority of the votes which all members present and voting are
28 entitled to cast shall be the acts of the members.

29 (b) Increased minimum vote.--Whenever in this article a
30 specified number or percentage of votes of members or of a class

1 of members is required for the taking of any action, a nonprofit
2 corporation may prescribe in a bylaw adopted by the members that
3 a higher number or percentage of votes shall be required for
4 such action.] Except as otherwise provided in this subpart or in
5 a bylaw adopted by the members, whenever any corporate action is
6 to be taken by vote of the members of a nonprofit corporation,
7 it shall be authorized upon receiving the affirmative vote of a
8 majority of the votes cast by the members entitled to vote
9 thereon and, if any members are entitled to vote thereon as a
10 class, upon receiving the affirmative vote of a majority of the
11 votes cast by the members entitled to vote as a class.

12 (b) Changes in required vote.--Whenever a provision of this
13 subpart requires a specified number or percentage of votes of
14 members or of a class of members for the taking of any action, a
15 nonprofit corporation may prescribe in a bylaw adopted by the
16 members that a higher number or percentage of votes shall be
17 required for the action. The number or percentage of members
18 necessary to call a special meeting of members or to petition
19 for the proposal of an amendment of articles under this subpart
20 may not be increased under this subsection. See sections 5504(d)
21 (relating to amendment of voting provisions) and 5914(e)
22 (relating to amendment of voting provisions).

23 (c) Expenses.--Unless otherwise restricted in the articles,
24 the corporation shall pay the reasonable expenses of
25 solicitation of votes, proxies or consents of members by or on
26 behalf of the board of directors or its nominees for election to
27 the board, including solicitation by professional proxy
28 solicitors and otherwise, and may pay the reasonable expenses of
29 a solicitation by or on behalf of other persons.

30 § 5758. Voting rights of members.

1 * * *

2 [(e) Voting lists.--Upon request of a member, the books or
3 records of membership shall be produced at any regular or
4 special meeting of the corporation. If at any meeting the right
5 of a person to vote is challenged, the presiding officer shall
6 require the books or records to be produced as evidence of the
7 right of the person challenged to vote, and all persons who
8 appear by the books or records to be members entitled to vote
9 may vote. See section 6145 (relating to applicability of certain
10 safeguards to foreign corporations).]

11 § 5759. Voting and other action by proxy.

12 (a) General rule.--Voting by members of a nonprofit
13 corporation shall be only in person unless a bylaw adopted by
14 the members provides for voting by proxy. [The presence of or
15 vote or other action at a meeting of members, or the expression
16 of consent or dissent to corporate action in writing, by a proxy
17 of a member pursuant to such a bylaw shall constitute the
18 presence of, or vote or action by, or written consent or dissent
19 of such member for the purposes of this article.] Unless
20 otherwise restricted by a bylaw adopted by the members:

21 (1) The presence of, or vote or other action at a
22 meeting of members, or the expression of consent or dissent
23 to corporate action, by a proxy of a member pursuant to a
24 bylaw shall constitute the presence of, or vote or action by,
25 or consent or dissent of the member for the purposes of this
26 subpart.

27 (2) Where two or more proxies of a member are present,
28 the corporation shall, unless otherwise expressly provided in
29 the proxy, accept as the vote or other action of all the
30 members or shares represented thereby the vote cast or other

1 action taken by a majority of them, and, if a majority of the
2 proxies cannot agree whether the memberships or shares
3 represented shall be voted or upon the manner of voting the
4 memberships or shares or taking the other action, the voting
5 of the memberships or shares or right to take other action
6 shall be divided equally among those persons.

7 (b) [Minimum requirements] Execution and filing.--Every
8 proxy shall be executed [in writing] or authenticated by the
9 member or by his duly authorized [attorney in fact] attorney-in-
10 fact and filed with or transmitted to the secretary of the
11 corporation[.] or its designated agent. A member or his duly
12 authorized attorney-in-fact may execute or authenticate a
13 writing or transmit an electronic message authorizing another
14 person to act for him by proxy. A telegram, telex, cablegram,
15 datagram, e-mail, Internet communication or other means of
16 electronic transmission from a member or attorney-in-fact, or a
17 photographic, facsimile or similar reproduction of a writing
18 executed by a member or attorney-in-fact:

19 (1) may be treated as properly executed or authenticated
20 for purposes of this subsection; and

21 (2) shall be so treated if it sets forth or utilizes a
22 confidential and unique identification number or other mark
23 furnished by the corporation to the member for the purposes
24 of a particular meeting or transaction.

25 (c) Revocation.--A proxy shall be revocable at will,
26 notwithstanding any other agreement or any provision in the
27 proxy to the contrary, but the revocation of a proxy shall not
28 be effective until notice thereof has been given to the
29 secretary of the corporation[. No] or its designated agent in
30 writing or by electronic transmission. An unrevoked proxy shall

1 not be valid after 11 months from the date of its execution,
2 authentication or transmission unless a longer time is expressly
3 provided therein[, but in no event shall a proxy be voted on
4 after three years from the date of its execution]. A proxy shall
5 not be revoked by the death or incapacity of the maker unless,
6 before the vote is counted or the authority is exercised,
7 [written] notice of [such] the death or incapacity is given to
8 the secretary of the corporation[.] or its designated agent. See
9 section 6145 (relating to applicability of certain safeguards to
10 foreign domiciliary corporations).

11 § 5760. (Reserved).

12 § 5761. (Reserved).

13 § [5760] 5762. Voting by corporations.

14 (a) Voting in nonprofit corporation matters.--Unless
15 otherwise provided in a bylaw of a nonprofit corporation adopted
16 by the members, any other [corporation which is a member of such
17 a nonprofit corporation may vote therein by any of its
18 officers,] domestic or foreign corporation for profit or not-
19 for-profit that is a member of the nonprofit corporation may
20 vote by any of its officers or agents, or by proxy appointed by
21 any officer or agent, unless some other person, by resolution of
22 the board of directors of [such] the other corporation[,] or a
23 provision of its articles or bylaws, a copy of which resolution
24 or provision certified to be correct by one of its officers
25 [shall have] has been filed with the secretary of the nonprofit
26 corporation, [shall be] is appointed its general or special
27 proxy[,] in which case [such] that person shall be entitled to
28 vote [therein] as such proxy.

29 (b) Voting by nonprofit corporations.--Shares of or
30 memberships in a domestic or foreign corporation for profit or

1 not-for-profit other than a nonprofit corporation, standing in
2 the name of a shareholder or member [which] that is a nonprofit
3 corporation, may be voted by the persons and in the manner
4 provided for in the case of nonprofit corporations by subsection
5 (a) [of this section] unless the laws of the jurisdiction in
6 which the issuer of [any such] the shares or memberships is
7 incorporated [shall] require the shares or memberships to be
8 voted by some other person or persons or in some other manner[,]
9 in which case, to the extent that [such] those laws are
10 inconsistent herewith, this subsection shall not apply.

11 § [5761] 5763. Determination of members of record.

12 (a) Fixing record date.--Unless otherwise restricted in the
13 bylaws, the board of directors of a nonprofit corporation may
14 fix a time[, not more than 70 days] prior to the date of any
15 meeting of members [or any adjournment thereof,] as a record
16 date for the determination of the members entitled to notice of,
17 or to vote at, [such] the meeting[. In such case only], which
18 time, except in the case of an adjourned meeting, shall not be
19 more than 90 days prior to the date of the meeting of members.
20 Only members of record on the date [so] fixed shall [so] be so
21 entitled notwithstanding any increase or other change in
22 membership on the books of the corporation after any record date
23 fixed as [aforesaid] provided in this subsection. Unless
24 otherwise [restricted] provided in the bylaws, the board of
25 directors may similarly fix a record date for the determination
26 of members of record for any other purpose. When a determination
27 of members of record has been made as provided in this section
28 for purposes of a meeting, the determination shall apply to any
29 adjournment thereof unless otherwise restricted in the bylaws or
30 unless the board fixes a new record date for the adjourned

1 meeting.

2 (b) Determination when no record date fixed.--Unless
3 otherwise [restricted] provided in the bylaws, if [no] a record
4 date is not fixed:

5 (1) The record date for determining members entitled to
6 notice of or to vote at a meeting of members shall be at the
7 close of business on the day next preceding the day on which
8 notice is given, or, if notice is waived, at the close of
9 business on the day [next] immediately preceding the day on
10 which the meeting is held.

11 (2) The record date for determining members entitled to:

12 (i) express consent or dissent to corporate action
13 in writing without a meeting, when [no] prior action by
14 the board of directors or other body is not necessary[,];

15 (ii) call a special meeting of the members; or

16 (iii) propose an amendment of the articles;

17 shall be the close of business on the day on which the first
18 written consent or dissent, request for a special meeting or
19 petition proposing an amendment of the articles is
20 [expressed] filed with the secretary of the corporation.

21 (3) The record date for determining members for any
22 other purpose shall be at the close of business on the day on
23 which the board of directors or other body adopts the
24 resolution relating thereto.

25 § 5764. (Reserved).

26 § [5762] 5765. Judges of election.

27 (a) General rule.--Unless otherwise provided in a bylaw
28 adopted by the members:

29 (1) In advance of any meeting of members of a nonprofit
30 corporation, the board of directors or other body may appoint

1 judges of election, who need not be members, to act at [such]
2 the meeting or any adjournment thereof. If judges of election
3 are not so appointed, the presiding officer of [any such] the
4 meeting may, and on the request of any member shall, [make
5 such appointment] appoint judges of election at the meeting.
6 The number of judges shall be one or three. [No] A person who
7 is a candidate for office to be filled at the meeting shall
8 not act as a judge.

9 (2) In case any person appointed as judge fails to
10 appear or fails or refuses to act, the vacancy may be filled
11 by appointment made by the board of directors or other body
12 in advance of the convening of the meeting, or at the meeting
13 by the presiding officer thereof.

14 (3) The judges of election shall determine the number of
15 members of record and the voting power of each, the members
16 present at the meeting, the existence of a quorum, the
17 authenticity, validity[,] and effect of proxies, if voting by
18 proxy is permitted under the bylaws, receive votes or
19 ballots, hear and determine all challenges and questions in
20 any way arising in connection with the right to vote, count
21 and tabulate all votes, determine the result[,] and do such
22 acts as may be proper to conduct the election or vote with
23 fairness to all members. The judges of election shall perform
24 their duties impartially, in good faith, to the best of their
25 ability[,] and as expeditiously as is practical. If there are
26 three judges of election, the decision, act or certificate of
27 a majority shall be effective in all respects as the
28 decision, act or certificate of all.

29 (4) On request of the presiding officer of the meeting,
30 or of any member, the judges shall make a report in writing

1 of any challenge or question or matter determined by them,
2 and execute a certificate of any fact found by them. Any
3 report or certificate made by them shall be prima facie
4 evidence of the facts stated therein.

5 (b) Cross reference.--See section 6145 (relating to
6 applicability of certain safeguards to foreign domiciliary
7 corporations).

8 § [5763] 5766. Consent of members in lieu of meeting.

9 (a) Unanimous consent.--Unless otherwise restricted in the
10 bylaws, any action [which may] required or permitted to be taken
11 at a meeting of the members or of a class of members of a
12 nonprofit corporation may be taken without a meeting[,] if,
13 prior or subsequent to the action, a consent or consents [in
14 writing, setting forth the action so taken, shall be signed]
15 thereto signed by all of the members who would be entitled to
16 vote at a meeting for such purpose [and] shall be filed in
17 record form with the secretary of the corporation.

18 (b) Partial consent.--If the bylaws so provide, any action
19 required or permitted to be taken at a meeting of the members or
20 of a class of members may be taken without a meeting upon the
21 signed consent of members who would have been entitled to cast
22 the minimum number of votes that would be necessary to authorize
23 the action at a meeting at which all members entitled to vote
24 thereon were present and voting. The consents shall be filed
25 with the secretary of the corporation.

26 (c) Effectiveness of action by partial consent.--An action
27 taken pursuant to subsection (b) shall not become effective
28 until after at least ten days' notice of the action has been
29 given to each member entitled to vote thereon who has not
30 consented thereto.

1 § [5764] 5767. Appointment of custodian of corporation on
2 deadlock or other cause.

3 (a) General rule.--[The court, upon] Upon application of any
4 member, the court may appoint one or more persons to be
5 custodians of and for any nonprofit corporation when it is made
6 to appear that:

7 (1) [that] at any meeting for the election of directors
8 or members of an other body, the members are so divided that
9 they have failed to elect successors to [directors] those
10 whose terms have expired or would have expired upon the
11 qualification of their successors; or

12 (2) [that] any of the conditions specified in section
13 5981 (relating to proceedings upon [petition of member, etc.]
14 exists] application of member or director), other than it is
15 beneficial to the interest of the members that the
16 corporation be wound up and dissolved, exist with respect to
17 the corporation.

18 (b) Exception.--The court shall not appoint a custodian to
19 resolve a deadlock if the members by agreement or otherwise have
20 provided for the appointment of a provisional director or member
21 of an other body or other means for the resolution of the
22 deadlock, but the court shall enforce the remedy so provided if
23 appropriate.

24 [(b)] (c) Power and title of custodian.--A custodian
25 appointed under this section shall have all the power and title
26 of a receiver appointed under Subchapter G of Chapter 59
27 (relating to involuntary liquidation and dissolution), but the
28 authority of the custodian shall be to continue the business of
29 the corporation and not to liquidate its affairs and distribute
30 its assets[,] except when the court shall otherwise order [and

except in cases arising under section 5981(1), (2) and (3)
(relating to proceedings upon petition of member, etc.)].

(d) Cross reference.--See section 6145 (relating to
applicability of certain safeguards to foreign domiciliary
corporations).

§ [5765] 5768. Reduction of membership below stated number.

Whenever the membership of a nonprofit corporation having a
stated number of members [shall be] is reduced below [such] that
number by death, withdrawal[,] or otherwise, the corporation
shall not on that account be dissolved, but it shall be lawful
for the surviving or continuing members to continue the
corporate existence[,] unless otherwise restricted in the
bylaws.

§ [5766] 5769. Termination and transfer of membership.

(a) General rule.--Membership in a nonprofit corporation
shall be terminated in the manner provided in a bylaw adopted by
the members. If [the] membership in any such corporation is
limited to persons who are members in good standing in another
corporation, or in any lodge, church, club, society or other
entity or organization, the bylaws shall in each case define
[such] the limitations, and may provide that failure on the part
of [any such] a member to keep himself in good standing in
[such] the other entity or organization shall be sufficient
cause for [expelling the member from] terminating the membership
of the member in the corporation requiring such eligibility.

(b) Expulsion.--

(1) [No] A member shall not be expelled from any
nonprofit corporation without notice, trial and conviction,
the form of which shall be prescribed by the bylaws.

(2) Paragraph (1) [of this subsection] shall not apply

1 to termination of membership pursuant to section 5544[(c)]
2 (relating to [enforcement of payment of fees,] dues and
3 assessments).

4 (3) See section 6145 (relating to applicability of
5 certain safeguards to foreign domiciliary corporations).

6 (c) Effect of termination of membership.--Unless otherwise
7 provided in the bylaws, the right of a member of a nonprofit
8 corporation to vote, and his right, title and interest in or to
9 the corporation or its property, shall cease on the termination
10 of his membership.

11 (d) Transfer of membership.--Unless otherwise provided in
12 the bylaws, [no] a member may not transfer his membership or any
13 right arising therefrom. The adoption of an amendment to the
14 articles or bylaws of a nonprofit corporation that changes the
15 identity of some or all of the members or the criteria for
16 membership does not constitute a transfer for purposes of this
17 subsection.

18 § [5767] 5770. Voting powers and other rights of certain
19 securityholders and other entities.

20 [Such] The power to vote in respect to the corporate affairs
21 and management of a nonprofit corporation and other membership
22 rights as may be provided in a bylaw adopted by the members may
23 be conferred upon:

24 (1) Registered holders of [securities evidencing
25 indebtedness] obligations issued or to be issued by the
26 corporation.

27 (2) The United States of America, the Commonwealth, a
28 state, or any political subdivision [thereof or other] of any
29 of the foregoing, or any entity prohibited by law from
30 becoming a member of a corporation.

1 § 5791. Corporate action subject to subchapter.

2 (a) General rule.--This subchapter shall apply to, and the
3 term "corporate action" in this subchapter shall mean any of the
4 following actions:

5 (1) The election, appointment, designation or other
6 selection and the suspension, removal or expulsion of
7 members, directors, members of an other body or officers of a
8 nonprofit corporation.

9 (2) The taking of any action on any matter [which] that
10 is required under this [article] subpart or under any other
11 provision of law to be, or [which] that under the bylaws may
12 be, submitted for action to the members, directors, members
13 of an other body or officers of a nonprofit corporation.

14 (b) Cross reference.--See section 6145 (relating to
15 applicability of certain safeguards to foreign domiciliary
16 corporations).

17 § 5792. Proceedings prior to corporate action.

18 (a) General rule.--Where under applicable law or the bylaws
19 of a nonprofit corporation there has been a failure to hold a
20 meeting to take corporate action and [such] the failure has
21 continued for 30 days after the date designated or appropriate
22 therefor, the court may summarily order a meeting to be held
23 upon the application of any person entitled, either alone or in
24 conjunction with other persons similarly seeking relief under
25 this section, to call a meeting to consider the corporate action
26 in issue.

27 (b) Conduct of meeting.--The court may determine the right
28 to vote at [such] the meeting of persons claiming [such] that
29 right, may appoint a master to hold [such] the meeting under
30 such orders and powers as the court [may deem proper,] deems

1 proper and may take such action as may be required to give due
2 notice of the meeting and to convene and conduct the meeting in
3 the interests of justice.

4 (c) Cross reference.--See section 6145 (relating to
5 applicability of certain safeguards to foreign domiciliary
6 corporations).

7 § 5793. Review of contested corporate action.

8 (a) General rule.--Upon [petition] application of any person
9 [whose status as, or whose rights or duties as, a member,
10 director, member of an other body, officer or otherwise of a
11 nonprofit corporation are or may be affected] aggrieved by any
12 corporate action, the court may hear and determine the validity
13 of [such] the corporate action.

14 (b) Powers and procedures.--The court may make such orders
15 in any such case as may be just and proper, with power to
16 enforce the production of any books, papers and records of the
17 corporation and other relevant evidence [which] that may relate
18 to the issue. The court shall provide for notice of the pendency
19 of the proceedings under this section to all persons affected
20 thereby. If it is determined that no valid corporate action has
21 been taken, the court may order a meeting to be held in
22 accordance with section 5792 (relating to proceedings prior to
23 corporate action).

24 (c) Cross reference.--See section 6145 (relating to
25 applicability of certain safeguards to foreign domiciliary
26 corporations).

27 § 5911. Amendment of articles authorized.

28 (a) General rule.--A nonprofit corporation, in the manner
29 [hereinafter] provided in this subchapter, may from time to time
30 amend its articles for one or more of the following purposes:

1 (1) To adopt a new name, subject to the restrictions
2 [heretofore] provided in this [article] subpart.

3 (2) To modify any provision of the articles relating to
4 its term of existence.

5 (3) To change, add to[,] or diminish its purposes[,] or
6 to set forth different or additional purposes.

7 (4) To restate the articles in their entirety.

8 (5) In any and as many other respects as desired.

9 (b) Exceptions.--[No] An amendment adopted under this
10 section shall not amend articles in such a way that as so
11 amended they would not be authorized by this [article] subpart
12 as original articles of incorporation[,] except that:

13 (1) Restated articles shall, subject to section 109
14 (relating to name of commercial registered office provider in
15 lieu of registered address), state the address of the current
16 instead of the initial registered office of the corporation
17 in this Commonwealth[,] and need not state the names and
18 addresses [of the first directors or] of the incorporators.

19 (2) The corporation shall not be required to revise any
20 other provision of its articles if [such] the provision is
21 valid and operative immediately prior to the filing of [such]
22 the amendment in the Department of State.

23 § 5913. Notice of meeting of members.

24 [Written notice shall, not less than ten days before the
25 meeting of members called for the purpose of considering the
26 proposed amendment,] (a) General rule.--Notice of the meeting
27 of members of a nonprofit corporation that will act on the
28 proposed amendment shall be given to each member of record
29 entitled to vote thereon. [There shall be included in, or
30 enclosed with, such notice] The notice shall include a copy of

1 the proposed amendment or a summary of the changes to be
2 effected thereby.

3 (b) Cross reference.--See Subchapter A of Chapter 57
4 (relating to notice and meetings generally).

5 § 5914. Adoption of amendments.

6 (a) General rule.--[The] Unless a bylaw adopted by the
7 members or a specific provision of this subpart requires a
8 greater vote, a proposed amendment of the articles of a
9 nonprofit corporation shall be adopted upon receiving the
10 affirmative vote of the members present entitled to cast at
11 least a majority of the votes [which] that all members present
12 are entitled to cast thereon, and if any class of members is
13 entitled to vote thereon as a class, the affirmative vote of the
14 members present of such class entitled to cast at least a
15 majority of the votes [which] that all members present of such
16 class are entitled to cast thereon. Any number of amendments may
17 be submitted to the members and voted upon by them at one
18 meeting.

19 (b) Adoption by board of directors or other body.--Unless
20 otherwise restricted in the bylaws, an amendment of articles
21 shall not require the approval of the members of the corporation
22 if:

23 (1) the amendment is to provide for perpetual existence;

24 (2) to the extent the amendment has not been approved by
25 the members, it restates without change all of the operative
26 provisions of the articles as theretofore amended or as
27 amended thereby; or

28 (3) the amendment accomplishes any combination of
29 purposes specified in this subsection.

30 Whenever a provision of this subpart authorizes the board of

1 directors or other body to take any action without the approval
2 of the members and provides that a statement, certificate, plan
3 or other document relating to such action shall be filed in the
4 Department of State and shall operate as an amendment of the
5 articles, the board upon taking such action may, in lieu of
6 filing the statement, certificate, plan or other document, amend
7 the articles under this subsection without the approval of the
8 members to reflect the taking of such action. The amendment of
9 articles shall be deemed adopted by the corporation when it has
10 been adopted by the board of directors or other body in the
11 manner provided by subsection (c).

12 [(b)] (c) Adoption in absence of voting members.--If the
13 corporation has no members entitled to vote thereon, or no
14 members entitled to vote thereon other than persons who also
15 constitute the board of directors or other body, the amendment
16 shall be deemed adopted by the corporation when it has been
17 adopted by the board of directors or other body pursuant to
18 section 5912 [(relating to proposal of amendments)].

19 [(c)] (d) Termination of proposal.--[The resolution or
20 petition may contain a provision that at any time prior to the
21 filing of articles of amendment in the Department of State the
22 proposal may be terminated by the board of directors or other
23 body notwithstanding the adoption of the amendment by the
24 corporation.] Prior to the time when an amendment becomes
25 effective, the amendment may be terminated pursuant to
26 provisions therefor, if any, set forth in the resolution or
27 petition. If articles of amendment have been filed in the
28 department prior to the termination, a statement under section
29 5902 (relating to statement of termination) shall be filed in
30 the department.

1 [(d)] (e) Amendment of voting provisions.--[Notwithstanding
2 any contrary provision of the articles or bylaws,] Unless
3 otherwise provided in the articles, whenever the articles
4 [shall] require for the taking of any action by the members or a
5 class of members a specific number or percentage of votes, the
6 provision of the articles setting forth [such] that requirement
7 shall not be amended or repealed by any lesser number or
8 percentage of votes of the members or of [such] the class of
9 members.

10 § 5921. Merger and consolidation authorized.

11 (a) Domestic surviving or new corporation.--Any two or more
12 domestic nonprofit corporations, or any two or more foreign
13 nonprofit corporations [not-for-profit], or any one or more
14 domestic nonprofit corporations[,] and any one or more foreign
15 nonprofit corporations [not-for-profit], may, in the manner
16 provided in this subchapter, be merged into one of [such] the
17 domestic nonprofit corporations, [hereinafter] designated in
18 this subchapter as the surviving corporation, or consolidated
19 into a new corporation to be formed under this [article]
20 subpart, if [such] the foreign corporations [not-for-profit] are
21 authorized by the [law or] laws of the jurisdiction under which
22 they are incorporated to effect [such] a merger or consolidation
23 with a corporation of another jurisdiction.

24 (b) Foreign surviving or new corporation.--Any one or more
25 domestic nonprofit corporations, and any one or more foreign
26 nonprofit corporations [not-for-profit], may, in the manner
27 [hereinafter] provided in this subchapter, be merged into one of
28 [such foreign corporations not-for-profit, hereinafter] the
29 foreign nonprofit corporations, designated in this subchapter as
30 the surviving corporation, or consolidated into a new

1 corporation to be incorporated under the [law or] laws of the
2 jurisdiction under which one of the foreign nonprofit
3 corporations [not-for-profit] is incorporated, if the laws of
4 [such] that jurisdiction authorize [such] a merger with or
5 consolidation into a corporation of another jurisdiction.

6 § 5923. Notice of meeting of members.

7 (a) General rule.--[Written notice] Notice of the meeting of
8 members that will act on the proposed plan shall be given to
9 each member of record, whether or not entitled to vote thereon,
10 of each domestic nonprofit corporation that is a party to the
11 merger or consolidation. [There shall be included in, or
12 enclosed with, the notice] The notice shall include OR BE <—
13 ACCOMPANIED BY a copy of the proposed plan or a summary thereof.
14 The notice shall [state] provide that a copy of the bylaws of
15 the surviving or new corporation will be furnished to any member
16 on request and without cost.

17 * * *

18 § 5924. Adoption of plan.

19 (a) General rule.--The plan of merger or consolidation shall
20 be adopted upon receiving the affirmative vote of the members
21 present entitled to cast at least a majority of the votes
22 [which] that all members present are entitled to cast thereon of
23 each of the [merging or consolidating] domestic nonprofit
24 corporations[,] that is a party to the merger or consolidation
25 and, if any class of members is entitled to vote thereon as a
26 class, the affirmative vote of the members present of such class
27 entitled to cast at least a majority of the votes [which] that
28 all members present of such class are entitled to cast thereon.

29 (b) Adoption in absence of voting members.--If [the] a
30 merging or consolidating corporation has no members entitled to

1 vote thereon, or no members entitled to vote thereon other than
2 persons who also constitute the board of directors or other
3 body, a plan of merger or consolidation shall be deemed adopted
4 by the corporation when it has been adopted by the board of
5 directors or other body pursuant to section 5922 [(relating to
6 plan of merger or consolidation)].

7 (c) Termination of plan.--[Any plan of merger or
8 consolidation may contain a provision that at any time prior to
9 the filing of articles of merger or consolidation in the
10 Department of State the plan may be terminated by the board of
11 directors or other body of any corporation which is a party to
12 the plan notwithstanding adoption of the plan by all or any of
13 the corporations which are parties to the plan.] Prior to the
14 time when a merger or consolidation becomes effective, the
15 merger or consolidation may be terminated pursuant to provisions
16 therefor, if any, set forth in the plan. If articles of merger
17 or consolidation have been filed in the Department of State
18 prior to the termination, a statement under section 5902
19 (relating to statement of termination) shall be filed in the
20 department.

21 § 5925. Authorization by foreign corporations.

22 The plan of merger or consolidation shall be authorized,
23 adopted or approved by each foreign nonprofit corporation
24 [which] that desires to merge or consolidate[,] in accordance
25 with the laws of the jurisdiction in which it is incorporated
26 and, in the case of a foreign domiciliary corporation, the
27 provisions of this subpart to the extent provided by section
28 6145 (relating to applicability of certain safeguards to foreign
29 domiciliary corporations).

30 § 5926. Articles of merger or consolidation.

1 Upon the adoption of the plan of merger or consolidation by
2 the corporations desiring to merge or consolidate, as provided
3 in this subchapter, articles of merger or articles of
4 consolidation, as the case may be, shall be executed by each
5 corporation and shall, subject to section 109 (relating to name
6 of commercial registered office provider in lieu of registered
7 address), set forth:

8 * * *

9 (2) The name and address, including street and number,
10 if any, of the registered office of each other domestic
11 nonprofit corporation and qualified foreign nonprofit
12 corporation that is a party to the [plan] merger or
13 consolidation.

14 * * *

15 (4) The manner in which the plan was adopted by each
16 domestic corporation and, if one or more foreign corporations
17 are parties to the [plan] merger or consolidation, the fact
18 that the plan was authorized, adopted or approved, as the
19 case may be, by each of the foreign corporations in
20 accordance with the laws of the jurisdiction in which it is
21 incorporated.

22 * * *

23 § 5928. Effective date of merger or consolidation.

24 Upon the filing of the articles of merger or the articles of
25 consolidation in the Department of State[,] or upon the
26 effective date specified in the plan of merger or consolidation,
27 whichever is later, the merger or consolidation shall be
28 effective. The merger or consolidation of one or more domestic
29 nonprofit corporations into a foreign nonprofit corporation
30 shall be effective according to the provisions of law of the

1 jurisdiction in which [such] the foreign corporation is
2 incorporated, but not until articles of merger or articles of
3 consolidation have been adopted and filed, as provided in this
4 subchapter.

5 § 5930. Voluntary transfer of corporate assets.

6 (a) General rule.--[A nonprofit corporation shall not sell,
7 lease away or exchange all, or substantially all, its property
8 and assets, with or without good will, unless and until a plan
9 of sale, lease or exchange of assets with respect thereto shall
10 have been adopted by the corporation in the manner provided in
11 this subchapter with respect to the adoption of a plan of
12 merger.] A sale, lease, exchange or other disposition of all, or
13 substantially all, the property and assets, with or without
14 goodwill, of a nonprofit corporation, if not made pursuant to
15 Subchapter D (relating to division), may be made only pursuant
16 to a plan of asset transfer. The property or assets of a direct
17 or indirect subsidiary corporation that is controlled by a
18 parent corporation shall also be deemed the property or assets
19 of the parent corporation for the purposes of this subsection.
20 The plan of asset transfer shall set forth the terms and
21 consideration of the sale, lease, exchange or other disposition
22 or may authorize the board of directors or other body to fix any
23 or all of the terms and conditions, including the consideration
24 to be received by the corporation therefor. Any of the terms of
25 the plan may be made dependent upon facts ascertainable outside
26 of the plan if the manner in which the facts will operate upon
27 the terms of the plan is set forth in the plan. The plan of
28 asset transfer shall be proposed and adopted, and may be amended
29 after its adoption and terminated, by a nonprofit corporation in
30 the manner provided in this subchapter for the proposal.

1 adoption, amendment and termination of a plan of merger. There
2 shall be included in, or enclosed with, the notice of the
3 meeting of members to act on the plan a copy or summary of the
4 plan. In order to make effective any plan [of sale, lease or
5 exchange of assets] so adopted, it shall not be necessary to
6 file any articles or other document in the Department of State,
7 but the corporation shall comply with the requirements of
8 section [5547(b)] 5547(c) (relating to nondiversion of certain
9 property).

10 (b) Exceptions.--Subsection (a) [of this section] shall not
11 apply to a sale, lease [away or], exchange or other disposition
12 of all, or substantially all, the property and assets of a
13 nonprofit corporation [when made in connection with the
14 dissolution or liquidation of the corporation. Such a
15 transaction shall be governed by the provisions of Subchapter F
16 (relating to voluntary dissolution and winding up) or Subchapter
17 G (relating to involuntary liquidation and dissolution), as the
18 case may be.]:

19 (1) that directly or indirectly owns all of the
20 outstanding shares or other ownership interest of another
21 corporation to the other corporation;

22 (2) when made in connection with the dissolution or
23 liquidation of the corporation, which transaction shall be
24 governed by the provisions of Subchapter F (relating to
25 voluntary dissolution and winding up) or G (relating to
26 involuntary liquidation and dissolution), as the case may be;
27 or

28 (3) when made in connection with a transaction pursuant
29 to which all the assets sold, leased, exchanged or otherwise
30 disposed of are simultaneously leased back to the

1 corporation.

2 (c) Mortgage.--A mortgage [or], pledge or grant of a
3 security interest or dedication of property to the repayment of
4 indebtedness, with or without recourse, shall not be deemed a
5 sale, lease [or], exchange or other disposition for the purposes
6 of this section.

7 (d) Restrictions.--[Nothing in this] This section shall not
8 be construed to authorize the conversion or exchange of property
9 or assets in fraud of corporate creditors or in violation of
10 law.

11 § 5951. Division authorized.

12 (a) Division of domestic corporation.--Any domestic
13 nonprofit corporation may, in the manner provided in this
14 subchapter, be divided into two or more domestic nonprofit
15 corporations incorporated or to be incorporated under this
16 article, or into one or more [such] domestic nonprofit
17 corporations and one or more foreign nonprofit corporations
18 [not-for-profit] to be incorporated under the laws of another
19 jurisdiction or jurisdictions, or into two or more [of such]
20 foreign nonprofit corporations [not-for-profit], if the [law or]
21 laws of [such] the other jurisdictions [authorized such]
22 authorize the division.

23 (b) Division of foreign corporation.--Any foreign nonprofit
24 corporation [not-for-profit] may, in the manner provided in this
25 subchapter, be divided into one or more domestic nonprofit
26 corporations to be incorporated under this [article] subpart and
27 one or more foreign nonprofit corporations [not-for-profit]
28 incorporated or to be incorporated under the laws of another
29 jurisdiction or jurisdictions, or into two or more [of such]
30 domestic nonprofit corporations, if such foreign nonprofit

1 corporation [not-for-profit] is authorized under the laws of the
2 jurisdiction under which it is incorporated to effect [such] a
3 division.

4 (c) Surviving and new corporations.--The corporation
5 effecting a division, if it [shall survive] survives the
6 division, is [hereinafter] designated in this subchapter as the
7 surviving corporation. All corporations originally incorporated
8 by a division are [hereinafter] designated in this subchapter as
9 new corporations. The surviving corporation, if any, and the new
10 corporation or corporations are [hereinafter] collectively
11 designated in this subchapter as the resulting corporations.

12 § 5956. Effective date of division.

13 Upon the filing of articles of division in the Department of
14 State[,] or upon the effective date specified in the plan of
15 division, whichever is later, the division shall become
16 effective. The division of a domestic nonprofit corporation into
17 one or more foreign nonprofit corporations [not-for-profit] or
18 the division of a foreign nonprofit corporation [not-for-profit]
19 shall be effective according to the laws of the jurisdictions
20 where [such] the foreign corporations are or are to be
21 incorporated and, in the case of a foreign domiciliary
22 corporation, the provisions of this subpart to the extent
23 provided by section 6145 (relating to applicability of certain
24 safeguards to foreign domiciliary corporations), but not until
25 articles of division have been adopted and filed[,] as provided
26 in this subchapter.

27 § 5957. Effect of division.

28 * * *

29 (b) Property rights; allocations of assets and
30 liabilities.--

1 (1) Except as otherwise provided by order, if any,
2 obtained pursuant to section 5547(b) (relating to
3 nondiversion of certain property):

4 (i) All the property, real, personal and mixed, and
5 franchises of the dividing corporation, and all debts due
6 on whatever account to it, including subscriptions for
7 membership and other choses in action belonging to it,
8 shall, to the extent allocations of assets are
9 contemplated by the plan of division, be deemed without
10 further action to be allocated to and vested in the
11 resulting corporations on such a manner and basis and
12 with such effect as is specified in the plan, or per
13 capita among the resulting corporations, as tenants in
14 common, if no specification is made in the plan, and the
15 title to any real estate, or interest therein, vested in
16 any of the corporations shall not revert or be in any way
17 impaired by reason of the division.

18 (ii) Upon the division becoming effective, the
19 resulting corporations shall each thenceforth be
20 responsible as separate and distinct corporations only
21 for such liabilities as each corporation may undertake or
22 incur in its own name, but shall be liable for the
23 liabilities of the dividing corporation in the manner and
24 on the basis provided in [paragraphs (4) and (5)]
25 subparagraphs (iv) and (v).

26 (iii) Liens upon the property of the dividing
27 corporation shall not be impaired by the division.

28 (iv) 【To】 EXCEPT AS PROVIDED IN SECTION 5952(F)
29 (RELATING TO PROPOSAL AND ADOPTION OF PLAN OF DIVISION),

30 TO the extent allocations of liabilities are contemplated

<—

1 by the plan of division, the liabilities of the dividing
2 corporation shall be deemed without further action to be
3 allocated to and become the liabilities of the resulting
4 corporations on such a manner and basis and with such
5 effect as is specified in the plan; and one or more, but
6 less than all, of the resulting corporations shall be
7 free of the liabilities of the dividing corporation to
8 the extent, if any, specified in the plan, if in either
9 case:

10 (A) no fraud on members without voting rights or
11 violation of law shall be effected thereby; and

12 (B) the plan does not constitute a fraudulent
13 transfer under 12 Pa.C.S. Ch. 51 (relating to
14 fraudulent transfers).

15 (v) If the conditions in subparagraph (iv) for
16 freeing one or more of the resulting corporations from
17 the liabilities of the dividing corporation or for
18 allocating some or all of the liabilities of the dividing
19 corporation are not satisfied, the liabilities of the
20 dividing corporation as to which those conditions are not
21 satisfied shall not be affected by the division nor shall
22 the rights of creditors thereunder be impaired by the
23 division and any claim existing or action or proceeding
24 pending by or against the corporation with respect to
25 those liabilities may be prosecuted to judgment as if the
26 division had not taken place, or the resulting
27 corporations may be proceeded against or substituted in
28 place of the dividing corporation as joint and several
29 obligors on those liabilities, regardless of any
30 provision of the plan of division apportioning the

1 liabilities of the dividing corporation.

2 (2) It shall not be necessary for a plan of division to
3 list each individual asset or liability of the dividing
4 corporation to be allocated to a new corporation so long as
5 those assets and liabilities are described in a reasonable
6 manner.

7 (3) Each new corporation shall hold any assets and
8 liabilities allocated to it as the successor to the dividing
9 corporation, and those assets and liabilities shall not be
10 deemed to have been assigned to the new corporation in any
11 manner, whether directly or indirectly or by operation of
12 law.

13 * * *

14 (h) Conflict of laws.--It is the intent of the General
15 Assembly that:

16 (1) The effect of a division of a domestic [business]
17 nonprofit corporation shall be governed solely by the laws of
18 this Commonwealth and any other jurisdiction under the laws
19 of which any of the resulting corporations is incorporated.

20 (2) The effect of a division on the assets and
21 liabilities of the dividing corporation shall be governed
22 solely by the laws of this Commonwealth and any other
23 jurisdiction under the laws of which any of the resulting
24 corporations is incorporated.

25 (3) The validity of any allocations of assets or
26 liabilities by a plan of division of a domestic [business]
27 nonprofit corporation, regardless of whether [or not] any of
28 the new corporations is a foreign [business] nonprofit
29 corporation, shall be governed solely by the laws of this
30 Commonwealth.

1 (4) In addition to the express provisions of this
2 subsection, this subchapter shall otherwise generally be
3 granted the protection of full faith and credit under the
4 Constitution of the United States.

5 § 5965. Effective date of conversion.

6 Upon the filing of articles of conversion in the Department
7 of State, or upon the effective date specified in the plan of
8 conversion, whichever is later, the conversion shall become
9 effective.

10 § 5972. PROPOSAL OF VOLUNTARY DISSOLUTION.

<—

11 * * *

12 (B) SUBMISSION TO MEMBERS.--THE BOARD OF DIRECTORS OR OTHER
13 BODY OR THE PETITIONING MEMBERS SHALL DIRECT THAT THE [QUESTION
14 OF] RESOLUTION RECOMMENDING DISSOLUTION BE SUBMITTED TO A VOTE
15 OF THE MEMBERS OF THE CORPORATION ENTITLED TO VOTE THEREON AT A
16 REGULAR OR SPECIAL MEETING OF THE MEMBERS.

17 * * *

18 § 5973. Notice of meeting of members.

19 (a) General rule.--[Written notice] Notice of the meeting of
20 members that will consider the [advisability of voluntarily
21 dissolving a] RESOLUTION RECOMMENDING DISSOLUTION OF THE
22 nonprofit corporation shall be given to each member of record
23 entitled to vote thereon [and the purpose shall be included].
24 The purpose of the meeting shall be stated in the notice [of the
25 meeting].

<—

<—

26 (b) Cross reference.--See Subchapter A of Chapter 57
27 (relating to notice and meetings generally).

28 § 5975. Predissolution provision for liabilities.

29 * * *

30 (c) Winding up and distribution.--The corporation shall, as

1 speedily as possible, proceed to collect all sums due it,
2 convert into cash all corporate assets the conversion of which
3 into cash is required to discharge its liabilities and, out of
4 the assets of the corporation, discharge or make adequate
5 provision for the discharge of all liabilities of the
6 corporation, according to their respective priorities. Except as
7 otherwise provided in a bylaw adopted by the members or in this
8 subpart or by any other provision of law, any surplus remaining
9 after paying or providing for all liabilities of the corporation
10 shall be distributed to the shareholders, if any, pro rata, or
11 if there be no shareholders, among the members per capita. See
12 section [1972(a)] 5972(a) (relating to proposal of voluntary
13 dissolution).

14 § 5976. Judicial supervision of proceedings.

15 (a) General rule.--A nonprofit corporation that has elected
16 to proceed under section [1975] 5975 (relating to predissolution
17 provision for liabilities), at any time during the winding up
18 proceedings, may apply to the court to have the proceedings
19 continued under the supervision of the court and thereafter the
20 proceedings shall continue under the supervision of the court as
21 provided in Subchapter G (relating to involuntary liquidation
22 and dissolution).

23 * * *

24 § 5977. ARTICLES OF DISSOLUTION.

<—

25 (A) GENERAL RULE.--ARTICLES OF DISSOLUTION AND THE
26 CERTIFICATES OR STATEMENT REQUIRED BY SECTION 139 (RELATING TO
27 TAX CLEARANCE OF CERTAIN FUNDAMENTAL TRANSACTIONS) SHALL BE
28 FILED IN THE DEPARTMENT OF STATE WHEN:

29 (1) ALL LIABILITIES OF THE NONPROFIT CORPORATION HAVE
30 BEEN DISCHARGED, OR ADEQUATE PROVISION HAS BEEN MADE

1 THEREFOR, IN ACCORDANCE WITH SECTION 5975 (RELATING TO
2 PREDISSOLUTION PROVISION FOR LIABILITIES), AND ALL OF THE
3 REMAINING ASSETS OF THE CORPORATION HAVE BEEN DISTRIBUTED AS
4 PROVIDED IN SECTION 5975 OR IN CASE ITS ASSETS ARE NOT
5 SUFFICIENT TO DISCHARGE ITS LIABILITIES, WHEN ALL THE ASSETS
6 HAVE BEEN FAIRLY AND EQUITABLY APPLIED, AS FAR AS THEY WILL
7 GO, TO THE PAYMENT OF SUCH LIABILITIES; OR

8 (2) AN ELECTION TO PROCEED UNDER SUBCHAPTER H (RELATING
9 TO POSTDISSOLUTION PROVISION FOR LIABILITIES) HAS BEEN MADE.

10 [SEE SECTION 134 (RELATING TO DOCKETING STATEMENT).]

11 * * *

12 § 5978. WINDING UP OF CORPORATION AFTER DISSOLUTION.

13 * * *

14 (B) STANDARD OF CARE OF DIRECTORS, MEMBERS OF AN OTHER BODY
15 AND OFFICERS.--THE DISSOLUTION OF THE CORPORATION SHALL NOT
16 SUBJECT ITS DIRECTORS, MEMBERS OF AN OTHER BODY OR OFFICERS TO
17 STANDARDS OF CONDUCT DIFFERENT FROM THOSE PRESCRIBED BY OR
18 PURSUANT TO CHAPTER 57 (RELATING TO OFFICERS, DIRECTORS AND
19 MEMBERS). DIRECTORS AND MEMBERS OF ANOTHER BODY OF A DISSOLVED
20 CORPORATION WHO HAVE COMPLIED WITH SECTION 5975 (RELATING TO
21 PREDISSOLUTION PROVISION FOR LIABILITIES) OR SUBCHAPTER H
22 (RELATING TO POSTDISSOLUTION PROVISION FOR LIABILITIES) AND
23 GOVERNING PERSONS OF A SUCCESSOR ENTITY WHO HAVE COMPLIED WITH
24 SUBCHAPTER H SHALL NOT BE PERSONALLY LIABLE TO THE CREDITORS OR
25 CLAIMANTS OF THE DISSOLVED CORPORATION.

26 § 5979. SURVIVAL OF REMEDIES AND RIGHTS AFTER DISSOLUTION.

27 (A) GENERAL RULE.--THE DISSOLUTION OF A NONPROFIT
28 CORPORATION, EITHER UNDER THIS SUBCHAPTER OR UNDER SUBCHAPTER G
29 (RELATING TO INVOLUNTARY LIQUIDATION AND DISSOLUTION) OR BY
30 EXPIRATION OF ITS PERIOD OF DURATION OR OTHERWISE, SHALL NOT

1 ELIMINATE NOR IMPAIR ANY REMEDY AVAILABLE TO OR AGAINST THE
2 CORPORATION OR ITS DIRECTORS, MEMBERS OF AN OTHER BODY, OFFICERS
3 OR MEMBERS FOR ANY RIGHT OR CLAIM EXISTING, OR LIABILITY
4 INCURRED, PRIOR TO THE DISSOLUTION, IF AN ACTION THEREON IS
5 BROUGHT ON BEHALF OF:

6 (1) THE CORPORATION WITHIN THE TIME OTHERWISE LIMITED BY
7 LAW; OR

8 (2) ANY OTHER PERSON BEFORE OR WITHIN TWO YEARS AFTER
9 THE DATE OF THE DISSOLUTION OR WITHIN THE TIME OTHERWISE
10 LIMITED BY THIS SUBPART OR OTHER PROVISION OF LAW, WHICHEVER
11 IS LESS. SEE SECTIONS 5987 (RELATING TO PROOFS OF CLAIMS),
12 5993 (RELATING TO ACCEPTANCE OR REJECTION OF MATURED CLAIMS)
13 AND 5994 (RELATING TO DISPOSITION OF UNMATURED CLAIMS).

14 [THE ACTIONS OR PROCEEDINGS MAY BE PROSECUTED AGAINST AND
15 DEFENDED BY THE CORPORATION IN ITS CORPORATE NAME.]

16 * * *

17 (E) CONDUCT OF ACTIONS.--AN ACTION OR PROCEEDING MAY BE
18 PROSECUTED AGAINST AND DEFENDED BY A DISSOLVED CORPORATION IN
19 ITS CORPORATE NAME.

20 § 5980. Dissolution by domestication.

21 Whenever a domestic nonprofit corporation has domesticated
22 itself under the laws of another jurisdiction by action similar
23 to that provided under section 6161 (relating to domestication)
24 and has authorized that action by the vote required under BY <—
25 this subchapter for the approval of a proposal that the
26 corporation dissolve voluntarily, the corporation may surrender
27 its charter under the laws of this Commonwealth by filing in the
28 Department of State articles of dissolution under this
29 subchapter containing the statements specified under section
30 5977(b)(1) through (4) (relating to articles of dissolution). If

1 the corporation as domesticated in the other jurisdiction
2 qualifies to do business in this Commonwealth either prior to or
3 simultaneously with the filing of the articles of dissolution
4 under this section, the corporation shall not be required to
5 file with the articles of dissolution the tax clearance
6 certificates that would otherwise be required under section 139
7 (relating to tax clearance of certain fundamental transactions).

8 § 5981. Proceedings upon [petition] application of member[,
9 etc.] or director.

10 [The court may, upon petition] Upon application filed by a
11 member or director of a nonprofit corporation, the court may
12 entertain proceedings for the involuntary winding up and
13 dissolution of the corporation[,] when any of the following
14 [are] is made to appear:

15 (1) [That the] The objects of the corporation have
16 wholly failed[;], or are entirely abandoned, or [that] their
17 accomplishment is impracticable.

18 (2) [That the] The acts of the directors, or those in
19 control of the corporation, are illegal, oppressive[,] or
20 fraudulent[,] and [that] it is beneficial to the interests of
21 the members that the corporation be wound up and dissolved.

22 (3) [That the] The corporate assets are being misapplied
23 or wasted[,] and [that] it is beneficial to the interests of
24 the members that the corporation be wound up and dissolved.

25 (4) [That the] The directors or other body are
26 deadlocked in the direction of the management of the
27 [corporate] business and affairs of the corporation and the
28 members are unable to break the deadlock[,] and [that]
29 irreparable injury to the corporation is being suffered or is
30 threatened by reason thereof. The court shall not appoint a

1 receiver or grant other similar relief under this paragraph
2 if the members by agreement or otherwise have provided for
3 the appointment of a provisional director or member of an
4 other body or other means for the resolution of a deadlock
5 but the court shall enforce the remedy so provided if
6 appropriate.

7 § 5982. Proceedings upon [petition] application of creditor.

8 [The court may, upon petition] Upon application filed by a
9 creditor of a nonprofit corporation whose claim has either been
10 reduced to judgment and an execution thereon returned
11 unsatisfied[,] or whose claim is admitted by the corporation,
12 the court may entertain proceedings for the involuntary winding
13 up and dissolution of the corporation when, in either case, it
14 is made to appear that the corporation is unable to [pay its
15 debts and obligations] discharge its liabilities in the regular
16 course of business, as they mature, or is unable to afford
17 reasonable security to those who may deal with it.

18 § 5983. Proceedings upon petition of superior religious
19 organization.

20 The court may, in the case of any nonprofit corporation
21 organized for the support of public worship, upon [petition
22 filed by] application of the diocesan convention, presbytery,
23 synod, conference, council, or other supervising or controlling
24 organization of which the corporation is a member or with which
25 it is in allegiance and to which it is subordinate, entertain
26 proceedings for the involuntary winding up and dissolution of
27 the corporation when it is made to appear that by reason of
28 shifting population, withdrawal of membership[,] or any other
29 cause whatsoever, the corporation has ceased to support public
30 worship within the intent and meaning of its articles[,] and the

1 dissolution of the corporation may be effected without prejudice
2 to the public welfare and the interests of the members of the
3 corporation.

4 § 5984. Appointment of receiver pendente lite and other interim
5 powers.

6 Upon the filing of [a petition] an application under this
7 subchapter, the court [shall have all the ordinary powers of a
8 court of equity to] may issue injunctions, [to] appoint a
9 receiver [or receivers,] pendente lite[,] with such powers and
10 duties as the court from time to time may direct[,] and [to take
11 such other proceedings] proceed as may be requisite to preserve
12 the corporate assets wherever situated and to carry on the
13 business of the corporation until a full hearing can be had.

14 § 5986. Qualifications of receivers.

15 A receiver shall in all cases be a [resident of this
16 Commonwealth,] natural person of full age or a corporation
17 authorized to act as receiver, which corporation, if so
18 authorized, may be a domestic corporation for profit or not-for-
19 profit or a foreign corporation for profit or not-for-profit
20 authorized to do business in this Commonwealth, and shall give
21 such bond, if any, as the court may direct, with such sureties,
22 if any, as the court may require.

23 § 5987. Proofs of claims.

24 (a) General rule.--In a proceeding under this subchapter,
25 the court may require all creditors of the nonprofit corporation
26 to file with the [prothonotary] office of the clerk of the court
27 of common pleas, or with the receiver, in such form as the court
28 may prescribe, verified proofs[, under oath,] of their
29 respective claims. If the court requires the filing of claims,
30 it shall fix a date, which shall not be less than [four months]

1 120 days from the date of the order, as the last day for filing
2 of claims[,] and shall prescribe the notice that shall be given
3 to creditors and claimants of the date so fixed. Prior to or
4 after the date so fixed, the court may extend the time for the
5 filing of claims. Creditors and claimants [failing to] who do
6 not file proofs of claim on or before the date so fixed may be
7 barred, by order of court, from participating in the
8 distribution of the assets of the corporation.

9 (b) Cross reference.--See section 5979 (relating to survival
10 of remedies and rights after dissolution).

11 § 5988. Discontinuance of proceedings; reorganization.

12 [The proceedings under this subchapter may be discontinued at
13 any time during the winding up proceedings, in the following
14 manner:

15 (1) If the proceedings shall have been instituted by a
16 member or director and it is made to appear to the court that
17 the deadlock in the corporate affairs has been broken or the
18 management or control of the corporation has been changed,
19 the court, in its discretion, may dismiss the proceeding and
20 direct the receiver to redeliver to the corporation all its
21 remaining assets.

22 (2) If the proceedings shall have been instituted by a
23 creditor and it is made to appear that the debts of the
24 corporation have been paid or provided for, and that there
25 remain or can be obtained sufficient funds to enable the
26 corporation to resume its business, the court, in its
27 discretion, may dismiss the proceeding and direct the
28 receiver to redeliver to the corporation all its remaining
29 assets.

30 (3) When a compromise or reorganization of the

1 corporation is proposed, whether the proceedings shall have
2 been instituted by a member or director or by a creditor, the
3 court, upon the summary application of any member, director,
4 creditor, or receiver, may order a meeting of the creditors,
5 or members to be summoned in such manner as the court may
6 direct. If a majority in number, representing 75% in value of
7 the creditors or if 75% of the members present in person, or
8 if a majority in number, representing 75% in value of any
9 class of creditors, or if 75% of the members of any class
10 present in person, as the case may be, agree to any
11 compromise or reorganization of the corporation, such
12 compromise or reorganization, if approved by the court as
13 fair and feasible, shall be binding on all creditors or on
14 all members, or both, or on the class of creditors or class
15 of members, or both, as the case may be, and also on the
16 corporation and its receiver, if any.

17 (4) If the proceedings shall have been instituted by a
18 superior religious organization and it is made to appear that
19 appropriate arrangements for the conduct of the affairs of
20 the corporation have been made, the court, in its discretion,
21 may dismiss the proceedings and direct the receiver to
22 redeliver to the corporation its remaining assets.]

23 The proceedings under this subchapter may be discontinued at
24 any time when it is established that cause for liquidation no
25 longer exists. In that event, the court shall dismiss the
26 proceedings and direct the receiver to redeliver to the
27 nonprofit corporation all its remaining property and assets.

28 § 5992. NOTICE TO CLAIMANTS.

29 * * *

30 (C) PUBLICATION AND SERVICE OF NOTICES.--

1 * * *

2 (2) CONCURRENTLY WITH OR PRECEDING THE PUBLICATION, THE
3 CORPORATION OR SUCCESSOR ENTITY SHALL SEND A COPY OF THE
4 NOTICE BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT
5 REQUESTED, TO EACH:

6 (I) KNOWN CREDITOR OR CLAIMANT;

7 (II) HOLDER OF A CLAIM DESCRIBED IN SUBSECTION (B);

8 AND

9 (III) MUNICIPAL CORPORATION IN WHICH [THE REGISTERED
10 OFFICE OR PRINCIPAL] A PLACE OF BUSINESS OF THE
11 CORPORATION IN THIS COMMONWEALTH WAS LOCATED AT THE TIME
12 OF FILING THE ARTICLES OF DISSOLUTION IN THE DEPARTMENT.

13 * * *

14 § 5997. PAYMENTS AND DISTRIBUTIONS.

15 * * *

16 [(D) LIABILITY OF DIRECTORS.--DIRECTORS OR MEMBERS OF AN
17 OTHER BODY OF A DISSOLVED CORPORATION OR GOVERNING PERSONS OF A
18 SUCCESSOR ENTITY THAT HAS COMPLIED WITH THIS SECTION SHALL NOT
19 BE PERSONALLY LIABLE TO THE CLAIMANTS OF THE DISSOLVED
20 CORPORATION.]

21 § 6101. Application of article.

22 * * *

23 (c) Admitted foreign fraternal benefit society exclusion.--
24 This article shall not apply to any foreign corporation not-for-
25 profit qualified to do business in this Commonwealth under
26 section [603] 605 of the act of [July 29, 1977 (P.L.105, No.38)]
27 December 14, 1992 (P.L.835, No.134), known as the Fraternal
28 Benefit [Society] Societies Code.

29 § 6102. Foreign domiciliary corporations.

30 A foreign nonprofit corporation is a foreign domiciliary

1 corporation if it is a corporation:

2 (1) which derived more than one-half of its revenues for
3 the preceding three fiscal years, or such portion thereof as
4 the corporation was in existence, from sources in this
5 Commonwealth and was at any time during that period doing
6 business in this Commonwealth on the basis of the most
7 minimal contacts with this Commonwealth permitted under the
8 Constitution of the United States; or

9 (2) at least a majority of the bona fide members of
10 which are residents of this Commonwealth.

11 § 6103. Acquisition of foreign domiciliary corporation status.

12 (a) General rule.--A foreign nonprofit corporation shall
13 become a foreign domiciliary corporation under section 6102
14 (relating to foreign domiciliary corporations) on the first day
15 of the month following the month in which the corporation first
16 has knowledge that either test has been met or upon entry of an
17 order by any court of competent jurisdiction declaring that
18 either test has been met.

19 (b) Newly incorporated corporations.--Where the test or
20 tests under section 6102 are met at the time of the admission of
21 the first members of the corporation and continuously
22 thereafter, foreign domiciliary corporation status when
23 established shall be retroactive to the incorporation of the
24 corporation.

25 § 6104. Termination of foreign domiciliary corporation status.

26 A foreign domiciliary corporation shall cease to have that
27 status on the first day of the month following the month in
28 which the corporation first has knowledge that it no longer
29 meets either test under section 6102 (relating to foreign
30 domiciliary corporations) or upon entry of an order of any court

1 of competent jurisdiction declaring that the corporation no
2 longer meets either test.

3 § 6122. Excluded activities.

4 (a) General rule.--Without excluding other activities which
5 may not constitute doing business in this Commonwealth, a
6 foreign nonprofit corporation shall not be considered to be
7 doing business in this Commonwealth for the purposes of this
8 subchapter by reason of carrying on in this Commonwealth any one
9 or more of the following acts:

10 (1) Maintaining or defending any action or
11 administrative or arbitration proceeding or effecting the
12 settlement thereof or the settlement of claims or disputes.

13 (2) Holding meetings of its directors, other body or
14 members or carrying on other activities concerning its
15 internal affairs.

16 (3) Maintaining bank accounts.

17 (4) Maintaining offices or agencies for the transfer,
18 exchange and registration of its memberships or securities,
19 or appointing and maintaining trustees or depositories with
20 relation to its memberships or securities.

21 (5) Granting funds.

22 (6) Distributing information to its members.

23 (7) Creating as borrower or lender, acquiring or
24 incurring obligations or mortgages or other security
25 interests in real or personal property.

26 (8) Securing or collecting debts or enforcing any rights
27 in property securing them.

28 (9) Transacting any business in interstate or foreign
29 commerce.

30 (10) Conducting an isolated transaction completed within

1 a period of 30 days and not in the course of a number of
2 repeated transactions of like nature.

3 (11) Inspecting, appraising and acquiring real estate
4 and mortgages and other liens thereon and personal property
5 and security interests therein, and holding, leasing,
6 conveying and transferring them, as fiduciary or otherwise.

7 (b) Exceptions.--The specification of activities in
8 subsection (a) does not establish a standard for activities that
9 may subject a foreign corporation to:

10 (1) Service of process under any statute or general
11 rule.

12 (2) Taxation by the Commonwealth or any political
13 subdivision thereof.

14 (3) The provisions of section 6145 (relating to
15 applicability of certain safeguards to foreign domiciliary
16 corporations).

17 § 6123. Requirements for foreign corporation names.

18 (a) General rule.--The Department of State shall not issue a
19 certificate of authority to any foreign nonprofit corporation
20 that, except as provided in subsection (b), has a name that is
21 rendered unavailable for use by a domestic nonprofit corporation
22 by any provision of section 5303(a), (b) or (c) (relating to
23 corporate name).

24 (b) Exceptions.--

25 (1) The provisions of section 5303(b) (relating to
26 duplicate use of names) shall not prevent the issuance of a
27 certificate of authority to a foreign nonprofit corporation
28 setting forth a name that is [confusingly similar to] not
29 distinguishable upon the records of the department from the
30 name of any other domestic or foreign corporation for profit

1 or [corporation] not-for-profit, [or of any domestic or
2 foreign limited partnership that has filed a certificate or
3 qualified under Chapter 85 (relating to limited partnerships)
4 or corresponding provisions of prior law,] or of any
5 corporation or other association then registered under 54
6 Pa.C.S. Ch. 5 (relating to corporate and other association
7 names) or to any name reserved or registered as provided in
8 this part, if the foreign nonprofit corporation applying for
9 a certificate of authority files in the department [one of
10 the following:

11 (i) A] a resolution of its board of directors or
12 other body adopting a fictitious name for use in
13 transacting business in this Commonwealth, which
14 fictitious name is [not confusingly similar to]
15 distinguishable upon the records of the department from
16 the name of the other corporation or other association
17 [or to] and from any name reserved or registered as
18 provided in this part [and] that is otherwise available
19 for use by a domestic nonprofit corporation.

20 [(ii) The written consent of the other corporation
21 or other association or holder of a reserved or
22 registered name to use the same or confusingly similar
23 name and one or more words are added to make the name
24 applied for distinguishable from the other name.]

25 (2) The provisions of section 5303(c) (relating to
26 required approvals or conditions) shall not prevent the
27 issuance of a certificate of authority to a foreign nonprofit
28 corporation setting forth a name that is prohibited by that
29 subsection if the foreign nonprofit corporation applying for
30 a certificate of authority files in the department a

1 resolution of its board of directors or other body adopting a
2 fictitious name for use in transacting business in this
3 Commonwealth that is available for use by a domestic
4 nonprofit corporation.

5 § 6141. Penalty for doing business without certificate of
6 authority.

7 (a) Right to bring actions suspended.--[No] A nonqualified
8 foreign nonprofit corporation doing business in this
9 Commonwealth within the meaning of Subchapter B [of this
10 chapter] (relating to qualification) shall not be permitted to
11 maintain any action or proceeding in any court of this
12 Commonwealth until [such] the corporation [shall have] has
13 obtained a certificate of authority. Nor, except as provided in
14 subsection (b) [of this section], shall any action or proceeding
15 be maintained in any court of this Commonwealth by any successor
16 or assignee of [such] the corporation on any right, claim or
17 demand arising out of the doing of business by [such] the
18 corporation in this Commonwealth until a certificate of
19 authority [shall have] has been obtained by [such] the
20 corporation or by a corporation [which] that has acquired all or
21 substantially all of its assets.

22 (b) Contracts, property and defense against actions
23 unaffected.--The failure of a foreign nonprofit corporation to
24 obtain a certificate of authority to transact business in this
25 Commonwealth shall not impair the validity of any contract or
26 act of [such] the corporation [and], shall not prevent [such]
27 the corporation from defending any action in any court of this
28 Commonwealth and shall not render escheatable any of its real or
29 personal property.

30 [(b) Title to real property.--The title to any real estate

1 situate in this Commonwealth which is derived through any
2 nonqualified foreign corporation not authorized under the laws
3 of this Commonwealth to hold the same, and which has vested or
4 vests in any foreign corporation for profit or not-for-profit
5 authorized to hold such real estate or in any citizen or
6 citizens of the United States or domestic corporation for profit
7 or not-for-profit shall be good and valid and free and clear of
8 any right of escheat by the Commonwealth; and the holder thereof
9 may convey an estate indefeasible as to any right of escheat
10 which the Commonwealth might otherwise have by reason of the
11 unauthorized holding and conveyance by such nonqualified foreign
12 corporation.]

13 § 6142. General powers and duties of qualified foreign
14 corporations.

15 (a) General rule.--A qualified foreign nonprofit
16 corporation, so long as its certificate of authority [shall] is
17 not [be] revoked, shall enjoy the same rights and privileges as
18 a domestic nonprofit corporation, but no more, and, except as in
19 this [part] subpart otherwise provided, shall be subject to the
20 same liabilities, restrictions, duties and penalties now in
21 force or hereafter imposed upon domestic nonprofit corporations,
22 to the same extent as if it had been incorporated under this
23 [part to transact the business set forth in its certificate of
24 authority] subpart.

25 (b) Agricultural lands.--Interests in agricultural land
26 shall be subject to the restrictions of, and escheatable as
27 provided by the act of April 6, 1980 (P.L.102, No.39), referred
28 to as the Agricultural Land Acquisition by Aliens Law.

29 § 6143. General powers and duties of nonqualified foreign
30 corporations.

1 (a) Acquisition of real and personal property.--Every
2 nonqualified foreign nonprofit corporation[, the activities of
3 which in this Commonwealth do not constitute doing business in
4 this Commonwealth for the purposes of Subchapter B of this
5 chapter (relating to qualification),] may acquire, hold,
6 mortgage, lease and transfer real and personal property in this
7 Commonwealth, in the same manner and subject to the same
8 limitations as [domestic] a qualified foreign nonprofit
9 [corporations] corporation.

10 (b) Duties.--[A] Except as provided in section 6141(a)
11 (relating to right to bring actions suspended), a nonqualified
12 foreign nonprofit corporation doing business in this
13 Commonwealth within the meaning of Subchapter B [of this
14 chapter] (relating to qualification) shall be subject to the
15 same liabilities, restrictions, duties and penalties now or
16 hereafter imposed upon a qualified foreign nonprofit
17 corporation.

18 § 6145. Applicability of certain safeguards to foreign
19 domiciliary corporations.

20 [(a) Application.--This section shall be applicable to any
21 qualified or nonqualified foreign corporation:

22 (1) which derived more than one-half of its revenues for
23 the preceding three fiscal years, or such portion thereof as
24 the corporation was in existence, from sources within this
25 Commonwealth and was at any time during such period doing
26 business within this Commonwealth on the basis of the most
27 minimal contacts with this Commonwealth permitted under the
28 Constitution of the United States; or

29 (2) at least a majority of the bona fide members of
30 which are residents of this Commonwealth.

1 (b)] (a) Internal affairs doctrine not applicable.--The
2 General Assembly hereby finds and determines that [the] foreign
3 domiciliary corporations [to which this section applies]
4 substantially affect this Commonwealth. [No court] The courts of
5 this Commonwealth shall [hereafter] not dismiss or stay any
6 action or proceeding brought by a member[, director, officer or
7 agent of such a] or representative of a foreign domiciliary
8 corporation, as such, against [such] the corporation or any one
9 or more of the members[, directors, officers or agents] or
10 representatives thereof, as such, on the ground that [such] the
11 corporation is a foreign corporation not-for-profit or that the
12 cause of action relates to the internal affairs thereof, but
13 every such action shall proceed with like effect as if [such]
14 the corporation were a domestic corporation. Except as provided
15 in subsection [(c) of this section] (b), the court having
16 jurisdiction of the action or proceeding shall apply the law of
17 the jurisdiction under which the foreign domiciliary corporation
18 was incorporated.

19 [(c)] (b) Minimum safeguards.--The following provisions of
20 this subpart shall be applicable to foreign domiciliary
21 corporations [to which this section applies], except that
22 nothing in this subsection shall require the filing of any
23 document in the Department of State as a prerequisite to the
24 validity of any corporate action or the doing of any corporate
25 action by the foreign domiciliary corporation which is
26 impossible under the laws of its domiciliary jurisdiction:

27 [(1)] Section 5504(b) (relating to adoption and contents
28 of bylaws).

29 [(2)] Section 5508 (relating to corporate records;
30 inspection).

1 [(3)] Section [5553] 5554 (relating to annual report of
2 directors or other body).

3 [(4)] Section 5743 (relating to mandatory
4 indemnification).

5 [(5)] Section 5755 (relating to time of holding meetings
6 of members).

7 [(6)] Section 5758(e) (relating to voting lists).

8 [(7)] Section [5759(b) (relating to minimum
9 requirements] 5759(c) (relating to revocation).

10 [(8)] Section [5762] 5765 (relating to judges of
11 election).

12 [(9)] Section [5764] 5767 (relating to appointment of
13 custodian of corporation on deadlock or other cause).

14 [(10)] Section [5766(b)] 5769(b) (relating to
15 expulsion).

16 [(11) Subchapter G of Chapter 57 (relating to judicial
17 supervision of corporate action).]

18 [(12)] Chapter 59 (relating to fundamental changes).

19 For the purposes of this subsection, corporate action shall not
20 be deemed to be impossible under the laws of the domiciliary
21 jurisdiction of a foreign corporation merely because prohibited
22 or restricted by the terms of the articles, certificate of
23 incorporation, bylaws or other organic law of the corporation,
24 but the court may require the corporation to amend such organic
25 law so as to be consistent with the minimum safeguards
26 prescribed by this subsection.

27 [(d)] (c) Section exclusive.--[No provision of this article]
28 The provisions of this subpart, other than the provisions of
29 this section, shall not be construed to regulate the
30 incorporation or internal affairs of a foreign corporation not-

1 for-profit.

2 § 8105. OWNERSHIP OF CERTAIN PROFESSIONAL PARTNERSHIPS. <—

3 EXCEPT AS OTHERWISE PROVIDED BY STATUTE, RULE OR REGULATION
4 APPLICABLE TO A PARTICULAR PROFESSION, ALL OF THE ULTIMATE
5 BENEFICIAL OWNERS OF THE PARTNERSHIP INTERESTS IN A PARTNERSHIP
6 THAT RENDERS ONE OR MORE RESTRICTED PROFESSIONAL SERVICES SHALL
7 BE LICENSED PERSONS. AS USED IN THIS SECTION, THE TERM
8 "RESTRICTED PROFESSIONAL SERVICES" SHALL HAVE THE MEANING
9 SPECIFIED IN SECTION 8903 (RELATING TO DEFINITIONS [AND INDEX OF
10 DEFINITIONS]).

11 § 8201. SCOPE.

12 (A) APPLICATION OF SUBCHAPTER.--THIS SUBCHAPTER APPLIES TO A
13 GENERAL OR LIMITED PARTNERSHIP FORMED UNDER THE LAWS OF THIS
14 COMMONWEALTH THAT REGISTERS UNDER THIS SECTION. ANY PARTNERSHIP
15 THAT DESIRES TO REGISTER UNDER THIS SUBCHAPTER OR TO AMEND OR
16 TERMINATE ITS REGISTRATION SHALL FILE IN THE DEPARTMENT OF STATE
17 A STATEMENT OF REGISTRATION, AMENDMENT OR TERMINATION, AS THE
18 CASE MAY BE, WHICH SHALL BE SIGNED BY A GENERAL PARTNER AND
19 SHALL SET FORTH:

20 * * *

21 (5) IF THE PARTNERSHIP IS A RESTRICTED PROFESSIONAL
22 PARTNERSHIP, A STATEMENT TO THAT EFFECT, INCLUDING A BRIEF
23 DESCRIPTION OF THE RESTRICTED PROFESSIONAL SERVICE OR
24 SERVICES TO BE RENDERED BY THE PARTNERSHIP.

25 * * *

26 (E) PROHIBITED TERMINATION.--A REGISTRATION UNDER THIS
27 SUBCHAPTER MAY NOT BE TERMINATED WHILE THE PARTNERSHIP IS A
28 BANKRUPT AS THAT TERM IS DEFINED IN SECTION 8903 (RELATING TO
29 DEFINITIONS [AND INDEX OF DEFINITIONS]). SEE SECTION 8221(F)
30 (RELATING TO ANNUAL REGISTRATION).

1 * * *

2 § 8202. Definitions.

3 The following words and phrases when used in this chapter
4 shall have the meanings given to them in this section unless the
5 context clearly indicates otherwise:

6 * * *

7 "Restricted professional partnership." A domestic or foreign
8 registered limited liability partnership that renders one or
9 more restricted professional services.

10 "Restricted professional services." The term shall have the
11 meaning specified in section 8903 (relating to definitions and
12 index of definitions).

13 § 8204. Limitation on liability of partners.

14 (a) General rule.--Except as provided in subsection (b)[,
15 a]:

16 (1) A partner in a registered limited liability
17 partnership that is not a restricted professional partnership
18 shall not be [individually] liable directly or indirectly,
19 whether by way of indemnification, contribution, assessment
20 or otherwise, for debts and obligations of, or chargeable to,
21 the partnership, whether sounding in contract or tort or
22 otherwise, that arise from any negligent or wrongful acts or
23 misconduct committed by another partner or other
24 representative of the partnership while the registration of
25 the partnership under this subchapter is in effect.

26 (2) A partner in a restricted professional partnership
27 shall not be liable directly or indirectly, whether by way of
28 indemnification, contribution, assessment or otherwise, under
29 an order of a court or in any other manner for a debt,
30 obligation or liability of the partnership of any kind

<—

1 arising DEBT OR OBLIGATION OF ANY KIND OF, OR CHARGEABLE TO, <—
2 THE PARTNERSHIP THAT ARISES while the partnership has the
3 status of a restricted professional partnership or for acts
4 of another partner or other representative of the partnership
5 committed while the partnership has the status of a
6 restricted professional partnership.

7 (b) Exceptions.--

8 (2) Subsection (a) shall not affect the liability of a
9 partner:

10 (i) Individually for any negligent or wrongful acts
11 or misconduct committed by him or by any person under his
12 direct supervision and control.

13 (ii) For any debts or obligations of the
14 partnership[:

15 (A) arising from any cause other than those
16 specified in subsection (a); or

17 (B)] as to which the partner has agreed in
18 writing to be liable.

19 (iii) To the extent expressly undertaken in the
20 partnership agreement or the certificate of limited
21 partnership.

22 (3) Subsection (a) shall not affect in any way:

23 (i) the liability of the partnership itself for all
24 its debts and obligations;

25 (ii) the availability of the entire assets of the
26 partnership to satisfy its debts and obligations; or

27 (iii) any obligation undertaken by a partner in
28 writing to individually indemnify another partner of the
29 partnership or to individually contribute toward a
30 liability of another partner.

1 (4) Subsection (a)(1) shall not affect the liability of
2 a partner for any debts or obligations of the partnership
3 arising from any cause other than those specified in
4 subsection (a)(1).

5 (5) Subsection (a)(2) shall not apply to debts or
6 obligations arising, or acts committed, before the effective
7 date of subsection (a)(2).

8 (c) Continuation of limited liability.--Neither the
9 termination of the registration of a partnership under this
10 subchapter nor the dissolution of the partnership shall affect
11 the limitation on the liability of a partner in the partnership
12 under this section [with respect to negligent or wrongful acts <—
13 or misconduct occurring] FOR DEBTS OR OBLIGATIONS THAT AROSE <—
14 while the registration under this subchapter was in effect.

15 (c.1) Proper parties.--A partner in a registered limited
16 liability partnership is not a proper party to an action or
17 proceeding by or against the partnership, the object of which is
18 to recover damages or enforce obligations for which the partner
19 is not liable under this section.

20 (d) Cross reference.--See section 103 (relating to
21 subordination of title to regulatory laws).

22 § 8205. Liability of withdrawing partner.

23 (a) General rule.--Except as provided in subsection (b), if
24 the business of a registered limited liability partnership is
25 continued without liquidation of the partnership affairs
26 following the dissolution of the partnership as a result of the
27 withdrawal for any reason of a partner, the withdrawing partner
28 shall not be [individually] liable directly or indirectly,
29 whether by way of indemnification, contribution, assessment or
30 otherwise, under an order of a court or in any other manner for

1 any of the debts [and], obligations or liabilities of any kind
2 of either the dissolved partnership or any partnership
3 continuing the business if a statement of withdrawal is filed as
4 provided in this section.

5 (b) Exceptions.--Subsection (a) shall not affect the
6 liability of a partner:

7 (1) Individually for any negligent or wrongful acts or
8 misconduct committed by him or by any person under his direct
9 supervision and control.

10 (2) For any debts or obligations of the partnership as
11 to which the withdrawing partner has agreed in writing to be
12 liable.

13 (3) To the partnership for damages if the partnership
14 agreement prohibits the withdrawal of the partner or the
15 withdrawal otherwise violates the partnership agreement.

16 (4) Under section 8334 (relating to partner accountable
17 as fiduciary).

18 (5) To the extent a debt or obligation of the
19 partnership has been expressly undertaken by the partner in
20 the partnership agreement or the certificate of limited
21 partnership.

22 (6) If the partnership subsequently dissolves within one
23 year after the date of withdrawal of the partner and the
24 business of the partnership is not continued following such
25 subsequent dissolution. This paragraph shall not be
26 applicable in the case of a withdrawal caused by:

27 (i) the death of the partner; or

28 (ii) the retirement of the partner pursuant to a
29 retirement policy of the dissolved partnership that has
30 been in effect prior to the retirement of the partner for

1 the shorter of one year or the period that the
2 partnership has been in existence.

3 (7) For any obligation undertaken by a partner in
4 writing to individually indemnify another partner of the
5 partnership or to individually contribute toward a liability
6 of another partner.

7 (c) Statement of withdrawal.--A statement of withdrawal
8 shall be executed by the withdrawing partner or his personal
9 representative and shall set forth:

10 (1) The name of the registered limited liability
11 partnership.

12 (2) The name of the withdrawing partner.

13 (d) Filing and effectiveness.--The statement of withdrawal
14 shall be filed in the Department of State and shall be effective
15 upon filing. The withdrawing partner shall send a copy of the
16 filed statement of withdrawal to the registered limited
17 liability partnership.

18 (e) Permissive filing.--Filing under this section is
19 permissive, and failure to make a filing under this section by a
20 partner entitled to do so shall not affect the right of that
21 partner to the limitation on liability provided by section 8204
22 (relating to limitation on liability of partners).

23 (f) Constructive notice.--Filing under this section shall
24 constitute constructive notice that the partner has withdrawn
25 from the partnership and is entitled to the protection from
26 liability provided by this section.

27 (g) Variation of section.--A written provision of the
28 partnership agreement may restrict or condition the application
29 of this section to some or all of the partners of the
30 partnership.

(h) Application of section.--

(1) A partner in a foreign registered limited liability partnership, regardless of whether or not it has registered to do business in this Commonwealth under section 8211 (relating to foreign registered limited liability partnerships), shall not be entitled to make a filing under this section with regard to that partnership.

(2) This section shall not apply to a restricted professional partnership.

(h.1) Proper parties.--A partner in a registered limited liability partnership is not a proper party to an action or proceeding by or against the partnership, the object of which is to recover damages or enforce obligations for which the partner is not liable under this section.

(i) Cross references.--See sections 134 (relating to docketing statement) and 135 (relating to requirements to be met by filed documents).

§ 8211. Foreign registered limited liability partnerships.

* * *

(B) REGISTRATION TO DO BUSINESS.--A FOREIGN REGISTERED LIMITED LIABILITY PARTNERSHIP, REGARDLESS OF WHETHER OR NOT IT IS ALSO A FOREIGN LIMITED PARTNERSHIP, SHALL BE SUBJECT TO SUBCHAPTER K OF CHAPTER 85 (RELATING TO FOREIGN LIMITED PARTNERSHIPS) AS IF IT WERE A FOREIGN LIMITED PARTNERSHIP, EXCEPT THAT:

(1) ITS APPLICATION FOR REGISTRATION SHALL STATE THAT IT IS A REGISTERED LIMITED LIABILITY PARTNERSHIP[.] AND, IF THE PARTNERSHIP IS A RESTRICTED PROFESSIONAL PARTNERSHIP, SHALL ALSO INCLUDE A STATEMENT TO THAT EFFECT WITH A BRIEF DESCRIPTION OF THE RESTRICTED PROFESSIONAL SERVICE OR

<—

1 SERVICES TO BE RENDERED BY THE PARTNERSHIP.

2 * * *

3 (c) Exception.--The liability of the partners in a foreign
4 registered limited liability partnership shall be governed by
5 the laws of the jurisdiction under which it is organized, except
6 that the partners in a foreign registered limited liability
7 partnership that is not a restricted professional partnership
8 shall not be entitled to greater protection from liability than
9 is available to the partners in a domestic registered limited
10 liability partnership that is not a restricted professional
11 partnership.

12 § 8221. Annual registration.

13 (a) General rule.--Every domestic registered limited
14 liability partnership in existence on December 31 of any year
15 and every foreign registered limited liability partnership that
16 is registered to do business in this Commonwealth on December 31
17 of any year shall file in the Department of State with respect
18 to that year, and on or before April 15 of the following year, a
19 certificate of annual registration on a form provided by the
20 department, signed by a general partner and accompanied by the
21 annual registration fee prescribed by subsection (b). The
22 department shall not charge a fee other than the annual
23 registration fee for filing the certificate of annual
24 registration.

25 (b) Annual registration fee.--

26 (1) The annual registration fee to be paid when filing a
27 certificate of annual registration shall be equal to [a] the
28 base fee [of \$200] set forth in paragraph (2) or (3) times
29 the number of persons who were general partners of the
30 partnership on December 31 of the year with respect to which

1 the certificate of annual registration is being filed and
2 who:

3 (i) in the case of a natural person, had his
4 principal residence on that date in this Commonwealth; or

5 (ii) in the case of any other person, was
6 incorporated or otherwise organized or existing on that
7 date under the laws of this Commonwealth.

8 (2) The base fee [of \$200] for a partnership that is not
9 a restricted professional partnership shall be \$240 and shall
10 be increased on December 31, [1997] 2003, and December 31 of
11 every third year thereafter by the percentage increase in the
12 Consumer Price Index for Urban Workers during the most recent
13 three calendar years for which that index is available on the
14 date of adjustment. Each adjustment under this paragraph
15 shall be rounded up to the nearest \$10.

16 (3) The base fee for a restricted professional
17 partnership shall be \$300 and shall be increased on December
18 31, 2006, and December 31 of every third year thereafter by
19 the percentage increase in the Consumer Price Index for Urban
20 Workers during the most recent three calendar years for which
21 that index is available on the date of adjustment. Each
22 adjustment under this paragraph shall be rounded up to the
23 nearest \$10.

24 (c) Notice of annual registration.--Not later than February
25 1 of each year, the department shall give notice to every
26 partnership required to file a certificate of annual
27 registration with respect to the preceding year of the
28 requirement to file the certificate. The notice shall state the
29 amount of the base fee payable under subsection (b)(1), as
30 adjusted pursuant to subsection (b)(2), if applicable, and shall

1 be accompanied by the form of certificate of annual registration
2 to be filed. Failure by the department to give notice to any
3 party, or failure by any party to receive notice, of the annual
4 registration requirement shall not relieve the party of the
5 obligation to file the certificate of annual registration.

6 (d) Credit to Corporation Bureau Restricted Account.--The
7 annual registration fee shall not be deemed to be an amount
8 received by the department under Subchapter C of Chapter 1 for
9 purposes of section 155 (relating to disposition of funds),
10 except that \$25 of the fee shall be credited to the Corporation
11 Bureau Restricted Account.

12 (e) Failure to pay annual fee.--

13 (1) Failure to file the certificate of annual
14 registration required by this section for five consecutive
15 years shall result in the automatic termination of the status
16 of the registered limited liability partnership as such. In
17 addition, any annual registration fee that is not paid when
18 due shall be a lien in the manner provided in this subsection
19 from the time the annual registration fee is due and payable.
20 If a certificate of annual registration is not filed within
21 30 days after the date on which it is due, the department
22 shall assess a penalty of \$500 against the partnership, which
23 shall also be a lien in the manner provided in this
24 subsection. The imposition of that penalty shall not be
25 construed to relieve the partnership from liability for any
26 other penalty or interest provided for under other applicable
27 law.

28 (2) If the annual registration fee paid by a registered
29 limited liability partnership is subsequently determined to
30 be less than should have been paid because it was based on an

1 incorrect number of general partners or was otherwise
2 incorrectly computed, that fact shall not affect the
3 existence or status of the registered limited liability
4 partnership as such, but the amount of the additional annual
5 registration fee that should have been paid shall be a lien
6 in the manner provided in this subsection from the time the
7 incorrect payment is discovered by the department.

8 (3) The annual registration fee shall bear simple
9 interest from the date that it becomes due and payable until
10 paid. The interest rate shall be that provided for in section
11 806 of the act of April 9, 1929 (P.L.343, No.176), known as
12 The Fiscal Code, with respect to unpaid taxes. The penalty
13 provided for in paragraph (1) shall not bear interest. The
14 payment of interest shall not relieve the registered limited
15 liability partnership from liability for any other penalty or
16 interest provided for under other applicable law.

17 (4) The lien created by this subsection shall attach to
18 all of the property and proceeds thereof of the registered
19 limited liability partnership in which a security interest
20 can be perfected in whole or in part by filing in the
21 department under 13 Pa.C.S. Div. 9 (relating to secured
22 transactions; sales of accounts, contract rights and chattel
23 paper), whether the property and proceeds are owned by the
24 partnership at the time the annual registration fee or any
25 penalty or interest becomes due and payable or whether the
26 property and proceeds are acquired thereafter. Except as
27 otherwise provided by statute, the lien created by this
28 subsection shall have priority over all other liens, security
29 interests or other charges, except liens for taxes or other
30 charges due the Commonwealth. The lien created by this

1 subsection shall be entered on the records of the department
2 and indexed in the same manner as a financing statement filed
3 under 13 Pa.C.S. Div. 9. At the time an annual registration
4 fee, penalty or interest that has resulted in the creation of
5 a lien under this subsection is paid, the department shall
6 terminate the lien with respect to that annual registration
7 fee, penalty or interest without requiring a separate filing
8 by the partnership for that purpose.

9 (5) If the annual registration fee paid by a registered
10 limited liability partnership is subsequently determined to
11 be more than should have been paid for any reason, no refund
12 of the additional fee shall be made.

13 (6) Termination of the status of a registered limited
14 liability partnership as such, whether voluntarily or
15 involuntarily, shall not release it from the obligation to
16 pay any accrued fees, penalties and interest and shall not
17 release the lien created by this subsection.

18 (f) Exception for bankrupt partnerships.--A partnership that
19 would otherwise be required to pay the annual registration fee
20 set forth in subsection (b) shall not be required to pay that
21 fee with respect to any year during any part of which the
22 partnership is a bankrupt as defined in section 8903 (relating
23 to definitions [and index of definitions]). The partnership
24 shall, instead, indicate on its certificate of annual
25 registration for that year that it is exempt from payment of the
26 annual registration fee pursuant to this subsection. If the
27 partnership fails to file timely a certificate of annual
28 registration, a lien shall be entered on the records of the
29 department pursuant to subsection (e) which shall not be removed
30 until the partnership files a certificate of annual registration

<—

1 indicating its entitlement to an exemption from payment of the
2 annual registration fee as provided in this subsection. See
3 section 8201(e) (relating to scope).

4 § 8304. Rules of construction.

5 * * *

6 (c) Validation of prohibition of assignments.--

7 (1) The provisions of 13 Pa.C.S. §§ 9406 (relating to
8 discharge of account debtor; notification of assignment;
9 identification and proof of assignment; restrictions on
10 assignments of accounts, chattel paper, payment intangibles
11 and promissory notes ineffective) and 9408 (relating to
12 restrictions on assignment of promissory notes, health-care-
13 insurance receivables and certain general intangibles
14 ineffective) shall not apply to any interest in a domestic
15 partnership, including any right, power and interest arising
16 under a partnership agreement or this part.

17 (2) This subsection shall be construed to prevail over
18 13 Pa.C.S. §§ 9406 and 9408.

19 § 8562. Assignment of partnership interest.

20 (a) General rule.--Except as otherwise provided in the
21 partnership agreement:

22 (1) a partnership interest is assignable in whole or in
23 part;

24 (2) an assignment of a partnership interest does not
25 dissolve a limited partnership or entitle the assignee to
26 become or to exercise any rights of a partner;

27 (3) an assignment entitles the assignee to share in such
28 profits and losses, to receive such distributions, and to
29 receive such allocations of income, gain, loss, deduction, or
30 credit or similar item to which the assignor was entitled, to

1 the extent assigned; [and]

2 (4) a partner ceases to be a partner and to have the
3 power to exercise any rights or powers of a partner upon
4 assignment of all of his partnership interest[.]; and

5 (5) the pledge of, or granting of a security interest,
6 lien or other encumbrance in or against, any or all of the
7 partnership interest of a partner shall not cause the partner
8 to cease to be a partner or to have the power to exercise any
9 rights or powers of a partner.

10 * * *

11 (d) Validation of prohibition of assignments.--

12 (1) The provisions of 13 Pa.C.S. §§ 9406 (relating to
13 discharge of account debtor; notification of assignment;
14 identification and proof of assignment; restrictions on
15 assignments of accounts, chattel paper, payment intangibles
16 and promissory notes ineffective) and 9408 (relating to
17 restrictions on assignment of promissory notes, health-care-
18 insurance receivables and certain general intangibles
19 ineffective) shall not apply to any interest in a domestic
20 limited partnership, including any right, power and interest
21 arising under a partnership agreement or this part.

22 (2) This ~~section~~ SUBSECTION shall be construed to <—
23 prevail over 13 Pa.C.S. §§ 9406 and 9408.

24 § 8585. CHANGES AND AMENDMENTS. <—

25 * * *

26 (B.1) REGISTERED OFFICE.--A QUALIFIED FOREIGN LIMITED
27 PARTNERSHIP MAY, FROM TIME TO TIME, CHANGE THE ADDRESS OF ITS
28 REGISTERED OFFICE IN THE MANNER PROVIDED BY SECTION 8506(B)
29 (RELATING TO REGISTERED OFFICE).

30 * * *

1 § 8903. DEFINITIONS [AND INDEX OF DEFINITIONS].

2 (A) [DEFINITIONS] GENERAL DEFINITIONS.--THE FOLLOWING WORDS
3 AND PHRASES WHEN USED IN THIS CHAPTER SHALL HAVE THE MEANINGS
4 GIVEN TO THEM IN THIS SECTION UNLESS THE CONTEXT CLEARLY
5 INDICATES OTHERWISE:

6 "BANKRUPT." A PERSON WHO IS THE SUBJECT OF:

7 (1) AN ORDER FOR RELIEF OR A VOLUNTARY CASE UNDER 11
8 U.S.C. (RELATING TO BANKRUPTCY);

9 (2) A COMPARABLE ORDER OR CASE UNDER A SUCCESSOR STATUTE
10 OF GENERAL APPLICATION; OR

11 (3) A COMPARABLE ORDER OR CASE UNDER A STATE INSOLVENCY
12 ACT.

13 "CERTIFICATE OF ORGANIZATION." THE CERTIFICATE OF
14 ORGANIZATION REFERRED TO IN SECTION 8913 (RELATING TO
15 CERTIFICATE OF ORGANIZATION) AND THE CERTIFICATE OF ORGANIZATION
16 AS AMENDED. THE TERM INCLUDES ANY OTHER STATEMENTS OR
17 CERTIFICATES PERMITTED OR REQUIRED TO BE FILED IN THE DEPARTMENT
18 OF STATE BY SECTIONS 108 (RELATING TO CHANGE IN LOCATION OR
19 STATUS OF REGISTERED OFFICE PROVIDED BY AGENT) AND 138 (RELATING
20 TO STATEMENT OF CORRECTION) OR THIS PART. IF AN AMENDMENT OF THE
21 CERTIFICATE OF ORGANIZATION OR A CERTIFICATE OF MERGER OR
22 DIVISION MADE IN THE MANNER PERMITTED BY THIS CHAPTER RESTATES
23 THE CERTIFICATE OF ORGANIZATION IN ITS ENTIRETY OR IF THERE IS A
24 CERTIFICATE OF CONSOLIDATION OR DOMESTICATION, THENCEFORTH THE
25 CERTIFICATE OF ORGANIZATION SHALL NOT INCLUDE ANY PRIOR
26 DOCUMENTS, AND ANY CERTIFICATE ISSUED BY THE DEPARTMENT OF STATE
27 WITH RESPECT THERETO SHALL SO STATE.

28 "COURT." SUBJECT TO ANY INCONSISTENT GENERAL RULE PRESCRIBED
29 BY THE SUPREME COURT OF PENNSYLVANIA:

30 (1) THE COURT OF COMMON PLEAS OF THE JUDICIAL DISTRICT

1 EMBRACING THE COUNTY WHERE THE REGISTERED OFFICE OF THE
2 LIMITED LIABILITY COMPANY IS OR IS TO BE LOCATED; OR

3 (2) WHERE A COMPANY RESULTS FROM A MERGER,
4 CONSOLIDATION, DIVISION OR OTHER TRANSACTION WITHOUT
5 ESTABLISHING A REGISTERED OFFICE IN THIS COMMONWEALTH OR
6 WITHDRAWS AS A FOREIGN LIMITED LIABILITY COMPANY, THE COURT
7 OF COMMON PLEAS IN WHICH VENUE WOULD HAVE BEEN LAID
8 IMMEDIATELY PRIOR TO THE TRANSACTION OR WITHDRAWAL.

9 "DEPARTMENT." (DELETED BY AMENDMENT).

10 "DOMESTIC RESTRICTED PROFESSIONAL COMPANY" OR "RESTRICTED
11 PROFESSIONAL COMPANY." A LIMITED LIABILITY COMPANY THAT RENDERS
12 ONE OR MORE RESTRICTED PROFESSIONAL SERVICES.

13 "ENTITLED TO VOTE." THOSE PERSONS ENTITLED AT THE TIME TO
14 VOTE ON THE MATTER UNDER THE CERTIFICATE OF ORGANIZATION OR
15 OPERATING AGREEMENT OF THE LIMITED LIABILITY COMPANY OR ANY
16 APPLICABLE CONTROLLING PROVISION OF LAW.

17 "EVENT OF DISSOCIATION." AN EVENT THAT CAUSES A PERSON TO
18 CEASE TO BE A MEMBER OF A LIMITED LIABILITY COMPANY. SEE SECTION
19 8971(A)(4) (RELATING TO DISSOLUTION).

20 "FOREIGN LIMITED LIABILITY COMPANY." AN ASSOCIATION
21 ORGANIZED UNDER THE LAWS OF ANY JURISDICTION OTHER THAN THIS
22 COMMONWEALTH, WHETHER OR NOT REQUIRED TO REGISTER UNDER
23 SUBCHAPTER J (RELATING TO FOREIGN COMPANIES), WHICH WOULD BE A
24 LIMITED LIABILITY COMPANY IF ORGANIZED UNDER THE LAWS OF THIS
25 COMMONWEALTH.

26 "LICENSED PERSON." (DELETED BY AMENDMENT).

27 "LIMITED LIABILITY COMPANY," "DOMESTIC LIMITED LIABILITY
28 COMPANY" OR "COMPANY." AN ASSOCIATION THAT IS A LIMITED
29 LIABILITY COMPANY ORGANIZED AND EXISTING UNDER THIS CHAPTER.

30 "LIQUIDATING TRUSTEE." A PERSON APPOINTED BY THE COURT TO

1 CARRY OUT THE WINDING UP OF A LIMITED LIABILITY COMPANY.

2 "MANAGER." A PERSON SELECTED UNDER SECTION 8941(B) (RELATING
3 TO MANAGEMENT) TO MANAGE A LIMITED LIABILITY COMPANY.

4 "MEMBER." A PERSON WHO HAS BEEN ADMITTED TO MEMBERSHIP IN A
5 LIMITED LIABILITY COMPANY AND WHO HAS NOT DISSOCIATED FROM THE
6 COMPANY.

7 "OBLIGATION." INCLUDES A NOTE OR OTHER FORM OF INDEBTEDNESS,
8 WHETHER SECURED OR UNSECURED.

9 "OPERATING AGREEMENT." ANY RULES OR PROCEDURES ADOPTED FOR
10 THE REGULATION AND GOVERNANCE OF THE AFFAIRS OF A LIMITED
11 LIABILITY COMPANY AND THE CONDUCT OF ITS BUSINESS.

12 "PROFESSIONAL COMPANY." A LIMITED LIABILITY COMPANY THAT
13 RENDERS ONE OR MORE PROFESSIONAL SERVICES.

14 "PROFESSIONAL SERVICES." (DELETED BY AMENDMENT).

15 "QUALIFIED FOREIGN LIMITED LIABILITY COMPANY." A FOREIGN
16 LIMITED LIABILITY COMPANY THAT IS REGISTERED UNDER SUBCHAPTER J
17 (RELATING TO FOREIGN COMPANIES) TO DO BUSINESS IN THIS
18 COMMONWEALTH.

19 "QUALIFIED FOREIGN RESTRICTED PROFESSIONAL COMPANY." A
20 QUALIFIED FOREIGN LIMITED LIABILITY COMPANY THAT RENDERS ONE OR
21 MORE RESTRICTED PROFESSIONAL SERVICES.

22 "REAL PROPERTY." INCLUDES LAND, ANY INTEREST, LEASEHOLD OR
23 ESTATE IN LAND AND ANY IMPROVEMENTS ON IT.

24 "REGISTERED OFFICE." THAT OFFICE MAINTAINED BY A DOMESTIC OR
25 FOREIGN LIMITED LIABILITY COMPANY IN THIS COMMONWEALTH AS
26 REQUIRED BY SECTION 8906 (RELATING TO REGISTERED OFFICE). SEE
27 SECTION 109 (RELATING TO NAME OF COMMERCIAL REGISTERED OFFICE
28 PROVIDER IN LIEU OF REGISTERED ADDRESS).

29 "RELAX." WHEN USED WITH RESPECT TO A PROVISION OF THE
30 CERTIFICATE OF ORGANIZATION OR OPERATING AGREEMENT, MEANS TO

1 PROVIDE LESSER RIGHTS FOR AN AFFECTED REPRESENTATIVE, MANAGER OR
2 MEMBER.

3 "RESTRICTED PROFESSIONAL SERVICES." THE FOLLOWING
4 PROFESSIONAL SERVICES: CHIROPRACTIC, DENTISTRY, LAW, MEDICINE
5 AND SURGERY, OPTOMETRY, OSTEOPATHIC MEDICINE AND SURGERY,
6 PODIATRIC MEDICINE, PUBLIC ACCOUNTING, PSYCHOLOGY OR VETERINARY
7 MEDICINE.

8 "UNLESS OTHERWISE PROVIDED." WHEN USED TO INTRODUCE OR
9 MODIFY A RULE, IMPLIES THAT THE ALTERNATIVE PROVISIONS
10 CONTEMPLATED MAY EITHER RELAX OR RESTRICT THE STATED RULE.

11 "UNLESS OTHERWISE RESTRICTED." WHEN USED TO INTRODUCE OR
12 MODIFY A RULE, IMPLIES THAT THE ALTERNATIVE PROVISIONS
13 CONTEMPLATED MAY FURTHER RESTRICT BUT MAY NOT RELAX THE STATED
14 RULE.

15 (B) INDEX OF OTHER DEFINITIONS.--OTHER DEFINITIONS APPLYING
16 TO THIS CHAPTER AND THE SECTIONS IN WHICH THEY APPEAR ARE:

17 "ACT" OR "ACTION." SECTION 102.

18 "DEPARTMENT." SECTION 102.

19 "LICENSED PERSON." SECTION 102.

20 "PROFESSIONAL SERVICES." SECTION 102.

21 § 8909. Validation of prohibitions of assignments.

22 (a) Secured transactions.--The provisions of 13 Pa.C.S. §§
23 9406 (relating to discharge of account debtor; notification of
24 assignment; identification and proof of assignment; restrictions
25 on assignments of accounts, chattel paper, payment intangibles
26 and promissory notes ineffective) and 9408 (relating to
27 restrictions on assignment of promissory notes, health-care-
28 insurance receivables and certain general intangibles
29 ineffective) shall not apply to any interest in a domestic
30 limited liability company, including any right, power and

1 interest arising under an operating agreement or this part.

2 (b) Construction.--This subsection SECTION shall be
3 construed to prevail over 13 Pa.C.S. §§ 9406 and 9408.

4 § 8916. Operating agreement.

5 (a) General rule.--The operating agreement of a limited
6 liability company need not be in writing except where this
7 chapter refers to a written provision of the operating
8 agreement. If a written operating agreement provides that it
9 cannot be amended or modified except in writing, an oral
10 agreement, amendment or modification shall not be enforceable.
11 The certificate of organization or operating agreement may not
12 authorize an oral agreement on any subject that this chapter
13 requires to be dealt with in writing. See section 107(b)
14 (relating to form of records).

15 (b) Freedom of contract.--An operating agreement may contain
16 any provision adopted by the members for the regulation of the
17 internal affairs of a limited liability company [adopted by the
18 members], whether or not specifically authorized by or in
19 contravention of this chapter, except where this chapter:

20 (1) refers only to a rule as set forth in the
21 certificate of organization; or

22 (2) expressly provides that the operating agreement
23 shall not relax or contravene any provision on a specified
24 subject.

25 * * *

26 § 8941. Management.

27 * * *

28 (b) Managers.--The certificate of organization may provide
29 that management of a company shall be vested, to the extent
30 provided in, or pursuant to, the certificate of organization, in

1 one or more managers.

2 * * *

3 § 8948. Limitation on dissociation [or assignment] of
4 membership interest.

5 [Notwithstanding anything to the contrary set forth in this
6 part, an operating agreement may provide that a member may not]

7 (a) General rule.--A member may voluntarily dissociate from
8 [the] a limited liability company [or assign his membership
9 interest] prior to the dissolution and winding-up of the
10 company[, and an attempt by a member to dissociate voluntarily
11 from the company or to assign his membership interest in
12 violation of the operating agreement shall be ineffective.] only
13 at the time or upon the happening of events specified in writing
14 in the operating agreement.

15 (b) Transitional rule.--This section applies to all limited
16 liability companies formed on or after January 1, 2004. If the
17 operating agreement of a company formed before January 1, 2004,
18 did not on December 31, 2003, specify in writing the time or the
19 events upon the happening of which a member could dissociate or
20 a definite time for the dissolution and winding-up of the
21 company, the provisions of this section that were in effect
22 prior to January 1, 2004, shall apply until such time, if any,
23 as the operating agreement is amended in writing after January
24 1, 2004, to specify:

25 (1) a time or the events upon the happening of which a
26 member may dissociate;

27 (2) a definite time for the dissolution and winding-up
28 of the company; or

29 (3) that this section as effective January 1, 2004,
30 shall apply to the company.

1 § 8971. Dissolution.

2 (a) General rule.--A limited liability company is dissolved
3 and its affairs shall be wound up upon the happening of the
4 first to occur of the following events:

5 (1) At the time or upon the happening of events
6 specified in the certificate of organization.

7 (2) At the time or upon the happening of events
8 specified in writing in the operating agreement.

9 (3) Except as otherwise provided in the operating
10 agreement, by the [unanimous written agreement] vote or
11 consent of [all] the members.

12 [(4) Except as otherwise provided in writing in the
13 operating agreement, upon a member becoming a bankrupt or
14 executing an assignment for the benefit of creditors or the
15 death, retirement, insanity, resignation, expulsion or
16 dissolution of a member or the occurrence of any other event
17 that terminates the continued membership of a member in the
18 company unless the business of the company is continued by
19 the vote or consent of a majority in interest, or such
20 greater number as shall be provided in writing in the
21 operating agreement, of the remaining members given within
22 180 days following such event.]

23 (5) Entry of an order of judicial dissolution under
24 section 8972 (relating to judicial dissolution).

25 (b) Perpetual existence.--[The certificate of organization
26 may provide that the company shall have perpetual existence, in
27 which case subsection (a)(4) shall not be applicable to the
28 company.] Except as provided in writing in the operating
29 agreement, a limited liability company has perpetual existence,
30 subject to the power of the General Assembly under the

1 Constitution of Pennsylvania.

2 § 8974. Distribution of assets upon dissolution.

3 (a) General rule.--In settling accounts after dissolution,
4 the liabilities of the limited liability company shall be
5 entitled to payment in the following order:

6 (1) Those to creditors, including members or managers
7 who are creditors, in the order of priority as provided by
8 law, in satisfaction of the liabilities of the company,
9 whether by payment or the making of [reasonable] adequate
10 provision for payment thereof, other than liabilities for
11 distributions to members under section 8932 (relating to
12 distributions and allocation of profits and losses) or 8933
13 (relating to distributions upon an event of dissociation).

14 (2) Unless otherwise provided in the operating
15 agreement, to members and former members in satisfaction of
16 liabilities for distributions under section 8932 or 8933.

17 (3) Unless otherwise provided in the operating
18 agreement, to members in respect of:

19 (i) Their contributions to capital.

20 (ii) Their share of the profits and other
21 compensation by way of income on their contributions.

22 (b) Provision for claims.--A company that has dissolved
23 shall pay or make [reasonable] adequate provision to pay all
24 claims and obligations, including all contingent, conditional or
25 unmatured claims and obligations, known to the company and all
26 claims and obligations that are known to the company but for
27 which the identity of the claimant is unknown. If there are
28 sufficient assets, such claims and obligations shall be paid in
29 full, and any such provision for payment made shall be made in
30 full. If there are insufficient assets, such claims and

obligations shall be paid or provided for according to their priority and, among claims and obligations of equal priority, ratably to the extent of assets available therefor. Unless otherwise provided in the operating agreement, any remaining assets shall be distributed as provided in this chapter. Any liquidating trustee or other person winding up the affairs of a company who has complied with this section shall not be personally liable to the claimants of the dissolved company by reason of his actions in winding up the company.

§ 8975. Certificate of dissolution.

(a) General rule.--When all debts, liabilities and obligations of the limited liability company have been paid and discharged or adequate provision has been made therefor and all of the remaining property and assets of the company have been distributed to the members, or in case its assets are not sufficient to discharge its debts, liabilities and obligations, when all the assets have been fairly and equitably applied, as far as they will go, to the payment of such debts, liabilities and obligations, a certificate of dissolution shall be executed by the company. The certificate of dissolution shall set forth:

(1) The name of the company.

(2) [That] A statement that:

(i) all debts, obligations and liabilities of the company have been paid and discharged or that adequate provision has been made therefor[.]; or

(ii) the assets of the company are not sufficient to discharge its debts, liabilities and obligations, and that all the assets of the company have been fairly and equitably applied, as far as they will go, to the payment of such debts, liabilities and obligations.

1 (3) That all the remaining property and assets of the
2 company have been distributed among its members in accordance
3 with their respective rights and interests.

4 (4) That there are no actions pending against the
5 company in any court or that adequate provision has been made
6 for the satisfaction of any judgment that may be entered
7 against it in any pending action.

8 * * *

9 CHAPTER 91

10 UNINCORPORATED ASSOCIATIONS GENERALLY

11 SUBCHAPTER A

12 GENERAL PROVISIONS

13 * * *

14 SUBCHAPTER B

15 UNIFORM UNINCORPORATED NONPROFIT

16 ASSOCIATION ACT

17 Sec.

18 9121. Short title and application of subchapter.

19 9122. Definitions.

20 9123. Territorial application.

21 9124. Acquisition of property.

22 9125. Statement of authority as to real property.

23 9126. Status; liability in tort and contract.

24 9127. Capacity to assert and defend; standing.

25 9128. Effect of judgment or order.

26 9129. Disposition of personal property of inactive nonprofit
27 association.

28 9130. Appointment of agent to receive service of process.

29 9131. Claim not abated by change of members or officers.

30 § 9121. Short title and application of subchapter.

1 (a) Short title.--This subchapter shall be known and may be
2 cited as the Uniform Unincorporated Nonprofit Association Act.

3 (b) Application of subchapter generally.--This subchapter
4 shall apply to every nonprofit association heretofore or
5 hereafter organized.

6 (c) Transitional provisions concerning property.--

7 (1) If, before (the Legislative Reference Bureau shall
8 insert here the effective date of this subchapter), an estate
9 or interest in real or personal property was purportedly
10 transferred to a nonprofit association, on (the Legislative
11 Reference Bureau shall insert here the effective date of this
12 subchapter) the estate or interest vests in the nonprofit
13 association unless the parties have treated the transfer as
14 ineffective.

15 (2) If, before (the Legislative Reference Bureau shall
16 insert here the effective date of this subchapter), the
17 transfer vested the estate or interest in another person to
18 hold the estate or interest as a fiduciary for the benefit of
19 the nonprofit association, its members, or both, on or after
20 (the Legislative Reference Bureau shall insert here the
21 effective date of this subchapter) the fiduciary may transfer
22 the estate or interest to the nonprofit association in its
23 name, or the nonprofit association, by appropriate
24 proceedings, may require that the estate or interest be
25 transferred to it in its name.

26 (d) Savings provision.--This subchapter replaces existing
27 law with respect to matters covered by this subchapter but does
28 not affect other law respecting nonprofit associations.

29 (e) Cross reference.--See section 5331 (relating to
30 incorporation of unincorporated associations).

1 § 9122. Definitions.

2 The following words and phrases when used in this subchapter
3 shall have the meanings given to them in this section unless the
4 context clearly indicates otherwise:

5 "Member." A person who, under the rules or practices of a
6 nonprofit association, may participate in the selection of
7 persons authorized to manage the affairs of the nonprofit
8 association or in the development of policy of the nonprofit
9 association.

10 "Nonprofit association." An unincorporated organization
11 consisting of two or more members joined by mutual consent for a
12 common, nonprofit purpose. However, joint tenancy, tenancy in
13 common, or tenancy by the entireties does not by itself
14 establish a nonprofit association, even if the co-owners share
15 use of the property for a nonprofit purpose.

16 § 9123. Territorial application.

17 Real and personal property in this Commonwealth may be
18 acquired, held, encumbered and transferred by a nonprofit
19 association, whether or not the nonprofit association or a
20 member has any other relationship to this Commonwealth.

21 § 9124. Acquisition of property.

22 (a) General rule.--A nonprofit association in its name may
23 acquire, hold, encumber or transfer an estate or interest in
24 real or personal property.

25 (b) Testamentary and fiduciary dispositions.--A nonprofit
26 association may be a legatee, devisee or beneficiary of a trust
27 or contract.

28 § 9125. Statement of authority as to real property.

29 (a) General rule.--A nonprofit association may sign and
30 record a statement of authority to encumber or transfer an

1 estate or interest in real property in the name of the nonprofit
2 association.

3 (b) Transfer by authorized person of record.--An estate or
4 interest in real property in the name of a nonprofit association
5 may be encumbered or transferred by a person so authorized in a
6 statement of authority recorded in the office of the recorder of
7 deeds for the county in which a transfer of the property would
8 be recorded.

9 (c) Contents of statement.--A 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 address, if any, of the nonprofit association; or, if
14 the nonprofit association does not have an address in this
15 Commonwealth, its address out of State.

16 (3) The name or title of a person authorized to encumber
17 or transfer an estate or interest in real property held in
18 the name of the nonprofit association.

19 (4) The action, procedure or vote of the nonprofit
20 association that authorizes the person to encumber or
21 transfer the real property of the nonprofit association and
22 that authorizes the person to execute the statement of
23 authority.

24 (d) Formality.--A statement of authority must be signed in
25 the same manner as a deed by a person who is not the person
26 authorized to encumber or transfer the estate or interest.

27 (e) Recording fee.--The recorder of deeds may collect a fee
28 for recording a statement of authority in the amount authorized
29 for recording a transfer of real property, but the mere
30 recording of a statement of authority shall not constitute a

1 transfer of an interest in the real property for the purpose of
2 the taxation of real property transfers.

3 (f) Amendment.--An amendment, including a cancellation or
4 extension, of a statement of authority must meet the
5 requirements for signing and recording of an original statement.
6 Unless canceled earlier, a recorded statement of authority or
7 its most recent amendment is canceled by operation of law five
8 years after the date of the most recent recording.

9 (g) Effect of filing.--If the record title to real property
10 is in the name of a nonprofit association and a statement of
11 authority is recorded in the office of the recorder of deeds for
12 the county in which a transfer of the real property would be
13 recorded, the authority of the person named in the statement of
14 authority is conclusive in favor of a person who gives value
15 without notice that the person lacks authority.

16 § 9126. Status; liability in tort and contract.

17 (a) General rule.--A nonprofit association is a legal entity
18 separate from its members.

19 ~~(b) Limited contract liability. A person is not liable for~~ <—
20 ~~a breach of contract by a nonprofit association merely because~~
21 ~~the person is a member, is authorized to participate in the~~
22 ~~management of the affairs of the nonprofit association or is a~~
23 ~~person considered to be a member by the nonprofit association.~~

24 ~~(c) Limited tort liability generally. A person is not~~
25 ~~liable for a tortious act for which a nonprofit association is~~
26 ~~liable merely because the person is a member, is authorized to~~
27 ~~participate in the management of the affairs of the nonprofit~~
28 ~~association or is a person considered as a member by the~~
29 ~~nonprofit association.~~

30 ~~(d) Limitation on imputed tort liability. A tortious act of~~

~~1 a member or other person for which a nonprofit association is~~
~~2 liable is not imputed to a person merely because the person is a~~
~~3 member of the nonprofit association, is authorized to~~
~~4 participate in the management of the affairs of the nonprofit~~
~~5 association or is a person considered as a member by the~~
~~6 nonprofit association.~~

7 (B) LIMITED CONTRACT LIABILITY.--A PERSON IS NOT LIABLE FOR <—
8 PERFORMANCE OR BREACH OF A CONTRACT OR OTHER OBLIGATION BY A
9 NONPROFIT ASSOCIATION MERELY BECAUSE THE PERSON:

10 (1) IS A MEMBER OF THE NONPROFIT ASSOCIATION;

11 (2) IS AUTHORIZED TO PARTICIPATE IN THE MANAGEMENT OF
12 THE AFFAIRS OF THE NONPROFIT ASSOCIATION;

13 (3) IS CONSIDERED TO BE A MEMBER BY THE NONPROFIT
14 ASSOCIATION; OR

15 (4) MADE THE CONTRACT OR INCURRED THE OBLIGATION ON
16 BEHALF OF THE NONPROFIT ASSOCIATION, IF THE FACT THAT THE
17 PERSON WAS ACTING FOR THE NONPROFIT ASSOCIATION WAS DISCLOSED
18 TO, KNOWN BY OR REASONABLY SHOULD HAVE BEEN KNOWN BY THE
19 OTHER PARTY TO THE CONTRACT OR TO THE PARTY OWED PERFORMANCE.

20 (C) LIMITED TORT LIABILITY.--A PERSON IS NOT LIABLE FOR A
21 TORTIOUS ACT FOR WHICH A NONPROFIT ASSOCIATION IS LIABLE MERELY
22 BECAUSE THE PERSON:

23 (1) IS A MEMBER OF THE NONPROFIT ASSOCIATION;

24 (2) IS AUTHORIZED TO PARTICIPATE IN THE MANAGEMENT OF
25 THE AFFAIRS OF THE NONPROFIT ASSOCIATION; OR

26 (3) IS A PERSON CONSIDERED AS A MEMBER BY THE NONPROFIT
27 ASSOCIATION.

28 (D) LIMITATION ON IMPUTED TORT LIABILITY.--A TORTIOUS ACT OF
29 A MEMBER OR OTHER PERSON FOR WHICH A NONPROFIT ASSOCIATION IS
30 LIABLE IS NOT IMPUTED TO A PERSON MERELY BECAUSE THE PERSON:

1 (1) IS A MEMBER OF THE NONPROFIT ASSOCIATION;
2 (2) IS AUTHORIZED TO PARTICIPATE IN THE MANAGEMENT OF
3 THE AFFAIRS OF THE NONPROFIT ASSOCIATION; OR
4 (3) IS CONSIDERED TO BE A MEMBER BY THE NONPROFIT
5 ASSOCIATION.

6 (e) Claims by or against members.--A member of, or a person
7 considered to be a member by, a nonprofit association may assert
8 a claim against the nonprofit association. A nonprofit
9 association may assert a claim against a member or a person
10 considered to be a member by the nonprofit association.

11 (F) TRANSITIONAL PROVISION CONCERNING CONTRACTS.--LIABILITY <—
12 FOR PERFORMANCE OR BREACH OF A CONTRACT MADE OR OBLIGATION
13 INCURRED BEFORE (THE LEGISLATIVE REFERENCE BUREAU SHALL INSERT
14 HERE THE EFFECTIVE DATE OF THIS SUBCHAPTER) SHALL BE DETERMINED
15 WITHOUT REGARD TO SUBSECTION (B)(4).

16 § 9127. Capacity to assert and defend; standing.

17 (a) General rule.--A nonprofit association, in its name, may
18 institute, defend, intervene or participate in a judicial,
19 administrative or other governmental proceeding or in an
20 arbitration, mediation or any other form of alternative dispute
21 resolution.

22 (b) Representational status.--A nonprofit association may
23 assert a claim in its name on behalf of its members if one or
24 more members of the nonprofit association have standing to
25 assert a claim in their own right, the interests the nonprofit
26 association seeks to protect are germane to its purposes and
27 neither the claim asserted nor the relief requested requires the
28 participation of a member.

29 § 9128. Effect of judgment or order.

30 A judgment or order against a nonprofit association is not by

1 itself a judgment or order against a member.

2 § 9129. Disposition of personal property of inactive nonprofit
3 association.

4 If a nonprofit association has been inactive for three years
5 or longer, a person in possession or control of personal
6 property of the nonprofit association may transfer the property:

7 (1) if a document of a nonprofit association specifies a
8 person to whom transfer is to be made under these
9 circumstances, to that person; or

10 (2) if no person is so specified, to a nonprofit
11 association or nonprofit corporation pursuing broadly similar
12 purposes, or to a government or governmental subdivision,
13 agency or instrumentality.

14 § 9130. Appointment of agent to receive service of process.

15 (a) General rule.--A nonprofit association may file in the
16 Department of State a statement appointing an agent authorized
17 to receive service of process.

18 (b) Contents of statement.--A statement appointing an agent
19 must set forth:

20 (1) The name of the nonprofit association.

21 (2) The address in this Commonwealth, including the
22 street address, if any, of the nonprofit association, or, if
23 the nonprofit association does not have an address in this
24 Commonwealth, its address out of State.

25 (3) The name of the person in this Commonwealth
26 authorized to receive service of process and the person's
27 address, including the street address, in this Commonwealth.

28 (c) Execution.--A statement appointing an agent to receive
29 service of process must be signed by a person authorized to
30 manage the affairs of the nonprofit association. The statement

1 must also be signed by the person appointed agent, who thereby
2 accepts the appointment. The appointed agent may resign by
3 filing a resignation in the department and giving notice to the
4 nonprofit association.

5 (d) Amendment.--An amendment, including a cancellation, of a
6 statement appointing an agent to receive service of process must
7 meet the requirements for execution of an original statement.

8 (e) Cross references.--See sections 134 (relating to
9 docketing statement) and 135 (relating to requirements to be met
10 by filed documents).

11 § 9131. Claim not abated by change of members or officers.

12 A claim for relief against a nonprofit association does not
13 abate merely because of a change in its members or persons
14 authorized to manage the affairs of the association.

15 § 9506. LIABILITY OF TRUSTEES AND BENEFICIARIES. <—

16 * * *

17 (F) PERMISSIBLE BENEFICIARIES.--EXCEPT AS OTHERWISE PROVIDED
18 BY A STATUTE, RULE OR REGULATION APPLICABLE TO A PARTICULAR
19 PROFESSION, ALL OF THE ULTIMATE BENEFICIAL OWNERS OF INTERESTS
20 IN A BUSINESS TRUST THAT RENDERS ONE OR MORE RESTRICTED
21 PROFESSIONAL SERVICES SHALL BE LICENSED PERSONS. AS USED IN THIS
22 SUBSECTION, THE TERM "RESTRICTED PROFESSIONAL SERVICES" SHALL
23 HAVE THE MEANING SPECIFIED IN SECTION 8903 (RELATING TO
24 DEFINITIONS [AND INDEX OF DEFINITIONS]).

25 * * *

26 SECTION 3. THE DEFINITION OF "DOMESTIC CORPORATION NOT-FOR-
27 PROFIT" IN SECTION 101 OF TITLE 54 IS AMENDED TO READ
28 § 101. DEFINITIONS.

29 SUBJECT TO ADDITIONAL DEFINITIONS CONTAINED IN SUBSEQUENT
30 PROVISIONS OF THIS TITLE WHICH ARE APPLICABLE TO SPECIFIC

1 PROVISIONS OF THIS TITLE, THE FOLLOWING WORDS AND PHRASES WHEN
2 USED IN THIS TITLE SHALL HAVE, UNLESS THE CONTEXT CLEARLY
3 INDICATES OTHERWISE, THE MEANINGS GIVEN TO THEM IN THIS SECTION:

4 * * *

5 "DOMESTIC CORPORATION NOT-FOR-PROFIT." A DOMESTIC
6 CORPORATION [NOT-FOR-PROFIT AS DEFINED IN 15 PA.C.S. § 1103
7 (RELATING TO DEFINITIONS).] NOT INCORPORATED FOR A PURPOSE OR
8 PURPOSES INVOLVING PECUNIARY PROFIT, INCIDENTAL OR OTHERWISE.

9 * * *

10 Section 3 4. Effect of reenactments.

<—

11 (a) General rule.--Notwithstanding 1 Pa.C.S. § 1957
12 (relating to ineffective provisions not revived by reenactment
13 in amendatory statutes), it is hereby declared to be the intent
14 of the act of December 21, 1988 (P.L.1444, No.177), known as the
15 General Association Act of 1988, the act of December 19, 1990
16 (P.L.834, No.198), known as the GAA Amendments Act of 1990, the
17 act of December 18, 1992 (P.L.1333, No.169), known as the GAA
18 Amendments Act of 1992, the act of June 22, 2001 (P.L.418,
19 No.34), known as the GAA Amendments Act of 2001, and this act
20 cumulatively to restore all provisions of 15 Pa.C.S. (relating
21 to corporations and unincorporated associations) added by the
22 act of November 15, 1972 (P.L.1063, No.271), entitled "An act
23 amending the act of November 25, 1970 (P.L.230), entitled 'An
24 act codifying and compiling a part of the law of the
25 Commonwealth,' adding provisions relating to burial grounds,
26 corporations, including corporations not-for-profit, educational
27 institutions, private police, certain charitable or eleemosynary
28 institutions, certain nonprofit insurers, service of process on
29 certain nonresident persons, names, prescribing penalties and
30 making repeals," to their status prior to the partial repeal

1 effected by section 905 of the act of July 29, 1977 (P.L.105,
2 No.38), known as the Fraternal Benefit Society Code, except as
3 otherwise expressly provided by such provisions as reenacted and
4 amended by the General Association Act of 1988, the GAA
5 Amendments Act of 1990, the GAA Amendments Act of 1992, the GAA
6 Amendments Act of 2001, and this act.

7 (b) Effective date.--The provisions of this section shall be
8 retroactive to ~~the effective date of the act of July 29, 1977~~ <—
9 ~~(P.L.105, No.38), known as the Fraternal Benefit Society Code.~~
10 JANUARY 30, 1978. <—

11 Section 4 5. Repeals. <—

12 The following acts and parts of acts are repealed:

13 Act of April 27, 1855 (P.L.365, No.383), entitled "An act
14 extending the right of Trial by Jury to certain cases."

15 Act of April 18, 1949 (P.L.583, No.123), entitled "An act to
16 further amend the act, approved the fifth day of May, one
17 thousand nine hundred thirty-three (Pamphlet Laws 289), entitled
18 'An act relating to nonprofit corporations; defining and
19 providing for the organization, merger, consolidation, and
20 dissolution of such corporations; conferring certain rights,
21 powers, duties, and immunities upon them and their officers and
22 members; prescribing the conditions on which such corporations
23 may exercise their powers; providing for the inclusion of
24 certain existing corporations of the first class within the
25 provisions of this act; prescribing the terms and conditions
26 upon which foreign nonprofit corporations may be admitted or may
27 continue to do business within the Commonwealth; conferring
28 powers and imposing duties on the courts of common pleas,
29 prothonotaries of such courts, recorders of deeds, and certain
30 State departments, commissions, and officers; authorizing

1 certain local public officers and State departments to collect
2 fees for services required to be rendered by this act; imposing
3 penalties; and repealing certain acts and parts of acts relating
4 to corporations,' by making further provisions relating to
5 nonprofit medical service corporations; by extending the
6 provisions of said act relating to the furnishing of medical
7 services by nonprofit medical service corporations so as to
8 include the furnishing of osteopathic services by doctors of
9 osteopathy to subscribers and their dependents, and by providing
10 that the articles of incorporation of existing nonprofit medical
11 service corporations are amended by the provisions of this act
12 so as to authorize the furnishing of such osteopathic services
13 by doctors of osteopathy."

14 Act of May 12, 1949 (P.L.1274, No.379), entitled "An act to
15 further amend the act, approved the fifth day of May, one
16 thousand nine hundred thirty-three (Pamphlet Laws 289), entitled
17 'An act relating to nonprofit corporations; defining and
18 providing for the organization, merger, consolidation, and
19 dissolution of such corporations; conferring certain rights,
20 powers, duties, and immunities upon them and their officers and
21 members; prescribing the conditions on which such corporations
22 may exercise their powers; providing for the inclusion of
23 certain existing corporations of the first class within the
24 provisions of this act; prescribing the terms and conditions
25 upon which foreign nonprofit corporations may be admitted or may
26 continue to do business within the Commonwealth; conferring
27 powers and imposing duties on the courts of common pleas,
28 prothonotaries of such courts, recorders of deeds, and certain
29 State departments, commissions, and officers; authorizing
30 certain local public officers and State departments to collect

1 fees for services required to be rendered by this act; imposing
2 penalties; and repealing certain acts and parts of acts relating
3 to corporations,' by making further provisions relating to
4 nonprofit medical service corporations; by extending the
5 provisions of said act relating to the furnishing of medical
6 services by nonprofit medical service corporations so as to
7 include the furnishing of certain dental services to subscribers
8 and their dependents; and by providing that the articles of
9 incorporation of existing nonprofit medical service corporations
10 are amended by the provisions of this act so as to authorize the
11 furnishing of such dental services by doctors of dental
12 surgery."

13 Act of December 9, 1955 (P.L.818, No.238), entitled "An act
14 amending the act of May five, one thousand nine hundred thirty-
15 three (Pamphlet Laws 289), entitled 'An act relating to
16 nonprofit corporations; defining and providing for the
17 organization, merger, consolidation, and dissolution of such
18 corporations; conferring certain rights, powers, duties, and
19 immunities upon them and their officers and members; prescribing
20 the conditions on which such corporations may exercise their
21 powers; providing for the inclusion of certain existing
22 corporations of the first class within the provisions of this
23 act; prescribing the terms and conditions upon which foreign
24 nonprofit corporations may be admitted or may continue to do
25 business within the Commonwealth; conferring powers and imposing
26 duties on the courts of common pleas, prothonotaries of such
27 courts, recorders of deeds, and certain State departments,
28 commissions, and officers; authorizing certain local public
29 officers and State departments to collect fees for services
30 required to be rendered by this act; imposing penalties; and

1 repealing certain acts and parts of acts relating to
2 corporations,' providing for the incorporation and regulation of
3 nonprofit dental service corporations furnishing dental services
4 only to certain subscribers and their dependents."

5 Act of September 30, 1965 (P.L.570, No.294), entitled "An act
6 amending the act of May 5, 1933 (P.L.289), entitled 'An act
7 relating to nonprofit corporations; defining and providing for
8 the organization, merger, consolidation, and dissolution of such
9 corporations; conferring certain rights, powers, duties, and
10 immunities upon them and their officers and members; prescribing
11 the conditions on which such corporations may exercise their
12 powers; providing for the inclusion of certain existing
13 corporations of the first class within the provisions of this
14 act; prescribing the terms and conditions upon which foreign
15 nonprofit corporations may be admitted or may continue to do
16 business within the Commonwealth; conferring powers and imposing
17 duties on the courts of common pleas, prothonotaries of such
18 courts, recorders of deeds, and certain State departments,
19 commissions, and officers; authorizing certain local public
20 officers and State departments to collect fees for services
21 required to be rendered by this act; imposing penalties; and
22 repealing certain acts and parts of acts relating to
23 corporations,' requiring approval by the State Registration
24 Board for Professional Engineers prior to the use of certain
25 words in corporate names."

26 Act of December 27, 1965 (P.L.1250, No.507), entitled "An act
27 amending the act of May 5, 1933 (P.L.289), entitled 'An act
28 relating to nonprofit corporations; defining and providing for
29 the organization, merger, consolidation, and dissolution of such
30 corporations; conferring certain rights, powers, duties, and

1 immunities upon them and their officers and members; prescribing
2 the conditions on which such corporations may exercise their
3 powers; providing for the inclusion of certain existing
4 corporations of the first class within the provisions of this
5 act; prescribing the terms and conditions upon which foreign
6 nonprofit corporations may be admitted or may continue to do
7 business within the Commonwealth; conferring powers and imposing
8 duties on the courts of common pleas, prothonotaries of such
9 courts, recorders of deeds, and certain State departments,
10 commissions, and officers; authorizing certain local public
11 officers and State departments to collect fees for services
12 required to be rendered by this act; imposing penalties; and
13 repealing certain acts and parts of acts relating to
14 corporations,' making further provisions relating to nonprofit
15 medical, dental and osteopathic service corporations; extending
16 the provisions of said act relating to the furnishing of
17 medical, dental and osteopathic services by nonprofit medical,
18 dental and osteopathic service corporations so as to include the
19 furnishing of optometric services to subscribers and their
20 dependents, and providing that the articles of incorporation of
21 existing nonprofit medical, dental and osteopathic service
22 corporations are amended by the provisions of this act so as to
23 authorize the furnishing of optometric services by doctors of
24 optometry."

25 Section 2 of the act of November 15, 1972 (P.L.1063, No.271),
26 entitled "An act amending the act of November 25, 1970 (No.230),
27 entitled 'An act codifying and compiling a part of the law of
28 the Commonwealth,' adding provisions relating to burial grounds,
29 corporations, including corporations not-for-profit, educational
30 institutions, private police, certain charitable or eleemosynary

1 institutions, certain nonprofit insurers, service of process on
2 certain nonresident persons, names, prescribing penalties and
3 making repeals."

4 Section 5 6. Effective date.

<—

5 This act shall take effect in 60 days.

SOURCE NOTES

The source notes for section 2 of this act adding 15 Pa.C.S. Subch. 91-B are as follows:

15 Pa.C.S. § 9121: Subsection (a) patterned after Uniform Unincorporated Nonprofit Association Act §15. Subsection (c) patterned after Uniform Unincorporated Nonprofit Association Act §19. Subsection (d) patterned after Uniform Unincorporated Nonprofit Association Act §18(c).

15 Pa.C.S. § 9122: Patterned after Uniform Unincorporated Nonprofit Association Act §1. Definitions in the Uniform Act of "person" and "state" omitted as supplied by the definitions of those terms in 1 Pa.C.S. §1991.

15 Pa.C.S. § 9123: Patterned after Uniform Unincorporated Nonprofit Association Act §3.

15 Pa.C.S. § 9124: Patterned after Uniform Unincorporated Nonprofit Association Act §4.

15 Pa.C.S. § 9125: Patterned after Uniform Unincorporated Nonprofit Association Act §5. The last clause of subsection (e) is a clarification of existing law.

15 Pa.C.S. § 9126: Patterned after Uniform Unincorporated Nonprofit Association Act §6. The words "or omission" in the Uniform Act are omitted as supplied by the definition of "act" in 15 Pa.C.S. § 102. As to subsection (e), compare Pa.R.Civ.P. 2154.

15 Pa.C.S. § 9127: Patterned after Uniform Unincorporated Nonprofit Association Act §7.

15 Pa.C.S. § 9128: Patterned after Uniform Unincorporated Nonprofit Association Act §8.

15 Pa.C.S. § 9129: Patterned after Uniform Unincorporated Nonprofit Association Act §9.

15 Pa.C.S. § 9130: Patterned after Uniform Unincorporated Nonprofit Association Act § 10. The person named in the filing will be subject to service of process under Pa.R.Civ.P. 423(2). Subsection (d) of the Uniform Act omitted as supplied by 15 Pa.C.S. § 153(a)(15). Compare Uniform Act §13.

15 Pa.C.S. § 9131: Patterned after Uniform Unincorporated Nonprofit Association Act §11.

The provisions repealed by section 4 5 of this act are supplied by this act as follows:

Repealed Act	Section	Unofficial Citation	Superseding Provision of Title 15
1949, No.123	1,2	-	Repealed 1972
	3	15 P.S. § 7004 note	40 Pa.C.S. § 6322(f)
	4	-	Effective date
1949, No.379	1-3	-	Repealed 1972
	4	-	Effective date
1955, No.238	1,2	-	Repealed 1972
	3	15 P.S. § 7220 note	Obsolete
	4	-	Effective date
1965, No.294	1,2	-	Repealed 1972
	3	15 P.S. § 7202 note	Obsolete
	4	-	Effective date
1965, No.507	1-5	-	Repealed 1972
	6	15 P.S. § 7004 note	40 Pa.C.S. § 6322(f)
1972, No.271	2	Former 15 Pa.C.S. § 101 note	Obsolete
		15 Pa.C.S. § 5303 note	Obsolete