

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2446 Session of
1990

INTRODUCED BY HAYDEN, BORTNER, McVERRY AND HAGARTY,
APRIL 17, 1990

REFERRED TO COMMITTEE ON BUSINESS AND COMMERCE, APRIL 17, 1990

A SUPPLEMENT

1 To the act of December 21, 1988 (P.L.1444, No.177), entitled "An
2 act relating to associations, including corporations,
3 partnerships and unincorporated associations; revising and
4 expanding certain provisions of Title 15 (Corporations and
5 Unincorporated Associations); reconfirming and expanding the
6 abolition of the doctrine of de facto mergers and other
7 fundamental transactions; providing for the making, filing
8 and enforcement of cooperative contracts; providing for
9 incorporation of productive and distributive workers'
10 cooperatives and for penalties; making related, conforming,
11 redesignation, editorial and other changes to the
12 Pennsylvania Consolidated Statutes; separately enacting
13 certain related provisions of law; and repealing certain acts
14 and parts of acts supplied by the act or otherwise obsolete,"
15 codifying and correcting the law relating to credit unions
16 including insurance companies within the scope of the title,
17 making revisions, corrections and additions relating to
18 associations; further providing for the fees of the
19 Department of State and certain filing officers; and making
20 repeals.

21 The General Assembly of the Commonwealth of Pennsylvania
22 hereby enacts as follows:

23 DIVISION I

24 AMENDMENT OF TITLE 15

25 Section 101. Short title.

26 This act shall be known and may be cited as the GAA
27 Amendments Act.

1 Section 102. Repeal and amendment of Title 15.

2 Chapters 27, 73 and 75 of Title 15 of the Pennsylvania
3 Consolidated Statutes are repealed. As much of Title 15 as is
4 hereinafter set forth is amended or added, and as much of
5 Subpart II C as is hereinafter set forth is reenacted, to read:
6 § 102. Definitions.

7 Subject to additional or inconsistent definitions contained
8 in subsequent provisions of this title that are applicable to
9 specific provisions of this title, the following words and
10 phrases when used in this title shall have, unless the context
11 clearly indicates otherwise, the meanings given to them in this
12 section:

13 * * *

14 "Corporation for profit." A corporation incorporated for a
15 purpose or purposes involving pecuniary profit, incidental or
16 otherwise, to its shareholders or members.

17 "Corporation not-for-profit." A corporation not incorporated
18 for a purpose or purposes involving pecuniary profit, incidental
19 or otherwise.

20 * * *

21 "Credit union." A credit union as defined in [section 1103]
22 17 Pa.C.S. § 102 (relating to application of title).

23 * * *

24 "Insurance corporation." An insurance corporation as defined
25 in section [1103] 3102 (relating to definitions).

26 * * *

27 § 105. Fees.

28 (a) General rule.--The Department of State shall be entitled
29 to receive for services performed, as required by this title and
30 other applicable provisions of law, such fees as are specified

in or pursuant to Subchapter C (relating to Department of State and UCC fees).

(b) Other services.--Any other department, board, commission or officer of this Commonwealth shall be entitled to receive for services performed, as required by this title, such fees as are or may be lawfully charged for those or similar services.

§ 131. Application of subchapter.

As used in this subchapter, the term "this title" includes [Title] Titles 17 (relating to credit unions) and 54 (relating to names) and any other provision of law that makes reference to the powers and procedures of this subchapter.

§ 133. Powers of Department of State.

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

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

1 (2) Instructions accompanying sample filing forms and
2 other explanatory material published in the Pennsylvania Code
3 that is intended to substantially track applicable statutory
4 provisions relating to the particular filing or to any of the
5 functions of the department covered by this subsection, if a
6 regulation of the department expressly states that such
7 instructions or explanatory materials shall not have the
8 force of law.

9 * * *

10 § 134. Docketing statement.

11 (a) General rule.--The Department of State may prescribe by
12 regulation one or more official docketing statement forms
13 designed to elicit from a person effecting a filing under this
14 title information that the department has found to be necessary
15 or desirable in connection with the processing of a filing. A
16 docketing statement submitted with the articles of incorporation
17 or division of a proposed domestic corporation for profit or
18 not-for-profit, the articles of domestication or application for
19 a certificate of authority of a foreign corporation for profit
20 or not-for-profit or the certificate of election of an electing
21 partnership shall set forth, inter alia, the kind or kinds of
22 business in which the association actually intends to engage in
23 this Commonwealth within one year of the [execution] submission
24 of the docketing statement. A docketing statement submitted with
25 articles of incorporation, consolidation or division of a
26 domestic corporation not-for-profit or an application for a
27 certificate of authority of a foreign corporation not-for-profit
28 shall set forth with respect to the new corporation or
29 corporations resulting therefrom, inter alia, the statute by or
30 under which it was incorporated, the date of incorporation, the

1 names and residence addresses of its chief executive officer,
2 secretary and treasurer, regardless of the names or titles by
3 which they may be designated, the address of its principal place
4 of business and the amount, if any, of its authorized and issued
5 capital stock. A form of docketing statement prescribed under
6 this subsection:

7 (1) Shall be published in the Pennsylvania Code.

8 (2) Shall not be integrated into a single document
9 covering the requirements of the filing and its related
10 docketing statement.

11 (3) May be required by the department in connection with
12 a filing only if notice of the requirement appears on the
13 official format for the filing prescribed under section
14 133(d) (relating to physical characteristics and copies of
15 documents).

16 (4) Shall not be required to be submitted on department-
17 furnished forms.

18 (5) Shall not constitute a document filed in, with or by
19 the department for the purposes of this title or any other
20 provision of law except 18 Pa.C.S. § 4904 (relating to
21 unsworn falsification to authorities).

22 * * *

23 § 135. Requirements to be met by filed documents.

24 (a) General rule.--A document shall be accepted for filing
25 by the Department of State if it satisfies the following
26 requirements:

27 * * *

28 (7) It is executed. The department shall not examine a
29 document to determine whether the document has been executed
30 by an authorized person or by sufficient authorized persons

1 or otherwise is duly executed. A document shall be deemed
2 executed if it contains a facsimile signature so long as the
3 operative portions of the document meet any applicable
4 requirements prescribed under section 133(d) (relating to
5 physical characteristics and copies of documents).

6 * * *

7 (c) Addresses.--(1) Whenever any provision of this title or
8 of Title 54 (relating to names) requires that any person set
9 forth an address in any document, such provision shall be
10 construed to require the submission of an actual street address
11 or rural route box number, and the department shall refuse to
12 receive or file any document that sets forth only a post office
13 box address.

14 (2) Whenever any provision of this title requires the
15 statement of a registered office address in any document
16 filed in the department, such provision shall be construed to
17 require the statement also of the county in which the
18 registered office address is located.

19 (d) Method of filing.--The department may prescribe by
20 regulation procedures for filing documents by electronic mail,
21 facsimile transmission, telex or other similar means of
22 communication.

23 § 136. Processing of documents by Department of State.

24 (a) Filing of documents.--If a document conforms to section
25 135 (relating to requirements to be met by filed documents) the
26 Department of State shall forthwith [or on such date as is
27 requested by the person delivering the document, whichever is
28 later,] file the document, certify that the document has been
29 filed by endorsing upon the document the fact and date of
30 filing, make and retain a copy thereof and return the document

1 or a copy thereof so endorsed to or upon the order of the person
2 who delivered the document to the department.

3 (b) Immediate certified copy.--

4 (1) If a duplicate copy, which may be either a signed or
5 conformed copy, of any articles or other document authorized
6 or required by this title to be filed in the department is
7 delivered to the department with the original signed
8 document, the department shall compare the duplicate copy
9 with the original signed document and, if it finds that they
10 are identical, shall certify the duplicate copy by making
11 upon it the same endorsement that is required to appear upon
12 the original, together with a further endorsement that the
13 duplicate copy is a true copy of the original signed
14 document, and return the duplicate copy to the person who
15 delivered it to the department.

16 (2) If the duplicate copy is delivered by hand to the
17 office of the department at the seat of government at least
18 four hours before the close of business on any day not a
19 holiday and relates to a matter other than a label or other
20 mark requiring examination under Title 54 (relating to
21 names), and in the case of a document that creates a new
22 association or effects or reflects a change in name is
23 accompanied by evidence that the proposed name has been
24 reserved by or on behalf of the applicant, the department
25 before the close of business on that day shall either:

26 (i) Certify the duplicate copy as required by this
27 subsection and make such certified copy available at the
28 office of the department to or upon the order of the
29 person who delivered it to the department.

30 (ii) Make available at the office of the department

1 to or upon the order of the person who delivered it to
2 the department a brief statement in writing of the
3 reasons of the department for refusing to certify such
4 duplicate copy.

5 See section 153(a)(10) (relating to certification fees).

6 [(2)] (3) In lieu of comparing the duplicate copy with
7 the original signed document as provided in [paragraph (1)]
8 paragraphs (1) and (2), the department may make a copy of the
9 original signed document at the cost of the person who
10 delivered it to the department.

11 * * *

12 § 139. Tax clearance of certain fundamental transactions.

13 A domestic association shall not file articles or a
14 certificate of merger or consolidation effecting a merger or
15 consolidation into a nonqualified foreign association or
16 articles or a certificate of dissolution or a statement of
17 revival, a qualified foreign association shall not file an
18 application for termination of authority or similar document in
19 the Department of State and a corporation shall not file
20 articles of division dividing solely into nonqualified foreign
21 corporations unless the articles, certificate, application or
22 other document are accompanied by:

23 (1) clearance certificates from the Department of
24 Revenue and the Office of Employment Security of the
25 Department of Labor and Industry, evidencing the payment by
26 the association of all taxes and charges due the Commonwealth
27 required by law[.];

28 (2) a statement of assumption of tax liability:

29 (i) executed by the surviving, resulting or
30 withdrawing association or accompanying and incorporated

1 by reference into the plan of merger, consolidation or
2 division, stating that the surviving, resulting,
3 withdrawing or new association agrees to be liable for
4 payment of all taxes and charges due to the Commonwealth
5 of any and all nonsurviving domestic or qualified foreign
6 association or of the withdrawing association; or

7 (ii) executed by one or more of the directors,
8 shareholders or partners, or their attorneys-in-fact, of
9 a dissolving association, stating that the signatories
10 agree to be jointly and severally liable for payment of
11 all taxes and charges due to the Commonwealth by the
12 dissolving association up to the full amount of the net
13 assets of the association available for distribution on
14 dissolution;

15 if in either case the statement of assumption of tax
16 liability shall have been approved by the Department of
17 Revenue and by the Office of Employment Security of the
18 Department of Labor and Industry as adequately securing the
19 public revenues; or

20 (3) evidence of such other arrangement, agreed to by the
21 association and approved by the Department of Revenue and by
22 the Office of Employment Security of the Department of Labor
23 and Industry, as will adequately secure the public revenues.

24 § 140. Custody and management of orphan corporate and business
25 records.

26 (a) General rule.--Any orphan corporate and business record
27 under the custody or control of a county, including the City and
28 County of Philadelphia, may become a Commonwealth record in the
29 manner provided in this section. The Department of State, with
30 the concurrence of the county records committee existing under

1 the act of August 14, 1963 (P.L.839, No.407), may provide for
2 the transfer on a progressive and phased basis to the custody
3 and management of the department of any or all orphan corporate
4 and business records. To the extent feasible, such records shall
5 be integrated with records of the department relating to the
6 same type of matters or transactions.

7 (b) Procedure.--The transfer contemplated by subsection (a)
8 shall be effected on a basis consistent with the availability of
9 appropriations. It is the intention of this section to encourage
10 the department to schedule work under this section on a seasonal
11 or otherwise intermittent basis in order to facilitate the
12 smoothing of the workload of the department. The department may
13 classify orphan corporate and business records for purposes of
14 priority of transfer by county of origin, type of matter or
15 transaction, vintage of matter or transaction, or on any other
16 basis or combination of bases which the department may deem to
17 be appropriate. The department shall publish and update in the
18 Pennsylvania Code a schedule, by county and type of matter or
19 transaction, setting forth where, as between a county and the
20 department, custody of all orphan corporate and business records
21 then resides.

22 (c) Fictitious name records.--The following statutes
23 provided for duplicate filing of fictitious name registrations
24 in both the department and in the office of the clerk of the
25 court of common pleas or an equivalent row office in a home rule
26 charter county:

27 (1) Act of June 28, 1917 (P.L.645, No.227), relating to
28 individual fictitious names.

29 (2) Act of May 24, 1945 (P.L.967, No.380), referred to
30 as the Fictitious Names Act.

1 (3) Act of July 11, 1957 (P.L.783, No.374), known as the
2 Fictitious Corporate Name Act.

3 The county records committee may provide for the destruction of
4 such duplicate records without transfer to the custody of the
5 department.

6 (d) Definition.--As used in this section, the term "orphan
7 corporate and business records" means corporate and limited
8 partnership filings and recordings which were formerly effected
9 in the office of the clerk of the court of common pleas or the
10 office for the recording of deeds or an equivalent row office in
11 a home rule charter county and which are no longer effected in
12 such offices by reason of the enactment of:

13 (1) The act of _____, 1990 (P.L. _____, No. _____),
14 known as the GAA Amendments Act, with respect to insurance
15 corporations, including corporations incorporated under or
16 subject to the act of May 17, 1921 (P.L.682, No.284), known
17 as The Insurance Company Law of 1921, or incorporated under
18 the acts of April 28, 1903 (P.L.329, No.259), April 20, 1927
19 (P.L.317, No.190), June 24, 1939 (P.L.686, No.320), June 20,
20 1947 (P.L.687, No.298), June 28, 1951 (P.L.941, No.184), or
21 July 15, 1957 (P.L.929, No.401), or any similar act relating
22 to the incorporation or reincorporation of limited life
23 insurance companies.

24 (2) The act of December 21, 1988 (P.L.1444, No.177),
25 known as the General Association Act of 1988, with respect to
26 certain:

27 (i) cooperative corporations incorporated under or
28 subject to the act of June 7, 1887 (P.L.365, No.252),
29 referred to as the Cooperative Association Act; and

30 (ii) public utility corporations, including

1 corporations incorporated under or subject to the act of
2 April 4, 1868 (P.L.62, No.29), referred to as the General
3 Railroad Law; the act of April 29, 1874 (P.L.73, No.32),
4 known as the Corporation Act of 1874; or the act of May
5 29, 1885 (P.L.29, No.32), referred to as the Natural Gas
6 Company Act of 1885.

7 (3) The act of December 19, 1975 (P.L.524, No.155), with
8 respect to certain limited partnerships, including limited
9 partnerships formed under the act of April 12, 1917 (P.L.55,
10 No.37), known as The Uniform Limited Partnership Act.

11 (4) The act of November 15, 1972 (P.L.1063, No.271),
12 with respect to nonprofit corporations incorporated under or
13 subject to the act of May 5, 1933 (P.L.289, No.105), known as
14 the Nonprofit Corporation Law of 1933, including corporations
15 of the first class incorporated under or subject to the
16 Corporation Act of 1874.

17 (5) Any similar act providing for the central filing in
18 the department of a document of a type previously filed or
19 recorded solely on a county or other decentralized basis.

20 SUBCHAPTER C

21 DEPARTMENT OF STATE AND UCC FEES

22 Sec.

23 151. Short title and application of subchapter.

24 152. Definitions.

25 153. Fee schedule.

26 154. Enforcement and collection.

27 155. Disposition of funds.

28 § 151. Short title and application of subchapter.

29 (a) Short title.--This subchapter shall be known and may be
30 cited as the Corporation Bureau and UCC Fee Law.

1 (b) Application.--This subchapter contains an enumeration of
2 fees to be charged by the Corporation Bureau of the Department
3 of State for services performed under this title or any other
4 provision of law relating to corporations or associations and
5 under Titles 13 (relating to commercial code), 17 (relating to
6 credit unions) and 54 (relating to names), and by local filing
7 officers under Title 13.

8 § 152. Definitions.

9 The following words and phrases when used in this subchapter
10 shall have the meanings given to them in this section unless the
11 context clearly indicates otherwise:

12 "Ancillary transaction." Includes preclearance of document,
13 amendment of articles, charter, certificate or other organic
14 document, restatement of articles, charter, certificate or other
15 organic document, change in registered or principal office,
16 change in share structure, dissolution, cancellation or
17 termination, reorganization, withdrawal by foreign association,
18 withdrawal by a partner, or any similar transaction, or the
19 deposit in the Department of State for filing in, by or with the
20 Department of State or the Secretary of the Commonwealth of any
21 articles, statements, proceedings, agreements, or any like
22 papers affecting associations under the statutes of this
23 Commonwealth.

24 "Bureau." The Corporation Bureau of the Department of State
25 or any successor agency within the department.

26 "Bureau Augmentation Account." The account established by
27 section 155 (relating to disposition of funds).

28 "Monthly base amount." One-twelfth of the total
29 appropriation to the bureau for the current fiscal year, except
30 that by regulation the bureau may redistribute the total

1 appropriation among the months of the fiscal year for the
2 purposes of this definition in order to adjust for seasonal
3 variations in workload, but any such redistribution shall not
4 affect the actual availability of appropriated funds which shall
5 be disbursed in the manner provided by law.

6 § 153. Fee schedule.

7 (a) General rule.--The fees of the Corporation Bureau of the
8 Department of State, including fees for the public acts and
9 transactions of the Secretary of the Commonwealth administered
10 through the bureau, and of filing officers under the Uniform
11 Commercial Code, shall be as follows:

12 (1) Domestic corporations:

13	Articles of incorporation, letters patent or	
14	like instrument incorporating a corporation or	
15	association.....	\$ 85
16	Articles or agreement or like instrument of	
17	merger, consolidation or division.....	45
18	Additional fee for each association which is	
19	a party to a merger or consolidation.....	20
20	Additional fee for each new corporation	
21	resulting from a division.....	85
22	Articles of conversion or like instrument...	85
23	Each ancillary transaction.....	45

24 (2) Foreign corporations:

25	Certificates of authority or like	
26	qualification to do business.....	175
27	Amended certificate of authority or like	
28	change in qualification to do business.....	175
29	Domestication.....	85
30	Statement of merger or consolidation or like	

1	instrument reporting occurrence of merger or	
2	consolidation not effected by a filing in the	
3	department.....	50
4	Additional fee for each qualified foreign	
5	corporation which is named in a statement of	
6	merger or consolidation or like instrument.....	20
7	Each ancillary transaction.....	45
8	(3) Partnerships:	
9	Certificate of limited partnership or like	
10	instrument forming a limited partnership.....	85
11	Certificate of merger or consolidation.....	45
12	Additional fee for each association which is	
13	a party to the merger or consolidation.....	20
14	Application for registration of foreign	
15	limited partnership.....	175
16	Statement of election as an electing	
17	partnership.....	85
18	Each ancillary transaction.....	45
19	(4) Business trusts:	
20	Deed of trust or other initial instrument	
21	for a business trust.....	85
22	Each ancillary transaction.....	45
23	(5) Fictitious names:	
24	Registration.....	45
25	Each ancillary transaction.....	45
26	(6) Service of process:	
27	Each defendant named or served.....	10
28	(7) Trademarks, emblems, union labels,	
29	description of bottles and like matters:	
30	Registration.....	45

1	Each ancillary transaction.....	45
2	(8) Uniform Commercial Code:	
3	Financing statement.....	10
4	Each ancillary transaction.....	10
5	Search - per debtor name.....	10
6	Additional fee for each financing statement	
7	found and for each statement of assignment	
8	reported therein.....	1
9	All filings under the Uniform Commercial Code shall	
10	be made on standard forms approved by the Department	
11	of State. No fee will be charged for supplementary	
12	pages identical in size to the standard form. A fee	
13	of \$2 shall be charged for each supplementary page	
14	of nonstandard size.	
15	(9) Copy fees (including copies furnished by	
16	filing officers under the Uniform Commercial	
17	Code):	
18	Each page of photocopy furnished.....	2
19	(10) Certification fees:	
20	For certifying copies of any document or	
21	paper on file, the fee specified in paragraph	
22	(9), if the department furnished the copy, plus.	20
23	For certifying a duplicate copy of a	
24	document pursuant to section 136(b)(2) (relating	
25	to immediate certified copy).....	50
26	For issuing any other certificate of the	
27	Secretary of the Commonwealth or the Department	
28	of State (other than an engrossed certificate)..	25
29	(11) Report of record search (other than search	
30	under paragraph (8)):	

1	For preparing and providing a written or	
2	photocopy, or both, report of a record search,	
3	the fee specified in paragraph (9), if any,	
4	plus.....	10
5	(12) Reservation and registration of names:	
6	Reservation of association name.....	45
7	Registration of foreign or other corporation	
8	name.....	45
9	(13) Change of registered office agency:	
10	Each statement of change of registered	
11	office by agent.....	3
12	(14) Contingent domestication:	
13	Statement of contingent domestication.....	85
14	Each year, or portion thereof, during which	
15	a contingent domestication or temporary	
16	domiciliary status is in effect.....	1,000
17	(b) Daily listings.--The bureau may provide listings or	
18	copies of microfilm, or both, of complete daily filings of any	
19	class of documents or papers for a fee of 25¢ per filing listed	
20	or set forth therein.	
21	(c) Other services.--The bureau may charge equivalent fees	
22	for any like service not specified in subsections (a) and (b).	
23	§ 154. Enforcement and collection.	
24	(a) General rule.--The Department of State shall not be	
25	required to receive or file any document or paper unless the	
26	same shall be accompanied by the proper fee, but the department	
27	may in its discretion permit the filing of any document or paper	
28	without first requiring payment of the fee required by this	
29	subchapter when satisfied that the fee will be paid promptly. If	
30	any such fee is not paid in the manner and within the time	

1 prescribed by regulation of the department, the filing to which
2 such fee relates shall become void.

3 (b) Extension of credit.--The department may make provision
4 by regulation for the extension of credit to persons dealing
5 with it. Any person who shall fail or refuse to satisfy any
6 indebtedness owing to the Commonwealth under this subchapter in
7 the manner and within the time prescribed by regulation adopted
8 pursuant to this subsection shall pay to the Commonwealth, in
9 addition to the principal amount of such indebtedness and
10 interest thereon, liquidated damages in the amount of \$500.

11 (c) Bonus or excise tax credits.--No bonus or excise tax
12 heretofore or hereafter paid by or on behalf of any corporation
13 shall be a credit against the fees specified in this subchapter.

14 (d) Disposition.--One quarter of the amount collected in any
15 month pursuant to this subchapter in excess of the monthly base
16 amount for that month shall be paid into the Bureau Augmentation
17 Account. Any balance shall be paid into the General Fund.

18 § 155. Disposition of funds.

19 (a) General rule.--The Corporation Bureau Augmentation
20 Account is hereby created and shall be a special restricted
21 receipts account within the General Fund. Moneys in such account
22 shall be used only for the support of the operations of the
23 Corporation Bureau.

24 (b) Augmentation.--Amounts in the Bureau Augmentation
25 Account shall be credited to the appropriation of the bureau for
26 the fiscal year in which received. It is the intention of this
27 provision to enhance the service capability of the bureau by
28 permitting the bureau to adjust its level of services rapidly in
29 response to changes in the level of business and other economic
30 activity.

1 SUBCHAPTER [C] D

2 DEFINITIVE AND CONTINGENT DOMESTICATION OF

3 FOREIGN ASSOCIATIONS

4 § [151] 161. Domestication of certain foreign associations.

5 * * *

6 (e) Exclusion.--An association that can be domesticated
7 under section 4161 (relating to domestication) or 6161 (relating
8 to domestication) shall not be domesticated under this section.

9 (f) Definition.--As used in this section, the term
10 "association," except as restricted by subsection (e), includes
11 any foreign incorporated organization, private law corporation
12 (whether or not organized for business purposes), public law
13 corporation, partnership, proprietorship, joint venture,
14 foundation, trust, association or similar organization or
15 entity.

16 * * *

17 § [152] 162. Contingent domestication of certain foreign
18 associations.

19 (a) General rule.--Any association as defined in subsection
20 (i) may become a contingent domestic association by filing in
21 the Department of State a statement of contingent domestication.
22 The statement of contingent domestication and all papers and
23 information relating thereto shall remain confidential and shall
24 not be available for public inspection until and unless the
25 association files a [notice] statement of consummation of
26 domestication as provided in subsection (c).

27 (b) Statement of contingent domestication.--The statement of
28 contingent domestication shall be executed by the association
29 and shall set forth in the English language:

30 (1) In the case of:

1 (i) a corporation subject to section 4161 (relating
2 to domestication), the statements required to be set
3 forth in articles of domestication (except the statement
4 required by section 4161(b)(6))[.];

5 (ii) a corporation subject to section 6161 (relating
6 to domestication), the statements required to be set
7 forth in articles of domestication (except the statement
8 required by section 6161(b)(6)); or

9 [(2) In the case of]

10 (iii) any other association, the statements required
11 by section [151(b)] 161(b) (relating to statement of
12 domestication) to be set forth in a statement of
13 domestication (except the statement required by section
14 [151(b)(5)] 161(b)(5)).

15 [(3)] (2) A statement that the effectiveness of the
16 statement is contingent upon the subsequent filing of a
17 [notice] statement of consummation of domestication.

18 [(4)] (3) A statement that the filing of the statement
19 of contingent domestication and the delegation of authority
20 to file a [notice] statement of consummation of domestication
21 has been authorized (unless its charter or other organic
22 documents require a greater vote):

23 (i) by a majority vote of the votes cast by all
24 shareholders entitled to vote thereon and, if any class
25 of shares is entitled to vote thereon as a class, a
26 majority of the votes cast in each class vote, in the
27 case of a corporation subject to section 4161; [or]

28 (ii) by a majority vote of the votes cast by all
29 members, if any, entitled to vote thereon and, if any
30 class of members is entitled to vote thereon as a class,

1 a majority of the votes cast in each class vote, in the
2 case of a corporation subject to section 6161; or

3 [(ii)] (iii) by a majority in interest of the
4 shareholders, members or other proprietors of the
5 association in any other case.

6 (c) [Notice] Statement of consummation of domestication.--At
7 any time after the filing of a statement of contingent
8 domestication, the association may file in the department a
9 [notice] statement of consummation of domestication which shall
10 be executed by the association and shall set forth:

11 (1) The name of the association. If the name is in a
12 foreign language, it shall be set forth in Roman letters or
13 characters or Arabic or Roman numerals.

14 (2) A statement that either:

15 (i) an emergency condition exists in the
16 jurisdiction the law of which governs the internal
17 affairs of the association and that in the judgment of
18 the management of the association a temporary transfer of
19 the domicile of the association to this Commonwealth is
20 warranted by the circumstances; or

21 (ii) an event has occurred that, under the law of
22 the jurisdiction governing the internal affairs of the
23 association, permits the association to transfer its domicile.

24 (d) Statement of termination of domestication.--At any time
25 after the filing of a [notice] statement of consummation of
26 domestication, the association may file in the department a
27 statement of termination of domestication which shall be
28 executed by the association and shall set forth:

29 (1) The name of the association in the form set forth in
30 the prior filings under this section.

1 (2) [A] If a statement of consummation of domestication
2 has theretofore been filed and is then in effect, a statement
3 that the association elects to terminate its domicile in this
4 Commonwealth.

5 (3) A statement that either:

6 (i) the statement of contingent domestication is
7 reinstated pending the filing in the department of a new
8 [notice] statement of consummation of domestication; or

9 (ii) the statement of contingent domestication is
10 withdrawn.

11 (e) [Method of filing] Execution of filings.--[Documents may
12 be filed in the department under this section by electronic
13 mail, telecopy, telex or other form of writing, but such filing
14 shall expire if a duly executed duplicate is not filed in the
15 usual format within 30 days after the initial filing.] All
16 documents filed under this section shall be signed on behalf of
17 the association by any authorized person.

18 (f) Effect of filing [notice] statement of consummation of
19 domestication.--Upon the filing of a [notice] statement of
20 consummation of domestication, and until the filing of a [notice
21 of revocation] statement of termination of domestication, the
22 association shall have the status under the law of this
23 Commonwealth of:

24 (1) a business corporation domesticated under section
25 4161, in the case of a corporation subject to that section;
26 [or]

27 (2) a nonprofit corporation domesticated under section
28 6161, in the case of a corporation subject to that section;
29 or

30 [(2)] (3) an association domesticated under section

1 [151] 161, in any other case.

2 (g) Effect of filing a statement of termination of
3 domestication.--Upon the filing of a statement of termination of
4 domestication, the association shall under the law of this
5 Commonwealth revert to the status it held prior to the filing
6 of:

7 (1) the [notice] statement of consummation of
8 domestication, if the statement of termination of
9 domestication states that the statement of contingent
10 domestication is reinstated; or

11 (2) the statement of contingent domestication, if the
12 statement of termination of domestication states that the
13 statement of contingent domestication is withdrawn.

14 (h) [Filing fee and annual] Annual renewal.--[In addition to
15 the filing fees otherwise provided by law, an additional fee of
16 \$1,000 per year or portion thereof shall be payable annually by
17 any association that has in effect any contingent or temporary
18 domiciliary status under this section.] A renewal application
19 may be filed between October 1 and December 31 in each year and
20 shall extend the applicability of this section for the following
21 calendar year. Otherwise the association shall not be entitled
22 to any of the benefits of this section. See section 153(a)(14)
23 (relating to contingent domestication).

24 * * *

25 § 521. Pensions and allowances.

26 A banking institution, a credit union[, an insurance
27 corporation] or a savings association may grant allowances or
28 pensions to officers, directors and employees for faithful and
29 long-continued services and, after the death of the officer,
30 director or employee either while in the service of the

1 corporation or after retirement, pensions or allowances may be
2 granted or continued to their dependents. The allowances to
3 dependents shall be reasonable in amount and paid only for a
4 limited time and, unless part of an employee benefit plan or
5 employment contract in effect at the time of retirement or death
6 of the officer, director or employee, shall not exceed in total
7 the amount of the compensation paid to the officer, director or
8 employee during the 12 months preceding retirement or death.

9 § 522. Indemnification of authorized representatives.

10 A banking institution, a credit union[, an insurance
11 corporation] or a savings association shall be governed by the
12 provisions of Subchapter C of Chapter 17 (relating to
13 indemnification).

14 § 523. Actions by shareholders or members to enforce a
15 secondary right.

16 (a) General rule.--In any action brought to enforce a
17 secondary right on the part of one or more shareholders or
18 members against any officer or director or former officer or
19 director of a banking institution, a credit union[, an insurance
20 corporation] or a savings association, because the corporation
21 refuses to enforce rights which may properly be asserted by it,
22 the plaintiff or plaintiffs must aver and it must be made to
23 appear that the plaintiff or each plaintiff was a shareholder or
24 was a member of the corporation at the time of the transaction
25 of which he complains or that his stock or membership devolved
26 upon him by operation of law from a person who was a shareholder
27 or member at that time.

28 * * *

29 § 524. Standard of care of officers.

30 Officers of banking institutions or savings associations

1 shall be governed by the provisions of section 1732(c) (relating
2 to standard of care).

3 § 1102. Application of subpart.

4 * * *

5 (c) Exclusions.--This subpart shall not apply to any of the
6 following corporations, whether proposed or existing, except as
7 otherwise expressly provided in this subpart or as otherwise
8 provided by statute applicable to the corporation:

9 (1) A banking institution.

10 (2) A credit union.

11 (3) [A domestic or foreign insurance corporation.

12 (4)] A savings association.

13 * * *

14 § 1103. Definitions.

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

20 * * *

21 "Credit union." [or "domestic credit union." A domestic
22 corporation for profit that is a credit union as defined in the
23 act of September 20, 1961 (P.L.1548, No.658), known as the
24 Credit Union Act] A credit union as defined in 17 Pa.C.S. § 102
25 (relating to application of title).

26 * * *

27 "Distribution." A direct or indirect transfer of money or
28 other property (except its own shares or options, rights or
29 warrants to acquire its own shares) or incurrence of
30 indebtedness by a corporation to or for the benefit of any of

1 its shareholders in respect of any of its shares whether by
2 dividend or by purchase, redemption or other acquisition of its
3 shares or otherwise. A guarantee issued by a corporation for the
4 benefit of any of its shareholders shall not constitute a
5 distribution until such time as a valid demand for payment under
6 the guarantee is made upon the corporation.

7 * * *

8 "Exchange Act." The Securities Exchange Act of 1934 (48
9 Stat. 881, 15 U.S.C. § 78a et seq.).

10 * * *

11 "Foreign insurance corporation." A corporation for profit
12 incorporated under any laws other than those of this
13 Commonwealth that is qualified to do business in this
14 Commonwealth under the act of [May 17, 1921 (P.L.682, No.284),
15 known as The Insurance Company Law of 1921.] May 17, 1921
16 (P.L.789, No.285), known as The Insurance Department Act of
17 1921.

18 * * *

19 "Insurance corporation" or "domestic insurance corporation."
20 [A domestic corporation for profit that is incorporated under or
21 subject to The Insurance Company Law of 1921 or any statute
22 relating to the incorporation or reincorporation of limited life
23 insurance companies.] An insurance corporation as defined in
24 section 3102 (relating to definitions).

25 * * *

26 "Internal Revenue Code of 1986." The Internal Revenue Code
27 of 1986 (Public Law 99-514, 26 U.S.C. § 1 et seq.).

28 "Investment Company Act of 1940." The Investment Company Act
29 of 1940 (54 Stat. 789, 15 U.S.C. § 80a-1 et seq.).

30 * * *

1 "Mutual insurance company." A mutual insurance company as
2 defined in section 3102 (relating to definitions).

3 * * *

4 "Qualified foreign business corporation." A foreign business
5 corporation that is:

6 (1) authorized under Chapter 41 (relating to foreign
7 business corporations) to do business in this Commonwealth;
8 or

9 (2) a foreign insurance corporation.

10 "Reclassification." A change in the number, voting rights,
11 designations, preferences, limitations, special rights or par
12 value of shares, or a conversion or exchange of one class or
13 series of shares into or for another class or series of shares,
14 other securities or obligations of the same corporation, or the
15 cancellation of shares. The term does not include a stock
16 dividend or split effected by distribution of its own previously
17 authorized shares pro rata to the holders of shares of the same
18 or any other class or series pursuant to action solely of the
19 board of directors.

20 * * *

21 "Relax." When used with respect to a provision of the
22 articles or bylaws, means to provide lesser rights for an
23 affected representative or shareholder.

24 * * *

25 "Securities Act of 1933." The Securities Act of 1933 (48
26 Stat. 74, 15 U.S.C. § 77a et seq.).

27 * * *

28 § 1104. Other general provisions.

29 The following provisions of this title are applicable to
30 corporations subject to this subpart:

1 Section 101 (relating to short title and application of
2 title).

3 Section 102 (relating to definitions).

4 Section 103 (relating to subordination of title to
5 regulatory laws).

6 Section 104 (relating to equitable remedies).

7 Section 105 (relating to fees).

8 Section 106 (relating to effect of filing papers required
9 to be filed).

10 Section 107 (relating to form of records).

11 Section 108 (relating to change in location or status of
12 registered office provided by agent).

13 Section 109 (relating to name of commercial registered
14 office provider in lieu of registered address).

15 Section 110 (relating to supplementary general principles
16 of law applicable).

17 Section 132 (relating to functions of Department of
18 State).

19 Section 133 (relating to powers of Department of State).

20 Section 134 (relating to docketing statement).

21 Section 135 (relating to requirements to be met by filed
22 documents).

23 Section 136 (relating to processing of documents by
24 Department of State).

25 Section 137 (relating to court to pass upon rejection of
26 documents by Department of State).

27 Section 138 (relating to statement of correction).

28 Section 139 (relating to tax clearance of certain
29 fundamental transactions).

30 Section 140 (relating to custody and management of orphan

corporate and business records).

Section 152 (relating to definitions).

Section 153 (relating to fee schedule).

Section 154 (relating to enforcement and collection).

Section 155 (relating to disposition of funds).

Section [152] 162 (relating to contingent domestication
of certain foreign associations).

Section 501 (relating to reserved power of General
Assembly).

Section 503 (relating to actions to revoke corporate
franchises).

Section 504 (relating to validation of certain defective
corporations).

Section 505 (relating to validation of certain defective
corporate acts).

Section 506 (relating to scope and duration of certain
franchises).

Section 507 (relating to validation of certain share
authorizations).

Section 511 (relating to standard of care and justifiable
reliance).

Section 512 (relating to personal liability of
directors).

Section 513 (relating to nonexclusivity and supplementary
coverage).

§ 1106. Uniform application of subpart.

* * *

(b) Exceptions.--

(1) Unless expressly provided otherwise in any amendment
to this subpart, the amendment shall take effect only

1 prospectively.

2 (2) An existing corporation lawfully using a name or, as
3 part of its name, a word that could not be used as or
4 included in the name of a corporation subsequently
5 incorporated or qualified under this subpart may continue to
6 use the name or word as part of its name if the use or
7 inclusion of the word or name was lawful when first adopted
8 by the corporation in this Commonwealth.

9 (3) Subsection (a) shall not adversely affect the rights
10 specifically provided for or saved in this subpart. See:

11 [The provisions of section 1521(b)(3) (relating to
12 provisions specifically authorized).]

13 The provisions of section 1524(e) (relating to
14 transitional provision).

15 [The preemptive rights set forth in section 1530(b)
16 (relating to preexisting preemptive rights).]

17 The provisions of section 1554(c) (relating to
18 transitional provision).

19 The cumulative voting rights set forth in section
20 1758(c)(2) (relating to cumulative voting).

21 [The class voting rights upon certain amendments of
22 articles set forth in section 1914(b)(3) (relating to
23 statutory voting rights).]

24 The special voting requirements specified in section
25 1952(h) (relating to special requirements).

26 The provisions of section 2301(d) (relating to
27 transitional provisions).

28 The provisions of section 2541(a)(2) and (3) and (c)
29 (relating to application and effect of subchapter).

30 The provisions of section 2543(b)(1) and (2)

1 (relating to exceptions generally).

2 The provisions of section 2551(b)(3)(i), (5) and (6)
3 (relating to exceptions).

4 The provisions of section 2553(b)(2) (relating to
5 exception).

6 (4) Except as otherwise expressly provided in the
7 articles, a domestic corporation for profit that, on
8 September 30, 1989, was not subject to the Business
9 Corporation Law of 1933 and that thereafter becomes subject
10 to this subpart by operation of law shall be deemed to have
11 in effect articles that provide that the following provisions
12 of this subpart shall not be applicable to the corporation:

13 (i) Section 1726(a)(1) (relating to removal by the
14 shareholders) insofar as it provides a statutory right on
15 the part of shareholders to remove directors from office
16 without assigning any cause.

17 (ii) Section 1755(b)(2) (relating to special
18 meetings).

19 (iii) Section 1912(a)(2) (relating to proposal of
20 amendments).

21 § 1107. (Reserved).

22 § [1107] 1108. Limitation on incorporation.

23 A corporation that can be incorporated under this subpart
24 shall not be incorporated except under the provisions of this
25 subpart.

26 § [1108] 1109. Execution of documents.

27 (a) General rule.--Any document filed in the Department of
28 State under this title by a domestic or foreign business
29 corporation subject to this subpart may be executed on behalf of
30 the corporation by any one duly authorized officer thereof. The

1 corporate seal may be affixed and attested but the affixation or
2 attestation of the corporate seal shall not be necessary for the
3 due execution of any filing by a corporation under this title.

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

6 § 1110. Annual report information.

7 The Department of State shall make available as public
8 information for inspection and copying the names of the
9 president, vice-president, secretary and treasurer of
10 corporations for profit as annually forwarded to the department
11 by the Department of Revenue pursuant to section 403(a)(3) of
12 the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform
13 Code of 1971.

14 § 1303. Corporate name.

15 * * *

16 (b) Duplicate use of names.--The corporate name shall not be
17 the same as or confusingly similar to:

18 (1) The name of any other domestic corporation for
19 profit or not-for-profit which is either in existence or for
20 which articles of incorporation have been filed but have not
21 yet become effective, or of any foreign corporation for
22 profit or not-for-profit authorized to do business in this
23 Commonwealth, or of any domestic or foreign limited
24 partnership that has filed in the Department of State a
25 certificate or qualified under Chapter 85 (relating to
26 limited partnerships) or under corresponding provisions of
27 prior law, or the name of any association registered at any
28 time under 54 Pa.C.S. Ch. 5 (relating to corporate and other
29 association names), unless:

30 (i) where the name is the same or confusingly

1 similar, the other association:

2 (A) has stated that it is about to change its
3 name, or to cease to do business, or is being wound
4 up, or is a foreign association about to withdraw
5 from doing business in this Commonwealth, and the
6 statement and the written consent of the other
7 association to the adoption of the name is filed in
8 the Department of State;

9 (B) has filed with the Department of Revenue a
10 certificate of out of existence, or has failed for a
11 period of three successive years to file with the
12 Department of State or the Department of Revenue a
13 report or return required by law, and in the case of
14 a failure to file with the Department of Revenue, the
15 fact of such failure has been certified by the
16 Department of Revenue to the Department of State;

17 (C) has abandoned its name under the laws of its
18 jurisdiction of incorporation, by amendment, merger,
19 consolidation, division, expiration, dissolution or
20 otherwise, without its name being adopted by a
21 successor in a merger, consolidation, division or
22 otherwise, and an official record of that fact,
23 certified as provided by 42 Pa.C.S. § 5328 (relating
24 to proof of official records), is presented by any
25 person to the department; or

26 (D) has had the registration of its name under
27 54 Pa.C.S. Ch. 5 terminated and, if the termination
28 was effected by operation of 54 Pa.C.S. § 504
29 (relating to effect of failure to make decennial
30 filings), the application for the use of the name is

1 accompanied by a verified statement stating that at
2 least 30 days' written notice of intention to
3 appropriate the name was given to the delinquent
4 association at its registered office and that, after
5 diligent search by the affiant, the affiant believes
6 the association to be out of existence; or

7 (ii) where the name is confusingly similar, the
8 consent of the other association to the adoption of the
9 name is filed in the Department of State.

10 The consent of the association shall be evidenced by a
11 [certificate] statement to that effect executed by the
12 association.

13 * * *

14 (c) Required approvals or conditions.--

15 (1) The corporate name shall not imply that the
16 corporation is:

17 * * *

18 (iii) An insurance company [that could be
19 incorporated under the act of May 17, 1921 (P.L.682,
20 No.284), known as The Insurance Company Law of 1921] nor
21 contain any of the words "annuity," "assurance,"
22 "beneficial," "bond," "casualty," "endowment,"
23 "fidelity," "fraternal," "guaranty," "indemnity,"
24 "insurance," "insurer," "reassurance," "reinsurance,"
25 "surety" or "title" when used in such a way as to imply
26 that the corporation is engaged in the business of
27 writing insurance or reinsurance as principal or any
28 other words of like purport unless it is duly licensed as
29 an insurance company by its jurisdiction of incorporation
30 or the Insurance Department certifies that it has no

objection to the use by the corporation or proposed corporation of the designation. The corporate name of a domestic insurance corporation shall:

(A) contain the word "mutual" if, and only if, it is a mutual insurance company; and

(B) clearly designate the object and purpose of the corporation.

* * *

§ 1306. Articles of incorporation.

(a) General rule.--Articles of incorporation shall be signed by each of the incorporators and shall set forth in the English language:

* * *

(8) Any other provisions that the incorporators may choose to insert if:

(i) any provision of this subpart authorizes or requires provisions pertaining to the subject matter thereof to be set forth in the articles or bylaws of a business corporation or in an agreement or other instrument; or

(ii) the provisions, whether or not specifically authorized by this subpart, relate to the purpose or purposes of the corporation, the management of its business or affairs or the rights, powers or duties of its securityholders, directors or officers.

[The articles may, but need not, set forth a par value for any authorized shares or class of shares.]

(b) Other provisions authorized.--A provision of the original articles or a provision of the articles approved by the shareholders, in either case adopted under subsection

1 (a)(8)(ii), may relax or be inconsistent with and supersede any
2 provision of this article concerning the subjects specified in
3 subsection (a)(8)(ii), except where a provision of this article
4 expressly provides that the articles shall not relax or be
5 inconsistent with any provision on a specified subject.
6 Notwithstanding the foregoing, the articles may provide greater
7 rights for shareholders than are authorized by any provision of
8 this article that otherwise provides that the articles shall not
9 relax or be inconsistent with any provision on a specified
10 subject.

11 (c) Par value.--The articles may, but need not, set forth a
12 par value for any authorized shares or class or series of
13 shares.

14 [(b)] (d) Written consent to naming directors.--The naming
15 of directors in articles of incorporation shall constitute an
16 affirmation that the directors have consented in writing to
17 serve as such.

18 § 1504. Adoption, amendment and contents of bylaws.

19 * * *

20 (b) Exception.--Except as otherwise provided in section
21 1310(a) (relating to organization meeting) or in the articles,
22 the board of directors shall not have the authority to adopt or
23 change a bylaw on any subject that is committed expressly to the
24 shareholders by any of the provisions of this subpart. See:

25 Section 1521 (relating to authorized shares).

26 Section 1721 (relating to board of directors).

27 Section 1724 (relating to term of office of directors).

28 Section 1725 (relating to selection of directors).

29 Section 1726 (relating to removal of directors).

30 Section 1729 (relating to voting rights of directors).

1 Section 1756 (relating to quorum).
2 Section 1757 (relating to action by shareholders).
3 Section 1765 (relating to judges of election).
4 Section 2105 (relating to termination of nonstock
5 corporation status).
6 Section 2122 (relating to classes of membership).
7 Section 2124 (relating to voting rights of members).
8 Section 2302 (relating to definition of minimum vote).
9 Section 2321 (relating to shares).
10 Section 2322 (relating to share transfer restrictions).
11 Section 2325 (relating to sale option of estate of
12 shareholder).
13 Section 2332 (relating to management by shareholders).
14 Section 2334 (relating to appointment of provisional
15 director in certain cases).
16 Section 2337 (relating to option of shareholder to
17 dissolve corporation).
18 Section 2923 (relating to issuance and retention of
19 shares).

20 * * *

21 (d) Amendment of voting provisions.--[A provision in the
22 bylaws that requires a specific number or percentage of votes
23 for the taking of any action by the shareholders or a class of
24 shareholders may, unless otherwise provided in a bylaw adopted
25 by the shareholders, be amended or repealed in the same manner
26 and by the same vote as is required to amend or repeal any other
27 provision in the bylaws.] Unless otherwise provided in a bylaw
28 adopted by the shareholders, whenever the bylaws require for the
29 taking of any action by the shareholders or a class of
30 shareholders a specific number or percentage of votes, the

provision of the bylaws setting forth that requirement shall not be amended or repealed by any lesser number or percentage of votes of the shareholders or of the class of shareholders.

§ 1508. Corporate records; inspection.

* * *

(d) [Cross reference.--See section 4145 (relating to applicability of certain safeguards to foreign domiciliary corporations).] Certain provisions of articles ineffective.--
This section may not be relaxed by any provision of the articles.

(e) Cross reference.--See section 1763(c) (relating to certification by nominee).

§ 1510. [Usury not a defense] Certain specifically authorized debt terms.

(a) [General rule] Interest rates.--A business corporation shall not plead or set up usury, or the taking of more than the lawful rate of interest, or the taking of any finance, service or default charge in excess of any maximum rate therefor provided or prescribed by law, as a defense to any action or proceeding brought against it to recover damages on, or to enforce payment of, or to enforce any other remedy on, any obligation executed or effected by the corporation.

(b) Yield maintenance premiums.--A prepayment premium determined by reference to the approximate spread between the yield at issuance, or at the date of amendment of any of the terms, of an obligation of a corporation and the yield at or about such date of an interest rate index of independent significance and contingent upon a change in the ownership of the shares of or a default by or other change in the condition or prospects of the issuer or any affiliate of the issuer shall

1 be deemed liquidated damages and shall not constitute a penalty.

2 [(b) Definition] (c) Definitions.--As used in this section,
3 [the term "obligation" includes] the following words shall have
4 the meanings given to them in this subsection:

5 "Affiliate." An affiliate or associate as defined in section
6 2552 (relating to definitions).

7 "Obligation." Includes an installment sale contract.

8 [(c)] (d) Cross reference.--See section 4146 (relating to
9 provisions applicable to all foreign corporations).

10 § 1521. Authorized shares.

11 * * *

12 (b) Provisions specifically authorized.--

13 (1) Without limiting the authority contained in
14 subsection (a), a corporation, when so authorized in its
15 articles, may issue classes or series of shares:

16 (i) Subject to the right or obligation of the
17 corporation to redeem any of the shares for the
18 consideration, if any, fixed by or in the manner provided
19 by the articles for the redemption thereof. Unless
20 otherwise provided in the articles, any shares subject to
21 redemption shall be redeemable only pro rata or by lot or
22 by such other equitable method as may be selected by the
23 corporation. An amendment of the articles to add or amend
24 a provision permitting the redemption of any shares by a
25 method that is not pro rata nor by lot nor otherwise
26 equitable may be effected only pursuant to section 1906
27 (relating to special treatment of holders of shares of
28 same class or series).

29 (ii) Entitling the holders thereof to cumulative,
30 noncumulative or partially cumulative dividends.

1 (iii) Having preference over any other shares as to
2 dividends or assets or both.

3 (iv) Convertible into shares of any other class or
4 series, or into obligations of the corporation.

5 (2) Any of the terms of a class or series of shares may
6 be made dependent upon:

7 (i) Facts ascertainable outside of the articles if
8 the manner in which the facts will operate upon the terms
9 of the class or series is set forth in the articles.

10 (ii) Terms incorporated by reference to an existing
11 agreement between the corporation and one or more other
12 parties, or to another document of independent
13 significance, if the articles state that the full text of
14 the agreement or other document is on file at the
15 principal place of business of the corporation and state
16 the address thereof. A corporation that takes advantage
17 of this subparagraph shall furnish a copy of the full
18 text of the agreement or other document, on request and
19 without cost, to any shareholder and, unless it is a
20 closely held corporation, on request and at cost, to any
21 other person.

22 (3) The articles may [expressly] confer upon a
23 shareholder a specifically enforceable right to the
24 declaration and payment of dividends, the redemption of
25 shares or the making of any other form of distribution if the
26 distribution is at the time of enforcement then [permitted]
27 not prohibited by section [1551 (relating to distributions to
28 shareholders)] 1551(b)(2) (relating to limitation). Such a
29 [provision adopted on or after January 1, 1989, shall not be
30 valid unless it shall make] right shall not arise by

1 implication, but only by either an express reference to this
2 section or another express reference to specific
3 enforceability of a distribution.

4 * * *

5 § 1524. Payment for shares.

6 (a) General rule.--Consideration for shares, unless
7 otherwise restricted in the bylaws:

8 (1) May consist of money, obligations (including an
9 obligation of a shareholder), services performed whether or
10 not contracted for, contracts for services to be performed,
11 shares or other securities or obligations of the issuing
12 business corporation, or any other tangible or intangible
13 property. If shares are issued for other than money, the
14 value of the consideration shall be determined by or in the
15 manner provided by the board of directors.

16 (2) Shall be paid to or as ordered by the [business]
17 corporation.

18 * * *

19 (c) Status of issued shares.--[All] Except as provided in
20 subsection (e), all issued shares of a business corporation
21 shall be deemed fully paid regardless of failure to pay in full
22 the agreed consideration therefor [and, except]. Except as
23 otherwise provided by a regulatory statute controlling under
24 section 103(c) (relating to structural provisions in regulatory
25 statutes controlling), all issued shares of a corporation shall
26 be nonassessable. This subsection shall not affect the personal
27 obligation of a subscriber for shares of a corporation to pay
28 the agreed consideration for the shares.

29 * * *

30 (e) Transitional provision.--A corporation may enforce calls

1 on partly paid shares outstanding on [January 1,] September 30,
2 1989, in the same manner and to the same extent as if this
3 subpart had not been enacted.

4 § 1525. Stock rights and options.

5 * * *

6 (e) Shares subject to preemptive rights.--Authorized but
7 unissued shares subject to preemptive rights may be issued and
8 sold [to holders of] pursuant to a plan providing for the
9 issuance of rights or options entitling the holders thereof to
10 purchase shares of the same class or series as the shares
11 subject to such preemptive rights upon the exercise of such
12 rights or options only [with the written consent or] if the plan
13 is approved by the affirmative vote of [shareholders entitled to
14 cast at least] a majority of the votes [that all] cast by the
15 shareholders entitled to exercise such preemptive rights [with
16 respect thereto are entitled to cast].

17 § 1528. Shares represented by certificates and uncertificated
18 shares.

19 * * *

20 (d) Notice of variations in rights.--Every certificate
21 representing shares issued by a business corporation that is
22 authorized to issue shares of more than one class or series
23 shall set forth upon the face or back of the certificate (or
24 shall state on the face or back of the certificate that the
25 corporation will furnish to any shareholder upon request and
26 without charge) a full or summary statement of the designations,
27 voting rights, preferences, limitations and special rights of
28 the shares of each class or series authorized to be issued so
29 far as they have been fixed and determined and the authority of
30 the board of directors to fix and determine the designations,

1 voting rights, preferences, limitations and special rights of
2 the classes and series of shares of the corporation. See also
3 sections 1524(d) (relating to rights of subscribing
4 shareholder), 1529(f) (relating to notice to transferee) and
5 2321(c) (relating to notice of statutory close corporation
6 status).

7 * * *

8 (f) Uncertificated shares.--The [bylaws] articles may
9 provide that any or all classes and series of shares, or any
10 part thereof, shall be uncertificated shares except that such a
11 provision shall not apply to shares represented by a certificate
12 until the certificate is surrendered to the corporation. Within
13 a reasonable time after the issuance or transfer of
14 uncertificated shares, the corporation shall send to the
15 registered owner thereof a written notice containing the
16 information required to be set forth or stated on certificates
17 by subsections (c) and (d). Except as otherwise expressly
18 provided by law, the rights and obligations of the holders of
19 shares represented by certificates and the rights and
20 obligations of the holders of uncertificated shares of the same
21 class and series shall be identical.

22 § 1530. Preemptive rights of shareholders.

23 (a) General rule.--Except as otherwise provided in the
24 articles [or in subsection (b)], a business corporation may
25 issue shares, option rights or securities having conversion or
26 option rights, or obligations without first offering them to
27 shareholders of any class or classes.

28 [(b) Preexisting preemptive rights.--Unless otherwise
29 provided in its articles, the shareholders of a nonregistered
30 corporation shall have a preemptive right to subscribe for

1 shares, option rights, or securities having option rights,
2 issued for cash by the corporation, if the corporation was not
3 incorporated hereunder or under the Business Corporation Law of
4 1933 and its shareholders were entitled to preemptive rights at
5 the date the corporation became subject to this subpart, but
6 this subsection shall apply neither to the holders of shares of
7 a class issued after the date such corporation became subject to
8 the Business Corporation Law of 1933 or this subpart nor to the
9 issue of securities having conversion rights.

10 (c) Release of shares subject to preemptive rights.--Except
11 as otherwise provided in the articles, shares (or any option
12 rights or securities having conversion or option rights with
13 respect to such shares) that have been offered to shareholders
14 having a preemptive right thereto, at a price and upon terms
15 duly fixed, and that have not been subscribed for by them within
16 the time duly fixed by the articles or the board of directors,
17 may be thereafter offered for subscription to any person or
18 persons at a price and upon terms not more favorable than those
19 at which they were offered to such shareholders.]

20 (b) Cross reference.--See section 1525(e) (relating to
21 shares subject to preemptive rights).

22 § 1551. Distributions to shareholders.

23 (a) General rule.--Unless otherwise restricted in the
24 bylaws, the board of directors may authorize and a business
25 corporation may make distributions. A provision in the articles
26 setting forth a par value for any authorized shares or class or
27 series of shares shall not restrict the ability of a corporation
28 to make distributions.

29 (b) Limitation.--A distribution may not be made if, after
30 giving effect thereto:

1 (1) the corporation would be unable to pay its debts as
2 they become due in the usual course of its business; or

3 (2) the total assets of the corporation would be less
4 than the sum of its total liabilities plus (unless otherwise
5 provided in the articles) the amount that would be needed, if
6 the corporation were to be dissolved at the time as of which
7 the distribution is measured, to satisfy the preferential
8 rights upon dissolution of shareholders whose preferential
9 rights are superior to those receiving the distribution. [For
10 purposes of this paragraph, total assets and liabilities
11 shall be determined by the]

12 (c) Valuation.--The board of directors[, which] may base its
13 determination [on such factors as it considers relevant,
14 including without limitation:] that a distribution is not
15 prohibited under subsection (b)(2) on one or more of the
16 following:

17 [(i)] (1) the book values of the assets and liabilities
18 of the corporation, as reflected on its books and records;
19 [and

20 (ii)] (2) a valuation that takes into consideration
21 unrealized appreciation and depreciation or other changes in
22 value of the assets and liabilities of the corporation;

23 (3) the current value of the assets and liabilities of
24 the corporation, either valued separately or valued in
25 segments or as an entirety as a going concern; or

26 (4) any other method that is reasonable in the
27 circumstances.

28 In determining whether a distribution is prohibited by
29 subsection (b)(2), the board of directors need not consider
30 obligations and liabilities unless they are required to be

1 reflected on a balance sheet (not including the notes thereto)
2 prepared on the basis of generally accepted accounting
3 principles, or such other accounting practices and principles as
4 are used generally by the corporation in the maintenance of its
5 books and records and as are reasonable in the circumstances.
6 [See section 1721(b) (relating to standard of care; justifiable
7 reliance).

8 (c)] (d) Date of distribution.--[In the case of a purchase,
9 redemption or other acquisition of its own shares by a
10 corporation, the effect of a distribution shall be measured as
11 of the date money or other property is transferred or debt is
12 incurred by the corporation or as of the date the shareholder
13 ceases to be a shareholder of the corporation with respect to
14 the shares, whichever is earlier. In] The effect of a
15 distribution shall be measured:

16 (1) as of the date specified by the board of directors
17 when it authorizes the distribution if the distribution
18 occurs within 125 days of the earlier of the date so
19 specified or the date of authorization; or

20 (2) as of the date of distribution in all other cases.[,
21 the effect of a distribution shall be measured as of the date
22 of its authorization if payment occurs 120 days or less
23 following the date of authorization or as of the date of
24 payment if payment occurs more than 120 days following the
25 date of authorization.]

26 In the case of a purchase, redemption or other acquisition of
27 its own shares by a corporation, the distribution shall be
28 deemed to occur as of the date money or other property is
29 transferred or debt is incurred by the corporation or as of the
30 date the shareholder ceases to be a shareholder of the

1 corporation with respect to the shares, whichever is earlier.

2 [(d)] (e) Redemption related and similar debt.--Indebtedness
3 of a corporation [incurred or issued] to a shareholder [in]
4 incurred by reason of a distribution made in accordance with
5 this section shall be at least on a parity with the indebtedness
6 of the corporation to its general unsecured creditors except to
7 the extent subordinated by agreement.

8 [(e)] (f) Certain subordinated debt.--Indebtedness of a
9 corporation, including indebtedness issued as a distribution,
10 shall not be considered a liability for purposes of
11 determinations under subsection (b) if its terms provide that
12 payment of principal and interest are made only if and to the
13 extent that payment of a distribution to shareholders could then
14 be made under this section. If [the subordinated] such
15 indebtedness is issued as a distribution, each payment of
16 principal or interest shall be treated as a distribution, the
17 effect of which shall be measured on the date the payment is
18 actually made.

19 (g) Cross references.--See sections 1721 (relating to board
20 of directors) and 3121 (relating to distributions by insurance
21 corporations).

22 § 1553. Liability for unlawful dividends and other
23 distributions.

24 * * *

25 (e) Contrary articles ineffective.--Except as provided by
26 subsection (a), this section may not be varied by any provision
27 of the articles.

28 § 1554. Financial reports to shareholders.

29 * * *

30 (c) Transitional provision.--A bylaw adopted on or before

1 [December 31, 1989,] December 31, 1990, that:

2 (1) provides that this section shall not apply to the
3 shares of the corporation or to shares outstanding on a
4 specified or otherwise determinable date; or

5 (2) restricts the right of shareholders to receive
6 financial information in a manner permissible under the
7 Business Corporation Law of 1933;

8 shall be deemed for the purposes of subsection (b) to be a
9 separate written agreement between the corporation and [each
10 holder of] any person holding shares, option rights or
11 securities having conversion or option rights, or to whom the
12 corporation is otherwise obligated to issue shares [outstanding
13 on the date of adoption of the bylaw for the purposes of
14 subsection (b)] on December 31, 1990, but only with respect to
15 the shares held by the person on that date or to be acquired
16 pursuant to such option rights, securities having conversion or
17 option rights or other obligation of the corporation.

18 (d) Certain provisions of articles ineffective.--This
19 section may not be relaxed by any provision of the articles.

20 [d)] (e) Cross references.--See [sections] section 2511
21 (relating to financial reports to shareholders) [and 4145
22 (relating to applicability of certain safeguards to foreign
23 domiciliary corporations)] and 42 Pa.C.S. § 2503(7) (relating to
24 right of participants to receive counsel fees).

25 § 1571. Application and effect of subchapter.

26 (a) General rule.--Except as otherwise provided in
27 subsection (b), any shareholder of a business corporation shall
28 have the right to dissent from, and to obtain payment of the
29 fair value of his shares in the event of, any corporate action,
30 or to otherwise obtain fair value for his shares, where this

[subpart] part expressly provides that a shareholder shall have the rights and remedies provided in this subchapter. See:

Section 1906(c) (relating to dissenters rights upon special treatment).

Section 1930 (relating to dissenters rights).

Section 1931(d) (relating to dissenters rights in share exchanges).

Section 1932(c) (relating to dissenters rights in asset transfers).

Section 1952(d) (relating to dissenters rights in division).

Section 1962(c) (relating to dissenters rights in conversion).

Section 2104(b) (relating to procedure).

Section 2324 (relating to corporation option where a restriction on transfer of a security is held invalid).

Section 2325(b) (relating to minimum vote requirement).

Section [2704] 2704(d) (relating to dissenters rights upon election).

Section 2705(c) (relating to dissenters rights upon renewal of election).

Section 2907(a) (relating to proceedings to terminate breach of qualifying conditions).

Section 7104(b)(3) (relating to procedure).

(b) Exceptions.--

(1) Except as otherwise provided in paragraph (2), the holders of the shares of any class or series of shares that, at the record date fixed to determine the shareholders entitled to notice of and to vote at the meeting at which a plan specified in any of section 1930, 1931(d), 1932(c) or

1 1952(d) is to be voted on, are either:

2 (i) listed on a national securities exchange; or

3 (ii) held of record by more than 2,000 shareholders;

4 shall not have the right to obtain payment of the fair value
5 of any such shares under this subchapter.

6 (2) Paragraph (1) shall not apply to and dissenters
7 rights shall be available without regard to the exception
8 provided in that paragraph in the case of:

9 (i) Shares converted by a plan if the shares are not
10 converted solely into shares of the acquiring, surviving,
11 new or other corporation or solely into such shares and
12 money in lieu of fractional shares.

13 (ii) Shares of any preferred or special class unless
14 the articles, the plan or the terms of the transaction
15 entitle all shareholders of the class to vote thereon and
16 require for the adoption of the plan or the effectuation
17 of the transaction the affirmative vote of a majority of
18 the votes cast by all shareholders of the class.

19 (3) The shareholders of a corporation that acquires by
20 purchase, lease, exchange or other disposition all or
21 substantially all of the shares, property or assets of
22 another corporation by the issuance of shares, obligations or
23 otherwise, with or without assuming the liabilities of the
24 other corporation and with or without the intervention of
25 another corporation or other person, shall not be entitled to
26 the rights and remedies of dissenting shareholders provided
27 in this subchapter regardless of the fact, if it be the case,
28 that the acquisition was accomplished by the issuance of
29 voting shares of the corporation to be outstanding
30 immediately after the acquisition sufficient to elect a

majority or more of the directors of the corporation.

* * *

(e) Other statutes.--The procedures of this subchapter shall also be applicable to any transaction described in any statute other than this [subpart] part that makes reference to this subchapter for the purpose of granting dissenters rights.

(f) Certain provisions of articles ineffective.--This subchapter may not be relaxed by any provision of the articles.

(g) Cross references.--See sections 1105 (relating to restriction on equitable relief), 1904 (relating to de facto transaction doctrine abolished) and 2512 (relating to dissenters rights procedure).

§ 1572. 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:

"Corporation." The issuer of the shares held or owned by the dissenter before the corporate action or the successor by merger, consolidation, division, conversion or otherwise of that issuer. A plan of division may designate which of the resulting corporations is the corporation for the purposes of this subchapter.

* * *

§ 1576. Failure to comply with notice to demand payment, etc.

(a) Effect of failure of shareholder to act.--A shareholder who fails to timely demand payment, or fails (in the case of certificated shares) to timely deposit certificates, as required by a notice pursuant to section 1575 (relating to notice to demand payment) shall not have any right under this subchapter to receive payment of the fair value of his shares.

1 * * *

2 § 1577. Release of restrictions or payment for shares.

3 * * *

4 (c) Payment of fair value of shares.--Promptly after
5 effectuation of the proposed corporate action, or upon timely
6 receipt of demand for payment if the corporate action has
7 already been effectuated, the corporation shall either remit to
8 dissenters who have made demand and (if their shares are
9 certificated) have deposited their certificates the amount that
10 the corporation estimates to be the fair value of the shares, or
11 give written notice that no remittance under this section will
12 be made. The remittance or notice shall be accompanied by:

13 (1) The closing balance sheet and statement of income of
14 the issuer of the shares held or owned by the dissenter for a
15 fiscal year ending not more than 16 months before the date of
16 remittance or notice together with the latest available
17 interim financial statements.

18 (2) A statement of the corporation's estimate of the
19 fair value of the shares.

20 (3) A notice of the right of the dissenter to demand
21 payment or supplemental payment, as the case may be,
22 accompanied by a copy of this subchapter.

23 (d) Failure to make payment.--If the corporation does not
24 remit the amount of its estimate of the fair value of the shares
25 as provided by subsection (c), it shall return any certificates
26 that have been deposited and release uncertificated shares from
27 any transfer restrictions imposed by reason of the demand for
28 payment. The corporation may make a notation on any such
29 certificate or on the records of the corporation relating to any
30 such uncertificated shares that such demand has been made. If

1 shares with respect to which notation has been so made shall be
2 transferred, each new certificate issued therefor or the records
3 relating to any transferred uncertificated shares shall bear a
4 similar notation, together with the name of the original
5 dissenting holder or owner of such shares. A transferee of such
6 shares shall not acquire by such transfer any rights in the
7 corporation other than those that the original dissenter had
8 after making demand for payment of their fair value.

9 § 1578. Estimate by dissenter of fair value of shares.

10 * * *

11 (b) Effect of failure to file estimate.--Where [a
12 corporation has remitted payment of its estimated value of a
13 dissenter's shares, and] the dissenter does not file his own
14 estimate under subsection (a) within 30 days after the mailing
15 by the corporation of its remittance or notice, the dissenter
16 shall be entitled to no more than the amount stated in the
17 notice or remitted to him by the corporation.

18 § 1701. Applicability of subchapter.

19 (a) General rule.--The provisions of this subchapter shall
20 apply to every business corporation unless otherwise restricted:

21 (1) by any other provision of this subpart; or

22 (2) except with respect to section 1707(a) (relating to
23 exception to requirement of notice), in the bylaws.

24 (b) Limitation on certain provisions in the articles.--The
25 articles may not relax the statutory rights of shareholders to
26 notice provided in this subchapter.

27 § 1702. Manner of giving notice.

28 (a) General rule.--Whenever written notice is required to be
29 given to any person under the provisions of this subpart or by
30 the articles or bylaws of any business corporation, it may be

1 given to the person either personally or by sending a copy
2 thereof by first class or express mail, postage prepaid, or by
3 telegram (with messenger service specified), telex or TWX (with
4 answerback received) or courier service, charges prepaid, or by
5 [telecopier] facsimile transmission, to his address (or to his
6 telex, TWX[, telecopier or telephone] or facsimile number)
7 appearing on the books of the corporation or, in the case of
8 directors, supplied by him to the corporation for the purpose of
9 notice. If the notice is sent by mail, telegraph or courier
10 service, it shall be deemed to have been given to the person
11 entitled thereto when deposited in the United States mail or
12 with a telegraph office or courier service for delivery to that
13 person or, in the case of telex or TWX, when dispatched. A
14 notice of meeting shall specify the place, day and hour of the
15 meeting and any other information required by any other
16 provision of this subpart.

17 (b) Adjourned shareholder meetings.--When a meeting of
18 shareholders is adjourned, it shall not be necessary to give any
19 notice of the adjourned meeting or of the business to be
20 transacted at an adjourned meeting, other than by announcement
21 at the meeting at which the adjournment is taken, unless the
22 board fixes a new record date for the adjourned meeting or this
23 subpart requires notice of the business to be transacted and
24 such notice has not previously been given.

25 (c) Bulk mail notice of shareholder meetings.--A corporation
26 that is not a closely held corporation and that gives notice by
27 mail of any regular or special meeting of the shareholders at
28 least 20 days prior to the day named for the meeting may use any
29 class of postpaid mail.

30 (d) Cross reference.--See section 3133 (relating to notice

1 of meetings of members of mutual insurance companies).

2 § 1703. Place and notice of meetings of board of directors.

3 * * *

4 (b) Notice.--[Meetings] Regular meetings of the board of
5 directors may be held upon such notice, if any, as the bylaws
6 may prescribe. Unless otherwise provided in the bylaws, written
7 notice of every special meeting of the board of directors shall
8 be given to each director at least five days before the day
9 named for the meeting. Neither the business to be transacted at,
10 nor the purpose of, any regular or special meeting of the board
11 need be specified in the notice of the meeting.

12 § 1704. Place and notice of meetings of shareholders.

13 * * *

14 (b) Notice.--Written notice of every meeting of the
15 shareholders shall be given by, or at the direction of, the
16 secretary or other authorized person to each shareholder of
17 record entitled to vote at the meeting at least:

18 (1) ten days prior to the day named for a meeting called
19 to consider a fundamental change under Chapter 19 (relating
20 to fundamental changes); or

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

23 If the secretary or other authorized person neglects or refuses
24 to give notice of a meeting, the person or persons calling the
25 meeting may do so.

26 (c) Contents.--In the case of a special meeting of
27 shareholders, the notice shall specify the general nature of the
28 business to be transacted, and in all cases the notice shall
29 comply with the express requirements of this subpart. The
30 corporation shall not have a duty to augment the notice.

1 § 1705. Waiver of notice.

2 (a) Written waiver.--Whenever any written notice is required
3 to be given under the provisions of this subpart or the articles
4 or bylaws of any business corporation, a waiver thereof in
5 writing, signed by the person or persons entitled to the notice,
6 whether before or after the time stated therein, shall be deemed
7 equivalent to the giving of the notice. [Except as otherwise
8 required by this subsection, neither] Neither the business to be
9 transacted at, nor the purpose of, a meeting need be specified
10 in the waiver of notice of the meeting. [In the case of a
11 special meeting of shareholders, the waiver of notice shall
12 specify the general nature of the business to be transacted.]

13 * * *

14 § 1708. Use of conference telephone and similar equipment.

15 [One] Except as otherwise provided in the bylaws, one or more
16 persons may participate in a meeting of the incorporators, the
17 board of directors or the shareholders of a business corporation
18 by means of conference telephone or similar communications
19 equipment by means of which all persons participating in the
20 meeting can hear each other. Participation in a meeting pursuant
21 to this section shall constitute presence in person at the
22 meeting.

23 § 1721. Board of directors.

24 (a) General rule.--Unless otherwise provided by statute or
25 in a bylaw adopted by the shareholders, all powers enumerated in
26 section 1502 (relating to general powers) and elsewhere in this
27 subpart or otherwise vested by law in a business corporation
28 shall be exercised by or under the authority of, and the
29 business and affairs of every business corporation shall be
30 managed under the direction of, a board of directors. If any

1 such provision is made in the bylaws, the powers and duties
2 conferred or imposed upon the board of directors by this subpart
3 shall be exercised or performed to such extent and by such
4 person or persons as shall be provided in the bylaws. Persons
5 upon whom the liabilities of directors are imposed by this
6 section shall to that extent be entitled to the rights and
7 immunities conferred by or pursuant to this part and other
8 provisions of law upon directors of a corporation.

9 (b) Standard of care; justifiable reliance.--A director
10 shall stand in a fiduciary relation to the corporation and shall
11 perform his duties as a director, including his duties as a
12 member of any committee of the board upon which he may serve, in
13 good faith, in a manner he reasonably believes to be in the best
14 interests of the corporation and with such care, including
15 reasonable inquiry, skill and diligence, as a person of ordinary
16 prudence would use under similar circumstances. In performing
17 his duties, a director shall be entitled to rely in good faith
18 on information, opinions, reports or statements, including
19 financial statements and other financial data, in each case
20 prepared or presented by any of the following:

21 (1) One or more officers or employees of the corporation
22 whom the director reasonably believes to be reliable and
23 competent in the matters presented.

24 (2) Counsel, public accountants or other persons as to
25 matters which the director reasonably believes to be within
26 the professional or expert competence of such person.

27 (3) A committee of the board upon which he does not
28 serve, duly designated in accordance with law, as to matters
29 within its designated authority, which committee the director
30 reasonably believes to merit confidence.

1 A director shall not be considered to be acting in good faith if
2 he has knowledge concerning the matter in question that would
3 cause his reliance to be unwarranted. The articles may not
4 provide for a lower standard of care than that required by this
5 subsection.

6 * * *

7 (e) Personal liability of directors.--

8 (1) If a bylaw adopted by the shareholders so provides,
9 a director shall not be personally liable, as such, for
10 monetary damages for any action taken, or any failure to take
11 any action, unless:

12 (i) the director has breached or failed to perform
13 the duties of his office under this section; and

14 (ii) the breach or failure to perform constitutes
15 self-dealing, willful misconduct or recklessness.

16 (2) [The provisions of paragraph] Paragraph (1) shall
17 not apply to:

18 (i) the responsibility or liability of a director
19 pursuant to any criminal statute; or

20 (ii) the liability of a director for the payment of
21 taxes pursuant to local, State or Federal law.

22 (3) The articles may not provide greater exoneration
23 from liability for directors than that permitted by this
24 subsection.

25 (f) Notation of dissent.--A director of a corporation who is
26 present at a meeting of its board of directors, or of a
27 committee of the board, at which action on any corporate matter
28 is taken on which the director is generally competent to act,
29 shall be presumed to have assented to the action taken unless
30 his dissent is entered in the minutes of the meeting or unless

1 he files his written dissent to the action with the secretary of
2 the meeting before the adjournment thereof or transmits the
3 dissent in writing to the secretary of the corporation
4 immediately after the adjournment of the meeting. The right to
5 dissent shall not apply to a director who voted in favor of the
6 action. Nothing in this section shall bar a director from
7 asserting that minutes of the meeting incorrectly omitted his
8 dissent if, promptly upon receipt of a copy of such minutes, he
9 notified the secretary, in writing, of the asserted omission or
10 inaccuracy.

11 * * *

12 § 1722. Qualifications of directors.

13 (a) General rule.--Each director of a business corporation
14 shall be a natural person of full age who, unless otherwise
15 restricted in the bylaws, need not be a resident of this
16 Commonwealth or a shareholder of the corporation. Except as
17 otherwise provided in this section, the qualifications of
18 directors may be prescribed in the bylaws.

19 (b) Cross reference.--See section 3131 (relating to
20 directors).

21 § 1723. Number of directors.

22 (a) General rule.--The board of directors of a business
23 corporation shall consist of one or more members. The number of
24 directors shall be fixed by, or in the manner provided in, the
25 bylaws. If not so fixed, the number of directors shall be the
26 same as that stated in the articles or three if no number is so
27 stated.

28 (b) Cross reference.--See section 3131 (relating to
29 directors).

30 § 1724. Term of office of directors.

1 * * *

2 (b) Classified board of directors.--[If] Except as otherwise
3 provided in the articles, if the directors are classified in
4 respect of the time for which they shall severally hold office:

5 (1) Each class shall be as nearly equal in number as
6 possible.

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

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

11 § 1725. Selection of directors.

12 (a) General rule.--Except as otherwise provided in this
13 section, directors of a business corporation, other than those
14 constituting the first board of directors, shall be elected by
15 the shareholders. A bylaw adopted by the shareholders may
16 classify the directors with respect to the shareholders who
17 exercise the power to elect directors.

18 (b) Vacancies.--

19 (1) Except as otherwise provided in the bylaws:

20 (i) Vacancies in the board of directors, including
21 vacancies resulting from an increase in the number of
22 directors, may be filled by a majority vote of the
23 remaining members of the board though less than a quorum,
24 or by a sole remaining director, and each person so
25 selected shall be a director to serve for the balance of
26 the unexpired term unless otherwise restricted in the
27 bylaws.

28 (ii) When one or more directors resign from the
29 board effective at a future date, the directors then in
30 office, including those who have so resigned, shall have

1 power by the applicable vote to fill the vacancies, the
2 vote thereon to take effect when the resignations become
3 effective.

4 (2) In the case of a corporation having a [classified
5 board of directors] board classified as permitted by section
6 1724(b) (relating to classified board of directors), any
7 director chosen to fill a vacancy, including a vacancy
8 resulting from an increase in the number of directors, shall
9 hold office until the next selection of the class for which
10 such director has been chosen, and until his successor has
11 been selected and qualified or until his earlier death,
12 resignation or removal.

13 * * *

14 (d) Cross [reference] references.--See the definition of
15 "shareholder" in section 1103 (relating to definitions) and
16 section 1758(c) relating to cumulative voting).

17 § 1726. Removal of directors.

18 (a) Removal by the shareholders.--

19 * * *

20 (5) The articles may not prohibit the removal of
21 directors by the shareholders for cause.

22 * * *

23 (e) Cross reference.--See section 1106(b)(4) (relating to
24 uniform application of subpart).

25 § 1732. Officers.

26 * * *

27 (d) Cross references.--See sections 1110 (relating to annual
28 report information) and 3132 (relating to officers).

29 § 1746. Supplementary coverage.

30 (a) General rule.--The indemnification and advancement of

1 expenses provided by, or granted pursuant to, the other sections
2 of this subchapter shall not be deemed exclusive of any other
3 rights to which a person seeking indemnification or advancement
4 of expenses may be entitled under any bylaw, agreement, vote of
5 shareholders or disinterested directors or otherwise, both as to
6 action in his official capacity and as to action in another
7 capacity while holding that office. [Sections] Section 1728
8 (relating to interested directors or officers; quorum) and [1770
9 (relating to interested shareholders)] , in the case of a
10 registered corporation, section 2538 (relating to approval of
11 transactions with interested shareholders) shall be applicable
12 to any bylaw, contract or transaction authorized by the
13 directors under this section. A corporation may create a fund of
14 any nature, which may, but need not be, under the control of a
15 trustee, or otherwise secure or insure in any manner its
16 indemnification obligations, whether arising under or pursuant
17 to this section or otherwise.

18 (b) When indemnification is not to be made.--Indemnification
19 pursuant to subsection (a) shall not be made in any case where
20 the act or failure to act giving rise to the claim for
21 indemnification is determined by a court to have constituted
22 willful misconduct or recklessness. The articles may not provide
23 for indemnification in the case of willful misconduct or
24 recklessness.

25 * * *

26 § 1755. Time of holding meetings of shareholders.

27 (a) Regular meetings.--The bylaws of a business corporation
28 may provide for the number and the time of meetings of
29 shareholders[, but]. Except as otherwise provided in the
30 articles, at least one meeting of the shareholders shall be held

1 in each calendar year for the election of directors at such time
2 as shall be provided in or fixed pursuant to authority granted
3 by the bylaws. Failure to hold the annual or other regular
4 meeting at the designated time shall not work a dissolution of
5 the corporation or affect otherwise valid corporate acts. If the
6 annual or other regular meeting is not called and held within
7 six months after the designated time, any shareholder may call
8 the meeting at any time thereafter.

9 * * *

10 (d) Cross reference.--See section 1106(b)(4) (relating to
11 uniform application of subpart).

12 § 1756. Quorum.

13 * * *

14 (c) Cross [reference] references.--See [section] sections
15 2523 (relating to quorum at shareholder meetings) and 3134
16 (relating to quorum at shareholder or member meetings).

17 § 1757. Action by shareholders.

18 (a) General rule.--Except as otherwise provided in this
19 subpart or in a bylaw adopted by the shareholders, whenever any
20 corporate action is to be taken by vote of the shareholders of a
21 business corporation, it shall be authorized [by] upon receiving
22 the affirmative vote of a majority of the votes cast [at a duly
23 organized meeting of shareholders by the holders of shares] by
24 all shareholders entitled to vote thereon and, if any
25 shareholders are entitled to vote thereon as a class, upon
26 receiving the affirmative vote of a majority of the votes cast
27 by the shareholders entitled to vote as a class.

28 * * *

29 § 1758. Voting rights of shareholders.

30 (a) General rule.--Unless otherwise provided in the

1 articles, every shareholder of a business corporation shall be
2 entitled to one vote for every share standing in his name on the
3 books of the corporation. The articles may restrict the number
4 of votes that a single holder or beneficial owner, or such a
5 group of holders or owners as the bylaws may define, of shares
6 of any class or series may directly or indirectly cast in the
7 aggregate for the election of directors or on any other matter
8 coming before the shareholders[.] on the basis of any facts or
9 circumstances that are not manifestly unreasonable, including
10 without limitation:

11 (1) the number of shares of any class or series held by
12 such single holder or beneficial owner or group of holders or
13 owners; or

14 (2) the length of time shares of any class or series
15 have been held by such single holder or beneficial owner or
16 group of holders or owners.

17 (b) Procedures.--If the bylaws provide a fair and reasonable
18 procedure for the nomination of candidates for any office, only
19 candidates who have been duly nominated in accordance therewith
20 shall be eligible for election. Unless otherwise restricted in
21 the bylaws, in elections for directors, voting need not be by
22 ballot[, except upon demand made by a shareholder entitled to
23 vote at the election and] unless required by vote of the
24 shareholders before the voting for election of directors begins.

25 The candidates receiving the highest number of votes from each
26 class or group of classes, if any, entitled to elect directors
27 separately up to the number of directors to be elected by the
28 class or group of classes shall be elected. If at any meeting of
29 shareholders, directors of more than one class are to be
30 elected, each class of directors shall be elected in a separate

1 election.

2 * * *

3 § 1759. Voting and other action by proxy.

4 * * *

5 (b) [Minimum requirements] Execution and filing.--Every
6 proxy shall be executed in writing by the shareholder or by his
7 duly authorized attorney-in-fact and filed with the secretary of
8 the corporation. A telegram, telex, cablegram, datagram or
9 similar transmission from a shareholder or attorney-in-fact, or
10 a photographic, photostatic, facsimile or similar reproduction
11 of a writing executed by a shareholder or attorney-in-fact:

12 (1) may be treated as properly executed for purposes of
13 this subsection; and

14 (2) shall be so treated if it sets forth a confidential
15 and unique identification number or other mark furnished by
16 the corporation to the shareholder for the purposes of a
17 particular meeting or transaction.

18 (c) Revocation.--A proxy, unless coupled with an interest,
19 shall be revocable at will, notwithstanding any other agreement
20 or any provision in the proxy to the contrary, but the
21 revocation of a proxy shall not be effective until written
22 notice thereof has been given to the secretary of the
23 corporation. An unrevoked proxy shall not be valid after three
24 years from the date of its execution unless a longer time is
25 expressly provided therein. A proxy shall not be revoked by the
26 death or incapacity of the maker unless, before the vote is
27 counted or the authority is exercised, written notice of the
28 death or incapacity is given to the secretary of the
29 corporation.

30 [(c)] (d) Proxy coupled with an interest.--As used in this

1 section, the term "proxy coupled with an interest" includes:

2 (1) a vote pooling or similar arrangement among
3 shareholders;

4 (2) an agreement permitted by section 1768(b) (relating
5 to other agreements); and

6 (3) an unrevoked proxy in favor of an existing or
7 potential creditor of a shareholder.

8 A proxy may be made irrevocable regardless of whether the
9 interest with which it is coupled is an interest in the share
10 itself or an interest in the corporation generally.

11 (e) Cross reference.--See section 3135 (relating to proxies
12 of members of mutual insurance companies).

13 § 1763. Determination of shareholders of record.

14 * * *

15 (b) Determination when a record date is not fixed.--Unless
16 otherwise provided in the bylaws, if a record date is not fixed:

17 * * *

18 (2) The record date for determining shareholders
19 entitled to:

20 (i) express consent or dissent to corporate action
21 in writing without a meeting, when prior action by the
22 board of directors is not necessary[,];

23 (ii) to call a special meeting of the shareholders;
24 or

25 (iii) propose an amendment of the articles;

26 shall be at the close of business on the day on which the first
27 written consent or dissent, request for a special meeting or
28 petition proposing an amendment of the articles is filed with
29 the secretary of the corporation.

30 * * *

1 § 1765. Judges of election.

2 (a) General rule.--Unless otherwise provided in a bylaw
3 adopted by the shareholders:

4 (1) Appointment.--In advance of any meeting of
5 shareholders of a business corporation, the board of
6 directors may appoint judges of election, who need not be
7 shareholders, to act at the meeting or any adjournment
8 thereof. If judges of election are not so appointed, the
9 presiding officer of the meeting may, and on the request of
10 any shareholder shall, appoint judges of election at the
11 meeting. The number of judges shall be one or three. A person
12 who is a candidate for office to be filled at the meeting
13 shall not act as a judge.

14 (2) Vacancies.--In case any person appointed as a judge
15 fails to appear or fails or refuses to act, the vacancy may
16 be filled by appointment made by the board of directors in
17 advance of the convening of the meeting or at the meeting by
18 the presiding officer thereof.

19 (3) Duties.--The judges of election shall determine the
20 number of shares outstanding and the voting power of each,
21 the shares represented at the meeting, the existence of a
22 quorum, the authenticity, validity and effect of proxies,
23 receive votes or ballots, hear and determine all challenges
24 and questions in any way arising in connection with the right
25 to vote, count and tabulate all votes, determine the result
26 and do such acts as may be proper to conduct the election or
27 vote with fairness to all shareholders. The judges of
28 election shall perform their duties impartially, in good
29 faith, to the best of their ability and as expeditiously as
30 is practical. If there are three judges of election, the

1 decision, act or certificate of a majority shall be effective
2 in all respects as the decision, act or certificate of all.

3 (4) Report.--On request of the presiding officer of the
4 meeting, or of any shareholder, the judges shall make a
5 report in writing of any challenge or question or matter
6 determined by them, and execute a certificate of any fact
7 found by them. Any report or certificate made by them shall
8 be prima facie evidence of the facts stated therein.

9 (b) Cross references.--See sections 2525 (relating to judges
10 of election) and 3136 (relating to judges of election).

11 § 1766. Consent of shareholders in lieu of meeting.

12 * * *

13 (b) Partial written consent.--If the [articles (or, in the
14 case of a nonregistered corporation, the] bylaws[] so provide,
15 any action required or permitted to be taken at a meeting of the
16 shareholders or of a class of shareholders may be taken without
17 a meeting upon the written consent of shareholders who would
18 have been entitled to cast the minimum number of votes that
19 would be necessary to authorize the action at a meeting at which
20 all shareholders entitled to vote thereon were present and
21 voting. The consents shall be filed with the secretary of the
22 corporation. The action shall not become effective until after
23 at least ten days' written notice of the action has been given
24 to each shareholder entitled to vote thereon who has not
25 consented thereto. See section 2524 (relating to consent of
26 shareholders in lieu of meeting).

27 § 1767. Appointment of custodian of corporation on deadlock or
28 other cause.

29 (a) General rule.--[Upon] Except as provided in subsection
30 (b), upon application of any shareholder, the court may appoint

one or more persons to be custodians of and for any business corporation when it is made to appear that:

* * *

(3) the conditions specified in section [1981(1)] 1981(a)(1), (2) or (3) (relating to proceedings upon application of shareholder or director), other than that it is beneficial to the interests of the shareholders that the corporation be wound up and dissolved, exist with respect to the corporation.

(b) [Exception] Exceptions.--

(1) The court shall not appoint a custodian to resolve a deadlock if the shareholders by agreement or otherwise have provided for the appointment of a provisional director or other means for the resolution of the deadlock, but the court shall enforce the remedy so provided if appropriate.

(2) Subsection (a)(2) shall not be applicable:

(i) to a corporation that has at the time a shareholder that is:

(A) a registered corporation; or

(B) a person (other than a natural person) that is engaged principally in the business of making equity investments in other businesses; or

(ii) with respect to any matter involving a person described in subparagraph (i) that is or was a shareholder of the corporation.

* * *

(d) Contrary provisions of the articles.--

(1) Except as provided in paragraph (2), a provision of the articles that varies or is otherwise inconsistent with any provision of this section shall not be effective unless

1 it is included in the original articles or in an amendment
2 adopted by the affirmative vote of all shareholders of the
3 corporation whether or not otherwise entitled to vote
4 thereon.

5 (2) Notwithstanding paragraph (1), the articles may not
6 contain a provision that varies or is otherwise inconsistent
7 with subsection (b)(2).

8 (e) Cross references.--See sections 2526 (relating to
9 appointment of custodian) and 3137 (relating to appointment of
10 custodian).

11 § 1770. [Interested shareholders.] (Reserved).

12 [(a) General rule.--Any transaction authorized under
13 Subchapter C of Chapter 19 (relating to merger, consolidation,
14 share exchanges and sale of assets) between a business
15 corporation or subsidiary thereof and a shareholder of the
16 business corporation, or any transaction authorized under
17 Subchapter F of Chapter 19 (relating to voluntary dissolution
18 and winding up) in which a shareholder is treated differently
19 from other shareholders of the same class (other than any
20 dissenting shareholders under Subchapter D of Chapter 15
21 (relating to dissenters rights)), shall require the affirmative
22 vote of the shareholders entitled to cast at least a majority of
23 the votes that all shareholders other than the interested
24 shareholder are entitled to cast with respect to the
25 transaction, without counting the vote of the interested
26 shareholder. For the purposes of the preceding sentence,
27 interested shareholder shall include the shareholder who is a
28 party to the transaction or who is treated differently from
29 other shareholders and any person, or group of persons, that is
30 acting jointly or in concert with the interested shareholder and

1 any person who, directly or indirectly, controls, is controlled
2 by or is under common control with the interested shareholder.
3 An interested shareholder shall not include any person who, in
4 good faith and not for the purpose of circumventing this
5 section, is an agent, bank, broker, nominee or trustee for one
6 or more other persons, to the extent that the other person or
7 persons are not interested shareholders.

8 (b) Exceptions.--Subsection (a) shall not apply to a
9 transaction:

10 (1) that has been approved by a majority vote of the
11 board of directors without counting the vote of directors
12 who:

13 (i) are directors or officers of, or have a material
14 equity interest in, the interested shareholder; or

15 (ii) were nominated for election as a director by
16 the interested shareholder, and first elected as a
17 director, within 24 months of the date of the vote on the
18 proposed transaction; or

19 (2) in which the consideration to be received by the
20 shareholders for shares of any class of which shares are
21 owned by the interested shareholder is not less than the
22 highest amount paid by the interested shareholder in
23 acquiring shares of the same class.

24 (c) Additional approvals.--The approvals required by this
25 section shall be in addition to, and not in lieu of, any other
26 approval required by this subpart, the articles of the
27 corporation, the bylaws of the corporation, or otherwise.]

28 § 1791. Corporate action subject to subchapter.

29 (a) General rule.--This subchapter shall apply to and the
30 term "corporate action" in this subchapter shall mean any of the

1 following actions:

2 (1) The election, appointment, designation or other
3 selection and the suspension or removal of directors or
4 officers of a business corporation.

5 (2) The taking of any action on any matter that is
6 required under this subpart or under any other provision of
7 law to be, or that under the bylaws may be, submitted for
8 action to the shareholders, directors or officers of a
9 business corporation.

10 (b) Cross reference.--See section [4145 (relating to
11 applicability of certain safeguards to foreign domiciliary
12 corporations)] 3138 (relating to judicial supervision of
13 corporate action).

14 § 1792. Proceedings prior to corporate action.

15 * * *

16 (c) Cross reference.--See section [4145 (relating to
17 applicability of certain safeguards to foreign domiciliary
18 corporations)] 3138 (relating to judicial supervision of
19 corporate action).

20 § 1793. Review of contested corporate action.

21 * * *

22 (c) Cross reference.--See section [4145 (relating to
23 applicability of certain safeguards to foreign domiciliary
24 corporations)] 3138 (relating to judicial supervision of
25 corporate action).

26 § 1901. Omission of certain provisions from filed plans.

27 (a) General rule.--A plan as filed in the Department of
28 State under any provision of this chapter may omit all
29 provisions of the plan except provisions, if any[,]:

30 (1) that are intended to amend or constitute the

operative provisions of the articles of a corporation as in effect subsequent to the effective date of the plan[, if]; or

(2) that allocate or specify the respective assets and liabilities of the resulting corporations, in the case of a plan of division.

(b) Availability of full plan.--If any of the provisions of a plan are omitted from the plan as filed in the department, the articles of amendment, merger, consolidation, exchange, division or conversion shall state that the full text of the plan is on file at the principal place of business of the reclassifying, surviving or new or a resulting corporation and shall state the address thereof. A corporation that takes advantage of this section shall furnish a copy of the full text of the plan, on request and without cost, to any shareholder of any corporation that was a party to the plan and, unless all parties to the plan were closely held corporations, on request and at cost to any other person.

§ 1903. Bankruptcy or insolvency proceedings.

(a) General rule.--Whenever a business corporation is insolvent or in financial difficulty, the board of directors may, by resolution and without the consent of the shareholders, authorize and designate the officers of the corporation to execute a deed of assignment for the benefit of creditors, or file a voluntary petition in bankruptcy, or file an answer consenting to the appointment of a receiver upon a complaint in the nature of an equity action filed by creditors or shareholders, or, if insolvent, file an answer to an involuntary petition in bankruptcy admitting the insolvency of the corporation and its willingness to be adjudged a [bankrupt] debtor on that ground.

1 (b) Bankruptcy proceedings.--A business corporation may
2 participate in proceedings under and in the manner provided by
3 the Bankruptcy Code (11 U.S.C. § 101 et seq.) notwithstanding
4 any contrary provision of [this subpart or of] its articles or
5 bylaws or this subpart, other than section 103 (relating to
6 subordination of title to regulatory laws). The corporation
7 shall have full power and authority to put into effect and carry
8 out a plan of reorganization or arrangement and the decrees and
9 orders of the court, or judge or referee relative thereto, and
10 may take any proceeding and do any act provided in the plan or
11 arrangement or directed by such decrees and orders, without
12 further action by its directors or shareholders. Such power and
13 authority may be exercised, and such proceedings and acts may be
14 taken, as may be directed by such decrees or orders, by the
15 trustees or receivers of the corporation appointed in the
16 bankruptcy proceedings, or a majority thereof, or if none be
17 appointed and acting, by designated officers of the corporation,
18 or by a master or other representative appointed by the court or
19 judge or referee, with the effect as if exercised and taken by
20 unanimous action of the directors and shareholders of the
21 corporation. Without limiting the generality or effect of the
22 foregoing, the corporation may:

23 (1) alter, amend or repeal its bylaws;

24 (2) constitute or reconstitute and classify or
25 reclassify its board of directors and name, constitute or
26 appoint directors and officers in place of or in addition to
27 all or some of the directors or officers then in office;

28 (3) amend its articles of incorporation, including
29 without limitation for the purpose of:

30 (i) canceling or modifying the relative rights or

1 preferences of any or all authorized classes or series of
2 shares, whether or not any shares thereof are
3 outstanding;

4 (ii) providing that Subchapter E of Chapter 25
5 (relating to control transactions) or Subchapter F of
6 Chapter 25 (relating to business combinations) will not
7 be applicable to the corporation, whether or not the
8 amendment is adopted in conformance with the procedures
9 specified in those subchapters, which amendment may take
10 effect immediately without regard to any passage of time
11 otherwise required by those subchapters; or

12 (iii) otherwise altering, amending or repealing any
13 provision of the articles or bylaws notwithstanding any
14 provision therein that the articles or bylaws may be
15 altered, amended or repealed only under certain
16 conditions or only upon receiving the approval of a
17 specified number or percentage of votes of shareholders
18 or of a class of shareholders;

19 (4) be dissolved, transfer all or part of its assets,
20 merge, consolidate, participate in a share exchange, divide
21 or convert to a nonprofit corporation, as permitted by this
22 chapter, but in any such case a shareholder shall not be
23 entitled to dissenters rights with respect to his shares;

24 (5) authorize and fix the terms, manner and conditions
25 of the issuance of obligations, whether or not convertible
26 into shares of any class or series, or bearing warrants or
27 other evidence of optional rights to purchase or subscribe
28 for shares of any class or series; or

29 (6) lease its property and franchises to any person.

30 (c) Cross reference.--See the definition of "officer" in

1 section 1103 (relating to definitions).

2 § 1905. Proposal of fundamental transactions.

3 Where any provision of this chapter requires that an
4 amendment of the articles [or], a plan or the dissolution of a
5 business corporation be proposed or approved by action of the
6 board of directors, that requirement shall be construed to
7 authorize and be satisfied by the written agreement or consent
8 of all of the shareholders of [a business] the corporation.

9 § 1906. Special treatment of holders of shares of same class or
10 series.

11 (a) General rule.--[An] Except as otherwise restricted in
12 the articles, an amendment or plan may contain a provision
13 classifying the holders of shares of a class or series into one
14 or more separate groups by reference to any facts or
15 circumstances that are not manifestly unreasonable and providing
16 mandatory treatment for shares of the class or series held by
17 particular shareholders or groups of shareholders that differs
18 materially from the treatment accorded other shareholders or
19 groups of shareholders holding shares of the same class or
20 series (including a provision modifying or rescinding rights
21 previously created under this section) if:

22 (1) (i) such provision is specifically authorized by a
23 majority of the votes cast by all shareholders entitled
24 to vote on the amendment or plan, as well as by a
25 majority of the votes cast by any class or series of
26 shares [whose rights are diminished thereby] any of the
27 shares of which are so classified into groups, whether or
28 not such class or series would otherwise be entitled to
29 vote on the amendment or plan; and

30 (ii) the provision voted on specifically enumerates

1 the type and extent of the special treatment authorized;

2 or

3 (2) under all the facts and circumstances, a court of
4 competent jurisdiction finds such special treatment is
5 undertaken in good faith, after reasonable deliberation and
6 is in the best interest of the corporation.

7 (b) Statutory voting rights upon special treatment.--Except
8 as provided in subsection (c), if an amendment or plan contains
9 a provision for special treatment, each [subgroup] group of
10 [the] holders of any outstanding shares of a class or series who
11 are to receive the same special treatment under the amendment or
12 plan shall be entitled to vote as a special class in respect to
13 the plan regardless of any limitations stated in the articles or
14 bylaws on the voting rights of any class or series.

15 * * *

16 (d) [Exception] Exceptions.--This section shall not apply to
17 [the]:

18 (1) The creation or issuance of securities, contracts,
19 warrants or other instruments evidencing any shares, option
20 rights, securities having conversion or option rights or
21 obligations authorized by section 2513 (relating to disparate
22 treatment of certain persons).

23 (2) A provision of an amendment or plan that offers to
24 all holders of shares of a class or series the same option to
25 elect certain treatment.

26 (3) An amendment or plan that contains an express
27 provision that this section shall not apply or that fails to
28 contain an express provision that this section shall apply.
29 The shareholders of a corporation that proposes an amendment
30 or plan to which this section is not applicable by reason of

this paragraph shall have the remedies contemplated by
section 1105 (relating to restriction on equitable relief).

§ 1911. Amendment of articles authorized.

(a) General rule.--A business corporation, in the manner provided in this subchapter, may from time to time amend its articles for one or more of the following purposes:

(1) To adopt a new name, subject to the restrictions provided in this subpart.

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

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

(4) To cancel or otherwise affect the right of holders of the shares of any class or series to receive dividends that have accrued but have not been declared or to otherwise effect a reclassification of or otherwise affect the substantial rights of the holders of any shares, including without limitation by providing special treatment of shares held by any shareholder or group of shareholders as authorized by, and subject to the provisions of, section 1906 (relating to special treatment of holders of shares of same class or series).

(5) To restate the articles in their entirety.

(6) In any and as many other respects as desired.

* * *

(c) Cross reference.--See section 1521(b)(1)(i) (relating to provisions specifically authorized).

§ 1912. Proposal of amendments.

(a) General rule.--Every amendment of the articles of a business corporation shall be proposed:

1 (1) by the adoption by the board of directors of a
2 resolution setting forth the proposed amendment; or

3 (2) unless otherwise provided in the articles, by
4 petition of shareholders entitled to cast at least 10% of the
5 votes that all shareholders are entitled to cast thereon,
6 setting forth the proposed amendment, which petition shall be
7 directed to the board of directors and filed with the
8 secretary of the corporation.

9 Except where the approval of the shareholders is unnecessary
10 under this subchapter, the board of directors shall direct that
11 the proposed amendment be submitted to a vote of the
12 shareholders entitled to vote thereon. An amendment proposed
13 pursuant to paragraph (2) shall be submitted to a vote either at
14 the next annual meeting held not earlier than 120 days after the
15 amendment is proposed or at a special meeting of the
16 shareholders called for that purpose by the shareholders. See
17 [section] sections 1106(b)(4) (relating to uniform application
18 of subpart) and 2535 (relating to proposal of amendment to
19 articles).

20 * * *

21 § 1914. Adoption of amendments.

22 * * *

23 (b) Statutory voting rights.--Except as provided in
24 subsection (c), if a proposed amendment would:

25 (1) authorize the board of directors to fix and
26 determine the relative rights and preferences, as between
27 series, of any preferred or special class;

28 (2) make any change in the preferences, limitations or
29 special right (other than preemptive rights or the right to
30 vote cumulatively) of the shares of a class or series adverse

1 to the class or series;

2 (3) [increase the number of authorized shares of a class
3 or series unless otherwise provided in original articles of
4 incorporation filed after January 1, 1969, or in an amendment
5 to the articles which created the class or series filed after
6 January 1, 1969, or in any amendment to the articles which
7 was adopted by a majority of the votes cast by all
8 shareholders of the class or series;

9 (4)] authorize a new class or series of shares having a
10 preference as to dividends or assets which is senior to the
11 shares of a class or series; or

12 [(5)] (4) increase the number of authorized shares of
13 any class or series having a preference as to dividends or
14 assets which is senior in any respect to the shares of a
15 class or series;

16 then the holders of the outstanding shares of the class or
17 series shall be entitled to vote as a class in respect to the
18 amendment regardless of any limitations stated in the articles
19 or bylaws on the voting rights of any class or series.

20 (c) Adoption by board of directors.--Unless otherwise
21 restricted in the articles, an amendment of articles shall not
22 require the approval of the shareholders of the corporation if:

23 * * *

24 (2) the amendment is restricted to [a change in] any of
25 the following:

26 (i) changing the corporate name [or to provide];

27 (ii) providing for perpetual existence [or to
28 reflect];

29 (iii) reflecting a reduction in authorized shares
30 effected by operation of section 1552(a) (relating to

power of corporation to acquire its own shares) and, if appropriate, [the deletion of] deleting all references to a class or series of shares that is no longer outstanding; or

(iv) adding or deleting a provision authorized by section 1528(f) (relating to uncertificated shares).

* * *

(e) Amendment of voting provisions.--Unless otherwise provided in [a bylaw adopted by the shareholders] the articles, whenever the articles require for the taking of any action by the shareholders or a class of shareholders a specific number or percentage of votes, the provision of the articles setting forth that requirement shall not be amended or repealed by any lesser number or percentage of votes of the shareholders or of the class of shareholders.

§ 1921. Merger and consolidation authorized.

* * *

(c) Business trusts and other associations.--The provisions of this subchapter applicable to domestic and foreign business corporations shall also be applicable to a merger [or],
consolidation or share exchange with [or], into or involving a domestic or foreign partnership, business trust or other association. The surviving [or], resulting or exchanging entity in such a merger [or], consolidation or share exchange may be a corporation, partnership, business trust or other association. Subject to the provisions of Subchapter F of Chapter 85 (relating to merger and consolidation), the powers and duties vested in and imposed upon the board of directors and shareholders in this subchapter shall be exercised and performed by the group of persons under the direction of whom the business

1 and affairs of the partnership, business trust or other
2 association are managed and the holders or owners of beneficial
3 or other interests in the partnership, business trust or other
4 association, respectively, irrespective of the names by which
5 the managing group and the holders or owners of beneficial or
6 other interests are designated. The units into which the
7 beneficial or other interests in the partnership, business trust
8 or other association are divided shall be deemed to be shares
9 for the purposes of applying the provisions of this subchapter
10 to a merger, consolidation or share exchange involving the
11 partnership, business trust or other association.

12 § 1922. Plan of merger or consolidation.

13 (a) Preparation of plan.--A plan of merger or consolidation,
14 as the case may be, shall be prepared, setting forth:

15 * * *

16 (4) Any provisions desired providing special treatment
17 of shares held by any shareholder or group of shareholders as
18 authorized by, and subject to the provisions of, section 1906
19 (relating to special treatment of holders of shares of same
20 class or series).

21 * * *

22 (d) Party to plan.--A corporation, partnership, business
23 trust or other association that approves a plan in its capacity
24 as a shareholder or creditor of a merging or consolidating
25 corporation, or that furnishes all or a part of the
26 consideration contemplated by a plan, does not thereby become a
27 party to the plan for the purposes of this subchapter.

28 § 1923. Notice of meeting of shareholders.

29 (a) General rule.--Written notice of the meeting of
30 shareholders called for the purpose of considering the proposed

1 plan shall be given to each shareholder of record, whether or
2 not entitled to vote thereon, of each domestic business
3 corporation that is a party to the plan. There shall be included
4 in, or enclosed with, the notice a copy of the proposed plan or
5 a summary thereof and, if Subchapter D of Chapter 15 (relating
6 to dissenters rights) is applicable to the holders of shares of
7 any class or series, a copy of that subchapter and of section
8 1930 (relating to dissenters rights) shall be furnished to the
9 holders of shares of that class or series.

10 * * *

11 § 1924. Adoption of plan.

12 (a) General rule.--The plan of merger or consolidation shall
13 be adopted upon receiving the affirmative vote of a majority of
14 the votes cast by all shareholders entitled to vote thereon of
15 each of the domestic business corporations that is a party to
16 the plan and, if any class or series of shares is entitled to
17 vote thereon as a class, the affirmative vote of a majority of
18 the votes cast in each class vote. The holders of any class or
19 series of shares of a domestic corporation that is a party to a
20 plan that effects any change in the articles of the corporation
21 shall be entitled to vote as a class on the plan if they would
22 have been entitled to a class vote under the provisions of
23 section 1914 (relating to adoption of amendments) had the change
24 been accomplished under Subchapter B (relating to amendment of
25 articles). A proposed plan of merger or consolidation shall not
26 be deemed to have been adopted by the corporation unless it has
27 also been approved by the board of directors, regardless of the
28 fact that the board has directed or suffered the submission of
29 the plan to the shareholders for action.

30 (b) Adoption by board of directors.--

1 (1) Unless otherwise required by its bylaws, a plan of
2 merger or consolidation shall not require the approval of the
3 shareholders of a constituent domestic business corporation
4 if:

5 (i) whether or not the constituent corporation is
6 the surviving corporation:

7 (A) [the plan, whether or not the corporation is
8 the surviving corporation, does not alter the status
9 of the corporation as] the surviving or new
10 corporation is a domestic business corporation [or
11 alter in any respect the provisions of its articles]
12 and the articles of the surviving or new corporation
13 are identical to the articles of the constituent
14 corporation, except changes that under section
15 1914(c) (relating to adoption by board of directors)
16 may be made without shareholder action; [and]

17 (B) each share of the constituent corporation
18 outstanding immediately prior to the effective date
19 of the merger or consolidation is to continue as or
20 to be converted into, except as may be otherwise
21 agreed by the holder thereof, an identical share of
22 the surviving or new corporation after the effective
23 date of the merger or consolidation; and

24 (C) the plan provides that the shareholders of
25 the constituent corporation are to hold in the
26 aggregate shares of the surviving or new corporation
27 to be outstanding immediately after the effectiveness
28 of the plan entitled to cast at least a majority of
29 the votes entitled to be cast generally for the
30 election of directors;

(ii) immediately prior to the adoption of the plan and at all times thereafter prior to its effective date, another corporation that is a party to the plan owns directly or indirectly 90% or more of the outstanding shares of each class of the constituent corporation; or

(iii) no shares of the constituent corporation have been issued prior to the adoption of the plan of merger or consolidation by the board of directors pursuant to section 1922 (relating to plan of merger or consolidation).

(2) If a merger or consolidation is effected pursuant to paragraph (1)(i) or (iii), the plan of merger or consolidation shall be deemed adopted by the constituent corporation when it has been adopted by the board of directors pursuant to section 1922.

(3) If a merger or consolidation of a subsidiary corporation with a parent corporation is effected pursuant to paragraph (1)(ii), the plan of merger or consolidation shall be deemed adopted by the subsidiary corporation when it has been adopted by the board of the parent corporation and execution of articles of merger or consolidation by the subsidiary corporation shall not be necessary.

* * *

§ 1931. Share exchanges.

* * *

(b) Plan of exchange.--A plan of exchange shall be prepared, setting forth:

(1) The terms and conditions of the exchange.

(2) The manner and basis of converting the shares of the exchanging corporation into shares or other securities or

obligations of the acquiring person[. If], and, if any of the shares of the exchanging corporation are not to be converted solely into shares or other securities or obligations of the acquiring person, the shares or other securities or obligations of any other person or cash, property or rights that the holders of the shares of the exchanging corporation are to receive in exchange for, or upon conversion of, the shares and the surrender of any certificates [or instruments] evidencing them, which securities or obligations, if any, of any other person or cash, property and rights may be in addition to or in lieu of the shares or other securities or obligations of the acquiring person.

(3) Any changes desired to be made in the articles of the exchanging corporation, which may include a restatement of the articles.

(4) Any provisions desired providing special treatment of shares held by any shareholder or group of shareholders as authorized by, and subject to the provisions of, section 1906 (relating to special treatment of holders of shares of same class or series). Notwithstanding subsection (a), a plan that provides special treatment may affect less than all of the outstanding shares of a class or series.

(5) Such other provisions as are deemed desirable. Any of the terms of the plan may be made dependent upon facts ascertainable outside of the plan if the manner in which the facts will operate upon the terms of the plan is set forth in the plan.

* * *

(h) Special requirements.--If any provision of the articles or bylaws of an exchanging domestic business corporation adopted

1 before October 1, 1989, requires for the proposal or adoption of
2 a plan of merger, consolidation or asset transfer a specific
3 number or percentage of votes of directors or shareholders or
4 other special procedures, the plan of exchange shall not be
5 proposed by the directors or adopted by the shareholders without
6 that number or percentage of votes or compliance with the other
7 special procedures.

8 § 1952. Proposal and adoption of plan of division.

9 (a) Preparation of plan.--A plan of division shall be
10 prepared, setting forth:

11 * * *

12 (5) Any provisions desired providing special treatment
13 of shares held by any shareholder or group of shareholders as
14 authorized by, and subject to the provisions of, section 1906
15 (relating to special treatment of holders of shares of same
16 class or series).

17 * * *

18 (h) Special requirements.--If any provision of the articles
19 or bylaws of a dividing domestic business corporation adopted
20 before [January] October 1, 1989, requires for the proposal or
21 adoption of a plan of merger, consolidation or asset transfer a
22 specific number or percentage of votes of directors or
23 shareholders or other special procedures, the plan of division
24 shall not be proposed or adopted by the directors or (if
25 adoption by the shareholders is otherwise required by this
26 subchapter) adopted by the shareholders without that number or
27 percentage of votes or compliance with the other special
28 procedures.

29 § 1954. Articles of division.

30 Upon the adoption of a plan of division by the corporation

1 desiring to divide, as provided in this subchapter, articles of
2 division shall be executed by the corporation and shall, subject
3 to section 109 (relating to name of commercial registered office
4 provider in lieu of registered address), set forth:

5 (1) The name and the location of the registered office,
6 including street and number, if any, of the dividing domestic
7 business corporation or, in the case of a dividing foreign
8 business corporation, the name of the corporation and the
9 jurisdiction in which it is incorporated, together with
10 either:

11 (i) If a qualified foreign business corporation, the
12 address, including street and number, if any, of its
13 registered office in this Commonwealth.

14 (ii) If a nonqualified foreign business corporation,
15 the address, including street and number, if any, of its
16 principal office under the laws of that jurisdiction.

17 (2) The statute under which the dividing corporation was
18 incorporated and the date of incorporation.

19 (3) A statement that the dividing corporation will, or
20 will not, survive the division.

21 (4) The name and the address, including street and
22 number, if any, of[:

23 (i)] the registered office of each new domestic
24 business corporation or qualified foreign business
25 corporation resulting from the division[; and

26 (ii) the principal office under the laws of the
27 jurisdiction in which it is incorporated of each new
28 nonqualified foreign business corporation resulting from
29 the division].

30 (5) If the plan is to be effective on a specific date,

1 the hour, if any, and the month, day and year of the
2 effective date.

3 (6) The manner in which the plan was adopted by the
4 corporation.

5 (7) Except as provided in section 1901 (relating to
6 omission of certain provisions from filed plans), the plan of
7 division.

8 § 1957. Effect of division.

9 * * *

10 (g) Disposition of shares.--Unless otherwise provided in the
11 plan, the shares and other securities or obligations, if any, of
12 each new corporation resulting from the division shall be
13 distributable to:

14 (1) the surviving corporation, if the dividing
15 corporation survives the division; or

16 (2) the holders of the common or other residuary shares
17 of the dividing corporation pro rata, in any other case.

18 § 1962. Proposal and adoption of plan of conversion.

19 (a) Preparation of plan.--A plan of conversion shall be
20 prepared, setting forth:

21 (1) The terms and conditions of the conversion.

22 (2) A restatement of the articles of the resulting
23 corporation, which articles shall comply with the
24 requirements of this part relating to nonprofit corporations.

25 (3) Any provisions desired providing special treatment
26 of shares held by any shareholder or group of shareholders as
27 authorized by, and subject to the provisions of, section 1906
28 (relating to special treatment of holders of shares of same
29 class or series).

30 (4) Such other provisions as are deemed desirable.

1 Any of the terms of the plan may be made dependent upon facts
2 ascertainable outside of the plan if the manner in which the
3 facts will operate upon the terms of the plan is set forth in
4 the plan.

5 * * *

6 § 1972. Proposal of voluntary dissolution.

7 (a) General rule.--Any business corporation that has
8 commenced business may elect to dissolve voluntarily and wind up
9 its affairs in the manner provided in this subchapter. Voluntary
10 dissolution shall be proposed by the adoption by the board of
11 directors of a resolution recommending that the corporation be
12 dissolved voluntarily.

13 (b) Submission to shareholders.--The board of directors
14 shall direct that the question of dissolution be submitted to a
15 vote of the shareholders of the corporation entitled to vote
16 thereon at a regular or special meeting of the shareholders.

17 § 1974. Adoption of proposal.

18 (a) General rule.--The resolution shall be adopted upon
19 receiving the affirmative vote of a majority of the votes cast
20 by all shareholders of the business corporation entitled to vote
21 thereon and, if any class of shares is entitled to vote thereon
22 as a class, the affirmative vote of a majority of the votes cast
23 in each class vote. A proposal for the voluntary dissolution of
24 a corporation shall not be deemed to have been adopted by the
25 corporation unless it has also been recommended by resolution of
26 the board of directors, regardless of the fact that the board
27 has directed or suffered the submission of such a proposal to
28 the shareholders for action.

29 * * *

30 § 2101. Application and effect of chapter.

(a) General rule.--This chapter shall be applicable to:

(1) A business corporation that elects to become a nonstock corporation in the manner provided by this chapter.

(2) A domestic corporation for profit subject to Subpart D (relating to cooperative corporations) organized on a nonstock basis.

(3) A domestic insurance corporation that is a mutual insurance company.

* * *

§ 2105. Termination of nonstock corporation status.

* * *

(c) Mutual insurance companies.--With respect to the termination of the status of a mutual insurance company as a nonstock corporation, see section 103 (relating to subordination of title to regulatory laws) and the act of December 10, 1970 (P.L.884, No.279) referred to as the Mutual Insurance Company Conversion Law.

§ 2121. Corporate name of nonstock corporations.

* * *

(b) Insurance names.--[A nonstock corporation shall not use a name containing any of the words "annuity," "assurance," "beneficial," "bond," "casualty," "endowment," "fidelity," "fraternal," "guaranty," "indemnity," "insurance," "surety" or "title" when used in such a way as to imply that the corporation is engaged in the business of writing insurance as principal, or any other words of like purport, unless there is submitted a certificate from the Insurance Department certifying that the department has no objection to the use by the corporation or proposed corporation of such designation.] See section 1303(c)(1)(iii) (relating to corporate name).

1 § 2301. Application and effect of chapter.

2 * * *

3 (d) Transitional provisions.--The following provisions of
4 this chapter shall not apply to a statutory close corporation
5 existing on [January 1,] September 30, 1989, unless otherwise
6 provided in a bylaw adopted in the manner provided by section
7 2332(b) (relating to procedure):

8 Section 2321(b) (relating to preemptive rights) insofar
9 as such provision authorizes the shareholders to adopt a
10 bylaw eliminating or limiting the preemptive rights provided
11 in that subsection.

12 Section 2322 (relating to share transfer restrictions).

13 Section 2323 (relating to transfer of shares in breach of
14 transfer restrictions). If section 2323 is not applicable to
15 the corporation, transfer restrictions (including a
16 restriction that is held not to be authorized by section 1529
17 (relating to transfer of securities; restrictions)) shall be
18 enforced in the same manner as if this article had not been
19 enacted.

20 Section 2325 (relating to sale option of estate of
21 shareholder).

22 Section 2336 (relating to fundamental changes).

23 * * *

24 § 2304. Additional contents of articles of statutory close
25 corporations.

26 (a) General rule.--In addition to the provisions otherwise
27 required by this subpart, the articles of a statutory close
28 corporation shall provide that neither the corporation nor any
29 shareholder shall make an offering of any of its shares of any
30 class that would constitute a "public offering" within the

1 meaning of the Securities Act of 1933 [(15 U.S.C. § 77a et
2 seq.)].

3 * * *

4 § 2309. Involuntary termination of statutory close corporation
5 status; proceeding to prevent loss of status.

6 (a) General rule.--If any event occurs as a result of which
7 the provision included in the articles of a statutory close
8 corporation pursuant to section 2304(a) (relating to additional
9 contents of articles of statutory close corporations) to qualify
10 it as a statutory close corporation has been breached, the
11 status of the business corporation as a statutory close
12 corporation under this chapter shall terminate unless:

13 (1) Within 30 days after the occurrence of the event or
14 within 30 days after the event has been discovered, whichever
15 is later, the corporation:

16 (i) Files in the Department of State a [certificate]
17 statement executed by the corporation setting forth:

18 (A) The name of the corporation and, subject to
19 section 109 (relating to name of commercial
20 registered office provider in lieu of registered
21 address), the address, including street and number,
22 if any, of its registered office.

23 (B) A statement that the provision included in
24 its articles pursuant to section 2304(a) to qualify
25 it as a statutory close corporation has been
26 breached.

27 (ii) Furnishes a copy of the [certificate] statement
28 to each shareholder.

29 (2) The corporation concurrently with the filing of the
30 [certificate] statement takes such steps as are necessary to

1 correct the situation that threatens its status as a
2 statutory close corporation including, without limitation,
3 the refusal to register the transfer of shares that have been
4 wrongfully transferred as provided by section 2308 (relating
5 to issuance or transfer of shares of a statutory close
6 corporation in breach of qualifying conditions) or initiation
7 of a proceeding under subsection (b).

8 * * *

9 (c) Notice of cure of breach.--When the situation that
10 threatened the status of the corporation as a statutory close
11 corporation has been remedied and if the corporation has not
12 amended its articles in accordance with section 2307 (relating
13 to voluntary termination of statutory close corporation status
14 by amendment of articles), the corporation shall file in the
15 department a [certificate] statement executed by the
16 corporation, setting forth:

17 (1) The name of the corporation and, subject to section
18 109 (relating to name of commercial registered office
19 provider in lieu of registered address), the address,
20 including street and number, if any, of its registered
21 office.

22 (2) A statement that no breach of the provision included
23 in its articles pursuant to section 2304(a) exists.

24 Upon the filing of the [certificate] statement, the status of
25 the corporation as a statutory close corporation under this
26 chapter, if theretofore terminated by reason of subsection (a),
27 shall be restored.

28 * * *

29 § 2334. Appointment of provisional director in certain cases.

30 * * *

(b) Application for relief.--

(1) An application for relief under this section must be filed by or on behalf of:

(i) at least one-half of the number of directors then in office;

(ii) the holders of shares entitled to cast at least one-third of the votes that all shareholders are entitled to cast for the election of directors; or

(iii) shareholders entitled to cast at least two-thirds of the votes that all shareholders of [the] any class entitled to elect one or more directors are entitled to cast for the election of directors, if there is more than one class of shares then entitled to elect one or more directors.

A bylaw of a statutory close corporation adopted by the shareholders may provide that a lesser proportion of the directors or of the shareholders or of a class of shareholders may apply for relief under this section.

(2) Even though the requirements of paragraph (1) are not satisfied, the court may nevertheless appoint a provisional director if permitted by section 2333(b) (relating to provisional director).

* * *

§ 2502. Registered corporation status.

Subject to additional definitions contained in subsequent provisions of this chapter which are applicable to specific subchapters of this chapter, as used in this chapter, the term "registered corporation" shall mean:

(1) A domestic business corporation:

(i) [having] that:

1 (A) has a class or series of shares entitled to
2 vote generally in the election of directors of the
3 corporation registered under the [Securities]

4 Exchange Act [of 1934 (15 U.S.C. § 78a et seq.)]; or

5 (B) is registered as a management company under
6 the Investment Company Act of 1940 and in the
7 ordinary course of business does not redeem
8 outstanding shares at the option of a shareholder at
9 the net asset value or at another agreed method or
10 amount of value thereof; or

11 (ii) that is:

12 (A) subject to the reporting obligations imposed
13 by section [13] 15(d) of the [Securities] Exchange
14 Act [of 1934 (15 U.S.C. § 78m)] by reason of having
15 filed a registration statement which has become
16 effective under the Securities Act of 1933 [(15
17 U.S.C. § 77a et seq.)] relating to shares of a class
18 or series of its equity securities[.] entitled to
19 vote generally in the election of directors; or

20 (B) registered as a management company under the
21 Investment Company Act of 1940 and in the ordinary
22 course of business redeems outstanding shares at the
23 option of a shareholder at the net asset value or at
24 another agreed method or amount of value thereof.

25 A corporation which satisfies both subparagraphs (i) and (ii)
26 shall be deemed to be described solely in subparagraph (i)
27 for the purposes of this chapter.

28 (2) A domestic business corporation all of the shares of
29 which are owned, directly or indirectly, by one or more
30 registered corporations or foreign corporations for profit

described in section 4102(b) (relating to registered corporation exclusions).

§ 2524. Consent of shareholders in lieu of meeting.

(a) General rule.--An action may be authorized by the shareholders of a registered corporation without a meeting by less than unanimous written consent[, if action by less than unanimous written consent is] only if permitted by its articles[,].

(b) Effectiveness of action.--An action authorized by the shareholders of a registered corporation without a meeting by less than unanimous written consent may become effective immediately upon its authorization, but prompt notice of the action shall be given to those shareholders entitled to vote thereon who have not consented.

§ 2525. Judges of election.

The board of directors of a registered corporation may adopt or change a bylaw on any subject otherwise expressly committed to the shareholders by section 1765 (relating to judges of election).

§ 2526. Appointment of custodian.

Section 1767(a)(2) (relating to appointment of custodian of corporation on deadlock or other cause) shall not be applicable to a registered corporation described in section 2502(2) (relating to registered corporation status).

§ 2538. Approval of transactions with interested shareholders.

(a) General rule.--The following transactions shall require the affirmative vote of the shareholders entitled to cast at least a majority of the votes that all shareholders other than the interested shareholder are entitled to cast with respect to the transaction, without counting the vote of the interested

1 shareholder:

2 (1) Any transaction authorized under Subchapter C of
3 Chapter 19 (relating to merger, consolidation, share
4 exchanges and sale of assets) between a registered
5 corporation or subsidiary thereof and a shareholder of the
6 registered corporation.

7 (2) Any transaction authorized under Subchapter D of
8 Chapter 19 (relating to division) in which the interested
9 shareholder receives a disproportionate amount of any of the
10 shares or other securities of any corporation surviving or
11 resulting from the plan of division.

12 (3) Any transaction authorized under Subchapter F of
13 Chapter 19 (relating to voluntary dissolution and winding up)
14 in which a shareholder is treated differently from other
15 shareholders of the same class (other than any dissenting
16 shareholders under Subchapter D of Chapter 15 (relating to
17 dissenters rights)).

18 (4) Any reclassification authorized under Subchapter B
19 of Chapter 19 (relating to amendment of articles) in which
20 the percentage of voting or economic share interest in the
21 corporation of a shareholder is materially increased relative
22 to substantially all other shareholders.

23 (b) Exceptions.--Subsection (a) shall not apply to a
24 transaction:

25 (1) that has been approved by a majority vote of the
26 board of directors without counting the vote of directors
27 who:

28 (i) are directors or officers of, or have a material
29 equity interest in, the interested shareholder; or

30 (ii) were nominated for election as a director by

1 the interested shareholder, and first elected as a
2 director, within 24 months of the date of the vote on the
3 proposed transaction; or

4 (2) in which the consideration to be received by the
5 shareholders for shares of any class of which shares are
6 owned by the interested shareholder is not less than the
7 highest amount paid by the interested shareholder in
8 acquiring shares of the same class.

9 (c) Additional approvals.--The approvals required by this
10 section shall be in addition to, and not in lieu of, any other
11 approval required by this subpart, the articles of the
12 corporation, the bylaws of the corporation, or otherwise.

13 (d) Definition of "interested shareholder."--As used in this
14 section, the term "interested shareholder" includes the
15 shareholder who is a party to the transaction or who is treated
16 differently from other shareholders and any person, or group of
17 persons, that is acting jointly or in concert with the
18 interested shareholder and any person who, directly or
19 indirectly, controls, is controlled by, or is under common
20 control with, the interested shareholder. An interested
21 shareholder shall not include any person who, in good faith and
22 not for the purpose of circumventing this section, is an agent,
23 bank, broker, nominee or trustee for one or more other persons,
24 to the extent that the other person or persons are not
25 interested shareholders.

26 § 2541. Application and effect of subchapter.

27 (a) General rule.--Except as otherwise provided in this
28 section, this subchapter shall apply to a registered corporation
29 unless:

30 (1) the registered corporation is one described in

1 section 2502(1)(ii) or (2) (relating to registered
2 corporation status);

3 (2) except as provided in paragraph (3), the bylaws, by
4 amendment adopted either:

5 (i) by March 23, 1984; or

6 (ii) on or after March 23, 1988, and on or before
7 June 21, 1988;

8 and, in either event, not subsequently rescinded by an
9 article amendment, explicitly provide that this subchapter
10 shall not be applicable to the corporation; [or]

11 (3) in the case of a corporation that on June 21, 1988
12 had outstanding any class of preference stock entitled, upon
13 the occurrence of a default in the payment of dividends, to
14 elect a majority of the board of directors, the bylaws, by an
15 amendment adopted by the board of directors on or after (in
16 printing this act in the Laws of Pennsylvania and the
17 Pennsylvania Consolidated Statutes the Legislative Reference
18 Bureau shall insert here in lieu of this statement the date
19 which is the date of enactment of this amendatory act), and
20 on or before (in printing this act in the Laws of
21 Pennsylvania and the Pennsylvania Consolidated Statutes the
22 Legislative Reference Bureau shall insert here in lieu of
23 this statement the date which is 90 days after the date of
24 enactment of this amendatory act), and not subsequently
25 rescinded by an article amendment, explicitly provides that
26 this subchapter shall not be applicable to the corporation,
27 regardless of whether a bylaw of such a corporation had
28 previously provided that this subchapter shall not be
29 applicable to the corporation; or

30 [(3)] (4) the articles explicitly provide that this

1 subchapter shall not be applicable to the corporation by a
2 provision included in the original articles, by an article
3 amendment adopted prior to the date of the control
4 transaction and prior to or on March 23, 1988, pursuant to
5 the procedures then applicable to the corporation, or by an
6 [article] articles amendment adopted prior to the date of the
7 control transaction and subsequent to March 23, 1988,
8 pursuant to both:

9 (i) the procedures then applicable to the
10 corporation; and

11 (ii) unless such proposed amendment has been
12 approved by the board of directors of the corporation, in
13 which event this subparagraph shall not be applicable,
14 the affirmative vote of the shareholders entitled to cast
15 at least 80% of the votes which all shareholders are
16 entitled to cast thereon.

17 A reference in the articles or bylaws to former section 910
18 (relating to right of shareholders to receive payment for shares
19 following a control transaction) of the act of May 5, 1933
20 (P.L.364, No.106), known as the Business Corporation Law of
21 1933, shall be deemed a reference to this subchapter for the
22 purposes of this section. See section 101(c) (relating to
23 references to prior statutes).

24 * * *

25 § 2542. Definitions.

26 The following words and phrases when used in this subchapter
27 shall have the meanings given to them in this section unless the
28 context clearly indicates otherwise:

29 * * *

30 "Voting shares." Shares of a corporation entitled to vote

1 generally in the election of directors.

2 § 2543. Controlling person or group.

3 (a) General rule.--For the purpose of this subchapter, a
4 "controlling person or group" means a person who has, or a group
5 of persons acting in concert that has, voting power over voting
6 shares of the registered corporation that would entitle the
7 holders thereof to cast at least 20% of the votes that all
8 shareholders would be entitled to cast in an election of
9 directors of the corporation.

10 (b) Exceptions generally.--Notwithstanding subsection (a):

11 (1) A person or group which would otherwise be a
12 controlling person or group within the meaning of this
13 section shall not be deemed a controlling person or group
14 unless, subsequent to the later of March 23, 1988, or the
15 date this subchapter becomes applicable to a corporation by
16 bylaw or article amendment or otherwise, that person or group
17 increases the percentage of outstanding voting shares of the
18 corporation over which it has voting power to in excess of
19 the percentage of outstanding voting shares of the
20 corporation over which that person or group had voting power
21 on such later date, and to at least the amount specified in
22 subsection (a), as the result of forming or enlarging a group
23 or acquiring, by purchase, voting power over voting shares of
24 the corporation.

25 (2) No person or group shall be deemed to be a
26 controlling person or group at any particular time if voting
27 power over any of the following voting shares is required to
28 be counted at such time in order to meet the 20% minimum:

29 (i) Shares which have been held continuously by a
30 natural person since January 1, 1983, and which are held

1 by such natural person at such time.

2 (ii) Shares which are held at such time by any
3 natural person or trust, estate, foundation or other
4 similar entity to the extent the shares were acquired
5 solely by gift, inheritance, bequest, devise or other
6 testamentary distribution or series of these
7 transactions, directly or indirectly, from a natural
8 person who had acquired the shares prior to January 1,
9 1983.

10 (iii) Shares which were acquired pursuant to a stock
11 split, stock dividend, reclassification or similar
12 recapitalization with respect to shares described under
13 this paragraph that have been held continuously since
14 their issuance by the corporation by the natural person
15 or entity that acquired them from the corporation or that
16 were acquired, directly or indirectly, from such natural
17 person or entity, solely pursuant to a transaction or
18 series of transactions described in subparagraph (ii),
19 and that are held at such time by a natural person or
20 entity described in subparagraph (ii).

21 (3) In determining whether a person or group would be a
22 controlling person or group within the meaning of this
23 section there shall be disregarded voting power solely
24 attributable to the:

25 (i) ownership of shares of any class of preference
26 stock entitled, upon the occurrence of a default in the
27 payment of dividends or of another similar contingency,
28 to elect a majority of the board of directors of the
29 corporation; and

30 (ii) the occurrence of the default or other

1 contingency.

2 * * *

3 § 2552. Definitions.

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

7 * * *

8 ["Exchange Act." The Securities Exchange Act of 1934 (48
9 Stat. 881, 15 U.S.C. § 78a et seq.), as amended.]

10 * * *

11 § 2554. Business combination.

12 The term "business combination," when used in reference to
13 any registered corporation and any interested shareholder of the
14 corporation, means any of the following:

15 (1) A merger [or], consolidation, share exchange or
16 division of the corporation or any subsidiary of the
17 corporation [with]:

18 (i) with the interested shareholder; or

19 (ii) with, involving or resulting in any other
20 corporation (whether or not itself an interested
21 shareholder of the registered corporation) which is, or
22 after the merger or consolidation would be, an affiliate
23 or associate of the interested shareholder.

24 * * *

25 CHAPTER 27

26 MANAGEMENT CORPORATIONS

27 Subchapter

28 A. Preliminary Provisions

29 B. Directors and Shareholders

30 C. Fundamental Changes

SUBCHAPTER A

PRELIMINARY PROVISIONS

Sec.

2701. Application and effect of chapter.

2702. Formation of management corporations.

2703. Additional contents of articles of management corporations.

2704. Election of an existing business corporation to become a management corporation.

2705. Termination of status as management corporation.

§ 2701. Application and effect of chapter.

(a) General rule.--This chapter shall be applicable to a business corporation, other than a statutory close corporation or a professional corporation, that elects to become a management corporation in the manner provided by this chapter.

(b) Laws applicable to management corporations.--Except as otherwise provided in this chapter, this subpart shall be generally applicable to all management corporations. The specific provisions of this chapter shall control over the general provisions of this subpart. Except as otherwise provided in this article, a management corporation may be simultaneously subject to this chapter and one or more other chapters of this article.

(c) Effect of a contrary provision of the bylaws.--The bylaws of a management corporation may provide either expressly or by necessary implication that any one or more of the provisions of this chapter, except this subchapter, shall not be applicable, in whole or in part, to the corporation.

§ 2702. Formation of management corporations.

A management corporation shall be formed in accordance with

Article B (relating to domestic business corporations generally)
except that its articles shall contain:

(1) A heading stating the name of the corporation and
that it is a management corporation.

(2) The provisions required by section 2703 (relating to
additional contents of articles of management corporations).
§ 2703. Additional contents of articles of management
corporations.

In addition to the provisions otherwise required by this
subpart, the articles of a management corporation shall provide
that:

(1) If, and so long as, the corporation is not a
registered corporation:

(i) All of the outstanding shares of the corporation
of all classes shall be subject to one or more of the
restrictions on transfer permitted by section 1529
(relating to transfer of securities; restrictions).

(ii) Except as part of a transaction having as a
purpose the establishment of the corporation as a
registered corporation, neither the corporation nor any
shareholder shall make an offering of any of its shares
of any class that would constitute a "public offering"
within the meaning of the Securities Act of 1933.

(2) If and so long as the corporation is not a
management company registered under the Investment Company
Act of 1940:

(i) if the compensation or cost of benefits of the
directors and five most highly-compensated officers of
the corporation is determined other than by a fixed
annual amount in dollars per year, or if the corporation

1 is managed by persons other than its directors and
2 officers, the rate, formula or other basis for payment by
3 the corporation of such compensation or benefits shall be
4 valid only if approved by the shareholders from time to
5 time by the affirmative vote; or

6 (ii) if subparagraph (i) is not applicable, the
7 compensation or the cost of benefits of directors and of
8 the five most highly-compensated officers of the
9 corporation shall not be increased to a higher number of
10 dollars per year without the prior affirmative vote
11 obtained within one year of such increase;

12 of the holders of the outstanding shares of each class or
13 series whether or not otherwise entitled to vote by the
14 articles. If the articles confer upon the holders of a class
15 or series a specifically enforceable right to the declaration
16 and payment of dividends which are not contingent upon or
17 related to net income (other than as provided by section
18 1551(b) (relating to limitation)), the articles may deny the
19 holders of such class or series voting rights under this
20 paragraph.

21 (3) The terms "compensation" and "benefits" shall mean
22 amounts taxable, either currently or on a deferred basis, to
23 a director or officer of the corporation under the Internal
24 Revenue Code of 1986.

25 § 2704. Election of an existing business corporation to become
26 a management corporation.

27 (a) General rule.--A business corporation may become a
28 management corporation under this chapter by filing articles of
29 amendment which shall contain in addition to the requirements of
30 section 1915 (relating to articles of amendment):

1 (1) A heading stating the name of the corporation and
2 that it is a management corporation.

3 (2) A statement that it elects to become a management
4 corporation.

5 (3) The provisions required by section 2703 (relating to
6 additional contents of articles of management corporations).

7 (b) Procedure.--An election to become subject to this
8 chapter shall be proposed by a resolution adopted by the board
9 of directors and shall be adopted in accordance with the
10 requirements of Subchapter B of Chapter 19 (relating to
11 amendment of articles). If an effective date is not stated in
12 the articles of amendment, this chapter shall become applicable
13 to the corporation on the date the articles of amendment are
14 filed in the Department of State.

15 (c) Dissenters rights upon election.--If any shareholder of
16 a corporation, other than a management company registered under
17 the Investment Company Act of 1940, that adopts an election
18 under this chapter to become a management corporation objects to
19 that action and complies with the provisions of Subchapter D of
20 Chapter 15 (relating to dissenters rights), the dissenting
21 shareholder shall be entitled to the rights and remedies of
22 dissenting shareholders therein provided.

23 (d) Cross reference.--See section 134 (relating to docketing
24 statement).

25 § 2705. Termination of status as a management corporation.

26 (a) General rule.--A management corporation may terminate
27 its status as such and cease to be subject to this chapter by
28 amending its articles to delete therefrom the additional
29 provisions required by section 2702 (relating to formation of
30 management corporations) to be included in the articles of a

1 management corporation. If an effective date is not stated in
2 the articles of amendment, this chapter shall cease to be
3 applicable to the corporation on the date the articles of
4 amendment are filed in the Department of State.

5 (b) Automatic termination.--The status of a nonregistered
6 corporation as a management corporation shall terminate at the
7 time specified in this subsection upon the occurrence of any of
8 the following:

9 (1) Three months after the end of any fiscal year:

10 (i) at the end of which the corporation had less
11 than \$50,000,000 of assets; and

12 (ii) during which it had revenue or receipts of less
13 than \$50,000,000.

14 (2) Three years after its date of incorporation or the
15 effective date of its most recent articles of amendment filed
16 under section 2704 (relating to election of an existing
17 business corporation to become a management corporation).

18 An election to be subject to this chapter terminated under
19 paragraph (1) may be renewed by complying with the provisions of
20 section 2704 (except subsection (c)) in the same manner as an
21 initial election, if the corporation then satisfies the
22 requirements of that paragraph. An election to be subject to
23 this chapter terminated under paragraph (2) may be renewed by
24 complying with the provisions of section 2704 (except subsection
25 (c)) in the same manner as an initial election.

26 (c) Dissenters rights upon renewal of election.--If any
27 shareholder of a nonregistered corporation that renews an
28 election under this chapter to continue as a management
29 corporation objects to that action and complies with the
30 provision of Subchapter D of Chapter 15 (relating to dissenters

1 rights), the dissenting shareholder shall be entitled to the
2 rights and remedies of dissenting shareholders therein provided.

3 SUBCHAPTER B

4 DIRECTORS AND SHAREHOLDERS

5 Sec.

6 2711. Selection and removal of directors.

7 2712. Shareholder meetings unnecessary.

8 § 2711. Selection and removal of directors.

9 (a) General rule.--The bylaws of a management corporation
10 may specify the manner in which and the persons by whom the
11 directors of the corporation shall be selected and may be
12 removed. Unless otherwise provided in the bylaws, the directors
13 of a management corporation shall be selected and may be removed
14 by the board of directors. An incidental reference to the
15 election of directors by common or other junior shares contained
16 in the express terms of any class or series of any preference
17 shares defining the contingent or other voting rights of
18 preference shares shall not constitute for the purposes of this
19 section a provision of the articles providing for the election
20 of directors by the common or other junior shares.

21 (b) Term.--The duration of the term of office of a director
22 of a management corporation shall not be limited by statute.

23 § 2712. Shareholder meetings unnecessary.

24 Annual or other regular meetings of the shareholders of a
25 management corporation need not be held.

26 SUBCHAPTER C

27 FUNDAMENTAL CHANGES

28 Sec.

29 2721. Bylaw and fundamental change procedures.

30 2722. Changes in authorized shares.

1 § 2721. Bylaw and fundamental change procedures.

2 So long as a business corporation is a management corporation
3 subject to this chapter:

4 (1) The board of directors shall have the full authority
5 vested by this subpart in the shareholders to amend the
6 articles under section 2704(b) (relating to procedure) to
7 renew the election of the corporation to be subject to this
8 chapter and to adopt or change the bylaws, and a bylaw
9 adopted by the board of directors pursuant to this section
10 may continue in effect as long as the corporation remains
11 subject to this chapter.

12 (2) An amendment or plan shall not be adopted under
13 Chapter 19 (relating to fundamental changes), and a bylaw
14 shall not be adopted or changed by the shareholders, without
15 the approval of the board of directors.

16 (3) In the case of a corporation that in the ordinary
17 course of business redeems all outstanding shares at the
18 option of the shareholder at the net asset value or at
19 another agreed method or amount of value thereof, an
20 amendment or plan under Chapter 19 shall not require the
21 approval of the shareholders of the corporation for adoption
22 by the corporation.

23 § 2722. Changes in authorized shares.

24 (a) General rule.--An amendment of the articles of a
25 management corporation shall not require the approval of the
26 shareholders of the corporation to the extent it increases or
27 decreases (to a number not less than that then outstanding) the
28 number of authorized shares of the corporation, or of any class
29 or series of the corporation.

30 (b) Procedure.--The articles of amendment shall set forth in

1 addition to the requirements of section 1915 (relating to
2 articles of amendment):

3 (1) The aggregate number of shares that the corporation
4 shall have authority to issue, or the designations of the
5 classes of shares of the corporation and the maximum number
6 of shares of each class that may be issued.

7 (2) A statement of the voting rights, designations,
8 preferences, limitations and special rights in respect of the
9 shares of any class or any series of any class, to the extent
10 that they have been determined, and the maximum number of
11 shares of any series of any class that may be issued.

12 (3) A statement of any authority vested in the board of
13 directors to divide the authorized and unissued shares into
14 classes or series, or both, and to determine for any such
15 class or series its voting rights, designations, preferences,
16 limitations and special rights.

17 § 2923. Issuance and retention of shares.

18 (a) General rule.--Shares in a professional corporation may
19 be beneficially owned, directly or indirectly, only by one or
20 more licensed persons and any issuance or transfer of shares
21 [issued] in violation of this restriction shall be void. A
22 shareholder of a professional corporation shall not enter into a
23 voting trust, proxy or any other arrangement vesting another
24 person (other than another licensed person who is a direct or
25 indirect shareholder of the same corporation) with the authority
26 to exercise the voting power of any or all of his shares, and
27 any such purported voting trust, proxy or other arrangement
28 shall be void.

29 [(b) Transfer of shares.--Shares in a professional
30 corporation may be transferred only to or on behalf of a

1 licensed person or to the professional corporation. Any transfer
2 in violation of this restriction shall be void.

3 (c)] (b) Ownership by estate.--Unless a lesser period of
4 time is provided in a bylaw of the corporation adopted by the
5 shareholders or in a written agreement among the shareholders of
6 the corporation, the estate of a deceased shareholder may
7 continue to hold shares of the professional corporation for a
8 reasonable period of administration of the estate, but the
9 personal representative of the estate shall not by reason of the
10 retention of shares be authorized to participate in any
11 decisions concerning the rendering of professional service.

12 [(d)] (c) Interstate application.--Where the activities in
13 this Commonwealth of a person who is a licensed person under the
14 laws of another jurisdiction would be unlawful unless that
15 person were also a licensed person under the laws of this
16 Commonwealth, shares of a professional corporation shall not be
17 issued to or retained by or on behalf of him unless he is also a
18 licensed person under the laws of this Commonwealth. Except as
19 provided in the preceding sentence, this chapter shall not be
20 construed to require that any proportion or number of the
21 holders or beneficial owners of a professional corporation who
22 are licensed persons shall be licensed persons under the laws of
23 this Commonwealth.

24 CHAPTER 31

25 INSURANCE CORPORATIONS

26 Subchapter

27 A. Preliminary Provisions

28 B. Powers, Duties and Safeguards

29 C. Officers, Directors and Shareholders

30 SUBCHAPTER A

PRELIMINARY PROVISIONS

Sec.

3101. Application and effect of chapter.

3102. Definitions.

§ 3101. Application and effect of chapter.

(a) General rule.--This chapter shall be applicable to a business corporation that is a domestic insurance corporation.

(b) Application to business corporations generally.--The existence of a provision of this chapter shall not of itself create any implication that a contrary or different rule of law is or would be applicable to a business corporation that is not an insurance corporation. This chapter shall not affect any statute or rule of law that is or would be applicable to a business corporation that is not an insurance corporation.

(c) Laws applicable to insurance corporations.--Except as otherwise provided in this chapter, this subpart shall be generally applicable to all insurance corporations. The specific provisions of this chapter shall control over the general provisions of this subpart. Except as otherwise provided in this article, an insurance corporation may be simultaneously subject to this chapter and one or more other chapters of this article.

§ 3102. Definitions.

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

"Insurance corporation" or "domestic insurance corporation."
A domestic business corporation that is engaged in the business of writing insurance or reinsurance as principal and as such is subject to regulation by the Insurance Department.

"Mutual insurance company." An insurance corporation that is

1 organized on the mutual principle.

2 SUBCHAPTER B

3 POWERS, DUTIES AND SAFEGUARDS

4 Sec.

5 3121. Bylaws.

6 3122. Distributions by insurance corporations.

7 § 3121. Bylaws.

8 Except as provided in section 1504(b) (relating to adoption,
9 amendment and contents of bylaws), the board of directors of an
10 insurance corporation shall have the authority to adopt, amend
11 and repeal bylaws, subject to the power of the members to change
12 such action. The articles may restrict the authority of the
13 board to adopt, amend or repeal bylaws generally or on any
14 subject or class of subjects.

15 § 3122. Distributions by insurance corporations.

16 The amount of capital received by an insurance corporation
17 upon its stock shall be a liability of the corporation for the
18 purpose of determining the power of the corporation to make any
19 distribution of money or other assets to its shareholders or
20 members.

21 SUBCHAPTER C

22 OFFICERS, DIRECTORS AND SHAREHOLDERS

23 Sec.

24 3131. Directors.

25 3132. Officers.

26 3133. Notice of meetings of members of mutual insurance
27 companies.

28 3134. Quorum at shareholder or member meetings.

29 3135. Proxies of members of mutual insurance companies.

30 3136. Judges of election.

1 3137. Appointment of custodian.

2 3138. Judicial supervision of corporate action.

3 § 3131. Directors.

4 (a) Qualifications.--Two-thirds of the directors of an
5 insurance corporation shall be citizens of the United States.

6 (b) Number.--The board of directors of an insurance
7 corporation shall consist of not less than seven members.

8 § 3132. Officers.

9 The president, secretary and treasurer of an insurance
10 corporation shall be different persons. The treasurer shall be a
11 natural person of full age. The president shall be a director of
12 the corporation.

13 § 3133. Notice of meetings of members of mutual insurance
14 companies.

15 (a) General rule.--Unless otherwise restricted in the
16 bylaws, persons authorized or required to give notice of an
17 annual meeting of members of a mutual insurance company for the
18 election of directors or of a meeting of members of a mutual
19 insurance company called for the purpose of considering an
20 amendment of the articles of the corporation may, in lieu of any
21 written notice of meeting of members required to be given by
22 this subpart, give notice of such meeting by causing notice of
23 such meeting to be officially published. Such notice shall be
24 published each week for at least:

25 (1) Three successive weeks, in the case of an annual
26 meeting.

27 (2) Four successive weeks, in the case of a meeting to
28 consider an amendment of the articles.

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

1 § 3134. Quorum at shareholder or member meetings.

2 The board of directors of an insurance corporation may adopt
3 or change a bylaw on any subject otherwise expressly committed
4 to the shareholders or members by section 1756(a) (relating to
5 quorum).

6 § 3135. Proxies of members of mutual insurance companies.

7 In no event shall a proxy given by a member of a mutual
8 insurance company, unless coupled with an interest, be voted on
9 or utilized to express consent or dissent to corporate action in
10 writing after 11 months from the date of execution of the proxy.

11 § 3136. Judges of election.

12 The board of directors of an insurance corporation may adopt
13 or change a bylaw on any subject otherwise expressly committed
14 to the shareholders or members by section 1765 (relating to
15 judges of election).

16 § 3137. Appointment of custodian.

17 Section 1767 (relating to appointment of custodian of
18 corporation on deadlock or other cause) shall not be applicable
19 to an insurance corporation.

20 § 3138. Judicial supervision of corporate action.

21 Subchapter F of Chapter 17 (relating to judicial supervision
22 of corporate action) shall not be applicable to an insurance
23 corporation, insofar as inconsistent with the jurisdiction of
24 the Insurance Department.

25 § 4101. Application of article.

26 (a) General rule.--Except as otherwise provided in this
27 section or in subsequent provisions of this article, this
28 article shall apply to and the words "corporation" or "foreign
29 business corporation" in this article shall include every
30 foreign corporation for profit, including a corporation that, if

1 a domestic corporation for profit, would be a banking
2 institution, credit union[, insurance corporation] or savings
3 association.

4 (b) Domestic Federal financial institution exclusion.--
5 Except as permitted by act of Congress, this article shall not
6 apply to:

7 (1) Any of the following institutions or similar
8 federally chartered institutions engaged in this Commonwealth
9 in activities similar to those conducted by banking
10 institutions, saving associations or credit unions:

11 (i) National banking associations organized under
12 The National Bank Act (13 Stat. 99, 12 U.S.C. § 1 et
13 seq.).

14 (ii) Federal savings and loan associations and
15 Federal mutual savings banks organized under the Home
16 Owners' Loan Act of 1933 (48 Stat. 128, 12 U.S.C. § 1461
17 et seq.).

18 (iii) Federal credit unions organized under the
19 Federal Credit Union Act (48 Stat. 1216, 12 U.S.C. § 1751
20 et seq.).

21 (2) Any other Federal corporation intended by the
22 Congress to be treated for state law purposes as a domestic
23 corporation of this Commonwealth.

24 [(c) Qualified insurance corporation exclusion.--This
25 article shall not apply to any foreign corporation for profit
26 qualified to do business in this Commonwealth under the act of
27 May 17, 1921 (P.L.682, No.284), known as The Insurance Company
28 Law of 1921, except as otherwise expressly provided by statute
29 applicable to the corporation.]

30 § 4121. Admission of foreign corporations.

1 * * *

2 (c) Foreign insurance corporations.--A foreign insurance
3 corporation shall not be required to procure a certificate of
4 authority under this subchapter.

5 § 4123. Requirements for foreign corporation names.

6 (a) General rule.--The Department of State shall not issue a
7 certificate of authority to any foreign business corporation
8 that, except as provided in subsection (b), has a name that is
9 rendered unavailable for use by a domestic business corporation
10 by any provision of section 1303(a), (b) or (c) (relating to
11 corporate name), except [subsections] subsection (c)(1)(ii) [or
12 (iii)] thereof (relating to banking [and insurance] names).

13 * * *

14 § 4125. Issuance of certificate of authority.

15 Upon the filing of the application for a certificate of
16 authority, [the Department of State shall issue to] the foreign
17 business corporation shall be deemed to hold a certificate of
18 authority to do business in this Commonwealth. [The certificate
19 of authority shall be annexed to or endorsed upon the
20 application for a certificate of authority and shall state that,
21 subject to the Constitution and laws of this Commonwealth, the
22 corporation named in the application is authorized to do
23 business in this Commonwealth.]

24 § 4126. Amended certificate of authority.

25 * * *

26 (b) Issuance of amended certificate of authority.--Upon the
27 filing of the application, [the department shall issue to] the
28 applicant corporation shall be deemed to hold an amended
29 certificate of authority. [The amended certificate of authority
30 shall be annexed to or endorsed upon the application for an

1 amended certificate of authority and shall state that the
2 certificate of authority of the corporation named in the
3 application is amended to reflect the change of name specified
4 in the application.]

5 * * *

6 § 4128. Revocation of certificate of authority.

7 * * *

8 (c) Exception.--Subsections (a) and (b) shall not apply to a
9 foreign insurance corporation.

10 § 4129. Application for termination of authority.

11 (a) General rule.--Any qualified foreign business
12 corporation may withdraw from doing business in this
13 Commonwealth and surrender its certificate of authority by
14 filing in the Department of State an application for termination
15 of authority, executed by the corporation, which shall set
16 forth:

17 (1) The name of the corporation and, subject to section
18 109 (relating to name of commercial registered office
19 provider in lieu of registered address), the address,
20 including street and number, if any, of its last registered
21 office in this Commonwealth.

22 (2) The name of the jurisdiction under the laws of which
23 it is incorporated.

24 (3) The date on which it received a certificate of
25 authority to do business in this Commonwealth.

26 (4) A statement that it surrenders its certificate of
27 authority to do business in this Commonwealth.

28 (5) A statement that notice of its intention to withdraw
29 from doing business in this Commonwealth was mailed by
30 certified or registered mail to each municipal corporation in

1 which the registered office or principal place of business of
2 the corporation in this Commonwealth is located, and that the
3 official publication required by subsection (b) has been
4 effected.

5 (6) The post office address, including street and
6 number, if any, to which process may be sent in an action or
7 proceeding upon any liability incurred before the filing of
8 the application for termination of authority.

9 * * *

10 § 4142. General powers and duties of qualified foreign
11 corporations.

12 * * *

13 (c) Foreign insurance corporations.--A foreign insurance
14 corporation shall, insofar as it is engaged in the business of
15 writing insurance or reinsurance as principal, be subject to the
16 laws of this Commonwealth regulating the business of insurance
17 in lieu of the provisions of subsection (a).

18 § 4146. Provisions applicable to all foreign corporations.

19 The following provisions of this subpart shall, except as
20 otherwise provided in this section, be applicable to every
21 foreign corporation for profit, whether or not required to
22 procure a certificate of authority under this chapter:

23 Section 1503 (relating to defense of ultra vires), as to
24 contracts and conveyances made in this Commonwealth and
25 conveyances affecting real property situated in this
26 Commonwealth.

27 Section 1506 (relating to form of execution of
28 instruments), as to instruments or other documents made or to
29 be performed in this Commonwealth or affecting real property
30 situated in this Commonwealth.

1 Section 1510 (relating to [usury not a defense] certain
2 specifically authorized debt terms), as to obligations (as
3 defined in the section) executed or effected in this
4 Commonwealth or affecting real property situated in this
5 Commonwealth.

6 Section 1782 (relating to actions against directors and
7 officers), as to any action or proceeding brought in a court
8 of this Commonwealth.

9 Subchapter F of Chapter 25 (relating to business
10 combinations), to the extent provided in section 2551(d)
11 (relating to continuing applicability).

12 § 4161. Domestication.

13 * * *

14 (b) Articles of domestication.--The articles of
15 domestication shall be executed by the corporation and shall set
16 forth in the English language:

17 * * *

18 (6) A statement that the filing of articles of
19 domestication and, if desired, the renunciation of the
20 original charter or articles of the corporation has been
21 authorized (unless its charter or other organic documents
22 require a greater vote) by a majority of the votes cast by
23 all shareholders entitled to vote thereon and, if any class
24 of shares is entitled to vote thereon as a class, a majority
25 of the votes cast in each class vote.

26 * * *

27 § 5103. Definitions.

28 Subject to additional definitions contained in subsequent
29 provisions of this subpart [which] that are applicable to
30 specific [articles, chapters or other] provisions of this

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

5 "Articles." The original articles of incorporation, all
6 amendments [thereto, articles of merger and consolidation]
7 thereof, and any other articles, statements or certificates
8 permitted or required to be filed [by] in the Department of
9 State by sections 108 (relating to change in location or status
10 of registered office provided by agent) and 138 (relating to
11 statement of correction) or this subpart [or by Chapter 1
12 (relating to general provisions),] and including what have
13 heretofore been designated by law as certificates of
14 incorporation or charters. If an amendment of the articles or
15 articles of merger[,] or division [or conversion] made in the
16 manner permitted by this subpart restates articles in their
17 entirety or if there are articles of consolidation, conversion
18 or domestication, thenceforth the "articles" shall not include
19 any prior documents and any certificate issued by the
20 [Department of State] department with respect thereto shall so
21 state.

22 "Board of directors" or "board." The group of persons vested
23 with the management of the business and affairs of the
24 corporation irrespective of the name by which such group is
25 designated. The term does not include an other body. The term,
26 when used in any provision of this subpart relating to the
27 organization or procedures of or the manner of taking action by
28 the board of directors, shall be construed to include and refer
29 to any executive or other committee of the board. Any provision
30 of this subpart relating or referring to action to be taken by

1 the board of directors or the procedure required therefor shall
2 be satisfied by the taking of corresponding action by a
3 committee of the board of directors to the extent authority to
4 take such action has been delegated to such committee pursuant
5 to section 5731 (relating to executive and other committees of
6 the board).

7 "Business." [In the case of a domestic nonprofit
8 corporation, any] Any or all of the activities for which [it] a
9 corporation has been incorporated[, and, in the case of a
10 foreign corporation not-for-profit, any or all of the activities
11 in which its certificate of authority authorizes it to engage
12 within this Commonwealth].

13 "Bylaws." The code or codes of rules adopted for the
14 regulation or management of the business and affairs of the
15 corporation irrespective of the name or names by which such
16 rules are designated.

17 "Charitable purposes." The relief of poverty, the
18 advancement of education, the advancement of religion, the
19 promotion of health, governmental or municipal purposes, and
20 other purposes the accomplishment of which is beneficial to the
21 community.

22 "Common trust fund." A fund maintained by the corporation
23 for the collective investment and reinvestment of trust assets,
24 and any other funds contributed thereto by such corporation, as
25 fiduciary or otherwise.

26 "Corporation for profit." A corporation incorporated for a
27 purpose or purposes involving pecuniary profit, incidental or
28 otherwise, to its shareholders or members.

29 "Corporation not-for-profit." A corporation not incorporated
30 for a purpose or purposes involving pecuniary profit, incidental

1 or otherwise.

2 "Court." Subject to any inconsistent general rule prescribed
3 by the Supreme Court of Pennsylvania:

4 (1) the court of common pleas of the judicial district
5 embracing the county where the registered office of the
6 corporation is or is to be located; or

7 (2) where a corporation results from a merger,
8 consolidation, division or other transaction without
9 establishing a registered office in this Commonwealth or
10 withdraws as a foreign corporation, the court of common pleas
11 in which venue would have been laid immediately prior to the
12 transaction or withdrawal.

13 "Department." The Department of State of the Commonwealth.

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

20 "Domestic corporation for profit." A corporation for profit
21 incorporated under the laws of this Commonwealth.

22 "Domestic corporation not-for-profit." A corporation not-
23 for-profit incorporated under the laws of this Commonwealth.

24 "Entitled to vote." Those persons entitled to vote on the
25 matter under either the bylaws of the corporation or any
26 applicable controlling provision of law.

27 "Foreign corporation for profit." A corporation for profit
28 incorporated under any laws other than those of this
29 Commonwealth.

30 "Foreign corporation not-for-profit." A corporation not-for-

1 profit incorporated under any laws other than those of this
2 Commonwealth.

3 "Foreign nonprofit corporation." A foreign corporation not-
4 for-profit or other entity subject to Chapter 61 (relating to
5 foreign nonprofit corporations), whether or not required to
6 qualify thereunder.

7 "Full age." Of the age of 18 years or over.

8 "Incorporator." A signer of the original articles of
9 incorporation.

10 "Member." One having membership rights in a corporation in
11 accordance with the provisions of its bylaws. The term, when
12 used in relation to the taking of corporate action includes:

13 (1) the proxy of a member, if action by proxy is
14 permitted under the bylaws of the corporation; and

15 (2) a delegate to any convention or assembly of
16 delegates of members established pursuant to any provision of
17 this subpart.

18 If and to the extent the bylaws confer rights of members upon
19 holders of securities evidencing indebtedness or governmental or
20 other entities pursuant to any provision of this subpart the
21 term shall be construed to include such security holders and
22 governmental or other entities. The term shall be construed to
23 include "shareholder" if the corporation issues shares of stock.

24 "Nonprofit corporation" or "domestic nonprofit corporation."
25 A domestic corporation not-for-profit which is not excluded from
26 the scope of this subpart by section 5102 (relating to
27 application of subpart).

28 "Nonqualified foreign corporation[.]" or "nonqualified
29 foreign nonprofit corporation." A foreign corporation not-for-
30 profit which is not a qualified foreign corporation, as defined

1 in this section.

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

9 (1) the membership of a corporation taken as a whole;

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

12 (3) the board of directors.

13 Except as otherwise provided in this subpart a corporation may
14 establish distinct persons or groups to exercise different
15 powers which this subpart authorizes a corporation to vest in an
16 other body.

17 "Qualified foreign corporation[.]" or "qualified foreign
18 nonprofit corporation." A foreign corporation not-for-profit
19 authorized under Chapter 61 (relating to foreign nonprofit
20 corporations) to do business in this Commonwealth.

21 "Registered office." That office maintained by a corporation
22 in this Commonwealth, the address of which is filed in the
23 Department of State or which was recorded in the office of the
24 recorder of deeds in the manner formerly required by statute.

25 "Relax." When used with respect to a provision of the
26 articles or bylaws, means to provide lesser rights for an
27 affected representative or member.

28 "Representative." When used with respect to a corporation,
29 partnership, joint venture, trust or other enterprise, means a
30 director, officer, employee or agent thereof.

1 "Trust instrument." Any lawful deed of gift, grant, will or
2 other document by which the donor, grantor or testator shall
3 give, grant or devise any real or personal property or the
4 income therefrom in trust for any charitable purpose.

5 "Unless otherwise provided." When used to introduce a rule
6 implies that the alternative provisions contemplated may either
7 relax or restrict the stated rule.

8 "Unless otherwise restricted." When used to introduce a rule
9 implies that the alternative provisions contemplated may further
10 restrict, but may not relax, the stated rule.

11 § 5104. Other general provisions.

12 The following provisions of this title are applicable to
13 corporations subject to this subpart:

14 Section 101 (relating to short title and application of
15 title).

16 Section 102 (relating to definitions).

17 Section 103 (relating to subordination of title to
18 regulatory laws).

19 Section 104 (relating to equitable remedies).

20 Section 105 (relating to fees).

21 Section 106 (relating to effect of filing papers required
22 to be filed).

23 Section 107 (relating to form of records).

24 Section 108 (relating to change in location or status of
25 registered office provided by agent).

26 Section 109 (relating to name of commercial registered
27 office provider in lieu of registered address).

28 Section 110 (relating to supplementary general principles
29 of law applicable).

30 Section 132 (relating to functions of Department of

1 State).

2 Section 133 (relating to powers of Department of State).

3 Section 134 (relating to docketing statement).

4 Section 135 (relating to requirements to be met by filed
5 documents).

6 Section 136 (relating to processing of documents by
7 Department of State).

8 Section 137 (relating to court to pass upon rejection of
9 documents by Department of State).

10 Section 138 (relating to statement of correction).

11 Section 139 (relating to tax clearance of certain
12 fundamental transactions).

13 Section 140 (relating to custody and management of orphan
14 corporate and business records).

15 Section 152 (relating to definitions).

16 Section 153 (relating to fee schedule).

17 Section 154 (relating to enforcement and collection).

18 Section 155 (relating to disposition of funds).

19 [Section 151 (relating to domestication of certain
20 foreign associations).]

21 Section [152] 162 (relating to contingent domestication
22 of certain foreign associations).

23 Section 501 (relating to reserved power of General
24 Assembly).

25 Section 503 (relating to actions to revoke corporate
26 franchises).

27 Section 504 (relating to validation of certain defective
28 corporations).

29 Section 505 (relating to validation of certain defective
30 corporate acts).

1 Section 511 (relating to standard of care and justifiable
2 reliance).

3 Section 512 (relating to personal liability of
4 directors).

5 Section 513 (relating to nonexclusivity and supplementary
6 coverage).

7 § 5110. Annual report.

8 (a) General rule.--On or before April 30 of each year, a
9 domestic nonprofit corporation which has been incorporated after
10 December 31, 1972, or which has filed a summary of record with
11 the Department of State after December 31, 1972, or a qualified
12 foreign nonprofit corporation shall file in the Department of
13 State a statement executed by the corporation and setting forth:

14 (1) The name of the corporation.

15 (2) The post office address, including street and
16 number, if any, of its principal office.

17 (3) The names and titles of the persons who are its
18 principal officers.

19 (b) Separate change in registered office required.--A filing
20 under this section shall not constitute compliance with section
21 5507(b) (relating to registered office).

22 (c) Fee.--No fee shall be charged for effecting a filing
23 under this section.

24 (d) Cross reference.--See section 134 (relating to docketing
25 statement).

26 § 5301. Purposes.

27 [Corporations] (a) General rule.--Except as provided in
28 subsection (b), corporations may be incorporated under this
29 article for any lawful purpose or purposes, including, but not
30 limited to, any one or more of the following or similar

1 purposes: athletic; any lawful business purpose to be conducted
2 on a not-for-profit basis; beneficial; benevolent; cemetery;
3 charitable; civic; control of fire; cultural; educational;
4 encouragement of agriculture or horticulture; fraternal;
5 [fraternal benefit;] health; literary; missionary; musical;
6 mutual improvement; patriotic; political; prevention of cruelty
7 to persons or animals; professional, commercial, industrial,
8 trade, service or business associations; promotion of the arts;
9 protection of natural resources; religious; research; scientific
10 and social.

11 (b) Exception.--Except as otherwise provided by Title 40
12 (relating to insurance) or the act of December 29, 1972
13 (P.L.1701, No.364), known as the Health Maintenance Organization
14 Act, a corporation may not be incorporated under this article
15 for the purpose of engaging in the business of writing insurance
16 or reinsurance as principal.

17 [§ 5303. Corporate name.

18 (a) General rule.--The corporate name may be in any
19 language, but must be expressed in English letters or
20 characters. The corporate name shall not imply that the
21 corporation is a governmental agency of the Commonwealth or of
22 the United States, a bank, bank and trust company, savings bank,
23 private bank or trust company, as defined in the Banking Code of
24 1965, an insurance company which might be incorporated under The
25 Insurance Company Law of 1921, or a public utility as defined in
26 Title 66 (relating to public utilities).

27 (b) Duplicate use of names.--The corporate name shall not be
28 the same as, or deceptively similar to:

29 (1) The name of any other domestic corporation for
30 profit or not-for-profit, or of any foreign corporation for

1 profit or not-for-profit authorized to do business in this
2 Commonwealth, or the name of any nonprofit unincorporated
3 association registered at any time under Chapter 5 of Title
4 54 (relating to corporate and association names), unless:

5 (i) where the name is the same or deceptively
6 similar, such other corporation or nonprofit
7 unincorporated association:

8 (A) is about to change its name, or to cease to
9 do business, or is being wound up, or is a foreign
10 corporation about to withdraw from doing business in
11 this Commonwealth, and the written consent of such
12 other corporation or nonprofit unincorporated
13 association to the adoption of such name is filed in
14 the Department of State;

15 (B) has filed with the Department of Revenue a
16 certificate of out of existence, or has failed for a
17 period of three successive years to file with the
18 Department of Revenue a report or return required by
19 law, and such failure to file with the Department of
20 Revenue has been certified by the Department of
21 Revenue to the Department of State; or

22 (C) has had the registration of its name under
23 Chapter 5 of Title 54 terminated and, if the
24 termination was effected by operation of 54 Pa.C.S. §
25 504 (relating to effect of failure to make decennial
26 filings), the application for the use of such name is
27 accompanied by an affidavit stating that at least 30
28 days' written notice of intention to appropriate such
29 name was given to the delinquent corporation or
30 association at its registered office and that after

1 diligent search by the affiant the affiant believes
2 the corporation or association to be out of
3 existence; or

4 (ii) where the name is deceptively similar, the
5 consent of such other corporation or nonprofit
6 unincorporated association to the adoption of such name
7 is filed in the Department of State.

8 The consent of the corporation or nonprofit unincorporated
9 association shall be evidenced by a certificate to that
10 effect executed under the seal, if any, of the corporation or
11 association and signed by two duly authorized officers
12 thereof.

13 (2) The name of any administrative department, board, or
14 commission, or other agency of this Commonwealth.

15 (3) A name the exclusive right to which is at the time
16 reserved by any other person whatsoever in the manner
17 provided by statute. A name shall be rendered unavailable for
18 corporate use by reason of the filing in the Department of
19 State of any assumed or fictitious name required by statute
20 to be filed in the department only if and to the extent
21 expressly so provided by such statute.

22 (c) Required approvals or conditions.--

23 (1) The corporate name shall not contain the word
24 "college," "university" or "seminary" when used in such a way
25 as to imply that it is an educational institution conforming
26 to the standards and qualifications prescribed by the State
27 Board of Education, unless there is submitted a certificate
28 from the Department of Education certifying that the
29 corporation or proposed corporation is entitled to use such
30 designation.

1 (2) The corporate name shall not contain the words
2 "engineer" or "engineering" or "surveyor" or "surveying" or
3 any other word implying that any form of the practice of
4 engineering or surveying as defined in the Professional
5 Engineers Registration Law is provided unless at least one of
6 the incorporators of a proposed corporation or the directors
7 of the existing corporation has been properly registered with
8 the State Registration Board for Professional Engineers in
9 the practice of engineering or surveying and there is
10 submitted to the department a certificate from the board to
11 that effect.

12 (3) The corporate name shall not contain the words
13 "Young Men's Christian Association" or any other words
14 implying that the corporation is affiliated with the State
15 Young Men's Christian Association of Pennsylvania unless the
16 corporation is incorporated for the purpose of the
17 improvement of the spiritual, mental, social and physical
18 condition of young people, by the support and maintenance of
19 lecture rooms, libraries, reading rooms, religious and social
20 meetings, gymnasiums, and such other means and services as
21 may conduce to the accomplishment of that object, according
22 to the general rules and regulations of such State
23 association.

24 (d) Other rights unaffected.--Nothing in this section shall
25 abrogate or limit the law as to unfair competition or unfair
26 practices, nor derogate from the common law, the principles of
27 equity, or the statutes of this Commonwealth with respect to the
28 right to acquire and protect trade names.

29 (e) Remedies for violation of section.--The use of a name in
30 violation of this section shall not vitiate or otherwise affect

1 the corporate existence, but any court of competent
2 jurisdiction, upon the application of the Attorney General,
3 acting on his own motion or at the instance of any
4 administrative department, board, or commission of this
5 Commonwealth, or upon the application of any person adversely
6 affected, may enjoin the corporation from using or continuing to
7 use a name in violation of this section.]

8 § 5303. Corporate name.

9 (a) General rule.--The corporate name may be in any
10 language, but must be expressed in Roman letters or characters
11 or Arabic or Roman numerals.

12 (b) Duplicate use of names.--The corporate name shall not be
13 the same as or confusingly similar to:

14 (1) The name of any other domestic corporation for
15 profit or not-for-profit which is either in existence or for
16 which articles of incorporation have been filed but have not
17 yet become effective, or of any foreign corporation for
18 profit or not-for-profit authorized to do business in this
19 Commonwealth, or of any domestic or foreign limited
20 partnership that has filed in the Department of State a
21 certificate or qualified under Chapter 85 (relating to
22 limited partnerships) or under corresponding provisions of
23 prior law, or the name of any association registered at any
24 time under 54 Pa.C.S. Ch.5 (relating to corporate and other
25 association names), unless:

26 (i) where the name is the same or confusingly
27 similar, the other association:

28 (A) has stated that it is about to change its
29 name, or to cease to do business, or is being wound
30 up, or is a foreign association about to withdraw

1 from doing business in this Commonwealth, and the
2 statement and the written consent of the other
3 association to the adoption of the name is filed in
4 the Department of State;

5 (B) has filed with the Department of Revenue a
6 certificate of out of existence, or has failed for a
7 period of three successive years to file with the
8 Department of State or the Department of Revenue a
9 report or return required by law, and in the case of
10 a failure to file with the Department of Revenue, the
11 fact of such failure has been certified by the
12 Department of Revenue to the Department of State;

13 (C) has abandoned its name under the laws of its
14 jurisdiction of incorporation, by amendment, merger,
15 consolidation, division, expiration, dissolution or
16 otherwise, without its name being adopted by a
17 successor in a merger, consolidation, division or
18 otherwise, and an official record of that fact,
19 certified as provided by 42 Pa.C.S. § 5328 (relating
20 to proof of official records), is presented by any
21 person to the department; or

22 (D) has had the registration of its name under
23 54 Pa.C.S. Ch.5 terminated and, if the termination
24 was effected by operation of 54 Pa.C.S. § 504
25 (relating to effect of failure to make decennial
26 filings), the application for the use of the name is
27 accompanied by a verified statement stating that at
28 least 30 days' written notice of intention to
29 appropriate the name was given to the delinquent
30 association at its registered office and that, after

diligent search by the affiant, the affiant believes
the association to be out of existence; or
(ii) where the name is confusingly similar, the
consent of the other association to the adoption of the
name is filed in the Department of State.

The consent of the association shall be evidenced by a
statement to that effect executed by the association.

(2) A name the exclusive right to which is at the time
reserved by any other person whatsoever in the manner
provided by statute. A name shall be rendered unavailable for
corporate use by reason of the filing in the Department of
State of any assumed or fictitious name required by 54
Pa.C.S. Ch.3 (relating to fictitious names) to be filed in
the department only if and to the extent expressly so
provided in that chapter.

(c) Required approvals or conditions.--

(1) The corporate name shall not imply that the
corporation is:

(i) A governmental agency of the Commonwealth or of
the United States.

(ii) A bank, bank and trust company, savings bank,
private bank or trust company, as defined in the act of
November 30, 1965 (P.L.847, No.356), known as the Banking
Code of 1965.

(iii) An insurance company.

(iv) A public utility as defined in 66 Pa.C.S. § 102
(relating to definitions).

(2) The corporate name shall not contain:

(i) The word "college," "university" or "seminary"
when used in such a way as to imply that it is an

1 educational institution conforming to the standards and
2 qualifications prescribed by the State Board of
3 Education, unless there is submitted a certificate from
4 the Department of Education certifying that the
5 corporation or proposed corporation is entitled to use
6 that designation.

7 (ii) Words that constitute blasphemy, profane
8 cursing or swearing or that profane the Lord's name.

9 (iii) The words "engineer" or "engineering" or
10 "surveyor" or "surveying" or any other word implying that
11 any form of the practice of engineering or surveying as
12 defined in the act of May 23, 1945 (P.L.913, No.367),
13 known as the Professional Engineers Registration Law, is
14 provided unless at least one of the incorporators of a
15 proposed corporation or the directors of the existing
16 corporation has been properly registered with the State
17 Registration Board for Professional Engineers in the
18 practice of engineering or surveying and there is
19 submitted to the department a certificate from the board
20 to that effect.

21 (iv) The words "Young Men's Christian Association"
22 or any other words implying that the corporation is
23 affiliated with the State Young Men's Christian
24 Association of Pennsylvania unless the corporation is
25 incorporated for the purpose of the improvement of the
26 spiritual, mental, social and physical condition of young
27 people, by the support and maintenance of lecture rooms,
28 libraries, reading rooms, religious and social meetings,
29 gymnasiums, and such other means and services as may
30 conduce to the accomplishment of that object, according

1 to the general rules and regulations of such State
2 association.

3 (v) The words "architect" or "architecture" or any
4 other word implying that any form of the practice of
5 architecture as defined in the act of December 14, 1982
6 (P.L.1227, No.281), known as the Architects Licensure
7 Law, is provided unless at least one of the incorporators
8 of a proposed corporation or the directors of the
9 existing corporation has been properly registered with
10 the Architects Licensure Board in the practice of
11 architecture and there is submitted to the department a
12 certificate from the board to that effect.

13 (vi) The word "cooperative" or an abbreviation
14 thereof unless the corporation is a cooperative
15 corporation.

16 (d) Other rights unaffected.--This section shall not
17 abrogate or limit the law as to unfair competition or unfair
18 practices, nor derogate from the common law, the principles of
19 equity, or the provisions of Title 54 (relating to names) with
20 respect to the right to acquire and protect trade names.
21 Subsection (b) shall not apply if the applicant files in the
22 department a certified copy of a final order of a court of
23 competent jurisdiction establishing the prior right of the
24 applicant to the use of a name in this Commonwealth.

25 (e) Remedies for violation of section.--The use of a name in
26 violation of this section shall not vitiate or otherwise affect
27 the corporate existence but any court having jurisdiction, upon
28 the application of:

29 (1) the Attorney General, acting on his own motion or at
30 the instance of any administrative department, board, or

1 commission of this Commonwealth; or

2 (2) any person adversely affected;

3 may enjoin the corporation from using or continuing to use a
4 name in violation of this section.

5 [§ 5305. Reservation of corporate name.

6 (a) General rule.--The exclusive right to the use of a
7 corporate name may be reserved by any person. Such reservation
8 shall be made by delivering to the department an application to
9 reserve a specified corporate name, executed by the applicant.

10 If the department finds that the name is available for corporate
11 use, it shall reserve the name for the exclusive use of the
12 applicant for a period of 60 days.

13 (b) Transfer of reservation.--The right to exclusive use of
14 a specified corporate name reserved under subsection (a) of this
15 section may be transferred to any other person by delivering to
16 the department a notice of such transfer, executed by the person
17 for whom the name was reserved, and specifying the name and
18 address of the transferee.

19 (c) Cross reference.--See section 134 (relating to docketing
20 statement).]

21 § 5305. Reservation of corporate name.

22 (a) General rule.--The exclusive right to the use of a
23 corporate name may be reserved by any person. The reservation
24 shall be made by delivering to the Department of State an
25 application to reserve a specified corporate name, executed by
26 the applicant. If the department finds that the name is
27 available for corporate use, it shall reserve the name for the
28 exclusive use of the applicant for a period of 120 days.

29 (b) Transfer of reservation.--The right to exclusive use of
30 a specified corporate name reserved under subsection (a) may be

1 transferred to any other person by delivering to the department
2 a notice of the transfer, executed by the person who reserved
3 the name, and specifying the name and address of the transferee.

4 (c) Cross references.--See sections 134 (relating to
5 docketing statement) and 6131 (relating to registration of
6 name).

7 § 5306. Articles of incorporation.

8 (a) General rule.--Articles of incorporation shall be signed
9 by each of the incorporators[,] and shall set forth[,] in the
10 English language:

11 (1) The name of the corporation, unless the name is in a
12 foreign language[,] in which case it shall be set forth in
13 [English] Roman letters or characters or Arabic or Roman
14 numerals.

15 (2) [The] Subject to section 109 (relating to name of
16 commercial registered office provider in lieu of registered
17 address), the address, including street and number, if any,
18 of its initial registered office in this Commonwealth.

19 (3) A brief statement of the purpose or purposes for
20 which the corporation is incorporated.

21 (4) A statement that the corporation is one which does
22 not contemplate pecuniary gain or profit, incidental or
23 otherwise.

24 (5) [The term for which it is to exist, which may be
25 perpetual] A statement that the corporation is incorporated
26 under the provisions of the Nonprofit Corporation Law of
27 1988.

28 (6) A statement whether the corporation is to be
29 organized upon a nonstock basis or a stock share basis, and,
30 if it is to be organized on a stock share basis:

1 (i) The aggregate number of shares [which] that the
2 corporation shall have authority to issue[, and, if the
3 shares are to consist of one class only, the par value of
4 each of the shares or a statement that all of the shares
5 are without par value, or if the shares are to be divided
6 into classes, the number of shares of each class, if any,
7 that are to have a par value and the par value of each
8 share of each class and the number of shares of each
9 class, if any, that are to be without par value]. It
10 shall not be necessary to set forth in the [original]
11 articles the designations of the classes of shares of the
12 corporation, or the maximum number of shares of each
13 class that may be issued.

14 (ii) A statement of the voting rights, designations,
15 preferences, [qualifications,] limitations[,
16 restrictions] and [the] special [or relative] rights in
17 respect of the shares of any class [the fixing of which
18 by the articles of incorporation is desired] or any
19 series of any class, to the extent that they have been
20 determined.

21 (iii) A statement of [such authority as it may then
22 be desired to vest in the members,] any authority vested
23 in the board of directors or other body to [fix by
24 provision in the bylaws any] divide by provision in the
25 bylaws the authorized and unissued shares into classes or
26 series, or both, and to determine for any class or series
27 its voting rights, designations, preferences,
28 [qualifications,] limitations[, restrictions,] and
29 special [or relative] rights [of any class that may be
30 desired but which shall not be fixed in the articles].

1 (7) If the corporation is to have no members, a
2 statement to that effect.

3 (8) The name and address, including street and number,
4 if any, of each of the incorporators.

5 (9) The term for which the corporation is to exist, if
6 not perpetual.

7 (10) If the articles are to be effective on a specified
8 date, the hour, if any, and the month, day and year of the
9 effective date.

10 [(9)] (11) Any other provisions [which] that the
11 incorporators may choose to insert if:

12 (i) any provision of this [article] subpart
13 authorizes or requires provisions pertaining to the
14 subject matter thereof to be set forth in the articles or
15 bylaws of a nonprofit corporation or in an agreement or
16 other instrument; or

17 (ii) such provisions, [whether or not specifically
18 authorized by this article,] are not inconsistent with this
19 subpart and relate to the [regulation of the internal affairs
20 or business of the corporation, or to] purpose or purposes of
21 the corporation, the management of its business or affairs or
22 the rights, powers or duties of its members, security
23 holders, directors or officers.

24 (b) Par value.--The articles may, but need not, set forth a
25 par value for any authorized shares or class or series of
26 shares.

27 [(b)] (c) Written consent to naming directors.--The naming
28 of directors in articles of incorporation shall constitute an
29 affirmation that such directors have consented in writing to
30 serve as such.

1 § 5311. Filing of [certificate] statement of summary of record
2 by certain corporations.

3 (a) General rule.--[Any nonprofit corporation which was not
4 incorporated under this article and which] Where any of the
5 valid charter documents of a nonprofit corporation are not on
6 file in the Department of State and the corporation desires to
7 file any document in the [Department of State] department under
8 any other provision of this article or [which] the corporation
9 desires to secure from the department any certificate to the
10 effect that the corporation is a corporation duly incorporated
11 and existing under the laws of this Commonwealth or a certified
12 copy of the articles of the corporation, the corporation shall
13 file in the department a [certificate] statement of summary of
14 record[,] which shall be executed [under the seal of] by the
15 corporation [by two duly authorized officers thereof] and shall
16 set forth:

17 (1) The name of the corporation and, subject to section
18 109 (relating to name of commercial registered office
19 provides in lieu of registered address), the location,
20 including street and number, if any, of its registered
21 office.

22 (2) The statute by or under which the corporation was
23 incorporated.

24 (3) The name under which, the manner in which and the
25 date on which the corporation was originally incorporated,
26 including the date when and the place where the original
27 articles were recorded.

28 (4) The place or places, including volume and page
29 numbers or their equivalent, where the documents constituting
30 the currently effective articles are filed or recorded, the

1 date or dates of each such filing or recording[,] and the
2 text of such currently effective articles. The information
3 specified in this paragraph may be omitted in a [certificate]
4 statement of summary of record [which] that is delivered to
5 the department contemporaneously with amended and restated
6 articles of the corporation filed under this [article]
7 subpart.

8 (5) Each name by which the corporation was known, if
9 any, other than its original name and its current name, and
10 the date or dates on which each change of name of the
11 corporation became effective.

12 A corporation shall be required to make only one filing under
13 this subsection.

14 (b) Validation of prior defects in incorporation.--Upon the
15 filing of a [certificate] statement under this section, the
16 corporation named in the [certificate] statement shall be deemed
17 to be a validly subsisting corporation to the same extent as if
18 it had been duly incorporated and was existing under this
19 article and the [Department of State] department shall so
20 certify regardless of any absence of or defect in the prior
21 [proceeding] proceedings relating to incorporation.

22 (c) Cross reference.--See section 134 (relating to docketing
23 statement).

24 SUBCHAPTER C

25 REVIVAL

26 [(Reserved)]

27 Sec.

28 5341. Statement of revival.

29 § 5341. Statement of revival.

30 (a) General rule.--Any nonprofit corporation whose charter

1 or articles have been forfeited by proclamation of the Governor
2 pursuant to section 1704 of the act of April 9, 1929 (P.L.343,
3 No.176), known as The Fiscal Code, or otherwise, or whose
4 corporate existence has expired by reason of any limitation
5 contained in its charter or articles and the failure to effect a
6 timely renewal or extension of its corporate existence, may at
7 any time by filing a statement of revival procure a revival of
8 its charter or articles, together with all the rights,
9 franchises, privileges and immunities and subject to all of its
10 duties, debts and liabilities that had been vested in and
11 imposed upon the corporation by its charter or articles as last
12 in effect.

13 (b) Contents of statement.--The statement of revival shall
14 be executed in the name of the forfeited or expired corporation
15 and shall, subject to section 109 (relating to name of
16 commercial registered office provider in lieu of registered
17 address), set forth:

18 (1) The name of the corporation at the time its charter
19 or articles were forfeited or expired and the address,
20 including street and number, if any, of its last registered
21 office.

22 (2) The statute by or under which the corporation was
23 incorporated and the date of incorporation.

24 (3) The name that the corporation adopts as its new name
25 if the adoption of a new name is required by section 5304
26 (relating to required name changes by senior corporations).

27 (4) The address, including street and number, if any, of
28 its registered office in this Commonwealth.

29 (5) A reference to the proclamation or other action by
30 which its charter or articles were forfeited or a reference

1 to the limitation contained in its expired charter or
2 articles.

3 (6) A statement that the corporate existence of the
4 corporation shall be revived.

5 (7) A statement that the filing of the statement of
6 revival has been authorized by the corporation. Every
7 forfeited or expired corporation may act by its last
8 directors or may elect directors and officers in the manner
9 provided by this subpart for the limited purpose of effecting
10 a filing under this section.

11 (c) Filing and effect.--The statement of revival and, in the
12 case of a forfeited corporation, the clearance certificates
13 required by section 139 (relating to tax clearance of certain
14 fundamental transactions) shall be filed in the Department of
15 State. Upon the filing of the statement of revival, the
16 corporation shall be revived with the same effect as if its
17 charter or articles had not been forfeited or expired by
18 limitation. The revival shall validate all contracts and other
19 transactions made and effected within the scope of the articles
20 of the corporation by its representatives during the time when
21 its charter or articles were forfeited or expired to the same
22 effect as if its charter or articles had not been forfeited or
23 expired.

24 (d) Cross reference.--See section 134 (relating to docketing
25 statement).

26 § 5502. General powers.

27 (a) General rule.--Subject to the limitations and
28 restrictions imposed by statute and, except as otherwise
29 provided in paragraph (4) [of this subsection], subject to the
30 limitations and restrictions contained in its articles, every

1 nonprofit corporation shall have power:

2 (1) To [continue as a corporation for the time] have
3 perpetual succession by its corporate name unless a limited
4 period of duration is specified in its articles, subject to
5 the power of the Attorney General under section 503 (relating
6 to actions to revoke corporate franchises) and to the power
7 of the General Assembly under the Constitution of
8 Pennsylvania.

9 (2) To sue and be sued, complain and defend[,] and
10 participate as a party or otherwise in any judicial,
11 administrative, arbitratative or other proceeding in its
12 corporate name.

13 (3) To have a corporate seal, which may be altered at
14 pleasure, and to use the [same] seal by causing it or a
15 facsimile thereof to be impressed or affixed[,] or in any
16 manner reproduced.

17 (4) To acquire, own and [dispose of] utilize any real or
18 personal property, or any interest therein, wherever
19 situated, regardless of any limitation set forth in its
20 articles prior to January 1, 1972 as to the quantity or value
21 of real or personal property which it may hold, or as to the
22 amount of income derived therefrom.

23 (5) To sell [and convey, lease away], convey, mortgage,
24 pledge, lease, exchange or otherwise dispose of all or any
25 part of its property and assets, or any interest therein,
26 wherever situated.

27 (6) To guarantee, become surety for, acquire, own and
28 dispose of obligations, capital stock and other securities[,
29 and evidences of indebtedness].

30 (7) To borrow money, [to] issue [its evidences of

1 indebtedness, for labor done, or money or property, including
2 shares of the corporation, if the corporation is organized on
3 a stock share basis, properly acquirable by it, actually
4 received and to] or incur its obligations and secure any of
5 its obligations by mortgage on or pledge of or security
6 interest in all or any part of its property and assets,
7 wherever situated, franchises or income, or any interest
8 therein.

9 (8) To invest its [surplus] funds, [to] lend money and
10 to take and hold real and personal property as security for
11 the [payment] repayment of funds so invested or loaned.

12 (9) To make contributions and donations [for charitable
13 purposes].

14 (10) To use abbreviations, words, logos or symbols upon
15 the records of the corporation, and in connection with the
16 registration of, and inscription of ownership or entitlement
17 on, certificates evidencing membership in [the corporation or
18 ownership of its] or securities [and upon the other records
19 of the corporation,] or obligations of the corporation, and
20 upon checks, proxies, notices and other instruments and
21 documents relating to the foregoing, which abbreviations,
22 words, logos or symbols shall [thereupon] have the same force
23 and effect as though the respective words and phrases for
24 which they stand were set forth in full for the purposes of
25 all statutes of this Commonwealth and all other purposes.

26 (11) To be a promoter, partner, member, associate or
27 manager of any partnership, enterprise or venture or in any
28 transaction, undertaking or arrangement [which] that the
29 [participating] corporation would have power to conduct
30 itself, whether or not [such] its participation involves

1 sharing or delegation of control with or to others.

2 (12) To transact any lawful business [which] that the
3 board of directors or other body [shall find to be in] finds
4 will aid [of] governmental [authority] policy.

5 (13) To continue the salaries of such of its employees
6 as may be serving in the active or reserve armed forces of
7 the United States, or in the national guard or in any other
8 organization established for the protection of the lives and
9 property of citizens of this Commonwealth or the United
10 States, during the term of [such] that service or during such
11 part thereof as [such] the employees, by reason of [such]
12 that service, may be unable to perform their duties as
13 employees of the corporation.

14 (14) To [grant allowances or] pay pensions [to its
15 directors, officers and employees] and establish pension
16 plans, pension trusts, profit sharing plans, share bonus
17 plans, share option plans, incentive and deferred
18 compensation plans and other plans or trusts for any or all
19 of its present or former representatives and, after their
20 death, to grant allowances or pensions to their dependents or
21 beneficiaries, whether or not [such a] the grant was made
22 during their lifetime.

23 (15) To conduct its business, carry on its operations,
24 [and] have offices and exercise the powers granted by this
25 article or any other provision of law in any jurisdiction
26 within or without the United States.

27 [(16) To adopt, amend and repeal bylaws.

28 (17)] (16) To elect or appoint and remove officers,
29 employees and agents of the corporation, define their duties,
30 fix their reasonable compensation and the reasonable

1 compensation of directors, [and to indemnify corporate
2 personnel] to lend any of the foregoing money and credit and
3 to pay bonuses or other additional compensation to any of the
4 foregoing for past services.

5 [(18)] (17) To enter into any obligation appropriate for
6 the transaction of its affairs, including contracts or other
7 agreements with its members.

8 [(19)] (18) To have and exercise all of the powers and
9 means appropriate to effect the purpose or purposes for which
10 the corporation is incorporated.

11 [(20) To dissolve and wind up.]

12 (19) To have and exercise all other powers enumerated
13 elsewhere in this subpart or otherwise vested by law in the
14 corporation.

15 (b) Enumeration unnecessary.--It shall not be necessary to
16 set forth in the articles of the corporation the powers
17 enumerated in subsection (a) [of this section].

18 (c) Board to exercise.--[Except as otherwise provided by
19 statute or in the bylaws, the powers enumerated in this section
20 and elsewhere in this article shall be exercised by the board of
21 directors of the corporation.] See section 5721 (relating to
22 board of directors).

23 § 5507. Registered office.

24 (a) General rule.--Every nonprofit corporation shall have
25 and continuously maintain in this Commonwealth a registered
26 office which may, but need not, be the same as its place of
27 business.

28 (b) [Change] Statement of change of registered office.--
29 After incorporation, a change of the location of the registered
30 office may be authorized at any time by [a majority vote of the

1 members in office of] the board of directors or other body.
2 Before [such] the change of location [shall become] becomes
3 effective, the corporation either shall amend its articles under
4 the provisions of this [article to reflect such] subpart to
5 reflect the change in location or shall file in the Department
6 of State a statement of change of registered office executed
7 [under the seal of the corporation and signed by two duly
8 authorized officers of] by the corporation, setting forth:

9 (1) The name of the corporation.

10 (2) The address, including street number, if any, of its
11 then registered office.

12 (3) The address, including street number, if any, to
13 which the registered office is to be changed.

14 (4) A statement that [such] the change was authorized by
15 [resolution duly adopted by at least a majority of the
16 members in office of] the board of directors or other body.

17 (c) Alternative procedure.--A corporation may satisfy the
18 requirements of this subpart concerning the maintenance of a
19 registered office in this Commonwealth by setting forth in any
20 document filed in the department under any provision of this
21 subpart that permits or requires the statement of the address of
22 its then registered office, in lieu of that address, the
23 statement authorized by section 109(a) (relating to name of
24 commercial registered office provider in lieu of registered
25 address).

26 [(c)] (d) Cross reference.--See section 134 (relating to
27 docketing statement).

28 § 5701. Applicability of subchapter.

29 The provisions of this subchapter shall apply to every
30 nonprofit corporation unless otherwise restricted:

1 (1) by any other provision of this [article] subpart; or
2 (2) except with respect to section [5707] 5707(a)
3 (relating to exception to requirement of notice), in the
4 bylaws.

5 § 5702. Manner of giving notice.

6 (a) General rule.--Whenever written notice is required to be
7 given to any person under the provisions of this [article]
8 subpart or by the articles or bylaws of any nonprofit
9 corporation, it may be given to [such] the person[,] either
10 personally or by sending a copy thereof by first class or
11 express mail, postage prepaid, or by telegram (with messenger
12 service specified), telex or TWX (with answer back received) or
13 courier service, charges prepaid, or by facsimile transmission,
14 to his address (or to his telex, TWX or facsimile number)
15 appearing on the books of the corporation[,] or, in the case of
16 directors or members of an other body, supplied by him to the
17 corporation for the purpose of notice. If the notice is sent by
18 mail [or by], telegraph or courier service, it shall be deemed
19 to have been given to the person entitled thereto when deposited
20 in the United States mail or with a telegraph office [for
21 transmission to such person] or courier service for delivery to
22 that person or, in the case of telex or TWX, when dispatched. A
23 notice of meeting shall specify the place, day and hour of the
24 meeting and any other information required by any other
25 provision of this [article] subpart.

26 (b) Adjourned meetings of members.--When a meeting of
27 members is adjourned, it shall not be necessary to give any
28 notice of the adjourned meeting or of the business to be
29 transacted at an adjourned meeting, other than by announcement
30 at the meeting at which [such] the adjournment is taken[.],

1 unless the board or other body fixes a new record date for the
2 adjourned meeting or this subpart requires notice of the
3 business to be transacted and such notice has not previously
4 been given.

5 (c) Bulk mail notice of meetings of members.--A corporation
6 having more than 100 members of record that gives notice by mail
7 of any regular or special meeting of the members at least 20
8 days prior to the day named for the meeting may use any class of
9 postpaid mail.

10 (d) Notice by publication.--If the bylaws so provide,
11 persons authorized or required to give notice of a meeting of
12 members may, in lieu of any written notice of a meeting of
13 members required to be given by this subpart, give notice of the
14 meeting by causing notice of the meeting to be officially
15 published. If 80% of the members of record entitled to vote at
16 the meeting do not have addresses of record within the territory
17 of general circulation of the newspapers required for official
18 publication, the notice shall also be published in newspapers
19 that have an aggregate territory of general circulation that
20 includes the addresses of record of at least 80% of the members
21 of record.

22 (e) Notice by public announcement.--In lieu of any written
23 notice of a meeting of members required to be given by this
24 subpart, persons authorized or required to give notice of a
25 meeting of members of any church or other religious organization
26 may give notice of the meeting by announcement at any two
27 regular church or religious services held during different weeks
28 within 30 days prior to the time at which the meeting of members
29 will be held. In any case where notice of a meeting is given by
30 announcement, notice shall be given at the last service

1 preceding the meeting. In the event that two church or religious
2 services are not held within such 30 day period, notice of a
3 meeting of members shall be given as otherwise provided in this
4 subchapter.

5 (f) Effect of notice pursuant to optional procedures.--For
6 the purposes of this subpart, notice given under subsection (d)
7 or (e) shall be deemed to be written notice to every member of
8 record entitled to vote at a meeting or to every person
9 otherwise entitled to notice.

10 [§ 5702.1. Optional procedures for giving of notice.

11 (a) Notice by publication.--If the bylaws so provide,
12 persons authorized or required to give notice of a meeting of
13 members may, in lieu of any written notice of a meeting of
14 members required to be given by this article, give notice of
15 such meeting by causing notice of such meeting to be officially
16 published. If 80% of the members of record entitled to vote at
17 the meeting do not have addresses of record within the territory
18 of general circulation of the newspapers required for official
19 publication, the notice shall also be published in newspapers
20 which have an aggregate territory of general circulation which
21 includes the addresses of record of at least 80% of such members
22 of record.

23 (b) Notice by public announcement.--In lieu of any written
24 notice of a meeting of members required to be given by this
25 article, persons authorized or required to give notice of a
26 meeting of members of any church or other religious organization
27 may give notice of such meeting by announcement at any two
28 regular church or religious services held during different weeks
29 within 30 days prior to the time at which such meeting of
30 members will be held. In any case where notice of a meeting is

1 given by announcement, notice shall be given at the last service
2 preceding the meeting. In the event that two church or religious
3 services are not held within such 30 day period, notice of a
4 meeting of members shall be given as otherwise provided in this
5 subchapter.

6 (c) Effect of notice pursuant to section.--For the purposes
7 of this article notice given under this section shall be deemed
8 to be written notice to every member of record entitled to vote
9 at the meeting.]

10 § 5703. Place and notice of meetings of board of directors or
11 other body.

12 (a) Place.--Meetings of the board of directors or other body
13 may be held at such place within or without this Commonwealth as
14 the board of directors or other body may from time to time
15 appoint[,] or as may be designated in the notice of the meeting.

16 (b) Notice.--[Meetings] Regular meetings of the board of
17 directors or other body may be held upon such notice, if any, as
18 the bylaws may prescribe. Unless otherwise provided in the
19 bylaws, written notice of every special meeting of the board of
20 directors or other body shall be given to each director or
21 member of such other body at least five days before the day
22 named for the meeting. Neither the business to be transacted at,
23 nor the purpose of, any regular or special meeting of the board
24 or other body need be specified in the notice of the meeting.

25 § 5704. Place and notice of meetings of members.

26 (a) Place.--[Meeting] Meetings of members may be held at
27 such place within or without this Commonwealth as may be
28 provided in or fixed pursuant to the bylaws [or as may be fixed
29 by the board of directors or other body pursuant to authority
30 granted by the bylaws]. Unless otherwise provided in or pursuant

1 to the bylaws, all meetings of the members shall be held in this
2 Commonwealth at the registered office of the corporation.

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

7 (1) ten days prior to the day named for a meeting called
8 to consider a fundamental change under Chapter 59 (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 [such] other authorized person [shall
13 neglect or refuse] neglects or refuses to give notice of a
14 meeting, the person or persons calling the meeting may do so.

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

20 § 5705. Waiver of notice.

21 (a) Written waiver.--Whenever any written notice is required
22 to be given under the provisions of this [article] subpart or
23 the articles or bylaws of any nonprofit corporation, a waiver
24 thereof in writing, signed by the person or persons entitled to
25 [such] the notice, whether before or after the time stated
26 therein, shall be deemed equivalent to the giving of [such] the
27 notice. Except as otherwise required by this subsection, neither
28 the business to be transacted at, nor the purpose of, a meeting
29 need be specified in the waiver of notice of [such] the meeting.
30 [In the case of a special meeting of members such waiver of

1 notice shall specify the general nature of the business to be
2 transacted.]

3 (b) Waiver by attendance.--Attendance of a person at any
4 meeting shall constitute a waiver of notice of [such] the
5 meeting[,] except where a person attends a meeting for the
6 express purpose of objecting, at the beginning of the meeting,
7 to the transaction of any business because the meeting was not
8 lawfully called or convened.

9 § 5706. Modification of proposal contained in notice.

10 Whenever the language of a proposed resolution is included in
11 a written notice of a meeting required to be given under the
12 provisions of this subpart or the articles or bylaws of any
13 nonprofit corporation, the meeting considering the resolution
14 may without further notice adopt it with such clarifying or
15 other amendments as do not enlarge its original purpose.

16 § 5707. Exception to requirement of notice.

17 [Wherever] (a) General rule.--Whenever any notice or
18 communication is required to be given to any person under the
19 provisions of this [article] subpart or by the articles or
20 bylaws of any nonprofit corporation[,] or by the terms of any
21 agreement or other instrument or as a condition precedent to
22 taking any corporate action[,] and communication with [such]
23 that person is then unlawful, the giving of [such] the notice or
24 communication to such person shall not be required and there
25 shall be no duty to apply for a license or other permission to
26 do so. Any action or meeting [which shall be] that is taken or
27 held without notice or communication to [any such] that person
28 shall have the same validity as if [such] the notice or
29 communication had been duly given. If the action taken is such
30 as to require the filing of any document with respect thereto

1 under any provision of law or any agreement or other instrument,
2 it shall be sufficient, if such is the fact and if notice or
3 communication is required, to state therein that notice or
4 communication was given to all persons entitled to receive
5 notice or communication except [such] persons with whom
6 communication was unlawful.

7 (b) Members without forwarding addresses.--Subsection (a)
8 shall also be applicable to any member with whom the corporation
9 has been unable to communicate for more than 24 consecutive
10 months because communications to the member are returned
11 unclaimed or the member has otherwise failed to provide the
12 corporation with a current address. Whenever the member provides
13 the corporation with a current address, subsection (a) shall
14 cease to be applicable to the member under this subsection.

15 § 5708. Use of conference telephone and similar equipment.

16 [One] Except as otherwise provided in the bylaws, one or more
17 persons may participate in a meeting of the incorporators, the
18 board[,] of directors or [of] an other body, or [of] the members
19 of a nonprofit corporation by means of conference telephone or
20 similar communications equipment by means of which all persons
21 participating in the meeting can hear each other. Participation
22 in a meeting pursuant to this section shall constitute presence
23 in person at [such] the meeting.

24 § 5721. Board of directors.

25 (a) General rule.--Unless otherwise provided by statute or
26 in a bylaw adopted by the members, all powers enumerated in
27 section 5502 (relating to general powers) and elsewhere in this
28 subpart or otherwise vested by law in a nonprofit corporation
29 shall be exercised by or under the authority of, and the
30 business and affairs of every nonprofit corporation shall be

1 managed [by] under the direction of, a board of directors. If
2 any such provision is made in the bylaws, the powers and duties
3 conferred or imposed upon the board of directors by this
4 [subchapter] subpart shall be exercised or performed to such
5 extent and by such other body as shall be provided in the
6 bylaws.

7 (b) Standard of care.--A director shall stand in a fiduciary
8 relation to the corporation and shall perform his duties as a
9 director, including his duties as a member of any committee of
10 the board upon which he may serve, in good faith, in a manner he
11 reasonably believes to be in the best interests of the
12 corporation and with such care, including reasonable inquiry,
13 skill and diligence, as a person of ordinary prudence would use
14 under similar circumstances. In performing his duties, a
15 director shall be entitled to rely in good faith on information,
16 opinions, reports or statements, including financial statements
17 and other financial data, in each case prepared or presented by
18 any of the following:

19 (1) One or more officers or employees of the corporation
20 whom the director reasonably believes to be reliable and
21 competent in the matters presented.

22 (2) Counsel, public accountants or other persons as to
23 matters which the director reasonably believes to be within
24 the professional or expert competence of such person.

25 (3) A committee of the board upon which he does not
26 serve, duly designated in accordance with law, as to matters
27 within its designated authority, which committee the director
28 reasonably believes to merit confidence.

29 A director shall not be considered to be acting in good faith if
30 he has knowledge concerning the matter in question that would

1 cause his reliance to be unwarranted. The articles may not
2 provide for a lower standard of care than that required by this
3 subsection.

4 (c) Consideration of factors.--In discharging the duties of
5 their respective positions, the board of directors, committees
6 of the board and individual directors may, in considering the
7 best interests of the corporation, consider the effects of any
8 action upon employees, upon suppliers and customers of the
9 corporation and upon communities in which offices or other
10 establishments of the corporation are located, and all other
11 pertinent factors. The consideration of those factors shall not
12 constitute a violation of subsection (b).

13 (d) Presumption.--Absent breach of fiduciary duty, lack of
14 good faith or self-dealing, actions taken as a director or any
15 failure to take any action shall be presumed to be in the best
16 interests of the corporation.

17 (e) Personal liability of directors.--

18 (1) If a bylaw adopted by the members so provides, a
19 director shall not be personally liable, as such, for
20 monetary damages for any action taken, or any failure to take
21 any action, unless:

22 (i) the director has breached or failed to perform
23 the duties of his office under this section; and

24 (ii) the breach or failure to perform constitutes
25 self-dealing, willful misconduct or recklessness.

26 (2) Paragraph (1) shall not apply to:

27 (i) the responsibility or liability of a director
28 pursuant to any criminal statute; or

29 (ii) the liability of a director for the payment of
30 taxes pursuant to Federal, State or local law.

1 (f) Notation of dissent.--A director of a corporation who is
2 present at a meeting of its board of directors, or of a
3 committee of the board, at which action on any corporate matter
4 is taken on which the director is generally competent to act
5 shall be presumed to have assented to the action taken unless
6 his dissent is entered in the minutes of the meeting or unless
7 he files his written dissent to the action with the secretary of
8 the meeting before the adjournment thereof or transmits the
9 dissent in writing to the secretary of the corporation
10 immediately after the adjournment of the meeting. The right to
11 dissent shall not apply to a director who voted in favor of the
12 action. Nothing in this section shall bar a director from
13 asserting that minutes of the meeting incorrectly omitted his
14 dissent if, promptly upon receipt of a copy of such minutes, he
15 notified the secretary, in writing, of the asserted omission or
16 inaccuracy.

17 (g) Cross references.--See Subchapter B of Chapter 5
18 (relating to indemnification and corporate directors' liability)
19 and 42 Pa.C.S. Ch. 83 Subch. F (relating to corporate directors'
20 liability).

21 § 5732. Officers.

22 (a) General rule.--Every nonprofit corporation shall have a
23 president, a secretary, and a treasurer, or persons who shall
24 act as such, regardless of the name or title by which they may
25 be designated, elected or appointed and may have such other
26 officers and assistant officers as it [shall] may authorize from
27 time to time. The bylaws may prescribe special qualifications
28 for [such] the officers. The president and secretary shall be
29 natural persons of full age. The treasurer may be a corporation,
30 but if a natural person shall be of full age. [Such officers and

1 assistant officers shall be elected or appointed at such time,
2 in such manner, and for such terms, as the bylaws shall
3 prescribe.] Unless otherwise restricted in the bylaws, it shall
4 not be necessary for the officers to be directors [and any]. Any
5 number of offices may be held by the same person. [Unless
6 otherwise provided in the bylaws, the board of directors shall
7 elect and fix the compensation of the officers and assistant
8 officers.] The officers and assistant officers shall be elected
9 or appointed at such time, in such manner and for such terms as
10 may be fixed by or pursuant to the bylaws. Unless otherwise
11 provided by or pursuant to the bylaws, each officer shall hold
12 office for a term of one year and until his successor has been
13 selected and qualified or until his earlier death, resignation
14 or removal. Any officer may resign at any time upon written
15 notice to the corporation. The resignation shall be effective
16 upon receipt thereof by the corporation or at such subsequent
17 time as may be specified in the notice of resignation. The
18 [board of directors or other body] corporation may secure the
19 fidelity of any or all of [such] the officers by bond or
20 otherwise. Unless otherwise provided in the bylaws, the board of
21 directors shall have power to fill any vacancies in any office
22 occurring from whatever reason.

23 (b) Authority.--Unless otherwise provided in the bylaws, all
24 officers of the corporation, as between themselves and the
25 corporation, shall [respectively] have such authority and
26 perform such duties in the management of the [property and
27 affairs of the] corporation as may be provided [in] by or
28 pursuant to the bylaws[,] or, in the absence of controlling
29 provisions in the bylaws, as may be determined by or pursuant to
30 resolutions or orders of the board of directors or other body.

1 (c) Nomination of officers.--Unless the bylaws provide
2 otherwise, officers shall be nominated by a nominating committee
3 or from the floor.

4 (d) Standard of care.--Except as otherwise provided in the
5 articles, an officer shall perform his duties as an officer in
6 good faith, in a manner he reasonably believes to be in the best
7 interests of the corporation and with such care, including
8 reasonable inquiry, skill and diligence, as a person of ordinary
9 prudence would use under similar circumstances. A person who so
10 performs his duties shall not be liable by reason of having been
11 an officer of the corporation.

12 (e) Cross reference.--See section 5110 (relating to annual
13 report.

14 § 5734. Other body.

15 The [limitations, safeguards and procedures] provisions of
16 this subchapter, of Subchapter C (relating to indemnification)
17 and of other provisions of law applicable to the board of
18 directors and to directors individually shall be applicable also
19 to any "other body" as defined in section 5103 (relating to
20 definitions) and to the members of an other body individually.

21 § 5741. Third-party actions.

22 Unless otherwise restricted in its bylaws, a nonprofit
23 corporation shall have power to indemnify any person who was or
24 is a party or is threatened to be made a party to any
25 threatened, pending or completed action[, suit] or proceeding,
26 whether civil, criminal, administrative or investigative (other
27 than an action by or in the right of the corporation), by reason
28 of the fact that he is or was a representative of the
29 corporation, or is or was serving at the request of the
30 corporation as a representative of another domestic or foreign

1 corporation for profit or not-for-profit, partnership, joint
2 venture, trust or other enterprise, against expenses (including
3 attorneys' fees), judgments, fines and amounts paid in
4 settlement actually and reasonably incurred by him in connection
5 with [such] the action[, suit] or proceeding if he acted in good
6 faith and in a manner he reasonably believed to be in, or not
7 opposed to, the best interests of the corporation[,] and, with
8 respect to any criminal [action or] proceeding, had no
9 reasonable cause to believe his conduct was unlawful. The
10 termination of any action[, suit] or proceeding by judgment,
11 order, settlement[,] or conviction[,] or upon a plea of nolo
12 contendere or its equivalent[,] shall not of itself create a
13 presumption that the person did not act in good faith and in a
14 manner [which] that he reasonably believed to be in, or not
15 opposed to, the best interests of the corporation[,] and, with
16 respect to any criminal [action or] proceeding, had reasonable
17 cause to believe that his conduct was unlawful.

18 § 5742. Derivative actions.

19 Unless otherwise restricted in its bylaws, a nonprofit
20 corporation shall have power to indemnify any person who was or
21 is a party, or is threatened to be made a party, to any
22 threatened, pending or completed action [or suit] by or in the
23 right of the corporation to procure a judgment in its favor by
24 reason of the fact that he is or was a representative of the
25 corporation[,] or is or was serving at the request of the
26 corporation as a representative of another domestic or foreign
27 corporation for profit or not-for-profit, partnership, joint
28 venture, trust or other enterprise, against expenses (including
29 attorneys' fees) actually and reasonably incurred by him in
30 connection with the defense or settlement of [such] the action

1 [or suit] if he acted in good faith and in a manner he
2 reasonably believed to be in, or not opposed to, the best
3 interests of the corporation [and except that no
4 indemnification]. Indemnification shall not be made under this
5 section in respect of any claim, issue or matter as to which
6 [such] the person [shall have] has been adjudged to be liable
7 [for negligence or misconduct in the performance of his duty] to
8 the corporation unless and only to the extent that the court of
9 common pleas of the judicial district embracing the county in
10 which the registered office of the corporation is located or the
11 court in which [such] the action [or suit] was brought [shall
12 determine] determines upon application that, despite the
13 adjudication of liability but in view of all the circumstances
14 of the case, such person is fairly and reasonably entitled to
15 indemnity for such expenses [which] that the court of common
16 pleas or [such] other court shall deem proper.

17 § 5743. Mandatory indemnification.

18 [Notwithstanding any contrary provision of its articles or
19 bylaws, to] To the extent that a representative of a nonprofit
20 corporation has been successful on the merits or otherwise in
21 defense of any action[, suit] or proceeding referred to in
22 section 5741 (relating to third-party actions) or [section] 5742
23 (relating to derivative actions) or in defense of any claim,
24 issue or matter therein, he shall be indemnified against
25 expenses (including attorneys' fees) actually and reasonably
26 incurred by him in connection therewith.

27 § 5744. Procedure for effecting indemnification.

28 Unless ordered by a court, any indemnification under section
29 5741 (relating to third-party actions) or [section] 5742
30 (relating to derivative actions) shall be made by the nonprofit

1 corporation only as authorized in the specific case upon a
2 determination that indemnification of the representative is
3 proper in the circumstances because he has met the applicable
4 standard of conduct set forth in [such section. Such] those
5 sections. The determination shall be made:

6 (1) by the board of directors by a majority vote of a
7 quorum consisting of directors who were not parties to [such
8 action, suit] the action or proceeding;

9 (2) if such a quorum is not obtainable[,] or[, even] if
10 obtainable and a majority vote of a quorum of disinterested
11 directors so directs, by independent legal counsel in a
12 written opinion;

13 (3) by such other body as may be provided in the bylaws;
14 or

15 (4) by the members.

16 § 5745. [(Reserved)] Advancing expenses.

17 Expenses (including attorneys' fees) incurred in defending
18 any action or proceeding referred to in this subchapter may be
19 paid by a nonprofit corporation in advance of the final
20 disposition of the action or proceeding upon receipt of an
21 undertaking by or on behalf of the representative to repay the
22 amount if it is ultimately determined that he is not entitled to
23 be indemnified by the corporation as authorized in this
24 subchapter or otherwise.

25 § 5746. [Scope of subchapter] Supplementary coverage.

26 (a) General rule.--The indemnification and advancement of
27 expenses provided by, or granted pursuant to, the other sections
28 of this subchapter shall not be deemed exclusive of any other
29 rights to which a person seeking indemnification or advancement
30 of expenses may be entitled under any bylaw, agreement, vote of

1 members or disinterested directors or otherwise, both as to
2 action in his official capacity and as to action in another
3 capacity while holding [such] that office[, and shall continue
4 as to a person who has ceased to be a representative and shall
5 inure to the benefit of the heirs and personal representative of
6 such a person]. Section 5728 (relating to interested members,
7 directors or officers; quorum) shall be applicable to any bylaw,
8 contract or transaction authorized by the directors under this
9 section. A corporation may create a fund of any nature, which
10 may, but need not be, under the control of a trustee, or
11 otherwise secure or insure in any manner its indemnification
12 obligations, whether arising under or pursuant to this section
13 or otherwise.

14 (b) When indemnification is not to be made.--Indemnification
15 pursuant to subsection (a) shall not be made in any case where
16 the act or failure to act giving rise to the claim for
17 indemnification is determined by a court to have constituted
18 willful misconduct or recklessness.

19 (c) Grounds.--Indemnification pursuant to subsection (a)
20 under any bylaw, agreement, vote of members or directors or
21 otherwise may be granted for any action taken or any failure to
22 take any action and may be made whether or not the corporation
23 would have the power to indemnify the person under any other
24 provision of law except as provided in this section and whether
25 or not the indemnified liability arises or arose from any
26 threatened, pending or completed action by or in the right of
27 the corporation. Such indemnification is declared to be
28 consistent with the public policy of this Commonwealth.

29 (d) Cross references.--See section 513 (relating to
30 nonexclusivity and supplementary coverage) and 42 Pa.C.S. § 8365

1 (relating to nonexclusivity and supplementary coverage).

2 [(b)] (e) Trust property.--This subchapter shall not affect
3 the liability of a representative with respect to the
4 administration of assets held by the corporation pursuant to
5 section 5547 (relating to authority to take and hold trust
6 property).

7 § 5747. Power to purchase insurance.

8 (a) General rule.--Unless otherwise restricted in its
9 bylaws, a nonprofit corporation shall have power to purchase and
10 maintain insurance on behalf of any person who is or was a
11 representative of the corporation[,] or is or was serving at the
12 request of the corporation as a representative of another
13 domestic or foreign corporation for profit or not-for-profit,
14 partnership, joint venture, trust or other enterprise against
15 any liability asserted against him and incurred by him in any
16 such capacity, or arising out of his status as such, whether or
17 not the corporation would have the power to indemnify him
18 against [such] that liability under the provisions of this
19 subchapter. Such insurance is declared to be consistent with the
20 public policy of this Commonwealth.

21 (b) Cross references.--See section 513 (relating to
22 nonexclusivity and supplementary coverage) and 42 Pa.C.S. § 8365
23 (relating to nonexclusivity and supplementary coverage).

24 § 5748. Application to surviving or new corporations.

25 For the purposes of this subchapter, references to "the
26 corporation" include all constituent corporations absorbed in a
27 consolidation, merger or division, as well as the surviving or
28 new corporations surviving or resulting therefrom, so that any
29 person who is or was a representative of [such a] the
30 constituent, surviving or new corporation, or is or was serving

1 at the request of [such] the constituent, surviving or new
2 corporation as a representative of another domestic or foreign
3 corporation for profit or not-for-profit, partnership, joint
4 venture, trust or other enterprise, shall stand in the same
5 position under the provisions of this subchapter with respect to
6 the surviving or new corporation as he would if he had served
7 the surviving or new corporation in the same capacity.

8 § 5749. Application to employee benefit plans.

9 For the purposes of this subchapter:

10 (1) References to "other enterprises" shall include
11 employee benefit plans and references to "serving at the
12 request of the corporation" shall include any service as a
13 representative of the nonprofit corporation that imposes
14 duties on, or involves services by, the representative with
15 respect to an employee benefit plan, its participants or
16 beneficiaries.

17 (2) Excise taxes assessed on a person with respect to
18 any employee benefit plan pursuant to applicable law shall be
19 deemed "fines."

20 (3) Action with respect to an employee benefit plan
21 taken or omitted in good faith by a representative of the
22 corporation in a manner he reasonably believed to be in the
23 interest of the participants and beneficiaries of the plan
24 shall be deemed to be action in a manner that is not opposed
25 to the best interests of the corporation.

26 § 5750. Duration and extent of coverage.

27 The indemnification and advancement of expenses provided by,
28 or granted pursuant to, this subchapter shall, unless otherwise
29 provided when authorized or ratified, continue as to a person
30 who has ceased to be a representative of the corporation and

1 shall inure to the benefit of the heirs and personal
2 representative of that person.

3 § 5758. Voting rights of members.

4 * * *

5 (b) Procedures.--The manner of voting on any matter,
6 including changes in the articles or bylaws, may be by ballot,
7 mail, or any reasonable means provided in a bylaw adopted by the
8 members. If a bylaw adopted by the members provides a fair and
9 reasonable procedure for the nomination of candidates for any
10 office, only candidates who have been duly nominated in
11 accordance therewith shall be eligible for election. [The manner
12 of voting may be by ballot, mail, or any reasonable means
13 provided in a bylaw adopted by the members.] Unless otherwise
14 provided in such a bylaw, in elections for directors, voting
15 shall be by ballot, and the candidates receiving the highest
16 number of votes from each class or group [or] of classes, if
17 any, of members entitled to elect directors separately up to the
18 number of directors to be elected by such class or group of
19 classes shall be elected. If at any meeting of members,
20 directors or more than one class are to be elected, each class
21 of directors shall be elected in a separate election.

22 * * *

23 § 5916. Filing and effectiveness of articles of amendment.

24 (a) Filing.--The articles of amendment of a nonprofit
25 corporation shall be filed in the Department of State. See
26 section 134 (relating to docketing statement).

27 (b) Effectiveness.--Upon the filing of the articles of
28 amendment in the department[,] or upon the effective date
29 specified in the articles of amendment, whichever is later, the
30 amendment shall become effective and the articles of

1 incorporation shall be deemed to be amended accordingly. [No] An
2 amendment shall not affect any existing cause of action in favor
3 of or against the corporation, or any pending action or
4 proceeding to which the corporation [shall be] is a party, or
5 the existing rights of persons other than members or, except as
6 otherwise provided by order, if any, obtained pursuant to
7 section 5547(b) (relating to nondiversion of certain property)
8 divert any property subject to such section from the purpose or
9 purposes to which it was committed. [In the event] If the
10 corporate name [shall be] is changed by the amendment, [no] an
11 action brought by or against the corporation under its former
12 name shall not be abated for that reason.

13 [(c) Advertisement.--The corporation shall officially
14 publish notice of its intention to file or the filing of
15 articles of amendment. The notice may appear prior to or after
16 the day upon which the articles of amendment are filed in the
17 department, and shall set forth briefly:

18 (1) The name of the corporation, and the address,
19 including street and number, if any, of its registered
20 office.

21 (2) A statement that the articles of amendment are to be
22 or were filed under the provisions of this subpart.

23 (3) The nature and character of the amendment.

24 (4) The date when the articles of amendment will be or
25 were filed in the Department of State.]

26 § 5971. Voluntary dissolution by members or incorporators.

27 (a) General rule.--The members or incorporators of a
28 nonprofit corporation [which] that has not commenced business
29 may effect the dissolution of the corporation by filing articles
30 of dissolution in the Department of State. The articles of

1 dissolution shall be executed [under the seal] in the name of
2 the corporation by a majority of the members or incorporators,
3 and shall set forth:

4 (1) The name of the corporation and, subject to section
5 109 (relating to name of commercial registered office
6 provider in lieu of registered address), the address,
7 including street and number, if any, of its registered
8 office.

9 (2) The statute under which the corporation was
10 incorporated and the date of incorporation.

11 (3) That the corporation has not received any property
12 in trust, or otherwise commenced business.

13 (4) That the amount, if any, actually paid in on
14 subscriptions for memberships, less any part thereof
15 disbursed for necessary expenses, has been returned to those
16 entitled thereto.

17 (5) That [no debts of the corporation remain unpaid] all
18 liabilities of the corporation have been discharged or that
19 adequate provision has been made [therefore] therefor.

20 (6) That [all] a majority of the members or
21 incorporators elect that the corporation be dissolved.

22 (b) Filing.--The articles of dissolution shall be filed in
23 the Department of State. See section 134 (relating to docketing
24 statement).

25 (c) Effect.--Upon the filing of the articles of dissolution,
26 the existence of the corporation shall cease.

27 § 5972. Proposal of voluntary dissolution.

28 (a) General rule.--Any nonprofit corporation [which] that
29 has commenced business may elect to dissolve voluntarily, and
30 wind up its affairs in the manner provided in this subchapter.

Voluntary dissolution shall be proposed by:

(1) the adoption by the board of directors or other body of a resolution recommending that the corporation be dissolved voluntarily;

(2) petition of members entitled to cast at least 10% of the votes [which] that all members are entitled to cast thereon, setting forth a resolution recommending that the corporation be dissolved voluntarily, which petition shall be directed to the board of directors and filed with the secretary of the corporation; or

(3) such other method as may be provided in the bylaws.

(b) Submission to members.--The board of directors or other body or the petitioning members shall direct that the question of dissolution be submitted to a vote of the members of [such] the corporation entitled to vote thereon at a regular or special meeting of the members.

§ 5973. Notice of meeting of members.

(a) General rule.--Written notice [shall, not less than ten days before] of the meeting of members called for the purpose of considering the advisability of voluntarily dissolving the corporation[,] shall be given to each member of record entitled to vote thereon[, and such] and the purpose shall be included in the notice of the meeting.

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

§ 5974. Adoption of proposal.

(a) General rule.--The resolution shall be adopted upon receiving the affirmative vote of [the members present entitled to cast at least a majority of the votes which all members present are entitled to cast thereon, and if any class of

1 members is entitled to vote thereon as a class, the affirmative
2 vote of the members present of such class entitled to cast at
3 least a majority of the votes which all members present of such
4 class are entitled to cast thereon] a majority of the votes cast
5 by all members of the nonprofit corporation entitled to vote
6 thereon and, if any class of members is entitled to vote thereon
7 as a class, the affirmative vote of a majority of the votes cast
8 in each class vote.

9 (b) Adoption in absence of voting members.--If the
10 corporation has no members entitled to vote on the question of
11 the advisability of voluntarily dissolving the corporation, the
12 resolution shall be deemed adopted by the corporation when it
13 has been adopted by the board of directors or other body
14 pursuant to section 5972 (relating to proposal of voluntary
15 dissolution).

16 (c) Termination of proposal.--[The resolution or petition
17 may contain a provision that at any time prior to the filing of
18 articles of election to dissolve in the Department of State the
19 proposal may be terminated by the board of directors or other
20 body notwithstanding the adoption of the resolution by the
21 corporation.] Prior to the time when articles of dissolution are
22 filed in the Department of State, the proposal may be terminated
23 pursuant to provisions therefor, if any, set forth in the
24 resolution.

25 (d) Action rescinding election to dissolve.--Prior to the
26 time when articles of dissolution are filed in the department,
27 any nonprofit corporation may rescind its election to dissolve
28 in the same manner and by the same procedure as that provided in
29 this subchapter for the election of a corporation to dissolve
30 voluntarily.

1 [§ 5974.1. Articles of election to dissolve.

2 (a) General rule.--Upon the adoption by the corporation of a
3 resolution for its voluntary dissolution, as provided in this
4 subchapter, articles of election to dissolve shall be executed
5 under the seal of the corporation by two duly authorized
6 officers thereof, and shall set forth:

7 (1) The name of the corporation and the address,
8 including street and number, if any, of its registered
9 office.

10 (2) The statute under which the corporation was
11 incorporated and the date of incorporation.

12 (3) The names and respective addresses, including street
13 and number, if any, of its officers.

14 (4) The names and respective addresses, including street
15 and number, if any, of its directors.

16 (5) The manner in which the proposal to dissolve
17 voluntarily was adopted by the corporation.

18 (b) Filing.--The articles of election to dissolve shall be
19 filed in the Department of State. See section 134 (relating to
20 docketing statement).

21 (c) Effect.--Upon the filing in the department of articles
22 of election to dissolve, the corporation shall cease to carry on
23 its business, except insofar as may be necessary for the proper
24 winding up thereof, but its corporate existence shall continue
25 until articles of dissolution have been filed in the department.

26 § 5974.2. Articles rescinding election to dissolve.

27 (a) General rule.--Any nonprofit corporation may rescind its
28 election to dissolve in the same manner and by the same
29 procedure as that provided in this subchapter for the election
30 of a corporation to dissolve voluntarily, and shall execute

1 under the seal of the corporation, by two duly authorized
2 officers thereof, articles rescinding election to dissolve,
3 which shall set forth:

4 (1) The name of the corporation and the address,
5 including street and number, if any, of its registered
6 office.

7 (2) The date of filing of articles of election to
8 dissolve in the Department of State.

9 (3) The manner in which the rescission of election to
10 dissolve was adopted by the corporation.

11 (b) Filing.--The articles rescinding election to dissolve
12 shall be filed in the Department of State. See section 134
13 (relating to docketing statement).

14 (c) Effect.--Upon the filing in the department of articles
15 rescinding election to dissolve, the election to dissolve shall
16 be rescinded.]

17 § 5975. Winding up in voluntary dissolution proceedings.

18 (a) Powers of board.--The board of directors or other body
19 of a nonprofit corporation shall have full power to wind up and
20 settle the affairs of a nonprofit corporation in the event of a
21 voluntary dissolution proceeding.

22 (b) Notice to creditors and taxing authorities.--After the
23 [filing in the Department of State of articles of election to
24 dissolve, the board of directors or other body] approval by the
25 members or the board of directors or other body pursuant to
26 section 5974(b) (relating to adoption in absence of voting
27 members) that the corporation dissolve voluntarily, the
28 corporation shall immediately cause notice of the winding up
29 proceedings to be officially published and to be mailed by
30 certified or registered mail to each known creditor and claimant

1 and to each [local government] municipal corporation in which
2 its registered office or principal place of business in this
3 Commonwealth is located.

4 (c) Winding up and distribution.--The [board of directors or
5 other body] corporation shall, as speedily as possible, proceed
6 to collect all sums due [to the corporation, to] it, convert
7 into cash all corporate assets the conversion of which into cash
8 is required to discharge its liabilities[, to collect the whole
9 or so much as may be necessary or just of any amounts remaining
10 unpaid on subscriptions for membership,] and, out of the assets
11 of the corporation, [to] discharge or make adequate provision
12 for the discharge of all liabilities of the corporation,
13 according to their respective priorities. Except as otherwise
14 provided in a bylaw adopted by the members or in this article or
15 by any other provision of law, any surplus remaining after
16 paying or providing for all liabilities of the corporation shall
17 be distributed [by the board of directors or other body] to the
18 shareholders, if any, pro rata, or if there be no shareholders,
19 among the members per capita.

20 § 5976. Judicial supervision of proceedings.

21 (a) General rule.--[The board of directors or other body] A
22 nonprofit corporation, at any time during the winding up
23 proceedings, may[, by petition,] apply to the court to have the
24 proceedings continued under the supervision of the court[, and
25 thereafter the proceedings shall continue under the supervision
26 of the court[, as provided in Subchapter G (relating to
27 involuntary liquidation and dissolution).

28 (b) Distribution of property committed to charitable
29 purposes.--If the assets of the corporation include any property
30 committed to charitable purposes, the board of directors or

1 other body shall apply to the court for an order pursuant to
2 section 5547(b) (relating to nondiversion of certain property)
3 specifying the disposition of the property.

4 (c) Religious assets.--In entering a decree providing for
5 the distribution of the assets of a corporation organized for
6 the support of public worship, the court shall, by its decree,
7 provide for the disposition of the assets of the corporation,
8 either by:

9 (1) vesting title thereto in such other corporation as
10 may, by its articles, be organized for the purpose of holding
11 title to the real estate held for public worship, according
12 to the formularies of the church or religious organization to
13 which the dissolved corporation was in allegiance;

14 (2) authorizing the sale of such assets by a master or
15 trustee appointed for that purpose and the vesting of the
16 proceeds, upon the confirmation of such sale, in such body as
17 may be directed by the court, to be held in trust for
18 carrying out the intent and purpose of public worship; or

19 (3) vesting the title to such assets in any incorporated
20 or unincorporated body designated by the petitioners for the
21 same uses and trusts as the assets were theretofore held by
22 the dissolved corporation.

23 § 5977. Articles of dissolution.

24 (a) Preparation of articles.--When all liabilities of the
25 nonprofit corporation have been discharged, or adequate
26 provision [shall have] has been made therefor, and all of the
27 remaining assets of the corporation [shall] have been
28 distributed as provided in this subchapter, or in case its
29 assets are not sufficient to discharge its liabilities, when all
30 the assets have been fairly and equitably applied, as far as

1 they will go, to the payment of such liabilities, articles of
2 dissolution shall be executed [under the seal of] by the
3 corporation [by two duly authorized officers thereof,] and shall
4 set forth:

5 (1) The name of the corporation and, subject to section
6 109 (relating to name of commercial registered office
7 provider in lieu of registered address), the address,
8 including street and number, if any, of its registered
9 office.

10 (2) [A statement that the corporation has theretofore
11 delivered to the Department of State articles of election to
12 dissolve, and the date on which such articles were filed in
13 the department.] The statute under which the corporation was
14 incorporated and the date of incorporation.

15 (3) The names and respective addresses, including street
16 and number, if any, of its directors and officers.

17 (4) The manner in which the proposal to dissolve
18 voluntarily was adopted by the corporation.

19 [(3)] (5) A statement:

20 (i) that all liabilities of the corporation have
21 been discharged[,] or that adequate provision has been
22 made therefor; or

23 (ii) that the assets of the corporation are not
24 sufficient to discharge its liabilities, and that all the
25 assets of the corporation have been fairly and equitably
26 applied, as far as they will go, to the payment of such
27 liabilities.

28 An election by the corporation to proceed under Subchapter H
29 (relating to postdissolution claims) shall constitute the
30 making of adequate provision for the liabilities of the

1 corporation.

2 [(4)] (6) A statement:

3 (i) that all the remaining assets of the
4 corporation, if any, have been distributed as provided in
5 [this subchapter.] the Nonprofit Corporation Law of 1988;
6 or

7 (ii) that the corporation has elected to proceed
8 under Subchapter H and that any remaining assets of the
9 corporation will be distributed as provided in that
10 subchapter.

11 [(5)] (7) A statement that [there are] no actions or
12 proceedings are pending against the corporation in any court,
13 or that adequate provision has been made for the satisfaction
14 of any judgment or decree [which] that may be obtained
15 against the corporation in each [such] pending action or
16 proceeding.

17 [(6)] (8) A statement that notice of the winding-up
18 proceedings of the corporation was mailed by certified or
19 registered mail to each [local government] known creditor and
20 claimant and to each municipal corporation in which the
21 registered office or principal place of business of the
22 corporation in this Commonwealth is located.

23 (b) Filing.--The articles of dissolution and the
24 certificates or statement required by section 139 (relating to
25 tax clearance of certain fundamental transactions) shall be
26 filed in the Department of State. [At the same time proof of the
27 advertisement required by section 5975(b) (relating to notice to
28 creditors and taxing authorities) shall be delivered to the
29 department.] See section 134 (relating to docketing statement).

30 (c) Effect.--Upon the filing of the articles of dissolution

1 in the department, the existence of the corporation shall cease.
2 § 5978. Winding up of corporation upon the expiration of its
3 period of duration.

4 Every nonprofit corporation [which] that is dissolved by
5 expiration of its period of duration shall, nevertheless,
6 continue to exist for the purpose of winding up its affairs,
7 prosecuting and defending actions or proceedings by or against
8 it, collecting and discharging obligations, disposing of and
9 conveying its property[,] and collecting and dividing its
10 assets, but not for the purpose of continuing business[,] except
11 insofar as necessary for the winding up of the corporation. The
12 board of directors or other body of [such] the corporation shall
13 continue as such[,] and shall have full power to wind up the
14 affairs of the corporation.

15 § 5979. Survival of remedies and rights after dissolution.

16 [(a) Liabilities.--The dissolution of a nonprofit
17 corporation, either under this subchapter or under Subchapter G
18 (relating to involuntary liquidation and dissolution) or by
19 expiration of its period of duration, shall not take away or
20 impair any remedy given against such corporation, its directors
21 or members, for any liability incurred prior to such
22 dissolution, if an action thereon is brought before or within
23 two years after the date of such dissolution. Such actions may
24 be prosecuted against and defended by the corporation in its
25 corporate name.]

26 (a) General rule.--The dissolution of a nonprofit
27 corporation, either under this subchapter or under Subchapter G
28 (relating to involuntary liquidation and dissolution) or by
29 expiration of its period of duration or otherwise, shall not
30 eliminate nor impair any remedy available to or against the

corporation or its directors, members of an other body, officers or members for any right or claim existing, or liability incurred, prior to the dissolution, if an action thereon is brought on behalf of:

(1) the corporation within the time otherwise limited by law; or

(2) any other person before or within two years after the date of the dissolution or within the time otherwise limited by this subpart or other provision of law, whichever is less. See sections 5987 (relating to proofs of claims), 5993 (relating to acceptance or rejection of matured claims) and 5994 (relating to disposition of unmatured claims).

The actions or proceedings may be prosecuted against and defended by the corporation in its corporate name.

(b) Rights and assets.--The dissolution of a nonprofit corporation shall not [take away or impair any property right, tangible or intangible, including any right of action, of such corporation.] affect the limited liability of a member of the corporation theretofore existing with respect to transactions occurring or acts or omissions done or omitted in the name of or by the corporation except that, subject to section 5998 (relating to liability of members), if applicable, each member shall be liable for his pro rata portion of the unpaid liabilities of the corporation up to the amount of the net assets of the corporation distributed to the member in connection with the dissolution. Should any [such] property right of a corporation be discovered after the dissolution of the corporation, the surviving member or members of the board of directors or other body [which] that wound up the affairs of the corporation, or a receiver appointed by the court, shall have

1 authority to enforce [such] the property right and to collect
2 and divide the assets so discovered among the persons entitled
3 thereto and to prosecute actions or proceedings in the corporate
4 name of the corporation. Any assets so collected shall be
5 distributed and disposed of in accordance with the applicable
6 [decree] order of court, if any, otherwise in accordance with
7 this subchapter.

8 § 5989. Articles of involuntary dissolution.

9 (a) General rule.--[The court, in] In a proceeding under
10 this subchapter, the court shall enter [a decree] an order
11 dissolving the nonprofit corporation when the order, if any,
12 obtained pursuant to section 5547(b) (relating to nondiversion
13 of certain property) has been entered and when the costs and
14 expenses of [such] the proceeding, and all liabilities of the
15 corporation [shall] have been discharged, and all of its
16 remaining assets have been distributed to the persons entitled
17 thereto, or, in case its assets are not sufficient to discharge
18 such costs, expenses and liabilities, when all the assets have
19 been applied, as far as they will go, to the payment of such
20 costs, expenses and liabilities.

21 (b) Filing.--[After the court shall have entered a decree of
22 dissolution, it shall be the duty of the prothonotary to] After
23 entry of an order of dissolution, the office of the clerk of the
24 court of common pleas shall prepare and execute articles of
25 dissolution substantially in the form provided by section 5977
26 (relating to articles of dissolution), [to] attach thereto a
27 certified copy of the [decree and to] order and transmit the
28 articles and attached [decree] order to the Department of State.
29 [No fee shall be charged by the department] A certificate or
30 statement provided for by section 139 (relating to tax clearance

of certain fundamental transactions) shall not be required, and
the department shall not charge a fee in connection with the
filing of articles of dissolution under this section. See
section 134 (relating to docketing statement).

(c) Effect.--Upon the filing of the articles of dissolution
in the department, the existence of the corporation shall cease.

SUBCHAPTER H

POSTDISSOLUTION CLAIMS

[(Reserved)]

Sec.

5991. Definition of successor entity.

5992. Notice to claimants.

5993. Acceptance or rejection of matured claims.

5994. Disposition of unmatured claims.

5995. Court proceedings.

5996. No revival or waiver.

5997. Payments and distributions.

5998. Liability of members.

§ 5991. Definition of successor entity.

As used in this subchapter, the term "successor entity"
includes any trust, receivership or other legal entity governed
by the laws of this Commonwealth or any other jurisdiction to
which the remaining assets of a dissolved nonprofit corporation
are transferred subject to its liabilities and which exists
solely for the purposes of prosecuting and defending actions, by
or against the corporation, enabling the corporation to settle
and close its business, to dispose of and convey the property of
the corporation, to discharge the liabilities of the
corporation, and to distribute to the members of the corporation
any remaining assets, but not for the purpose of continuing the

1 business for which the corporation was incorporated.

2 § 5992. Notice to claimants.

3 (a) General rule.--After a nonprofit corporation has been
4 dissolved in accordance with the procedures set forth in this
5 chapter, the corporation or any successor entity may give notice
6 of the dissolution requesting all persons having a claim against
7 the corporation to present their claims against the corporation
8 in accordance with the notice. The notice shall state:

9 (1) That all claims must be presented in writing and
10 must contain sufficient information reasonably to inform the
11 corporation or successor entity of the identity of the
12 claimant and the substance of the claim.

13 (2) The mailing address to which a claim must be sent.

14 (3) The date by which a claim must be received by the
15 corporation or successor entity, which date shall be not less
16 than 60 days after the date the notice is given.

17 (4) That the corporation or a successor entity may make
18 distribution to other claimants and the members of the
19 corporation or persons interested as having been such without
20 further notice to the claimant.

21 (b) Unmatured claims.--The corporation or successor entity
22 electing to follow the procedures specified in subsection (a)
23 shall also give notice of the dissolution of the corporation to
24 persons with claims contingent upon the occurrence or
25 nonoccurrence of future events or otherwise conditional or
26 unmatured, and shall request that such persons present their
27 claims in accordance with the terms of the notice. The notice
28 shall be in substantially the form specified in subsection (a).

29 (c) Publication and service of notices.--The notices
30 required by this section shall be officially published at least

1 once a week for two consecutive weeks. Concurrently with or
2 preceding the publication, the corporation or successor entity
3 shall mail a copy of the notice by registered or certified mail,
4 return receipt requested, to each known claimant of the
5 corporation.

6 § 5993. Acceptance or rejection of matured claims.

7 A dissolved nonprofit corporation or successor entity may
8 reject, in whole or in part, any matured claim made by a
9 claimant pursuant to section 5992 (relating to notice to
10 claimants) by mailing notice of the rejection by registered or
11 certified mail, return receipt requested, to the claimant within
12 90 days after receipt of the claim and, in all events, at least
13 30 days before the expiration of the two-year period specified
14 in section 5979(a)(2) (relating to survival of remedies and
15 rights after dissolution). A notice sent pursuant to this
16 section shall include or be accompanied by a copy of this
17 subchapter and of section 5979.

18 § 5994. Disposition of unmatured claims.

19 The dissolved nonprofit corporation or successor entity shall
20 offer any claimant whose claim made pursuant to section 5992
21 (relating to notice to claimants) is contingent, conditional or
22 unmatured, such security as the corporation or successor entity
23 determines is sufficient to provide compensation to the claimant
24 if the claim matures. The corporation or successor entity shall
25 mail the offer to the claimant by registered or certified mail,
26 return receipt requested, within 90 days after receipt of the
27 claim and, in all events, at least 30 days before the expiration
28 of the two-year period specified in section 5979(a)(2) (relating
29 to survival of remedies and rights after dissolution). A notice
30 sent pursuant to this section shall include or be accompanied by

1 a copy of this subchapter and of section 5979. If the claimant
2 offered the security does not deliver to the corporation or
3 successor entity a written notice rejecting the offer within 60
4 days after mailing of the offer for security, the claimant shall
5 be deemed to have accepted the security as the sole source from
6 which to satisfy his claim against the corporation.

7 § 5995. Court proceedings.

8 (a) General rule.--A dissolved nonprofit corporation or
9 successor entity that has given notice in accordance with
10 section 5992 (relating to notice to claimants) shall file an
11 application with the court for a determination of the amount and
12 form of security that will be sufficient to provide compensation
13 to:

14 (1) Claimants whose matured claims are known to the
15 corporation or successor entity but whose identities are
16 unknown.

17 (2) Any claimant who has rejected the offer for security
18 made pursuant to section 5994 (relating to disposition of
19 unmatured claims).

20 (b) Guardian ad litem.--The court shall appoint a guardian
21 ad litem to represent all claimants whose identities are unknown
22 in any proceeding brought under this subchapter. The reasonable
23 fees and expenses of the guardian, including all reasonable
24 expert witness fees, shall be paid by the applicant in the
25 proceeding unless otherwise ordered by the court.

26 § 5996. No revival or waiver.

27 The giving of any notice or making of any offer under this
28 subchapter shall not revive any claim then barred or constitute
29 acknowledgment by the dissolved nonprofit corporation or
30 successor entity that any person to whom the notice is sent is a

proper claimant and shall not operate as a waiver of any defense or counterclaim in respect of any claim asserted by any person to whom the notice is sent.

§ 5997. Payments and distributions.

(a) General rule.--A dissolved nonprofit corporation or successor entity that has elected to proceed under the preceding provisions of this subchapter shall:

(1) Pay the claims made and not rejected under section 5993 (relating to acceptance or rejection of matured claims).

(2) Post the security offered and not rejected under section 5994 (relating to disposition of unmatured claims).

(3) Post security ordered by the court in any proceeding under section 5995 (relating to court proceedings).

(4) Pay or make provision for all other liabilities of the corporation or the successor entity.

(b) Disposition.--The claims and liabilities shall be paid in full and any provision for payment shall be made in full if there are sufficient assets. If there are insufficient assets, the claims and liabilities shall be paid or provided for in order of their priority, and, among claims of equal priority, ratably to the extent of funds legally available therefor. Any remaining assets shall be distributed to the shareholders of the corporation, except that the distribution shall not be made less than 60 days after the last notice of rejection, if any, was given under section 5993 (relating to acceptance or rejection of matured claims).

(c) Evaluation of other liabilities.--In the absence of actual fraud, the judgment of the board of directors of the dissolved corporation or the governing persons of the successor entity as to the provision made for the payment of all

1 liabilities under subsection (a)(4) shall be conclusive.

2 (d) Disposition in absence of claims procedure.--A dissolved
3 corporation or successor entity that has not followed the
4 procedures in the preceding provisions of this subchapter shall
5 pay or make reasonable provision to pay all claims and
6 liabilities, including all contingent, conditional or unmatured
7 claims known to the corporation or the successor entity and all
8 claims that are known to the corporation or the successor entity
9 but for which the identity of the claimant is unknown. The
10 claims shall be paid in full and any such provision for payment
11 made shall be made in full if there are sufficient assets. If
12 there are insufficient assets, the claims and liabilities shall
13 be paid or provided for according to their priority and, among
14 claims of equal priority, ratably to the extent of funds legally
15 available therefor. Any remaining assets shall be distributed to
16 the shareholders, if any, pro rata, or if there be no
17 shareholders, among the members per capita.

18 (e) Liability of directors.--Directors or members of an
19 other body of a dissolved corporation or governing persons of a
20 successor entity that has complied with this section shall not
21 be personally liable to the claimants of the dissolved
22 corporation.

23 § 5998. Liability of members.

24 (a) General rule.--A member of a dissolved nonprofit
25 corporation, the assets of which were distributed pursuant to
26 section 5997 (relating to payments and distributions), shall not
27 be liable for any claim against the corporation in an amount in
28 excess of the member's pro rata share of the claim or the
29 amount, if any, distributed to the member, whichever is less.

30 (b) Limitation of actions.--A member of a dissolved

1 corporation, the assets of which were distributed pursuant to
2 section 5997(a) through (c), shall not be liable for any claim
3 against the corporation on which an action is not commenced
4 prior to the expiration of the period specified in section
5 5979(a)(2) (relating to survival of remedies and rights after
6 dissolution).

7 (c) Limitation of liability.--The aggregate liability of any
8 member of a dissolved corporation for claims against the
9 dissolved corporation shall not exceed the amount, if any,
10 distributed to the member in dissolution.

11 § 6121. Admission of foreign corporations.

12 (a) General rule.--A foreign nonprofit corporation [not-for-
13 profit], before doing business in this Commonwealth, shall
14 procure a certificate of authority to do so from the Department
15 of State, in the manner provided in this subchapter. A foreign
16 nonprofit corporation [not-for-profit] shall not be denied a
17 certificate of authority by reason of the fact that the laws of
18 the jurisdiction governing its incorporation and internal
19 affairs differ from the laws of this Commonwealth.

20 (b) Qualification under former statute.--If a foreign
21 corporation was on March 19, 1966 admitted to do business in
22 this Commonwealth by the filing of a power of attorney and
23 statement under the act of June 8, 1911 (P.L.710, No.283), such
24 power of attorney and statement shall be deemed an approved
25 application for a certificate of authority issued under this
26 subchapter and [such] the corporation shall be deemed a holder
27 of [such a] the certificate. [Such] The corporation shall
28 include in its initial application, if any, for an amended
29 certificate of authority under this subchapter the information
30 required by this subchapter to be set forth in an application

1 for a certificate of authority. A certificate of authority
2 issued under the former provisions of the act of May 5, 1933
3 (P.L.289, No.105), known as the Nonprofit Corporation Law of
4 1933, or former 15 Pa.C.S. Pt. III, Art. B, known as the
5 Nonprofit Corporation Law of 1972, as added by the act of
6 November 15, 1972 (P.L.1063, No.271), shall be deemed to be
7 issued under this subchapter and the certificate of authority
8 shall be deemed not to contain any reference to the kind of
9 business that the corporation proposes to do in this
10 Commonwealth.

11 § 6122. Excluded activities.

12 (a) General rule.--Without excluding other activities which
13 may not constitute doing business in this Commonwealth, a
14 foreign nonprofit corporation [not-for-profit] shall not be
15 considered to be doing business in this Commonwealth for the
16 purposes of this subchapter by reason of carrying on in this
17 Commonwealth any one or more of the following acts:

18 (1) Maintaining or defending any action or [any]
19 administrative or arbitration proceeding or effecting the
20 settlement thereof or the settlement of claims or disputes.

21 (2) Holding meetings of its directors, other body or
22 members or carrying on other activities concerning its
23 internal affairs.

24 (3) Maintaining bank accounts.

25 (4) Maintaining offices or agencies for the transfer,
26 exchange and registration of its memberships or securities,
27 or appointing and maintaining trustees or depositories with
28 relation to its memberships or securities.

29 (5) Granting funds.

30 (6) Distributing information to its members.

1 (7) Creating as borrower or lender [evidences of debt],
2 ~~acquiring or incurring, obligations or~~ mortgages[, and rights
3 in real] or ~~other~~ security interests in ~~real or~~ personal
4 property.

5 (8) [Collecting] ~~Securing or collecting~~ debts [and] ~~or~~
6 enforcing [mortgages and] ~~any~~ rights in property securing
7 [the same] ~~them~~.

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

10 (10) Conducting an isolated transaction completed within
11 a period of 30 days and not in the course of a number of
12 repeated transactions of like nature.

13 (11) Inspecting, appraising and acquiring real estate
14 and mortgages and other liens thereon and personal property
15 and security interests therein, and holding, leasing [away],
16 conveying and transferring [the same] ~~them~~, as fiduciary or
17 otherwise.

18 (b) Exceptions.--The specification of activities in
19 subsection (a) does not establish a standard for activities
20 [which] ~~that~~ may subject a foreign corporation to:

21 (1) [service] ~~Service~~ of process under any statute[;] ~~or~~
22 ~~general rule~~.

23 (2) [taxation] ~~Taxation~~ by the Commonwealth or any
24 political subdivision thereof[; or].

25 (3) [the] ~~The~~ provisions of section 6145 (relating to
26 applicability of certain safeguards to foreign corporations).
27 § 6123. [Restriction on admission of foreign corporations]

28 Requirements for foreign corporation names.

29 (a) General rule.--The Department of State shall not issue a
30 certificate of authority to any foreign [corporation not-for-

1 profit:

2 (1) If the application for the certificate of authority
3 required to be filed by this subchapter sets forth any kind
4 of business which a foreign corporation not-for-profit may
5 not lawfully do in this Commonwealth.

6 (2) The name of which is not expressed in English
7 letters or characters.

8 (3) Which, except as provided in subsection (b) of this
9 section, has a name which under section 7313 of this title
10 (relating to corporate name) is not available through consent
11 or otherwise for use by a domestic nonprofit corporation or a
12 domestic cooperative corporation, as the case may be.]

13 nonprofit corporation that, except as provided in subsection
14 (b), has a name that is rendered unavailable for use by a
15 domestic nonprofit corporation by any provision of section
16 5303(a), (b) or (c) (relating to corporate name).

17 (b) Exception; name.--The provisions of section 5303(b)
18 (relating to duplicate use of names) shall not prevent the
19 issuance of a certificate of authority to a foreign nonprofit
20 corporation [not-for-profit] setting forth a name [which] that
21 is confusingly similar to the name of any other domestic or
22 foreign corporation for profit or corporation not-for-profit,
23 [if:

24 (1) the department finds, upon proof by affidavit or
25 otherwise as it may determine, that:

26 (i) the applicant has engaged in business as a
27 corporation under its proposed name for not less than
28 three consecutive years immediately prior to the date of
29 its application;

30 (ii) the business to be conducted in this

Commonwealth is not the same as or similar to the business conducted in this Commonwealth by the corporation with whose name it may conflict; and

(iii) the public is not likely to be confused or deceived; and

(2) the applicant shall agree in its application for a certificate of authority to use with its corporate name in this Commonwealth, to be placed immediately under or following such name, the words "a (name or abbreviation of jurisdiction of incorporation) corporation." or of any domestic or foreign limited partnership that has filed a certificate or qualified under Chapter 85 (relating to limited partnerships) or corresponding provisions of prior law, or of any corporation or other association then registered under 54 Pa.C.S. Ch. 5 (relating to corporate and other association names) or to any name reserved or registered as provided in this part, if the foreign nonprofit corporation applying for a certificate of authority files in the department one of the following:

(i) A resolution of its board of directors or other body adopting a fictitious name for use in transacting business in this Commonwealth which fictitious name is not confusingly similar to the name of the other corporation or other association or to any name reserved or registered as provided in this part.

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

§ 6124. Application for a certificate of authority.

(a) General rule.--[The foreign corporation not-for-profit shall file in the Department of State an application for a certificate of authority and at the same time shall deliver to the department a certificate of the appropriate official of the jurisdiction under the laws of which it was incorporated, dated within 60 days of delivery of the application to the Department of State, to the effect that it is a corporation duly incorporated and existing under the laws of such jurisdiction.

The] An application for a certificate of authority shall be executed [under the seal of the corporation, by two duly authorized officers thereof,] by the foreign nonprofit corporation and shall set forth:

(1) The name of the corporation.

(2) The name of the jurisdiction under the laws of which it is incorporated.

(3) The address, including street and number, if any, of its principal office under the laws of [its domiciliary jurisdiction] the jurisdiction in which it is incorporated.

(4) [The] Subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its proposed registered office in this Commonwealth.

(5) [A brief statement of the business it proposes to do within this Commonwealth and a statement that such business is authorized by its articles.

(6)] A statement that it is a corporation incorporated for a purpose or purposes not involving pecuniary profit, incidental or otherwise.

(b) Advertisement.--A foreign nonprofit corporation shall

1 officially publish notice of its intention to apply or its
2 application for a certificate of authority. The notice may
3 appear prior to or after the day on which application is made to
4 the Department of State[,] and shall set forth briefly:

5 (1) A statement that the corporation will apply or has
6 applied for a certificate of authority under the provisions
7 of the Nonprofit Corporation Law of 1988.

8 (2) The name of the corporation and of the jurisdiction
9 under the laws of which it is incorporated.

10 (3) The address, including street and number, if any, of
11 its principal office under the laws of [its domiciliary
12 jurisdiction] the jurisdiction in which it is incorporated.

13 (4) [The] Subject to section 109, the address,
14 including street and number, if any, of its proposed
15 registered office in this Commonwealth.

16 [(5) The character and nature of the business it
17 proposes to do within this Commonwealth.

18 (6) The date when its application for a certificate of
19 authority will be or was filed in the Department of State.]

20 (c) Filing.--The application for a certificate of authority
21 shall be filed in the Department of State.

22 [(c)] (d) Cross reference.--See section 134 (relating to
23 docketing statement).

24 § 6125. Issuance of certificate of authority.

25 Upon the filing of the application for a certificate of
26 authority [and accompanying documents required by this
27 subchapter, the Department of State shall issue to], the foreign
28 nonprofit corporation shall be deemed to hold a certificate of
29 authority to do business in this Commonwealth. [The certificate
30 of authority shall be annexed to or endorsed upon the

1 application for a certificate of authority and shall state that
2 subject to the Constitution and laws of this Commonwealth the
3 corporation named in such application is authorized to do in
4 this Commonwealth the business specified in such application.]

5 § 6126. Amended certificate of authority.

6 (a) General rule.--After receiving a certificate of
7 authority, a qualified foreign nonprofit corporation may,
8 subject to the provisions of this subchapter, change [its name,
9 or be authorized to do in this Commonwealth other or additional
10 business than that authorized by its certificate of authority,]
11 the name under which it is authorized to transact business in
12 this Commonwealth by filing in the Department of State an
13 application for an amended certificate of authority[, and if the
14 application is for or includes a change of name, a certificate
15 of the appropriate official of the jurisdiction under the laws
16 of which it was incorporated, dated within 60 days of the
17 delivery of the application to the department, to the effect
18 that it is a corporation duly incorporated and existing under
19 the laws of such jurisdiction under the new name. Such]. The
20 application shall be executed [under the seal of the corporation
21 by two duly authorized officers thereof,] by the corporation and
22 shall state:

23 (1) The name under which the applicant corporation
24 [received] currently holds a certificate of authority to do
25 business [within] in this Commonwealth.

26 (2) The name of the jurisdiction under the laws of which
27 the corporation is incorporated.

28 (3) The address, including street and number, if any, of
29 its principal office under the laws of [its domiciliary
30 jurisdiction] the jurisdiction in which it is incorporated.

1 (4) [The] Subject to section 109 (relating to name of
2 commercial registered office provider in lieu of registered
3 address), the address, including street and number, if any,
4 of its registered office in this Commonwealth which may
5 constitute a change in the address of its registered office.

6 (5) The [change in the certificate of authority of the
7 corporation which is desired and a statement that the change
8 of name, if any, reflects a change effected in the
9 jurisdiction of incorporation or that the amended statement
10 of the business, if any, proposed to be done in this
11 Commonwealth is such as is authorized by the articles of the
12 corporation in its domiciliary jurisdiction, or both.] new
13 name of the corporation and a statement that either:

- 14 (i) the change of name reflects a change effected in
15 the jurisdiction of incorporation; or
16 (ii) documents complying with section 6123(b)
17 (relating to exception; name) accompany the application.

18 [(b) Advertisement.--A foreign corporation shall officially
19 publish notice of its intention to apply or its application for
20 an amended certificate of authority in a manner similar to that
21 prescribed in this subchapter in the case of the filing of an
22 application for a certificate of authority. The notice may
23 appear prior to or after the day on which application is filed
24 in the Department of State, and shall in addition to the
25 foregoing requirements set forth briefly:

26 (1) If the application is for permission to do in this
27 Commonwealth other or additional business, the character and
28 nature of the business it proposes to do under the amended
29 certificate of authority.

30 (2) If the application is for a change of name, the new

1 name under which it proposes to do business.

2 (c)] (b) Issuance of amended certificate of authority.--Upon
3 the filing of [such application the Department of State shall
4 issue to] the application, the applicant corporation shall be
5 deemed to hold an amended certificate of authority. [The amended
6 certificate of authority shall be annexed to or endorsed upon
7 the application for an amended certificate of authority and
8 shall state that, subject to the Constitution and laws of this
9 Commonwealth, the certificate of authority of the corporation
10 named in such application is amended as specified in such
11 application.

12 (d)] (c) Cross reference.--See section 134 (relating to
13 docketing statement).

14 § 6127. Merger [or], consolidation or division of qualified
15 foreign corporations.

16 (a) General rule.--Whenever a qualified foreign nonprofit
17 corporation [shall be] is a nonsurviving party to a statutory
18 merger [or], consolidation or division permitted by the laws of
19 the jurisdiction under which it is incorporated, the corporation
20 surviving the merger, or the new corporation resulting from the
21 consolidation or division, as the case may be, shall file in the
22 Department of State a statement of merger [or], consolidation or
23 division, which shall be executed by the surviving or new
24 corporation and shall set forth:

25 (1) The name of each nonsurviving qualified foreign
26 nonprofit corporation.

27 (2) The name of the jurisdictions under the laws of
28 which each nonsurviving qualified foreign nonprofit
29 corporation was incorporated.

30 (3) The date on which each nonsurviving qualified

1 foreign nonprofit corporation received a certificate of
2 authority to do business [within] in this Commonwealth.

3 (4) A statement that the corporate existence of each
4 nonsurviving qualified foreign nonprofit corporation has been
5 terminated by merger [or], consolidation or division, as the
6 case may be.

7 (5) In the case of a consolidation[,], or division or if
8 the surviving corporation was a nonqualified foreign
9 nonprofit corporation prior to the merger, the statements on
10 the part of the surviving or new corporation required by
11 section 6124(a) (relating to application for a certificate of
12 authority).

13 (b) Effect of filing.--The filing of [such] the statement
14 shall operate, as of the effective date of the merger [or],
15 consolidation or division to cancel the certificate of authority
16 of each nonsurviving constituent corporation [which] that was a
17 qualified foreign nonprofit corporation and to qualify the
18 surviving or new corporation under this subchapter. If the
19 surviving or new corporation does not desire to continue as a
20 qualified foreign nonprofit corporation, it may thereafter
21 withdraw in the manner provided by section 6129 (relating to
22 application for termination of authority).

23 (c) Surviving qualified foreign corporations.--It shall not
24 be necessary for a surviving corporation [which] that was a
25 qualified foreign nonprofit corporation to effect any filing
26 under this subchapter with respect to a merger or division or to
27 procure [either a new or] an amended certificate of authority to
28 do business in this Commonwealth[,], unless the name of such
29 corporation is changed by [such merger, or unless the
30 corporation desires to do in this Commonwealth other or

1 additional business than that which it is then authorized to do
2 in this Commonwealth] the merger or division.

3 (d) Cross reference.--See section 134 (relating to docketing
4 statement).

5 § 6128. Revocation of certificate of authority.

6 (a) General rule.--Whenever the Department of State [shall
7 find] finds that a qualified foreign nonprofit corporation [is
8 engaged in this Commonwealth in any business which it is not
9 authorized to do by its certificate of authority or by any
10 amended certificate of authority, or] has failed to secure an
11 amended certificate of authority as required by this subchapter
12 after changing its name, or has failed or refused to appear by
13 its proper [officers, agents, or employees] representatives, or
14 otherwise to comply with any subpoena issued by any court having
15 jurisdiction of the subject matter, or to produce [such] books,
16 papers, records or documents as required by [any such] a
17 subpoena, or is violating any of the laws of this Commonwealth,
18 or that its articles have been revoked or voided by its
19 [domiciliary] jurisdiction of incorporation, the [Department of
20 State] department shall give notice and opportunity for hearing
21 by registered or certified mail to [such] the corporation that
22 [such] the default exists and that its certificate of authority,
23 including any amendments [thereto] thereof, will be revoked
24 unless [such] the default [shall be] is cured within 30 days
25 after the mailing of [such] the notice. If [such] the default
26 [shall not be] is not cured within [such] the period of 30 days,
27 the department shall revoke the certificate of authority,
28 including any amendments [thereto] thereof, of [such] the
29 foreign nonprofit corporation. Upon revoking [such] the
30 certificate of authority, the department shall mail to the

1 corporation, at its registered office in this Commonwealth, a
2 certificate of revocation.

3 (b) Effect of revocation.--Upon the issuance of [such] the
4 certificate of revocation, the authority of the corporation to
5 do business in this Commonwealth shall cease[,] and [such] the
6 corporation shall not thereafter do any business in this
7 Commonwealth unless it applies for and receives a new
8 certificate of authority.

9 § 6129. Application for termination of authority.

10 (a) General rule.--Any qualified foreign nonprofit
11 corporation may withdraw from doing business in this
12 Commonwealth and surrender its certificate of authority by
13 filing in the Department of State an application for termination
14 of authority, executed [under the seal of] by the corporation
15 [by two duly authorized officers thereof], which shall set
16 forth:

17 (1) The name of the corporation and, subject to section
18 109 (relating to name of commercial registered office
19 provider in lieu of registered address), the address,
20 including street and number, if any, of its registered office
21 in this Commonwealth.

22 (2) The name of the jurisdiction under the laws of which
23 it is incorporated.

24 (3) The date on which it received a certificate of
25 authority to do business [within] in this Commonwealth.

26 [(4) A statement that it revokes its designation of the
27 Department of State or the Secretary of the Commonwealth, as
28 the case may be, as the agency or person on whom process
29 against it may be served in this Commonwealth.

30 (5)] (4) A statement that it surrenders its certificate

1 of authority to do business in this Commonwealth.

2 [(6) Repealed.

3 (7) A post-office address.

4 (8)] (5) A statement that notice of its intention to
5 withdraw from doing business in this Commonwealth was mailed
6 by certified or registered mail to each [local government]
7 municipal corporation in which the registered office or
8 principal place of business of the corporation in this
9 Commonwealth is located, and that the official publication
10 required by subsection (b) has been effected.

11 (6) The post office address, including street and
12 number, if any, to which process may be sent in an action or
13 proceeding upon any liability incurred before the filing of
14 the application for termination of authority.

15 (b) Advertisement.--A qualified foreign nonprofit
16 corporation shall, before filing an application for termination
17 of authority, officially publish and mail a notice of its
18 intention to withdraw from doing business in this Commonwealth
19 in a manner similar to that required by section 5975(b)
20 (relating to notice to creditors and taxing authorities). The
21 notice shall set forth briefly:

22 (1) The name of the corporation and the jurisdiction
23 under the laws of which it is incorporated.

24 (2) The address, including street and number, if any, of
25 its principal office under the laws of its [domiciliary]
26 jurisdiction of incorporation.

27 (3) [The] Subject to section 109, the address, including
28 street and number, if any, of its last registered office in
29 this Commonwealth.

30 [(4) The date on or after which its application for

1 termination of authority will be filed in the Department of
2 State.]

3 (c) Filing.--[Such application] The application for
4 termination of authority and the certificates or statement
5 required by section 139 (relating to tax clearance of certain
6 fundamental transactions) shall be filed in the [Department of
7 State and shall be accompanied by proof of the advertisement
8 required by subsection (b)] department. See section 134
9 (relating to docketing statement).

10 (d) Effect of filing.--Upon the filing of the application
11 for termination of authority, the authority of the corporation
12 to do business [within] in this Commonwealth shall cease. The
13 termination of authority shall not affect any action or
14 proceeding pending at the time thereof or affect any right of
15 action arising with respect to the corporation before the filing
16 of the application for termination of authority. Process against
17 the corporation in an action upon any liability incurred before
18 the filing of the application for termination of authority may
19 be served as provided in 42 Pa.C.S. Ch. 53 (relating to bases of
20 jurisdiction and interstate and international procedure) or as
21 otherwise provided or prescribed by law.

22 § 6130. Change of address after withdrawal.

23 (a) General rule.--Any foreign nonprofit corporation [not-
24 for-profit withdrawing or which] that has withdrawn from doing
25 business in this Commonwealth, or its successor in interest,
26 may, from time to time, change the address to which process may
27 be sent in an action upon any liability [or obligation] incurred
28 before the filing of an application for termination of
29 authority[, upon] by filing in the Department of State of a
30 statement of change of address by withdrawn corporation executed

[under the seal of] by the corporation [by two duly authorized officers thereof], setting forth:

(1) The name of the [corporation] withdrawn corporation and, if the statement is filed by a successor in interest, the name and capacity of the successor.

(2) The name of the jurisdiction under the laws of which [it] the corporation filing the statement is incorporated.

(3) The former post office address, including street and number, if any, of [its former address] the withdrawn corporation as of record in the department.

(4) The new post office address, including street and number, if any, of [its new address] the withdrawn corporation or its successor.

(b) Cross reference.--See section 134 (relating to docketing statement).

§ 6131. Registration of name.

(a) General rule.--A nonqualified foreign nonprofit corporation may register its name under 54 Pa.C.S. Ch. 5 (relating to corporate and other association names) if the name is available for use by a qualified foreign nonprofit corporation under section 6123 (relating to requirements for foreign corporation names), by filing in the Department of State an application for registration of name, executed by the corporation, which shall set forth:

(1) The name of the corporation.

(2) The address, including street and number, if any, of the corporation.

(b) Annual renewal.--A corporation that has in effect a registration of its corporate name may renew the registration from year to year by annually filing an application for renewal

1 setting forth the facts required to be set forth in an original
2 application for registration. A renewal application may be filed
3 between October 1 and December 31 in each year and shall extend
4 the registration for the following calendar year.

5 (c) Cross reference.--See section 134 (relating to docketing
6 statement).

7 § 6144. Registered office of qualified foreign corporations.

8 (a) General rule.--[Every] Subject to the provisions of
9 section 5507(c) (relating to alternative procedure) every
10 qualified foreign nonprofit corporation shall have, and
11 continuously maintain, in this Commonwealth a registered office,
12 which may but need not be the same as its place of business in
13 this Commonwealth.

14 (b) Change.--A qualified foreign corporation may, from time
15 to time, change the address of its registered office [upon
16 filing in the Department of State, before such change is made,
17 either an application for an amended certificate of authority
18 setting forth the changed registered office or a statement
19 executed under the seal of the corporation by two duly
20 authorized officers thereof, setting forth:

- 21 (1) The name of the corporation.
- 22 (2) The address, including street and number, if any, of
23 its then registered office.
- 24 (3) The address, including street and number, if any, to
25 which the registered office is to be changed.
- 26 (4) The procedure whereby such change was authorized.]
27 in the manner provided by section 5507(b) (relating to statement
28 of change of registered office).

29 [(c) Cross reference.--See section 134 (relating to
30 docketing statement).]

1 SUBCHAPTER D

2 DOMESTICATION

3 [(Reserved)]

4 § 6161. Domestication.

5 (a) General rule.--Any qualified foreign nonprofit
6 corporation may become a domestic nonprofit corporation by
7 filing in the Department of State articles of domestication. The
8 articles of domestication, upon being filed in the department,
9 shall constitute the articles of the domesticated foreign
10 corporation, and it shall thereafter continue as a corporation
11 which shall be a domestic nonprofit corporation subject to this
12 subpart.

13 (b) Articles of domestication.--The articles of
14 domestication shall be executed by the corporation and shall set
15 forth in the English language:

16 (1) The name of the corporation. If the name is in a
17 foreign language, it shall be set forth in Roman letters or
18 characters or Arabic or Roman numerals.

19 (2) Subject to section 109 (relating to name of
20 commercial registered office provider in lieu of registered
21 address), the address, including street and number, if any,
22 of its registered office in this Commonwealth.

23 (3) A statement that upon domestication the corporation
24 will be subject to the domestic corporation provisions of the
25 Nonprofit Corporation Law of 1988 and a brief statement of
26 the purpose or purposes for which it is to be domesticated
27 which shall be a purpose or purposes for which a domestic
28 nonprofit corporation may be incorporated under Article B
29 (relating to domestic nonprofit corporations generally).

30 (4) The term for which upon domestication it is to

1 exist, if not perpetual.

2 (5) Any desired provisions relating to the manner and
3 basis of reclassifying the memberships in the corporation.

4 (6) A statement that the filing of articles of
5 domestication and, if desired, the renunciation of the
6 original charter or articles of the corporation has been
7 authorized (unless its charter or other organic documents
8 require a greater vote) by a majority of the votes cast by
9 all members entitled to vote thereon and, if any class of
10 members is entitled to vote thereon as a class, a majority of
11 the votes cast in each class vote.

12 (7) Any other provisions authorized by Article B to be
13 set forth in the original articles.

14 (c) Cross reference.--See section 134 (relating to docketing
15 statement).

16 § 6162. Effect of domestication.

17 As a domestic nonprofit corporation, the domesticated
18 corporation shall no longer be a foreign nonprofit corporation
19 for the purposes of this subpart and shall have all the powers
20 and privileges and be subject to all the duties and limitations
21 granted and imposed upon domestic nonprofit corporations. The
22 property, franchises, debts, liens, estates, taxes, penalties
23 and public accounts due the Commonwealth shall continue to be
24 vested in and imposed upon the corporation to the same extent as
25 if it were the successor by merger of the domesticating
26 corporation with and into a domestic nonprofit corporation under
27 Subchapter C of Chapter 59 (relating to merger, consolidation
28 and sale of assets). Memberships in the domesticated corporation
29 shall be unaffected by the domestication except to the extent,
30 if any, reclassified in the articles of domestication.

1 § 7102. Cooperative corporations generally.

2 (a) General rule.--Any corporation incorporated under this
3 part may be organized on the cooperative principle by setting
4 forth in its articles a common bond of membership among its
5 shareholders or members by reason of occupation, residence or
6 otherwise and that it is a cooperative corporation.

7 (b) Applicable law.--A corporation incorporated under this
8 subpart shall be governed by the applicable provisions of this
9 subpart and, to the extent not inconsistent with this subpart:

10 (1) Subpart B (relating to business corporations) if its
11 articles state that it is incorporated for a purpose or
12 purposes involving pecuniary profit, incidental or otherwise,
13 to its shareholders or members or if its articles are silent
14 on the subject.

15 (2) Subpart C (relating to nonprofit corporations) if:

16 (i) [Its] its articles state that it is incorporated
17 for a purpose or purposes not involving pecuniary
18 profit[.]; or

19 (ii) [(Reserved).] it is subject to Chapter 73
20 (relating to electric cooperative corporations).

21 (c) Credit unions.--This subpart shall not apply to a credit
22 union, whether proposed or existing, except as otherwise
23 [expressly provided in this subpart or as otherwise] provided by
24 statute applicable to the corporation.

25 (d) Workers' cooperative corporations.--Except as otherwise
26 expressly provided in Chapter 77 (relating to workers'
27 cooperative corporations), only Chapters 1 (relating to general
28 provisions), 5 (relating to corporations) and 77 shall apply to
29 a corporation subject to Chapter 77. A cooperative corporation
30 may be incorporated under this chapter notwithstanding the fact

that its corporate purposes consist of or include a purpose or purposes within the scope of Chapter 77.

§ 7103. Use of term "cooperative" in corporate name.

* * *

(b) Cross reference.--See section [7 of the act of June 21, 1937 (P.L.1969, No.389), known as the Electric Cooperative Corporation Act] 7307 (relating to prohibition on use of words "electric cooperative").

§ 7104. Election of an existing business corporation to become a cooperative corporation.

(a) General rule.--Any business corporation not organized on the cooperative principle may become a cooperative corporation for profit under this chapter by:

(1) Adopting a plan of conversion:

(i) providing for the redemption by the corporation of all of its shares, whether or not redeemable by the terms of its articles, if the corporation is to be organized as a nonstock corporation; and

(ii) adjusting its affairs so as to comply with the requirements of this chapter applicable to cooperative corporations.

(2) Filing articles of amendment which shall contain, in addition to the requirements of section 1915 (relating to articles of amendment):

(i) A statement that the corporation elects to become a cooperative corporation.

(ii) The provisions required by section 7102(a) (relating to cooperative corporations generally) to be set forth in the articles of a cooperative corporation.

(iii) If the corporation is to be a nonstock

1 corporation, a statement that the corporation is
2 organized on a nonstock basis.

3 (iv) Such other changes, if any, that may be desired
4 in the articles.

5 (b) Procedure.--The plan of conversion of the corporation
6 into a cooperative corporation (which plan shall include the
7 amendment of the articles required by subsection (a)) shall be
8 adopted in accordance with the requirements of Subchapter B of
9 Chapter 19 (relating to amendment of articles) except that:

10 (1) The holders of shares of every class shall be
11 entitled to vote on the plan regardless of any limitations
12 stated in the articles or bylaws on the voting rights of any
13 class.

14 (2) The plan must be approved by two-thirds of the votes
15 cast by all shares of each class.

16 (3) If any shareholder of a business corporation that
17 adopts a plan of conversion into a cooperative corporation
18 objects to the plan of conversion and complies with the
19 provisions of Subchapter D of Chapter 15 (relating to
20 dissenters rights), the shareholder shall be entitled to the
21 rights and remedies of dissenting shareholders therein
22 provided. There shall be included in, or enclosed with, the
23 notice of the meeting of shareholders called to act upon the
24 plan of conversion a copy or a summary of the plan and a copy
25 of Subchapter D of Chapter 15 and of this subsection.

26 (4) The plan shall not impose any additional liability
27 upon any existing patron of the business of the corporation,
28 whether or not that person becomes a member of the
29 corporation pursuant to the plan, unless the patron expressly
30 assumes such liability.

1 § 7105. Termination of status as a cooperative corporation for
2 profit.

3 (a) General rule.--A cooperative corporation for profit may
4 terminate its status as such and cease to be subject to this
5 chapter by:

6 (1) Adopting a plan of conversion:

7 (i) providing for the issue of appropriate shares to
8 its members if it is organized as a nonstock corporation
9 and is not to continue as such; and

10 (ii) adjusting its affairs so as to comply with the
11 requirements of this subpart applicable to business
12 corporations that are not cooperative corporations.

13 (2) Amending its articles to delete therefrom the
14 additional provisions required or permitted by:

15 (i) sections 2102(a)(1) (relating to formation of
16 nonstock corporations) and 2103 (relating to contents of
17 articles and other documents of nonstock corporations) to
18 be stated in the articles of a nonstock corporation if it
19 is organized as a nonstock corporation and is not to
20 continue as such;

21 (ii) section 7102(a) relating to cooperative
22 corporations generally) to be stated in the articles of a
23 cooperative corporation; and

24 (iii) section 7103 (relating to use of term
25 "cooperative" in corporate name).

26 (b) Procedure.--The plan of conversion (which plan shall
27 include the amendment of the articles required by this section)
28 shall be adopted in accordance with Subchapter B of Chapter 19
29 (relating to amendment of articles) except that:

30 (1) The members of every class shall be entitled to vote

1 on the plan regardless of any limitations stated in the
2 articles or bylaws, or in a document evidencing membership,
3 on the voting rights of any class.

4 (2) The plan must be approved by a majority of the votes
5 cast by the members of each class.

6 (c) Increased vote requirements.--The bylaws of a
7 cooperative corporation for profit adopted by the shareholders
8 or members may provide that, on any amendment to terminate its
9 status as a cooperative corporation, a vote greater than that
10 specified in subsection (b) shall be required. If the bylaws
11 contain such a provision, that provision shall not be amended,
12 repealed or modified by any vote less than that required to
13 terminate the status of the corporation as a cooperative
14 corporation.

15 § 7106. Election of an existing nonprofit corporation to become
16 a cooperative corporation.

17 (a) General rule.--Any nonprofit corporation not organized
18 on the cooperative principle may become a nonprofit cooperative
19 corporation under this chapter by:

20 (1) Adopting a plan of conversion adjusting its affairs
21 so as to comply with the requirements of this chapter
22 applicable to cooperative corporations.

23 (2) Filing articles of amendment which shall contain, in
24 addition to the requirements of section 5915 (relating to
25 articles of amendment):

26 (i) A statement that the corporation elects to
27 become a cooperative corporation.

28 (ii) The provisions required by section 7102(a)
29 (relating to cooperative corporations generally) to be
30 set forth in the articles of a cooperative corporation.

1 (iii) Such other changes, if any, that may be
2 desired in the articles.

3 (b) Procedure.--The plan of conversion of the corporation
4 into a cooperative corporation (which plan shall include the
5 amendment of the articles required by subsection (a)) shall be
6 adopted in accordance with the requirements of Subchapter B of
7 Chapter 59 (relating to amendment of articles) except that:

8 (1) The members of every class shall be entitled to vote
9 on the plan regardless of any limitations stated in the
10 articles or bylaws, or in a document evidencing membership,
11 on the voting rights of any class.

12 (2) The plan must be approved by two-thirds of the votes
13 cast by the members of each class.

14 (3) The plan shall not impose any additional liability
15 upon any existing patron of the business of the corporation,
16 whether or not that person becomes a member of the
17 corporation pursuant to the plan, unless the patron expressly
18 assumes such liability.

19 § 7107. Termination of nonprofit cooperative corporation
20 status.

21 (a) General rule.--A nonprofit cooperative corporation may
22 terminate its status as such and cease to be subject to this
23 chapter by:

24 (1) Adopting a plan of conversion adjusting its affairs
25 so as to comply with the requirements of this subpart
26 applicable to nonprofit corporations that are not cooperative
27 corporations.

28 (2) Amending its articles to delete therefrom the
29 additional provisions required or permitted by:

30 (i) section 7102(a) (relating to cooperative

corporations generally) to be stated in the articles of a cooperative corporation; and

(ii) section 7103 (relating to use of term "cooperative" in corporate name).

(b) Procedure.--The plan of conversion (which plan shall include the amendment of the articles required by this section) shall be adopted in accordance with Subchapter B of Chapter 59 (relating to amendment of articles) except that:

(1) The members of every class shall be entitled to vote on the plan regardless of any limitations stated in the articles or bylaws, or in a document evidencing membership, on the voting rights of any class.

(2) The plan must be approved by a majority of the votes cast by the members of each class.

(c) Increased vote requirements.--The bylaws of a nonprofit cooperative corporation adopted by the members may provide that, on any amendment to terminate its status as a cooperative corporation, a vote greater than that specified in subsection (b) shall be required. If the bylaws contain such a provision, that provision shall not be amended, repealed or modified by any vote less than that required to terminate the status of the corporation as a cooperative corporation.

CHAPTER 73

ELECTRIC COOPERATIVE CORPORATIONS

Subchapter

A. Preliminary Provisions

B. Powers, Duties and Safeguards

C. Unincorporated Area Certified Territory

SUBCHAPTER A

PRELIMINARY PROVISIONS

1 Sec.

2 7301. Short chapters.

3 7302. Application of chapter.

4 7303. Definitions.

5 7304. Number and qualifications of incorporators.

6 7305. Purpose.

7 7306. Articles of incorporation.

8 7307. Prohibition on use of words "electric cooperative."

9 7308. Liberal construction.

10 § 7301. Short chapters.

11 (a) Short chapter of chapter.--This chapter shall be known
12 and may be cited as the Electric Cooperative Law of 1990.

13 (b) Short chapter of Subchapter C.--Subchapter C shall be
14 known and may be cited as the Unincorporated Area Certified
15 Territory Law of 1990.

16 § 7302. Application of chapter.

17 (a) General rule.--This chapter shall apply to and, unless
18 the context clearly indicates otherwise, the term "corporation"
19 or "electric cooperative corporation" in this chapter shall mean
20 a corporation incorporated under:

21 (1) the act of June 21, 1937 (P.L.1969, No.389), known
22 as the Electric Cooperative Corporation Act; or

23 (2) this chapter.

24 (b) Provisions complete in themselves.--The provisions of
25 this chapter, as supplemented by or pursuant to Subchapters 71A
26 (relating to general provisions) and 71C (relating to
27 cooperative contracts), are complete in themselves and shall be
28 controlling. The provisions of any other law of this
29 Commonwealth, except as provided in Part V of Title 1 (relating
30 to statutory construction) and in this chapter, shall not apply

1 to a corporation subject to this chapter.

2 § 7303. Definitions.

3 The following words and phrases when used in this subchapter
4 and Subchapter B (relating to powers, duties and safeguards)
5 shall have the meanings given to them in this section unless the
6 context clearly indicates otherwise:

7 "Acquire." Construct or acquire by purchase, lease, devise,
8 gift or other mode of acquisition.

9 "Board." A board of directors of a corporation.

10 "Federal agency." Includes the United States of America and
11 any department, administration, commission, board, bureau,
12 office, establishment, agency, authority or instrumentality of
13 the United States of America, heretofore or hereafter created.

14 "Member." The incorporators of a corporation and each person
15 thereafter lawfully admitted to membership therein.

16 "Obligations." Includes bonds, notes, debentures, interim
17 certificates or receipts and all other evidences of indebtedness
18 issued by a corporation, whether secured or unsecured.

19 "Person." Includes any Federal agency, State or political
20 subdivision thereof or any body politic.

21 "Rural area." Any area, not included within the boundaries
22 of any incorporated or unincorporated city, town, village or
23 borough, having a population in excess of 2,500 inhabitants,
24 including both the farm and nonfarm population thereof.

25 § 7304. Number and qualifications of incorporators.

26 Three or more natural persons of full age who are residents
27 of this Commonwealth may incorporate an electric cooperative
28 corporation.

29 § 7305. Purpose.

30 Nonprofit cooperative corporations may be organized under

1 this chapter for the purpose of engaging in rural

2 electrification by any one or more of the following methods:

3 (1) Furnishing of electric energy to persons in rural
4 areas who are not receiving central station service.

5 (2) Assisting in the wiring of the premises of persons
6 in rural areas or the acquisition, supply or installation of
7 electrical or plumbing equipment therein.

8 (3) Furnishing of electric energy, wiring facilities,
9 electrical or plumbing equipment or services to any other
10 corporation or to the members thereof.

11 § 7306. Articles of incorporation.

12 (a) General rule.--The articles of incorporation shall
13 state:

14 (1) The name of the corporation, which shall include the
15 words "Electric Cooperative" and the word "Corporation,"
16 "Incorporated," "Inc." or "Company" and shall not be
17 confusingly similar to the name of any other corporation.

18 (2) The purpose for which the corporation is formed.

19 (3) The names and addresses of the incorporators who
20 shall serve as directors and manage the affairs of the
21 corporation until its first annual meeting of members or
22 until their successors are elected and qualify.

23 (4) The number of directors, not less than three, to be
24 elected at the annual meetings of members.

25 (5) Subject to section 109 (relating to name of
26 commercial registered office provider in lieu of registered
27 office), the address, including street and number, if any, of
28 its registered office.

29 (6) The period of duration of the corporation, which may
30 be perpetual.

1 7324. Qualifications of members.
2 7325. Annual meeting of members.
3 7326. Voting by members.
4 7327. Certificates of membership.
5 7328. Quorum of members.
6 7329. Directors.
7 7330. Nonprofit operation.
8 7331. Merger, consolidation, division or sale of assets.
9 7332. Dissolution.
10 7333. License fee; exemption from excise taxes.
11 7334. Exemption from jurisdiction of Public Utility Commission.
12 7335. Limited exemption from Securities Act.
13 § 7321. Special powers and limitations.

14 (a) General rule.--Each electric cooperative corporation
15 shall have power (in addition to or limitation of the powers
16 conferred by section 5502 (relating to general powers)):

17 (1) To generate, manufacture, purchase, acquire and
18 accumulate electric energy and to transmit, distribute, sell,
19 furnish and dispose of such electric energy to its members
20 only; and to construct, erect, purchase, lease as lessee and,
21 in any manner, acquire, own, hold, maintain, operate, sell,
22 dispose of, lease as lessor, exchange and mortgage plants,
23 buildings, works, machinery, supplies, equipment, apparatus
24 and transmission and distribution lines or systems necessary,
25 convenient or useful.

26 (2) To assist its members only to wire their premises
27 and install therein electrical and plumbing fixtures,
28 machinery, supplies, apparatus and equipment of any and all
29 kinds and character and, in connection therewith and for
30 those purposes, to purchase, acquire, lease, sell,

1 distribute, install and repair electrical and plumbing
2 fixtures, machinery, supplies, apparatus and equipment of any
3 and all kinds and character and to receive, acquire, endorse,
4 pledge, hypothecate and dispose of notes, bonds and other
5 evidences of indebtedness.

6 (3) To furnish to other corporations organized under
7 this chapter, or to the members thereof, electric energy,
8 wiring facilities, electrical and plumbing equipment and
9 services convenient or useful.

10 (4) In connection with the acquisition, construction,
11 improvement, operation or maintenance of its lines, to use
12 any highway or any right-of-way, easement or other similar
13 property right owned or held by the Commonwealth or any
14 political subdivision thereof.

15 (5) To have and exercise the power of eminent domain for
16 the purpose and in the manner provided by the condemnation
17 laws of this Commonwealth relating to public utility
18 corporations for acquiring private property for public use,
19 such right to be paramount except as to property of the
20 Commonwealth or of any political subdivision thereof or any
21 public utility corporation, other than one engaged in
22 furnishing electric energy to the public, except that the
23 right of eminent domain shall exist in order to cross the
24 lines of any public utility not furnishing electric energy if
25 the crossing is effected in such manner as not to interfere
26 with the service lines or the service of the public utility.

27 (6) To fix, regulate and collect rates, fees, rents or
28 other charges for electric energy and any other facilities,
29 supplies, equipment or services furnished by the corporation.

30 (7) To accept gifts or grants of money, services or

1 property, real or personal.

2 (8) To do and perform, either for itself or its members
3 or for any other corporation, or for the members thereof, any
4 and all acts and things and to have and exercise any and all
5 powers as may be necessary, convenient or appropriate to
6 effectuate the purpose for which the corporation is
7 incorporated.

8 (b) Enumeration unnecessary.--It shall not be necessary to
9 set forth in the articles of the corporation the powers
10 enumerated in this chapter.

11 § 7322. Bylaws.

12 The power to make, alter or repeal the bylaws of an electric
13 cooperative corporation shall be vested in the board of
14 directors. The bylaws may contain any provisions for the
15 regulation and management of the affairs of the corporation, not
16 inconsistent with law or the articles.

17 § 7323. Exemption of members from liability for debts of
18 corporation.

19 A member shall not be liable for the debts of an electric
20 cooperative corporation to an amount exceeding the sums
21 remaining unpaid on his membership fee, but nothing in this
22 chapter shall be construed to relieve any member from the
23 payment of any debt due by him to the corporation.

24 § 7324. Qualifications of members.

25 All persons in rural areas proposed to be served by an
26 electric cooperative corporation, who are not receiving central
27 station service, shall be eligible to membership in the
28 corporation. No person other than the incorporators shall be,
29 become or remain a member of the corporation unless the person
30 uses or agrees to use electric energy or, as the case may be,

1 the facilities, supplies, equipment and services furnished by
2 the corporation. A corporation existing under this chapter may
3 become a member of another such corporation and may avail itself
4 fully of the facilities and services thereof.

5 § 7325. Annual meeting of members.

6 (a) Time of annual meeting.--An annual meeting of the
7 members of an electric cooperative corporation shall be held at
8 such time as may be provided in the bylaws.

9 (b) Call of special meetings.--Special meetings of the
10 members may be called by:

11 (1) the president;

12 (2) the board of directors;

13 (3) petition signed by not less than one-tenth of all of
14 the members; or

15 (4) such other officers or persons as may be provided in
16 the bylaws.

17 (c) Notice of meetings.--Written notice of every meeting of
18 members shall be delivered not less than ten nor more than 30
19 days before the date of the meeting. If mailed, the notice shall
20 be deemed to be delivered when deposited in the United States
21 mails in a sealed envelope, addressed to the member at his
22 address as it appears on the records of the corporation, with
23 postage thereon prepaid.

24 § 7326. Voting by members.

25 Each member present shall be entitled to one and only one
26 vote on each matter submitted to a vote at a meeting of members
27 of an electric cooperative corporation, but voting by proxy or
28 by mail may be provided for in the bylaws.

29 § 7327. Certificates of membership.

30 When a member of an electric cooperative corporation has paid

1 the membership fee in full, a certificate of membership shall be
2 issued to the member. Memberships in the corporation and the
3 certificates shall be nontransferable. The certificate of
4 membership shall be surrendered to the corporation upon the
5 resignation, expulsion or death of the member.

6 § 7328. Quorum of members.

7 Unless otherwise provided in the bylaws, a majority of the
8 members present, in person or represented by proxy, shall
9 constitute a quorum for the transaction of business at a meeting
10 of members of an electric cooperative corporation, but, if
11 voting by mail is provided for in the bylaws, members so voting
12 shall be counted as if present.

13 § 7329. Directors.

14 (a) General rule.--The business and affairs of an electric
15 cooperative corporation shall be managed under the direction of
16 a board of not less than three directors who shall be natural
17 persons of full age. All directors shall be members.

18 (b) Vacancies.--Any vacancy occurring in the board and any
19 directorship to be filled shall be filled, as provided in the
20 bylaws, by persons who shall serve until directors may be
21 regularly elected.

22 § 7330. Nonprofit operation.

23 (a) General rule.--Each electric cooperative corporation
24 shall be operated without profit to its members, but the rates,
25 fees, rents or other charges for electric energy and any other
26 facilities, supplies, equipment or services furnished by the
27 corporation shall be sufficient at all times:

28 (1) To pay all operating and maintenance expenses
29 necessary or desirable for the prudent conduct of its
30 business and the principal of and interest on the obligations

1 issued or assumed by the corporation in the performance of
2 the purpose for which it was organized.

3 (2) For the creation of reserves.

4 (b) Disposition of revenues.--The revenues of the
5 corporation shall be devoted, first, to the payment of operating
6 and maintenance expenses and the principal and interest on
7 outstanding obligations and, thereafter, to such reserves for
8 improvement, new construction, depreciation and contingencies as
9 the board may, from time to time, prescribe.

10 (c) Patronage distributions.--Revenues not required for the
11 purposes set forth in subsection (b) shall be returned, from
12 time to time, to the members on a pro rata basis, according to
13 the amount of business done with each during the period, either
14 in cash, in abatement of current charges for electric energy or
15 otherwise, as the board determines, but the return may be made
16 by way of general rate reduction to members if the board so
17 elects.

18 § 7331. Merger, consolidation, division or sale of assets.

19 (a) Merger, consolidation or division.--Any two or more
20 electric cooperative corporations may merge, consolidate or
21 divide but only if the surviving or resulting corporation is a
22 corporation existing under this chapter. Every merger,
23 consolidation or division shall be proposed by the adoption by
24 the board of directors of a resolution approving the plan of
25 merger, consolidation or division and directing that the plan be
26 submitted to a vote of the members entitled to vote thereon at a
27 regular or special meeting of the members.

28 (b) Sale of assets.--An electric cooperative corporation may
29 sell, lease, lease-sell, exchange or otherwise dispose of all or
30 substantially all of its assets only when authorized by the

1 affirmative vote of two-thirds of all the members of the
2 corporation.

3 (1) The plan of asset transfer shall set forth the terms
4 and conditions of the sale, lease, exchange or other
5 disposition or may authorize the board of directors to fix
6 any or all of the terms and conditions, including the
7 consideration to be received by the corporation therefor.

8 (2) Prior to submission for consideration by the members
9 of the corporation, the board of directors of the corporation
10 shall first give all other domestic electric cooperative
11 corporations an opportunity to submit competing proposals.
12 Such opportunity shall be in the form of a written notice to
13 such corporations, which notice shall be attached to a copy
14 of the proposal which the corporation has already received.
15 Such corporations shall be given not less than 30 days during
16 which to submit competing proposals, and the actual minimum
17 period within which proposals are to be submitted shall be
18 stated in the written notice given to them.

19 (3) Within 30 days after expiration of the notice period
20 set by the board of directors under paragraph (2), written
21 notice of the special meeting to consider and take action on
22 the plan of asset transfer and expressing in detail each of
23 the proposals shall be given to each member of the
24 corporation. The special meeting shall not be held sooner
25 than 30 days after the giving of such notice to the members.

26 (4) After a plan of asset transfer has been authorized
27 by the members, the board of directors, in its discretion,
28 may abandon the sale, lease, lease-sale, exchange or other
29 disposition, subject to the rights of third parties under any
30 contracts relating thereto, without further action or

1 approval by the members.

2 § 7332. Dissolution.

3 An electric cooperative corporation may dissolve only when
4 authorized by the affirmative vote of two-thirds of all the
5 members of the corporation. Any assets remaining after all
6 liabilities or obligations of the corporation have been
7 satisfied or discharged upon dissolution shall be distributed
8 pro rata among the members of the corporation at the time of the
9 filing of the certificate of dissolution.

10 § 7333. License fee; exemption from excise taxes.

11 Electric cooperative corporations subject to this chapter
12 shall pay annually, on or before July 1, to the Department of
13 Revenue a fee of \$10 for each 100 members, or fraction thereof,
14 but shall be exempt from all other State taxes of whatsoever
15 kind or nature.

16 § 7334. Exemption from jurisdiction of Public Utility
17 Commission.

18 Except as provided in Subchapter C (relating to
19 unincorporated area certified territory), all electric
20 cooperative corporations subject to this chapter shall be exempt
21 in any and all respects from the jurisdiction and control of the
22 Pennsylvania Public Utility Commission.

23 § 7335. Limited exemption from Securities Act.

24 Whenever any electric cooperative corporation subject to this
25 chapter has borrowed money from any Federal agency, the
26 obligations issued to secure the payment of the money shall be
27 exempt from the provisions of the act of December 5, 1972
28 (P.L.1280, No.284), known as the Pennsylvania Securities Act of
29 1972, nor shall the provisions of that act apply to the issuance
30 of membership certificates.

SUBCHAPTER C

UNINCORPORATED AREA CERTIFIED TERRITORY

Sec.

7351. Application of subchapter.

7352. Definitions.

7353. Geographical areas.

7354. Boundaries of certified territories; hearings.

7355. Obligations and rights within certified territory; new
electric-consuming facilities.

7356. Borderline service.

7357. Effect of incorporation, annexation or consolidation.

7358. Enforcement of compliance by commission.

7359. Expenses.

§ 7351. Application of subchapter.

(a) General rule.--This subchapter shall apply only to the establishment of boundaries of certified territory between retail electric suppliers where one supplier is an electric cooperative corporation and the other supplier is subject to the jurisdiction of the Pennsylvania Public Utility Commission for rates, terms and conditions for electric service.

(b) Municipal corporations.--Nothing contained in this subchapter shall in any respect affect any of the rights, privileges or obligations of any municipal corporation furnishing retail electric service.

§ 7352. 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:

"Certified territory." An unincorporated area as certified pursuant to section 7354 (relating to boundaries of certified

1 territories; hearings).

2 "Commission." The Pennsylvania Public Utility Commission of
3 the Commonwealth.

4 "Electric-consuming facilities." Everything that utilizes
5 electric energy from a central station source.

6 "Existing distribution line." An electric line of a design
7 voltage of 35 kV phase to phase or less which on July 30, 1975:

8 (1) was located in an unincorporated area; and

9 (2) was or had been used for retail electric service.

10 "Hearing." A hearing by the commission pursuant to
11 reasonable notice to all affected retail electric suppliers.

12 "Retail electric service." Electric service furnished to a
13 consumer for ultimate consumption, but not including wholesale
14 electric energy furnished by an electric supplier to another
15 electric supplier for resale.

16 "Retail electric supplier." Any person, exclusive of a
17 municipal corporation, engaged in the furnishing of retail
18 electric service. The term shall apply only to a retail electric
19 supplier which is an electric cooperative corporation and to a
20 retail electric supplier which is subject to the jurisdiction of
21 the commission for rates, terms and conditions for electric
22 service and has a mutual boundary in an unincorporated area with
23 an electric cooperative corporation.

24 "Unincorporated area." A geographical area outside the
25 corporate limits of cities and boroughs.

26 § 7353. Geographical areas.

27 It is hereby declared to be in the public interest that, to
28 encourage the orderly development of retail electric service in
29 unincorporated areas, to avoid wasteful duplication of
30 distribution facilities, to avoid unnecessary encumbering of the

1 landscape of the Commonwealth, to prevent the waste of materials
2 and natural resources, to minimize inconvenience, diminished
3 efficiency and higher costs in serving the consumer and
4 otherwise for the public convenience and necessity, the
5 Commonwealth is divided into geographical areas, establishing
6 the unincorporated areas within which each retail electric
7 supplier is to provide retail electric service on an exclusive
8 basis.

9 § 7354. Boundaries of certified territories; hearings.

10 (a) Exclusive territories.--Except as otherwise provided in
11 this section, a retail electric supplier shall not furnish
12 retail electric service in the certified territory of another
13 retail electric supplier.

14 (b) Establishment of boundaries.--Except as otherwise
15 provided in this section, the boundaries of the certified
16 territory of each retail electric supplier in any unincorporated
17 area are hereby set as a line or lines substantially equidistant
18 between its existing distribution lines and the nearest existing
19 distribution lines of any other retail electric supplier in
20 every direction with the result that there is hereby certified
21 to each retail electric supplier such unincorporated area which
22 in its entirety is located substantially in closer proximity to
23 one of its existing distribution lines than the nearest existing
24 distribution line of any other retail electric supplier.

25 (c) Maps of certified territories.--On or before July 30,
26 1976, or, when requested in writing by a retail electric
27 supplier and for good cause shown, such further time as the
28 Pennsylvania Public Utility Commission may fix by order, each
29 retail electric supplier shall file with the commission a map or
30 maps showing all of its existing distribution lines as of July

1 30, 1975. The commission shall prepare or order to be prepared
2 and filed in the manner and form prescribed by the commission
3 within six months thereafter a map or maps of uniform scale to
4 show, accurately and clearly, the boundaries of the certified
5 territory of each retail electric supplier as established under
6 subsection (a) and shall issue such map or maps of certified
7 territory to each retail electric supplier.

8 (d) Commission certification of service territories.--In
9 each unincorporated area, where the commission determines that
10 the existing distribution lines of two or more retail electric
11 suppliers are so intertwined or located that subsection (a)
12 cannot reasonably be applied, the commission shall, after
13 hearing, certify the service territory or territories for the
14 retail electric suppliers so as to promote the legislative
15 policy stated in section 7353 (relating to geographical areas).

16 (e) Examination and correction of maps.--Each retail
17 electric supplier shall have the right to examine the maps of
18 other retail electric suppliers filed with the commission
19 pursuant to this subchapter, and, if any errors are observed,
20 any retail electric supplier may informally petition the
21 commission for a conference of the affected parties to resolve
22 the alleged error. The petitioner shall serve a copy of the
23 petition by certified mail on the retail electric supplier whose
24 map is alleged to contain the error. The commission shall
25 arrange a conference as promptly as practicable after receipt of
26 the petition and shall give notice thereof to all retail
27 electric suppliers affected by the alleged error. If the alleged
28 error is not corrected to the satisfaction of any affected
29 retail electric supplier, the supplier may petition the
30 commission for a hearing, and the hearing shall be granted by

1 the commission as promptly as practicable. Upon completion by
2 the commission of a map or maps showing the boundaries of the
3 certified territory of a retail electric supplier as established
4 under subsection (a), other retail electric suppliers shall have
5 the right to examine the map or maps and, if any errors exist in
6 location of boundary lines, any retail electric supplier
7 aggrieved thereby may informally petition the commission for a
8 conference to resolve the issue of the alleged incorrect
9 location of boundary. The procedure shall be as specified in
10 this section for resolution of alleged errors in the maps
11 supplied by any retail electric supplier.

12 (f) Adjustment of certified territories.--After the initial
13 establishment of the certified territory of each retail electric
14 supplier, two or more retail electric suppliers may, from time
15 to time, jointly apply to the commission for adjustment of their
16 adjoining certified territories, and, if the commission finds
17 that the adjustment is consistent with the purposes of this
18 subchapter and its standards, the commission shall approve the
19 adjustment and, to the extent required, shall prepare or cause
20 to be prepared revised maps in accordance with subsection (c) to
21 reflect the adjustment.

22 § 7355. Obligations and rights within certified territory; new
23 electric-consuming facilities.

24 (a) Service within certified territory.--Except as otherwise
25 provided in this section, each retail electric supplier shall be
26 obligated (upon receipt of an application in accordance with its
27 tariffs, rules, regulations or bylaws) and shall have the
28 exclusive right to furnish retail electric service to all
29 electric-consuming facilities located within its certified
30 territory and shall not furnish, make available, render or

1 extend its retail electric service to a consumer for use in
2 electric-consuming facilities located within the certified
3 territory of another retail electric supplier. Any retail
4 electric supplier may extend its facilities through the
5 certified territory of another retail electric supplier if the
6 extension is necessary for the supplier to connect any of its
7 facilities or to serve its consumers within its own certified
8 territory, but any such extension shall not be deemed to be an
9 existing distribution line.

10 (b) Service to new electric-consuming facilities.--Except as
11 provided in subsections (c) and (e), any new electric-consuming
12 facility located in an unincorporated area which has not as yet
13 been included in a map issued by the Pennsylvania Public Utility
14 Commission pursuant to section 7354(c) (relating to maps of
15 certified territories) or certified pursuant to section 7354(d)
16 (relating to commission certification of service territories)
17 shall be furnished retail electric service by the retail
18 electric supplier which has an existing distribution line in
19 closer proximity to the electric-consuming facility than is the
20 nearest existing distribution line of any other retail electric
21 supplier. Any disputes under this subsection shall be resolved
22 by the commission.

23 (c) Correction of inadequate service.--If the commission,
24 after hearing, determines that the retail electric service being
25 furnished or proposed to be furnished by a retail electric
26 supplier to an electric-consuming facility is inadequate and is
27 not likely to be made adequate, the commission may authorize
28 another retail electric supplier to furnish retail electric
29 service to that facility.

30 (d) Electric-consuming facilities served by another retail

1 electric supplier.--Except as provided in subsection (c), no
2 retail electric supplier shall furnish, make available, render
3 or extend retail electric service to any electric-consuming
4 facility to which the service is being lawfully furnished by
5 another retail electric supplier on July 30, 1975, or to which
6 retail electric service is lawfully commenced thereafter in
7 accordance with this section by another retail electric
8 supplier.

9 (e) Extension of service.--The provisions of this subchapter
10 shall not preclude any retail electric supplier from extending
11 its service after July 30, 1975, to its own property and
12 facilities but any facilities involved in the extension shall
13 not be deemed an existing distribution line.

14 § 7356. Borderline service.

15 Notwithstanding the establishment of certified territories
16 pursuant to this subchapter and the obligations and rights to
17 furnish service within the territory, a retail electric supplier
18 may request another retail electric supplier to render service
19 to one or more electric-consuming facilities where, in the
20 judgment of the requesting retail electric supplier, it would be
21 more economical or otherwise in the public interest for the
22 other retail electric supplier to do so and to enter into a
23 contract for that purpose with the other retail electric
24 supplier.

25 § 7357. Effect of incorporation, annexation or consolidation.

26 After July 30, 1975, the inclusion by incorporation,
27 consolidation or annexation of any part of the certified
28 territory of a retail electric supplier within the boundaries of
29 any city or borough shall not in any respect impair or affect
30 the rights of the retail electric supplier to continue and

1 extend electric service at retail throughout any part of its
2 certified territory.

3 § 7358. Enforcement of compliance by commission.

4 Upon proceedings brought by an interested person or by action
5 of the Pennsylvania Public Utility Commission, the commission
6 shall have the jurisdiction to enforce compliance with this
7 subchapter and shall have jurisdiction to prohibit the
8 furnishing of retail electric service by any retail electric
9 supplier except in its certified territory or territories or
10 where lawfully serving and, in connection with the enforcement
11 and prohibition, to exercise all powers granted by this
12 subchapter or otherwise to the commission.

13 § 7359. Expenses.

14 (a) General rule.--The expenses of the Pennsylvania Public
15 Utility Commission in administering this subchapter shall be
16 assessed by the commission against the affected retail electric
17 suppliers on the following basis:

18 (1) Expenses which relate to the preparation or review
19 of maps to establish the certified territory of a single
20 retail electric supplier in any county or other area where
21 there is no other retail electric supplier shall be assessed
22 solely to such single retail electric supplier.

23 (2) Expenses which relate to the preparation or review
24 of maps to establish the certified territories of two or more
25 retail electric suppliers in any county or other area where
26 there are two or more retail electric suppliers shall be
27 assessed in equal shares among such retail electric
28 suppliers.

29 (3) Expenses which relate to the consideration and
30 disposition of alleged errors pursuant to section 7354(e)

(relating to examination and correction of maps) and the consideration and disposition of proposed adjustments pursuant to section 7354(f) (relating to adjustment of certified territories) shall be assessed in equal shares among the retail electric suppliers affected thereby.

(4) Expenses which relate to the enforcement by the commission of compliance with this subchapter shall be assessed in equal shares against the retail electric supplier or suppliers to which an order of enforcement is directed. If the enforcement proceedings were initiated by a retail electric supplier or suppliers and if no order of enforcement is issued by the commission, the expenses shall be assessed in equal shares against the retail electric supplier or suppliers initiating the proceedings.

(5) Any other expenses of the commission shall be assessed by the commission in equal shares among the retail electric suppliers that are subject to this subchapter.

(b) Estimated expenses.--The commission may, if it deems such action appropriate, assess expenses on the basis of estimates made by it with appropriate adjustment or credit after final determination of the expenses. appropriate adjustment or credit after final determination of the expenses.

CHAPTER 75

COOPERATIVE AGRICULTURAL ASSOCIATIONS

Subchapter

A. Preliminary Provisions

B. Powers, Duties and Safeguards

SUBCHAPTER A

PRELIMINARY PROVISIONS

Sec.

1 7501. Short chapter of chapter.
2 7502. Application of chapter.
3 7503. Definitions.
4 7504. Policy.
5 7505. Number and qualifications of incorporators.
6 7506. Purposes.
7 7507. Articles of incorporation.
8 § 7501. Short chapter of chapter.

9 This chapter shall be known and may be cited as the
10 Cooperative Agricultural Association Law of 1990.

11 § 7502. Application of chapter.

12 (a) General rule.--Except as otherwise provided in
13 subsections (b) and (c), this chapter applies to and the word
14 "association" in this chapter means a corporation with or
15 without capital stock incorporated under any of the following:

16 (1) The act of June 12, 1919 (P.L.466, No.238), relating
17 to cooperative agricultural associations without capital
18 stock.

19 (2) The act of April 30, 1929 (P.L.885, No.394),
20 relating to cooperative agricultural associations with
21 capital stock.

22 (3) The act of June 12, 1968 (P.L.173, No.94), known as
23 the Cooperative Agricultural Association Act.

24 (4) This chapter.

25 (b) Acceptance of chapter.--Any other domestic corporation
26 for profit or corporation not-for-profit incorporated under any
27 prior statute relating to cooperative corporations may become an
28 association subject to this chapter by filing in the Department
29 of State a certificate of election of cooperative agricultural
30 association status which shall be executed by the corporation

1 and shall set forth:

2 (1) The name of the corporation and, subject to section
3 109 (relating to name of commercial registered office
4 provider in lieu of registered address), the address,
5 including street and number, if any, of its registered
6 office.

7 (2) The statute under which the corporation was
8 incorporated and the date of incorporation.

9 (3) A statement that the members or shareholders of the
10 corporation have elected, by a majority vote of the members
11 or shareholders present and voting at a meeting called for
12 that purpose at which a quorum is present, to accept the
13 provisions of this chapter for the government and regulation
14 of the affairs of the corporation.

15 (c) Foreign corporations.--This chapter shall apply to and
16 the word "association" in this chapter shall include a foreign
17 corporation for profit or corporation not-for-profit
18 incorporated with or without capital stock under any general or
19 special statute as a cooperative agricultural association for
20 the mutual benefit of its members, shareholders, patrons and
21 producers. A foreign association shall not transact business as
22 an association in this Commonwealth unless permitted to do so by
23 this chapter, and any violation of this provision may be
24 enjoined upon the application of any domestic association or
25 qualified foreign association.

26 § 7503. Definitions.

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

30 "Agricultural products." Includes all livestock and

1 livestock products, dairy and dairy products, poultry and
2 poultry products, horticultural, floricultural and viticultural
3 products, forestry and forestry products, seeds, nuts, mushrooms
4 and bee products and any and all kinds of farm products.

5 "Board." The board of directors of an association.

6 "Delegate." A member elected in the manner provided by
7 section 7531(b) (relating to election by districts) to represent
8 a local group of members, and having the powers and duties
9 specified in the bylaws.

10 "Department." The Department of Agriculture of the
11 Commonwealth.

12 "Engaging in agriculture." Includes engaging in dairying,
13 livestock raising, poultry raising, furbearing animal raising,
14 horticulture, floriculture, viticulture, forestry, beekeeping,
15 seed growing, nut growing, mushroom growing and engaging in any
16 and all kinds of farming and other allied occupations.

17 "Member." The holder of a membership in an association
18 without capital stock or the holder of voting shares in an
19 association organized with capital stock.

20 "Patron." A person using the facilities of an association
21 for the marketing of agricultural products or a person using the
22 facilities of an association for the purchase of supplies or the
23 rendering of services.

24 "Producer." A person engaging in agriculture.

25 "Supplies." Includes any and all types of supplies,
26 machinery and equipment used or consumed by persons engaging in
27 agriculture.

28 § 7504. Policy.

29 (a) General rule.--It is the policy of this Commonwealth, as
30 one means of improving the economic position of agriculture, to

1 encourage the organization of producers of agricultural products
2 into effective cooperative agricultural associations under the
3 control of the producers for their mutual benefit, and to that
4 end this chapter shall be liberally construed. Where applicable
5 to this chapter and to Chapter 71 (relating to preliminary
6 provisions), Subpart B of Part II (relating to business
7 corporations) and Subpart C of Part II (relating to nonprofit
8 corporations) shall be construed, wherever possible, consistent
9 with law applicable to cooperative agricultural associations in
10 general.

11 (b) Associations not in restraint of trade.--

12 (1) No association complying with this chapter shall be
13 deemed to be a conspiracy, or a combination in restraint of
14 trade, or an illegal monopoly, or be deemed to have been
15 formed for the purpose of lessening competition or fixing
16 prices arbitrarily, nor shall the contracts between the
17 association and its producers, or any agreements authorized
18 in this chapter, be construed as an unlawful restraint of
19 trade, or as a part of a conspiracy or combination to
20 accomplish an improper or illegal purpose or act.

21 (2) An association may acquire, exchange, interpret and
22 disseminate past, present and prospective crop, market,
23 statistical, economic and other similar information relating
24 to the business of the association either directly or through
25 an agent created or selected by it or by other associations
26 acting in conjunction with it.

27 (3) An association may advise its members in respect to
28 the adjustment of their current and prospective production of
29 agricultural commodities and its relation to the prospective
30 volume of consumption, selling prices and existing or

1 potential surplus to the end that every market may be served
2 from the most convenient productive areas under a program of
3 orderly marketing that will assure adequate supplies without
4 undue enhancement of prices or the accumulation of any undue
5 surplus of agricultural products.

6 § 7505. Number and qualifications of incorporators.

7 Five or more individuals of full age engaging in agriculture
8 or two or more cooperative agricultural associations may
9 incorporate an association. If an association is incorporated by
10 individuals, at least three of the individuals shall be
11 residents of this Commonwealth. If an association is
12 incorporated by cooperative agricultural associations, at least
13 one of the associations shall be a domestic association.

14 § 7506. Purposes.

15 An association may be incorporated under this chapter for the
16 purpose of engaging in any cooperative activity for producers of
17 agricultural products in connection with:

18 (1) Producing, assembling, marketing, buying, selling,
19 bargaining or contracting for agricultural products, or
20 harvesting, preserving, drying, processing, manufacturing,
21 blending, canning, packing, ginning, grading, storing,
22 warehousing, handling, transporting, shipping or utilizing
23 such products, or manufacturing or marketing the by-products
24 thereof.

25 (2) Manufacturing, processing, storing, transporting,
26 delivering, handling, buying for or furnishing supplies to
27 its members and patrons.

28 (3) Performing or furnishing business, educational,
29 recreational or other services, including the services of
30 labor, buildings, machinery, equipment, trucks, trailers and

1 tankers, or any other services connected with the purposes
2 set forth in paragraphs (1) and (2) on a cooperative basis.

3 (4) Financing any of the activities set forth in
4 paragraphs (1) through (3).

5 § 7507. Articles of incorporation.

6 Articles of incorporation of an association incorporated
7 under this chapter shall comply with the applicable provisions
8 of this part except that, if organized without capital stock,
9 the articles shall state whether the property rights and
10 interests of each member are equal or unequal and, if unequal,
11 the priorities of those rights and interests.

12 SUBCHAPTER B

13 POWERS, DUTIES AND SAFEGUARDS

14 Sec.

15 7521. Special powers and limitations.

16 7522. Records of salary or other payments.

17 7523. Members.

18 7524. Issuance of shares.

19 7525. Sale, transfer or redemption of shares.

20 7526. Termination of membership.

21 7527. Voting by proxy or mail.

22 7528. Meetings.

23 7529. Fundamental changes.

24 7530. Bylaws.

25 7531. Directors.

26 7532. Removal of directors.

27 7533. Officers.

28 7534. Marketing arrangements.

29 7535. Patronage distributions.

30 7536. Audit of operations.

1 7537. Contract assignments to association.

2 7538. Exemption from tax on capital stock and indebtedness.

3 § 7521. Special powers and limitations.

4 (a) General rule.--Each association shall have power (in
5 addition to or limitation of the powers conferred by section
6 1502 (relating to general powers) or 5502 (relating to general
7 powers)):

8 (1) To act as agent, broker or attorney-in-fact for its
9 members and patrons and for any subsidiary or affiliated
10 person.

11 (2) To hold chapter for its members and patrons and for
12 subsidiary and affiliated persons to property handled or
13 managed by the association on their behalf.

14 (3) In furtherance of association purposes, to make
15 loans or advances to its members and patrons or to subsidiary
16 and affiliated persons or their members.

17 (4) To establish and accumulate reserves and surplus to
18 capital and such other funds as may be authorized by the
19 articles of association or the bylaws.

20 (5) To issue membership certificates and to foster
21 membership in the association and to solicit patrons by
22 advertising or by educational or other lawful means.

23 (6) To issue and to sell common and preferred stock.

24 (7) To own shares of the capital stock of, to hold
25 membership in and to hold bonds or other obligations of other
26 persons engaged in any related activity or engaged in
27 producing, manufacturing, warehousing or marketing any of the
28 products handled by the association or engaged in financing
29 its activities or those of its members.

30 (8) To deal in products of and handle machinery,

1 equipment, supplies and perform services for nonmembers to an
2 amount not greater in annual value than such as are dealt in,
3 handled or performed for or on behalf of its members.

4 (b) Enumeration unnecessary.--It shall not be necessary to
5 set forth in the articles of the association the powers
6 enumerated in this chapter.

7 § 7522. Records of salary or other payments.

8 Every association shall keep a record of all salaries, per
9 diem payments or other remuneration paid to each officer and
10 director by the association in addition to remuneration received
11 for agricultural commodities marketed through the association.

12 § 7523. Members.

13 An association shall admit to membership only persons who are
14 engaging in agriculture, including both tenants and landlords
15 receiving a share of the crop, and cooperative agricultural
16 associations of such producers who agree to patronize the
17 association in accordance with the uniform terms prescribed by
18 it, and only such persons shall be regarded as eligible members
19 of an association. The bylaws may prescribe additional
20 qualifications for membership but shall not enlarge the class
21 eligible for membership specified in this section.

22 § 7524. Issuance of shares.

23 (a) General rule.--Every association without capital stock
24 shall issue a certificate of membership to each member. Every
25 association with capital stock shall issue a certificate of
26 common shares to each member certifying the number of shares of
27 stock held by him. An association shall issue common shares or a
28 membership certificate only to persons eligible for membership
29 upon such terms and conditions as shall be provided in the
30 bylaws. Fractional shares may be issued.

1 (b) Voting rights.--Each eligible member shall be entitled
2 to only one vote on each question that may be presented at any
3 meeting of the members regardless of the number of shares or
4 amount of membership capital owned by him.

5 (c) Preferred stock.--An association may issue preferred
6 shares to any person upon such terms and conditions as shall be
7 provided in the bylaws. The preferred shares shall carry no
8 voting rights other than as provided by section 7529(a)(3)
9 (relating to fundamental changes).

10 (d) Consideration.--No association shall issue a certificate
11 of membership, and no certificate for common shares shall be
12 issued until fully paid for, but promissory notes may be
13 accepted by the association as full or partial payment. The
14 association shall hold the membership certificate or shares as
15 security for the payment of the note, but such retention as
16 security shall not affect the right of the member to vote and
17 hold office.

18 (e) Evidence of equity in assets.--The association may, from
19 time to time, issue to any patron a certificate or other
20 evidence of the equity of the patron in any fund, capital
21 investment or other asset of the association. The certificate or
22 other evidence of equity may bear interest at a rate not in
23 excess of two points under the average treasury bill rate for
24 the 12 months preceding the date on which the payment is made
25 and may be transferred only to the association or to such other
26 person as may be approved by the association.

27 (f) Dividends.--Dividends may be paid on any shares and
28 dividends on preferred shares may be cumulative if so provided
29 in the articles. An association shall have a lien on all of its
30 issued shares and dividends declared or accrued thereon for all

1 indebtedness of the holders thereof to the association if
2 provision therefor is stated on the face of the share
3 certificate.

4 § 7525. Sale, transfer or redemption of shares.

5 (a) General rule.--The common shares of an association may
6 be transferred only with the consent of the association and on
7 the books of the association and then only to persons eligible
8 to own shares in the association. No purported assignment or
9 transfer of the shares shall pass to any ineligible person any
10 right or privilege on account of the shares or any vote or voice
11 in the management or affairs of the association.

12 (b) Redemption or conversion.--In the event a holder of
13 common shares has done no business with an association for a
14 period of 12 months or in the event the board of directors of an
15 association finds that any of the common shares has come into
16 the hands of any person who is not eligible for membership or
17 that the holder thereof has ceased to be an eligible member, the
18 holder shall have no rights or privileges on account of the
19 shares or vote or voice in the management or the affairs of the
20 association (other than the right to participate in accordance
21 with law in case of dissolution and to receive the book or par
22 value of the shares, whichever is less, in the event of its sale
23 or transfer as provided in this subsection), and the association
24 shall have the right at its option:

25 (1) to redeem the shares at their book or par value,
26 whichever is less;

27 (2) to require the transfer of any such shares at such
28 book or par value, whichever is less, to any person eligible
29 to hold the shares; or

30 (3) to require the holder of any such shares to convert

1 the shares into preferred shares of equal value.

2 In exercising its right to redeem or to require the transfer or
3 conversion of shares, if the holder fails to deliver the
4 certificate evidencing the shares for cancellation or transfer,
5 an association may cancel the certificate on its books and issue
6 a new certificate for common or preferred shares, as the case
7 may be, to the party entitled thereto.

8 (c) Preferred shares.--The preferred shares of an
9 association may be transferred only on the books of the
10 association, and the bylaws may provide that the association
11 shall have the option, at any time, to redeem the preferred
12 shares at par value, plus declared or accrued dividends.

13 (d) Notice on certificates.--Any restriction or option which
14 an association places upon the transfer or sale of any of its
15 outstanding shares, and any association option retained thereon,
16 shall be printed on each share certificate.

17 (e) Force majeure.--A member shall not lose his membership
18 in the association under this section by his failure to do
19 business with it if the failure is due to an act of God unless
20 the period of time involved is at least 24 months.

21 § 7526. Termination of membership.

22 (a) General rule.--Under the terms and conditions prescribed
23 in the bylaws, a member of an association without capital stock
24 shall lose his membership and his right to vote if he ceases to
25 belong to the class eligible for membership or has done no
26 business with an association for a period of 12 months.

27 (b) Valuation of and payment for membership.--After a member
28 has notified an association without capital stock of his
29 withdrawal or after the adoption of a resolution by the board
30 terminating his membership, the board shall appraise the value

1 in money of his membership interest in the association and shall
2 determine and fix the manner in which the association shall pay
3 him the value of his interest unless the member, with the
4 consent of the association, transfers his certificate of
5 membership. Certificates of membership in an association without
6 capital stock shall not be transferred without the consent of
7 the association.

8 (c) Force majeure.--A member shall not lose his membership
9 in the association under this section by his failure to do
10 business with it if the failure is due to an act of God unless
11 the period of time involved is at least 24 months.

12 § 7527. Voting by proxy or mail.

13 (a) General rule.--Unless otherwise provided in the bylaws,
14 no member may vote by proxy or by mail. No unrevoked proxy shall
15 be valid more than 11 months from the date of its execution. If
16 voting by mail is permitted, absent members may, under rules
17 prescribed by the bylaws, be permitted to vote on specific
18 questions by written ballot prepared by the association and sent
19 by mail to or deposited with the secretary or other designated
20 officer of the association.

21 (b) Action on marketing programs.--Except for day to day
22 operating decisions relating to existing programs, no
23 association shall vote for its members on any new programs or
24 substantially modified proposals other than those regulated by
25 Federal or State agencies affecting existing marketing or
26 marketing development programs or amendments thereto unless it
27 has either first obtained approval of the delegates or conducted
28 a mail poll of its membership, and in such later event apprised
29 the members of their rights to cast a vote and method of voting
30 under the program and notified its membership of the results and

1 its intentions at least five days prior to casting its vote. If
2 proxy voting is allowed by the bylaws of the association, the
3 proxy shall be valid only for the particular date and the
4 specific issue for which the vote is called.

5 § 7528. Meetings.

6 There shall be at least one meeting of members or delegates
7 each year. Annual and special membership or delegate meetings
8 shall be governed by the bylaws.

9 § 7529. Fundamental changes.

10 (a) General rule.--An association, by action of its members
11 or delegates, may amend its articles of incorporation in the
12 manner provided by the applicable provisions of this part except
13 that:

14 (1) No amendment shall be adopted without the
15 affirmative vote of two-thirds of the members or delegates
16 voting thereon.

17 (2) No amendment affecting the priority or preferential
18 rights of any outstanding stock shall be adopted without the
19 affirmative vote of two-thirds of the holders of the
20 outstanding stock affected.

21 (3) Any association not having capital stock may convert
22 into an association with capital stock by amending its
23 articles to set forth a description of the shares of each
24 class which are to be issued and a statement of the voting
25 rights, preferences, limitations and relative rights granted
26 to or imposed upon the shares of each class but only if the
27 conversion is proposed by three-fourths of the board of
28 directors.

29 (b) Procedure.--Written notice shall, not less than 15 days
30 before the meeting of members or delegates called for the

1 purpose of considering the proposed amendment or any other
2 fundamental change, be given to each member or shareholder of
3 record. A notice of an amendment under subsection (a)(3) shall
4 set forth, in addition to the information otherwise required by
5 the appropriate provisions of this part, a complete description
6 of the shares proposed to be issued upon the conversion and the
7 manner of carrying the conversion into effect.

8 (c) Post-approval report.--Whenever an amendment of the
9 articles of an association is approved, the association shall
10 notify each member within 30 days after the filing of articles
11 of amendment by sending to each member a copy of the filed
12 amendment and, in the case of a conversion, a complete
13 description of the shares issued by the association.

14 § 7530. Bylaws.

15 (a) General rule.--The bylaws may provide for the following
16 matters:

17 (1) The time, place and manner of calling and conducting
18 meetings of the members or delegates and the number of
19 members or delegates (which may be less than a majority) that
20 shall constitute a quorum.

21 (2) The manner of voting and the conditions upon which
22 members or delegates may vote at general and special
23 meetings.

24 (3) Subject to any provision thereon in the articles of
25 association and in this chapter, the number, qualifications,
26 eligibility requirements, manner of nomination, duties and
27 terms of office of directors and officers, the time of their
28 election and mode and manner of giving notice thereof.

29 (4) The time, place and manner for calling and holding
30 meetings of the directors and any executive committee and the

1 number that shall constitute a quorum.

2 (5) Rules consistent with law and the articles of
3 association for the management of the association, the
4 establishment of any election districts, the making of
5 contracts, the issuance, redemption and transfer of shares,
6 the relative rights, duties, interests and preferences of
7 members and shareholders and the mode, manner and effect of
8 expulsion of a member.

9 (6) Any other provisions deemed necessary or proper to
10 carry out the purposes of the association.

11 (7) Penalties for violations of the bylaws.

12 (b) Procedure.--Bylaws authorized to be made by the board of
13 directors may be amended or repealed and new bylaws may be
14 adopted by the members or delegates. Delegates may prescribe
15 that any bylaw made by them shall not be amended or repealed by
16 the directors, and members may provide that any bylaw made by
17 them shall not be amended or repealed by either the directors or
18 the delegates. The association shall notify each member of a
19 proposed change in the bylaws by sending to each member, at
20 least 15 days prior to any vote on the proposed change, a copy
21 of the proposed bylaw along with the time, date, place and
22 manner of voting for the proposed changes. Members may amend or
23 repeal bylaws adopted by the directors or the delegates by
24 filing with the secretary of the association a petition signed
25 by 25% of the voting membership and setting forth the text of
26 the proposed change. The secretary shall call a special meeting
27 or special vote of the association within 30 days of the receipt
28 of the petition. When a special meeting is called, at least 10%
29 of the voting membership shall be present to change the bylaws.
30 Whenever a proposed bylaw change is approved, the association

1 shall mail each member a copy of the approved bylaw within 30
2 days of the approval.

3 § 7531. Directors.

4 (a) General rule.--The business and affairs of the
5 association shall be managed under the direction of a board of
6 not less than five directors who shall be natural persons of
7 full age. All directors shall be members. The first directors
8 shall serve until the first annual meeting of the association at
9 which time their successors shall be elected by the members of
10 the association. Thereafter, a director shall hold office for a
11 term of not less than one year nor more than three years and
12 until his successor has been elected and qualified. Every
13 election for a director shall be by secret ballot. A director
14 may succeed himself.

15 (b) Election by districts.--The bylaws may provide that the
16 territory in which the association has members shall be divided
17 into districts and that the directors shall be elected according
18 to such districts, either directly or by district delegates
19 elected by the members in that district. In such case, the
20 bylaws shall specify or the board of directors shall determine
21 the number of directors to be elected by each district and the
22 manner and method of dividing the directors and of districting
23 and redistricting of the territory in which the association has
24 members. The board of directors may use such standards as are
25 reasonable for assigning directors and districting and
26 redistricting the territory in which the association has
27 members. The bylaws or the board of directors may provide for
28 dividing districts into locals and for the election of district
29 delegates at local meetings of members. The bylaws shall
30 prescribe the procedures by which districts shall elect

1 directors. The board of directors shall hear and decide any
2 controversy arising out of a district election and its decisions
3 shall be incontestable except for fraud. In any case in which
4 the election of directors is by districts, the board shall fill
5 a vacancy with a person who resides in or is a member of a local
6 in the district in which the vacancy exists.

7 (c) Classified board.--If the bylaws so provide, the
8 directors of an association may be classified in respect to the
9 time for which they severally hold office. In such case, each
10 class shall be as nearly equal in number as possible, the term
11 of office of at least one class shall expire in each year, and
12 the members of a class shall not be elected for a shorter period
13 than one year or for a longer period than three years. If, at
14 any meeting, directors of more than one class are to be elected,
15 each class of directors to be elected shall be elected in a
16 separate election.

17 (d) Educational program.--The Department of Agriculture, in
18 cooperation with the College of Agriculture of The Pennsylvania
19 State University, shall develop and implement an educational
20 program relating to the powers, duties, functions and
21 responsibilities of directors of associations. The Secretary of
22 Agriculture shall appoint an advisory council consisting of nine
23 individuals, including members and directors of associations,
24 two association managers and other interested individuals, who
25 shall advise the department on the development of the
26 educational program. Two members of the advisory council shall
27 be managers of associations. In addition, the department shall
28 furnish to each association director, free of charge, when first
29 elected as a director, an updated copy of this chapter and
30 annually thereafter any amendments or replacements thereof.

1 § 7532. Removal of directors.

2 A director may be removed from office by the affirmative vote
3 of not less than a majority of the members present and voting at
4 any regular or special meeting called for that purpose or, where
5 the bylaws provide for the election of directors by districts,
6 by the affirmative vote of not less than a majority of the
7 members or delegates residing in or representing the district
8 from which he was elected. The bylaws shall provide for the
9 filing of charges, the giving of notice thereof, an opportunity
10 to be heard and the procedures under which a director may be
11 removed.

12 § 7533. Officers.

13 The board shall elect a president, a secretary and a
14 treasurer and may elect one or more vice presidents and any
15 other officers as may be authorized in the bylaws. The president
16 and at least one of the vice presidents must be members. Any two
17 of the offices of vice president, secretary and treasurer may be
18 combined in one person.

19 § 7534. Marketing arrangements.

20 (a) General rule.--An association and its members may make
21 and execute contracts requiring the members to obtain all or any
22 part of specific services from the association or to sell or
23 deliver all or any part of their specified agricultural products
24 to or through the association or any facilities to be created by
25 the association. The contract may provide that the association
26 may sell or resell the products sold or delivered by its
27 members, with or without taking chapter thereto, and pay over to
28 its members the resale price, after deducting all necessary
29 overhead costs, expenses, valuation reserves, interest,
30 dividends on common and preferred shares and such deductions for

1 capital and other purposes as may be specified in the contract
2 or bylaws of an association. Each marketing or service contract
3 shall contain a provision which shall specify a reasonable
4 period in each year during which any contracting member of an
5 association, upon giving notice as prescribed in the contract,
6 may terminate the contract.

7 (b) Enforcement.--The bylaws or the marketing or service
8 contract may provide:

9 (1) For applying patronage refunds or savings allocated
10 to any member or other patron toward the payment for
11 liquidated damages specified in the contract to be paid to an
12 association by the member or other patron upon the breach by
13 him of any provision of the marketing or service contract.

14 (2) That the member will pay all costs, premiums for
15 bonds, expenses and fees in case any action is brought upon
16 the contract by the association. Any such provision shall be
17 valid and enforceable in the courts of this Commonwealth.

18 (3) That the association shall have the option to redeem
19 the voting shares at book value or par value, whichever is
20 lower, plus declared dividends, or the membership
21 certificate, whenever any contract between the association
22 and a member has been canceled in accordance with the terms
23 or conditions of the contract or by reason of breach of the
24 contract by the member.

25 (c) Injunction.--In the event of any such breach or
26 threatened breach of the marketing contract by a member, the
27 association shall be entitled to an injunction to prevent
28 further breach of the contract and to specific performance
29 thereof. Pending the adjudication of the action, and upon filing
30 a verified complaint showing the breach or threatened breach and

1 upon filing a sufficient bond, the association shall be entitled
2 to a temporary restraining order and preliminary injunction
3 against the member. The right to an injunction shall be in
4 addition to the remedy provided in subsection (b).

5 (d) Inducing breach; spreading false reports.--Any person
6 who knowingly induces any member of an association to breach his
7 marketing contract with the association shall be liable to the
8 association for the full amount of damages sustained by it by
9 reason of the breach, and any person who maliciously and
10 knowingly spreads false reports about the finances or management
11 of the association shall be liable to the association in an
12 action for the actual damage which it may sustain by reason of
13 the false reports and punitive damages. The association shall be
14 entitled to an injunction against any such person to prevent
15 further injury to the association. In any action brought by an
16 association pursuant to this subsection, the association shall
17 be entitled to, in addition to any other recovery or remedy,
18 reasonable attorney fees involved in such matter.

19 § 7535. Patronage distributions.

20 (a) General rule.--The net proceeds or savings of an
21 association shall be apportioned, distributed and paid
22 periodically on the basis of patronage to those persons entitled
23 to receive them, at such times and in such manner as the bylaws
24 shall provide. The bylaws may provide that the net proceeds or
25 savings may be restricted to members or may be made at the same
26 or a different rate for member and nonmember patrons. The bylaws
27 may contain any reasonable provisions for the apportionment and
28 charging of net losses except that no member shall thereby
29 become liable for the debts of the association beyond any money
30 or other property delivered by the member to the association.

1 The bylaws may provide that any distribution to a nonmember
2 eligible for membership may be credited to the nonmember until
3 the amount thereof equals the value of a membership certificate
4 or a common share of an association.

5 (b) Method of disbursement.--The apportionment, distribution
6 and payment of net proceeds or savings required by subsection
7 (a) may be in cash, credits, capital shares, certificates of
8 indebtedness, revolving fund certificates, letters of advice or
9 other securities or certificates issued by an association or by
10 any affiliated domestic or foreign association. Apportionment
11 and distribution of its net proceeds or savings or losses may be
12 separately determined for, and be based upon the patronage of,
13 single or multiple pools or particular departments of an
14 association, or as to particular commodities, supplies or
15 services, or such apportionment and distribution may be based
16 upon classification of patronage according to the type thereof.

17 (c) Minimum participation.--An association may provide in
18 its bylaws the minimum amount of any single annual patronage
19 transaction which shall be taken into account for the purpose of
20 participation in allocation and distribution of net proceeds or
21 savings or net losses under this section.

22 (d) Method of accounting.--For the purposes of this section,
23 net proceeds or savings or net losses shall be computed in
24 accordance with generally accepted accounting principles
25 applicable to cooperative associations, and after deducting from
26 gross proceeds or savings all costs and expenses of operation
27 and any dividends paid upon capital stock and interest paid upon
28 certificates or other evidence of equity in any fund, capital
29 investment or other assets of an association.

30 § 7536. Audit of operations.

1 (a) General rule.--At the close of each fiscal year, a
2 complete certified audit of the operations of the association
3 shall be made by a qualified certified public accountant or by a
4 qualified public accountant, employed by the board of directors,
5 the written report of whom shall include the balance sheet,
6 operating statement, commissions, salaries and other
7 remunerations of managers and officers and other proper
8 information and shall be submitted to the members at the next
9 regular meeting. Within six months after the expiration of the
10 fiscal year for which made, the secretary of the association
11 shall file a copy of the certified audit in the Department of
12 Agriculture upon a form prescribed by the department. The
13 secretary of the association shall also include in the yearly
14 audit report to the department a list of the current officers
15 and directors and their addresses.

16 (b) Exceptions.--The annual audit of an association with
17 annual gross sales of \$100,000 or less may be performed by an
18 audit committee of three or more members of the association
19 appointed by the board, at least one of whom shall be a member
20 of the board of directors. The members of the committee need not
21 be certified public accountants or public accountants.

22 (c) Enforcement.--Any association which fails, within 120
23 days from the close of the fiscal year, to file with the
24 department the certified audit required by subsection (a) shall
25 be notified by certified mail by the department that the
26 certified audit must be filed within 60 days from the date of
27 mailing of the notice and that, upon failure to file the
28 certified audit within the time so limited, the department will
29 file in the Department of State a statement of dissolution under
30 this subsection. If the certified audit is not filed in the

1 department within such 60-day period, the department shall file
2 in the Department of State, with respect to each such defaulting
3 association, a statement of dissolution which shall identify the
4 association. Upon the filing of the statement, the articles of
5 the association shall be deemed forfeited for failure to comply
6 with the provisions of this section. However, the forfeiture
7 shall not prejudice the rights of creditors and members in and
8 to any property or assets of or belonging to the association.
9 The department shall annually, on or before April 1 of each
10 year, furnish each existing association and make public a
11 listing of the status of existing associations. Any association
12 which has so automatically forfeited its articles shall be
13 reinstated as an association under this chapter if the unfiled
14 certified audit is submitted to the department within 90 days
15 after such automatic forfeiture or within any extension thereof
16 granted by the department, which shall thereupon file in the
17 Department of State with respect to the association a notice of
18 withdrawal of statement of dissolution stating that the
19 association has complied with the provisions of this subsection.
20 In such event, no statement of revival or new articles of
21 incorporation need be filed in the Department of State, and the
22 association shall resume its status as a subsisting corporation.
23 The department shall review such yearly certified audits and
24 issue such reports and recommendations to each member of the
25 board of directors of the association as the department deems
26 necessary.

27 (d) Confidentiality.--No person shall, without the consent
28 or authorization of the association, except for official
29 purposes or in obedience to judicial process, make or permit any
30 disclosure whereby any information contained in a certified

1 audit may be identified as having been furnished by the
2 association. No person shall knowingly exercise or attempt to
3 exercise any powers, privileges or franchises for an
4 association, given by this chapter, while the articles of the
5 association are forfeit unless that person is, and discloses
6 that he is, acting to reinstate the good standing of the
7 association under this chapter or is acting to wind up the
8 affairs of the association. A person violating the prohibitions
9 set forth in this subsection commits a misdemeanor of the third
10 degree.

11 (e) Withdrawal.--A certified audit shall not be withdrawn
12 without the approval of the board of directors.

13 § 7537. Contract assignments to association.

14 If any contract authorized by a cooperative contains an
15 assignment to the association of any part or all of funds due or
16 to become due the member during the life of the contract for any
17 product produced or to be produced by him or for any services
18 performed or to be performed in producing any product, any
19 person who accepts or receives the product from the member is
20 bound by the assignment after receiving written notice from the
21 association and the member of the amount and duration of the
22 assignment. However, as to any seasonal crop, if no funds are
23 paid or become payable by any person under such an assignment
24 for a period of two consecutive years during the life of the
25 contract, thereafter the assignment shall not be binding upon
26 any person who receives or accepts the product from the member
27 until the assignment is reaffirmed by the member in writing and
28 written notice thereof is given by the association or the
29 member. Any such reaffirmation shall continue to be effective
30 during the life of the contract until another lapse of two

1 consecutive years occurs.

2 § 7538. Exemption from tax on capital stock and indebtedness.

3 No State or local tax shall be levied or placed upon the
4 capital stock of an association or upon any scrip, bonds,
5 certificates or other evidences of indebtedness issued by such
6 association. The association shall not be required to file in
7 the Department of Revenue, or with any other State or local
8 official of this Commonwealth, the reports relative to such
9 taxes as are or may be required of corporations not exempt from
10 the payment of such taxes.

11 § 7701. Short chapter of chapter.

12 This chapter shall be known and may be cited as the Workers'
13 Cooperative Corporation Law of 1988.

14 § [7701] 7702. Definitions.

15 * * *

16 § [7702] 7703. Corporations.

17 (a) Members and purpose.--Corporations, productive and
18 distributive, may be incorporated under this chapter, upon
19 compliance with its requirements, by five or more farmers,
20 mechanics, laborers or other persons who have incorporated
21 themselves together by written articles under section [7703]
22 7704 (relating to articles of incorporation) for the purpose of
23 carrying on agricultural, horticultural, mining, quarrying,
24 building, mechanical, manufacturing or commercial business; for
25 the purpose of manufacturing, cultivating, raising, trading or
26 dealing in goods, wares, merchandise, chattels, grains,
27 vegetables, roots, fruits and other produce or animals; or for
28 the purpose of buying, selling, holding, leasing or improving
29 lands, tenements or buildings.

30 * * *

1 § [7703] 7704. Articles of incorporation.

2 * * *

3 (b) [Approval] Filing of articles.--The articles of
4 incorporation[, signed by each of the incorporators, together
5 with any filing fee required to be paid,] shall be [delivered
6 to] filed in the department. [If the department finds that the
7 articles comply with section 7704 (relating to content of
8 article) and that all required fees have been paid, it shall
9 approve the articles of incorporation; and a copy of the
10 articles shall be recorded in the bureau.] Upon the [approval]
11 filing of the articles of incorporation, the corporation's
12 existence begins. See section 134 (relating to docketing
13 statement).

14 (c) Evidence of incorporation.--The articles of
15 incorporation as [approved] filed in the department are
16 conclusive evidence of the fact that the corporation has been
17 [organized] incorporated; but proceedings may be instituted by
18 the Commonwealth to dissolve, wind up and terminate a
19 corporation which should not have been incorporated or which has
20 been incorporated by means of fraud or misrepresentation or
21 without substantial good faith compliance with the conditions
22 prescribed by this chapter as precedent to incorporation.

23 [§ 7704. Content of articles.]

24 (d) Content of articles.--The articles of incorporation
25 shall be signed by the persons originally associating themselves
26 together and shall state distinctly:

27 (1) The name by which the corporation shall be known,
28 which may not be the same as, or confusingly similar to, the
29 name of an association or corporation existing under the law
30 of the Commonwealth, the name of a foreign or alien

1 association or corporation authorized to transact business in
2 this Commonwealth, or a corporate name reserved or registered
3 as provided by law.

4 (2) [The place in this Commonwealth where the principal
5 office is to be located.] Subject to section 109 (relating to
6 name of commercial registered office provider in lieu of
7 registered address), the address, including street and
8 number, if any, of its initial registered office in this
9 Commonwealth.

10 (3) A brief statement:

11 (i) of the purpose or purposes for which the
12 corporation is incorporated, which may consist of a
13 statement that the corporation has unlimited powers to
14 engage in any lawful act concerning any business for
15 which corporations may be incorporated under this
16 chapter; and

17 (ii) that the corporation is incorporated under this
18 [act] chapter.

19 (4) A description of the capital stock of each class
20 which is to be issued; a statement of the preferences,
21 qualifications, limitations, restrictions and special or
22 relative rights granted to or imposed upon the shares of each
23 class of capital stock; the total authorized capital stock;
24 the number of shares into which the capital stock is divided;
25 and the par value of each share of capital stock.

26 (5) The amount of capital that will be actually paid in
27 before commencing business.

28 (6) The terms on which individuals may become members.

29 (7) The number of directors, which may not be less than
30 five, constituting the initial board of directors and the

names and addresses of the persons who are to serve as directors until the first annual meeting of the members or until their successors are elected and take office.

(8) Other matters as may be deemed proper and necessary.

(9) The term of its existence, which shall be either perpetual or for a fixed term of years.

(10) The name and post office address of each of the incorporators; a statement of the number of shares subscribed to by each, which must be at least one; and the class of shares to which each subscribes.

§ 7720. Amendments of articles.

* * *

(b) Delivery and [recordation] filing.--Amendments to the articles of incorporation[, signed by two authorized officers of the corporation, together with a required filing fee,] shall be [delivered to] filed in the department. [If the department finds that the amendments to the articles comply with the law and that all the required fees have been paid, it shall approve the amendments to the articles of incorporation, and a copy of the amended articles shall be recorded in the bureau.] Upon [approval] the filing of amendments to the articles, they shall become effective. See section 134 (relating to docketing statement).

* * *

§ 7721. Bylaws.

* * *

(b) Content.--The bylaws may provide for the following matters:

(1) The time, place and manner of calling and conducting meetings of the members and the number of members that

1 constitute a quorum.

2 (2) The manner of voting and the conditions upon which
3 members may vote at general or special meetings.

4 (3) Subject to provision in the articles of
5 incorporation and in this [act] chapter, the number,
6 qualifications, eligibility requirements, manner of
7 nomination, duties and terms of office of directors and
8 officers; the time of their election; and mode and manner of
9 giving notice of election.

10 (4) The time, place and manner for calling and holding
11 meetings of the directors and executive committees and the
12 number that constitutes a quorum.

13 (5) Rules consistent with law and the articles of
14 incorporation for the management of the corporation; the
15 making of contracts; the issuance, redemption and transfer of
16 stock; the relative rights, duties, interests and preferences
17 of members and stockholders; and the mode, manner and effect
18 of termination of a member.

19 (6) Any other provisions deemed necessary or proper to
20 carry out the purposes of the corporation.

21 (7) Penalties for violations of the bylaws.

22 § 7726. Exemption from tax on capital stock and indebtedness.

23 No State or local tax may be levied or placed upon a
24 corporation's capital stock or upon bonds, certificates or other
25 evidences of indebtedness issued by a corporation. A corporation
26 is not required to file with the Department of Revenue or with
27 any other State or local official the reports relative to such
28 taxes as are required of corporations not exempt from payment of
29 the taxes.

30 § [7726] 7727. Applicability.

(a) General rule.--This chapter shall apply to domestic corporations incorporated under this chapter [on or after the effective date of this chapter].

* * *

§ 8102. Interchangeability of partnership and corporate forms of organization.

* * *

(b) Exceptions.--Subsection (a) shall not:

(1) Affect any law relating to the taxation of partnerships or corporations.

(2) Apply to a banking institution, credit union, insurance corporation or savings association, unless the laws relating thereto expressly contemplate the conduct of the regulated business in partnership form.

(3) Permit a partnership to provide full limited liability for all of the investors therein or otherwise fail to preserve the intrinsic differences between the partnership and corporate forms.

§ 8103. Continuation of certain limited partnerships.

(a) Scope.--This section shall apply to any domestic limited partnership that elects to be governed by this section. The election, or a termination of the election, may be effected in the manner provided in section 8701(a) (relating to application of chapter).

(b) General rule.--The action under section 8571(a)(4) (relating to nonjudicial dissolution) to elect to continue the business of a limited partnership to which this section applies or to appoint one or more replacement general partners of the partnership, or both, may be effected by less than all, but not less than a majority in interest, of the partners.

1 § 8503. Definitions.

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

5 * * *

6 "Court." Subject to any inconsistent general rule prescribed
7 by the Supreme Court of Pennsylvania:

8 (1) the court of common pleas of the judicial district
9 embracing the county where the registered office of the
10 limited partnership is or is to be located; or

11 (2) where a limited partnership results from a merger,
12 consolidation or other transaction without establishing a
13 registered office in this Commonwealth or withdraws as a
14 foreign limited partnership, the court of common pleas in
15 which venue would have been laid immediately prior to the
16 transaction or withdrawal.

17 * * *

18 § 8511. Certificate of limited partnership.

19 (a) General rule.--In order to form a limited partnership, a
20 certificate of limited partnership must be executed and filed in
21 the Department of State. The certificate shall set forth:

22 * * *

23 (4) If a partner's interest in the limited partnership
24 is to be evidenced by a certificate of partnership interest,
25 a statement to that effect.

26 (5) Any other matters the partners determine to include
27 therein. A provision included in the certificate of limited
28 partnership pursuant to this paragraph shall be deemed to be
29 a provision of the partnership agreement for purposes of any
30 provision of this chapter that refers to a rule as set forth

1 in the partnership agreement.

2 * * *

3 (d) Transitional provision.--A limited partnership formed
4 under prior law shall not be required to set forth in its
5 certificate of limited partnership a registered office or the
6 business address of each general partner until such time as it
7 first amends its certificate of limited partnership under this
8 chapter.

9 [(d)] (e) Cross references.--* * *

10 § 8512. Amendment of certificate.

11 * * *

12 (b) Events requiring amendment.--An amendment to a
13 certificate of limited partnership shall be filed upon the
14 occurrence of any of the following events:

15 (1) A change in the name of the limited partnership.

16 (2) The admission of a new general partner.

17 (3) The withdrawal of a general partner.

18 [(4) The continuation of the business under section 8571
19 (relating to nonjudicial dissolution) after an event of
20 withdrawal of a general partner.]

21 * * *

22 § 8516. Liability for false statement in certificate.

23 (a) General rule.--If any certificate of limited partnership
24 or certificate of amendment or cancellation contains a
25 materially false statement, one who suffers loss by reasonable
26 reliance on the statement may recover damages for the loss from:

27 (1) any person who executes the certificate, or causes
28 another to execute it on his behalf, and knew, and any
29 general partner who knew or should have known, the statement
30 to be false in any material respect at the time the

1 certificate was executed; and

2 (2) any general partner who thereafter knows or should
3 have known that any arrangement or other fact described in
4 the certificate has changed, making the statement inaccurate
5 in any material respect within a sufficient time before the
6 statement was relied upon reasonably to have enabled that
7 general partner to cancel or amend the certificate, or to
8 file an application for its cancellation or amendment under
9 section 8515 (relating to execution by judicial act).

10 (b) Cross reference.--See section 8511(d) (relating to
11 transitional provision).

12 § 8545. Merger and consolidation of limited partnerships
13 authorized.

14 * * *

15 (c) Business trusts and other associations.--The provisions
16 of this subchapter applicable to domestic and foreign limited
17 partnerships shall also be applicable to a merger or
18 consolidation with or into a domestic or foreign corporation,
19 business trust, general partnership or other association. The
20 surviving or resulting entity in such a merger or consolidation
21 may be a corporation, partnership, business trust or other
22 association. Except as otherwise provided by law in this or any
23 other state, the powers and duties vested in and imposed upon
24 the general partners and limited partners in this subchapter
25 shall be exercised and performed by the group of persons under
26 the direction of whom the business and affairs of the
27 corporation, business trust or other association are managed and
28 the holders or owners of shares or other interests in the
29 corporation, business trust or other association, respectively,
30 irrespective of the names by which the managing group and the

1 holders or owners of shares or other interests are designated.
2 The units into which the shares or other interests in the
3 corporation, business trust or other association are divided
4 shall be deemed to be partnership interests for the purposes of
5 applying the provisions of this subchapter to a merger or
6 consolidation involving the corporation, business trust or other
7 association.

8 § 8558. Liability upon return of contribution.

9 * * *

10 (b) Unlawful distributions.--If a partner has received the
11 return of any part of his contribution in violation of the
12 partnership agreement or this chapter, he is liable to the
13 limited partnership for a period of [four] two years thereafter
14 for the amount of the contribution wrongfully returned.

15 * * *

16 § 8562. Assignment of partnership interest.

17 * * *

18 (b) Certificate of partnership interest.--The [partnership
19 agreement] certificate of limited partnership may provide that a
20 partner's interest in a limited partnership may be evidenced by
21 a certificate of partnership interest issued by the limited
22 partnership and may also provide for the assignment or transfer
23 of any partnership interest represented by such a certificate
24 and make other provisions with respect to such certificates. See
25 13 Pa.C.S. § 8102 (relating to definitions and index of
26 definitions).

27 * * *

28 § 8571. Nonjudicial dissolution.

29 (a) General rule.--A limited partnership is dissolved and
30 its affairs shall be wound up upon the happening of the first to

1 occur of the following:

2 * * *

3 (4) An event of withdrawal of a general partner unless
4 at the time there is at least one other general partner and
5 the written provisions of the partnership agreement permit
6 the business of the limited partnership to be carried on by
7 the remaining general partner and that partner does so. The
8 limited partnership is not dissolved and is not required to
9 be wound up by reason of any event of withdrawal if, within
10 180 days after the withdrawal, all partners [(except as
11 provided in subsection (c))] agree in writing to continue the
12 business of the limited partnership or to the appointment of
13 one or more replacement general partners.

14 (5) Entry of an order of judicial dissolution under
15 section 8572 (relating to judicial dissolution).

16 * * *

17 (c) [Modification by agreement.--If the partnership
18 agreement so provides in writing, the action under subsection
19 (a)(4) to elect to continue the business of the limited
20 partnership or to appoint one or more replacement general
21 partners, or both, may be effected by less than all, but not
22 less than a majority in interest, of the partners.

23 (d)] Cross reference.--See section 8512(b) (relating to
24 events requiring amendment).

25 § 8575. Survival of remedies and rights after dissolution.

26 (a) General rule.--The dissolution of a limited partnership
27 shall not eliminate or impair any remedy available to or against
28 the limited partnership or its partners for any right or claim
29 existing, or liability incurred, prior to the dissolution, if an
30 action thereon is brought on behalf of:

1 (1) the limited partnership within the time otherwise
2 limited by law; or

3 (2) any other person before or within [four] two years
4 after the date of the dissolution or within the time
5 otherwise limited by law, whichever is less.

6 The actions may be prosecuted against and defended by the
7 limited partnership under the name of the limited partnership.

8 * * *

9 § 8701. Scope and definition.

10 (a) Application of chapter.--This chapter applies to a
11 general or limited partnership formed under the laws of this
12 Commonwealth that elects to be governed by this chapter. Any
13 partnership that desires to elect to be governed by this
14 chapter, or to amend or terminate the election, shall file in
15 the Department of State a statement of election, amendment or
16 termination, as the case may be, which shall be signed by a
17 general partner and shall set forth:

18 (1) The name of the partnership.

19 (2) The location of the principal place of business.

20 (3) The name of each [member] general partner of the
21 partnership as of the date of the statement.

22 (4) A statement that the partnership elects to be
23 governed by this chapter or that the election to be governed
24 by this chapter shall be amended or terminated, as the case
25 may be.

26 (5) If the election is to be made or terminated, a
27 statement that the election or termination has been
28 authorized by at least a majority in interest of the
29 partners.

30 Upon the filing of the statement of election, amendment or

1 termination in the department, the election to be governed by
2 this chapter shall be effective, amended or terminated, as the
3 case may be.

4 * * *

5 § 9102. Funeral and similar benefits.

6 Members of unincorporated associations paying [periodical]
7 periodic or funeral benefits shall not be individually liable
8 for the payment of [periodical] periodic or funeral benefits or
9 other similar liabilities of the association. The liabilities
10 shall be payable only out of the treasury of the association.

11 § 9501. Application and effect of chapter.

12 (a) General rule.--

13 (1) [This] Unless the context clearly indicates
14 otherwise, this chapter shall apply to and the words
15 "business trust" in this chapter shall mean a business trust:

16 [(1)] (i) Hereafter established under the laws of
17 this Commonwealth.

18 [(2)] (ii) Whose deed of trust or other organic
19 document states, by amendment or otherwise, that the
20 trust exists subject to the provisions of this chapter,
21 in the case of a business trust heretofore established
22 under the laws of this Commonwealth or heretofore or
23 hereafter established under the laws of any other
24 jurisdiction.

25 (2) The words "business trust" in this chapter shall not
26 include:

27 (i) A trust contemplated by section 1768 (relating
28 to voting trusts and other agreements among shareholders)
29 or any similar provision of law.

30 (ii) A trust for creditors.

1 (iii) A mortgage, deed of trust or other indenture
2 or similar instrument or agreement under which debt
3 securities are outstanding or to be issued.

4 (iv) A trust for the benefit of one or more
5 investors with respect to a lease of real or personal
6 property, unless the instrument creating the trust is
7 filed under this chapter.

8 * * *

9 § 9502. Creation of business trusts.

10 A business trust may be created in real or personal property,
11 or both, with power in the trustee or a majority of the
12 trustees:

13 (1) To receive title to, hold, buy, sell, exchange,
14 transfer and convey real and personal property for the use of
15 the business trust.

16 (2) To take, receive, invest or disburse the receipts,
17 earnings, rents, profits or returns from the trust estate.

18 (3) To carry on and conduct any lawful business
19 designated in the deed or other instrument of trust, and
20 generally to do any lawful act in relation to such trust
21 property that any individual owning the same absolutely might
22 do.

23 (4) To merge with another business trust or other
24 association, to divide or to engage in any other fundamental
25 or other transaction contemplated by the deed or other
26 instrument of trust.

27 § 9503. Documentation of trust.

28 (a) General rule.--A business trust shall not be valid
29 unless created by deed of trust or other written instrument
30 subscribed by one or more individuals, associations or other

1 entities [and filed in the Department of State]. The trustees of
2 a business trust shall promptly cause the instrument or any
3 amendment thereof, except an amendment solely effecting or
4 reflecting the substitution of or other change in the trustees,
5 to be filed in the Department of State. The failure to effect
6 the filing shall not affect the validity of a business trust. A
7 trustee who violates the requirements of this subsection shall
8 be liable for a civil penalty in the amount of \$1,000 payable to
9 the department.

10 * * *

11 (d) Duration.--The instrument creating a business trust
12 shall specify the period of its duration, which [shall not
13 exceed 21 years from its creation or from its last extension,
14 whichever is later. A beneficiary of a business trust who
15 objects to the extension of the term of existence of a business
16 trust and who complies with the provisions of Subchapter D of
17 Chapter 15 (relating to dissenters rights) shall be entitled to
18 the rights and remedies therein provided. The date of the
19 adoption of the amendment to the instrument changing the term of
20 existence shall be deemed to be the effective date of the plan,
21 the beneficiaries who make written demand shall be deemed to be
22 the dissenting shareholders, and the trust shall be deemed the
23 corporation for the purposes of that subchapter.] may be
24 perpetual. The rule against perpetuities or analogous principles
25 shall not be applicable to a business trust.

26 * * *

27 § 9506. Liability of trustees and beneficiaries.

28 (a) General rule.--Liability to third parties for any act,
29 omission or obligation of a trustee of a business trust when
30 acting in such capacity shall extend to [the whole of the trust

1 estate or so much thereof] so much of the trust estate as may be
2 necessary to discharge such liability, but personal liability
3 shall not attach to the trustee or the beneficiaries of the
4 trust for any such act, omission or liability. An obligation of
5 a trust based upon a writing may be limited to a specific fund
6 or other identified pool or group of assets of the trust.

7 (b) Standards and immunities.--The provisions of [Subchapter
8 B of Chapter 5 (relating to indemnification and corporate
9 directors' liability)] section 1721 (relating to board of
10 directors) and Subchapter C of Chapter 17 (relating to
11 indemnification) shall be applicable to trustees of a business
12 trust.

13 § 9507. Foreign business trusts.

14 A business trust organized under any laws other than those of
15 this Commonwealth shall be subject to Subchapters B (relating to
16 qualification) and C (relating to powers, duties and
17 liabilities) of Chapter 41, as if it were a foreign business
18 corporation.

19 DIVISION II

20 INSURANCE CORPORATIONS

21 Section 201. Definition of term "insurance corporation."

22 As used in this division, the term "insurance corporation"
23 means any domestic insurance company of any of the classes
24 described in section 201 or 701(3) of the act of May 17, 1921
25 (P.L.682, No.284), known as The Insurance Company Law of 1921,
26 or incorporated under the acts of April 28, 1903 (P.L.329,
27 No.259), April 20, 1927 (P.L.317, No.190), June 24, 1939
28 (P.L.686, No.320), June 20, 1947 (P.L.687, No.298), June 28,
29 1951 (P.L.941, No.184), July 15, 1957 (P.L.929, No.401), or any
30 similar act relating to the incorporation or reincorporation of

1 limited life insurance companies. The term does not include any
2 of the following:

3 (1) A hospital plan corporation subject to 40 Pa.C.S.
4 Ch. 61 (relating to hospital plan corporations).

5 (2) A professional health service corporation subject to
6 40 Pa.C.S. Ch. 63 (relating to professional health services
7 plan corporations).

8 (3) A fraternal benefit society subject to the act of
9 July 29, 1977 (P.L.105, No.38), known as the Fraternal
10 Benefit Society Code.

11 (4) A health maintenance organization subject to the act
12 of December 29, 1972 (P.L.1701, No.364), known as the Health
13 Maintenance Organization Act.

14 Section 202. Corporate powers.

15 (a) General rule.--No insurance corporation shall transact
16 any other business other than that specified in its original or
17 amended articles of incorporation or charter or authorized by
18 statute regulating the business of the corporation.

19 (b) Ancillary activities.--With the prior approval of the
20 Insurance Department, an insurance corporation may,
21 independently of its insurance business and in addition to
22 authority conferred by any other statute regulating the business
23 of the corporation, provide services of the kinds it performs in
24 the normal conduct of the business for which it is incorporated,
25 including, but not limited to, consultative, administrative,
26 investment, actuarial, loss prevention, data processing,
27 accounting, claims and collection services. The Insurance
28 Department shall take into account the effect of the provision
29 of such services on the insurance business of the corporation
30 and the risks inherent in the provision of such services by the

1 corporation.

2 (c) Subsidiaries.--Subsections (a) and (b) shall not affect
3 the power of an insurance corporation to hold, own and control
4 subsidiaries engaged in other businesses as authorized by law.

5 Section 203. Authorization to do business.

6 No insurance corporation incorporated after (in printing this
7 act in the Laws of Pennsylvania the Legislative Reference Bureau
8 shall insert here in lieu of this statement the effective date
9 of this division) shall have power to engage in the business of
10 insurance until it shall have received a certificate from the
11 Insurance Department authorizing the corporation to commence
12 business.

13 Section 204. Amendment of articles.

14 (a) General rule.--Any amendment of the articles of
15 incorporation or charter of any insurance corporation that may
16 be effected only by action or with the approval of the
17 shareholders or members (other than an amendment authorizing or
18 creating a new class or series of shares or increasing the
19 authorized number of any previously authorized class or series
20 of shares) shall become effective only if approved by the
21 Insurance Department. See 15 Pa.C.S. § 103 (relating to
22 subordination of title to regulatory laws).

23 (b) Amendments not requiring approval of Insurance
24 Department.--The Department of State shall forward to the
25 Insurance Department a copy of any amendment of the articles of
26 incorporation or charter of any insurance corporation that
27 becomes effective without the approval of the Insurance
28 Department.

29 (c) Reduction in capital stock.--The capital stock of an
30 insurance corporation shall not be reduced below the minimum

1 amount of capital stock required by law for the formation of the
2 corporation.

3 Section 205. Other fundamental transactions.

4 (a) General rule.--Any plan of merger, consolidation,
5 exchange, asset transfer, division or conversion of any
6 insurance corporation, any recapitalization or voluntary
7 dissolution of any insurance corporation or any issuance of
8 shares by any insurance corporation in exchange for shares of
9 another insurance company shall become effective only if
10 approved by the Insurance Department. See 15 Pa.C.S. § 103
11 (relating to subordination of title to regulatory laws).

12 (b) Standards.--A share exchange or similar transaction
13 shall be approved if it is in accordance with law and the terms
14 and conditions are fair. A reduction in capital stock shall be
15 approved if it is in accordance with law and consistent with the
16 interests of the policyholders and creditors. A merger or
17 consolidation of a title insurance company or the acquisition of
18 substantially all the assets or stock of a title insurance
19 company or abstract company by a title insurance company shall
20 be approved if it is in accordance with law, not inequitable to
21 the shareholders of any title insurance or abstract company
22 involved and will not substantially reduce the security of and
23 service to be rendered to policyholders of the domestic title
24 insurance company in this Commonwealth or elsewhere. Any other
25 transaction subject to subsection (a) shall be approved if it is
26 in accordance with law and not injurious to the interests of the
27 policyholders and creditors.

28 (c) Approval of compensation.--No director, officer, agent
29 or employee of any title insurance company or abstract company
30 party to any merger, consolidation or acquisition subject to

1 subsection (a) shall receive any fee, commission, compensation
2 or other valuable consideration whatsoever for in any manner
3 aiding, promoting or assisting therein except as set forth in
4 the terms of the transaction submitted to the Insurance
5 Department for approval.

6 (d) Transactions with foreign corporations.--Any foreign
7 insurance company participating in or resulting from any
8 transaction subject to subsection (a) shall engage in the
9 transaction only with the approval of the insurance supervising
10 officials of the jurisdiction in which such foreign insurance
11 company is incorporated or is to be incorporated. A change in
12 domicile of an insurance corporation to another jurisdiction may
13 be effected only with the consent of the Insurance Department. A
14 foreign insurance company that is a surviving or resulting
15 corporation in any transaction subject to subsection (a) shall
16 not be deemed to hold a certificate of authority to do an
17 insurance business within this Commonwealth solely by reason of
18 the approval by the Insurance Department and consummation of the
19 transaction.

20 (e) Mergers of stock and mutual insurance companies.--A
21 mutual insurance company shall not merge or consolidate with an
22 insurance corporation organized on a stock share basis.

23 (f) Dissolution of mutual companies.--Assets of mutual life
24 insurance companies, derived from a health and accident
25 business, other than those properly credited to the members or
26 policyholders on policies covering such business, and the assets
27 of mutual companies, other than mutual life companies, which may
28 not be properly credited to policyholders and members, shall be
29 escheated to the Commonwealth upon the dissolution of such
30 companies.

1 (g) Definition.--As used in this section, the term
2 "recapitalization" includes any reduction in stated capital and
3 excludes any new or additional share authorization for which
4 approval by the Insurance Department is not required by section
5 204 of this act.

6 Section 206. Increases in capital stock.

7 Within 30 days after any increase in the capital stock of an
8 insurance corporation, the corporation shall report the increase
9 to the Insurance Department on a form for that purpose
10 prescribed by regulation by the department.

11 Section 207. Administrative procedure.

12 (a) General Rule.--Every application for a certificate of
13 authority or other approval by the Insurance Department under
14 this division shall be made to the department in writing and
15 shall be in such form as the procedural regulations of the
16 department may require.

17 (b) Standards for approval.--A certificate of authority or
18 other approval under this division shall be issued by order of
19 the department only if and when the department shall find and
20 determine that the application complies with the provisions of
21 this division and the procedural regulations of the department
22 thereunder.

23 (c) Procedure before department.--For the purpose of
24 enabling the department to make the finding or determination
25 required by subsection (b), the department shall afford
26 reasonable notice and opportunity for hearing, which shall be
27 public, and, before or after any such hearing, it may make such
28 inquiries, audits and investigations, and may require the
29 submission of such supplemental studies and information, as it
30 may deem necessary or proper to enable it to reach a finding or

1 determination. The department, in granting a certificate of
2 authority or other approval, may impose such conditions as it
3 may deem to be just and reasonable. In every case the department
4 shall make a finding or determination in writing, stating
5 whether or not the application has been approved, and, if it has
6 been approved in part only, specifying the part which has been
7 approved and the part which has been denied. Any holder of a
8 certificate of authority or other approval, exercising the
9 authority conferred thereby, shall be deemed to have waived any
10 and all objections to the terms and conditions of such
11 certificate or other approval.

12 (d) Judicial review.--Orders of the department upon an
13 application for a certificate of authority or other approval
14 under this section shall be subject to judicial review in the
15 manner and within the time provided by law.

16 Section 208. Existing powers preserved.

17 Nothing in this act shall impair the power of any insurance
18 corporation to transact business to the same extent as if this
19 act had not been enacted.

20 DIVISION III

21 CONFORMING AMENDMENTS

22 Section 301. Amendment of Title 13.

23 Sections 9103(f) and 9403 of Title 13 are amended to read:

24 § 9103. Perfection of security interests in multiple state
25 transactions.

26 * * *

27 (f) Uncertificated securities.--

28 (1) Except as provided in paragraph (2), the law
29 (including the conflict of laws rules) of the jurisdiction of
30 organization of the issuer governs the perfection and the

effect of perfection or nonperfection of a security interest
in uncertificated securities.

(2) In the case of a registered corporation as defined
in 15 Pa.C.S. § 2502 (relating to registered corporation
status), which has a class of uncertificated securities
listed on the New York Stock Exchange or the American Stock
Exchange, the law ([including] excluding the conflict of laws
rules) of the jurisdiction in which those exchanges are
located governs the perfection and the effect of perfection
or nonperfection of a security interest in such
uncertificated securities.

§ 9403. What constitutes filing; duration of filing; effect of
lapsed filing; duties of filing officer.

* * *

(g) Filing fees.--See 15 Pa.C.S. § 153 (relating to fee
schedule).

Section 302. Enactment of Title 17.

The Pennsylvania Consolidated Statutes is amended by adding a
title to read:

TITLE 17

CREDIT UNIONS

Chapter

1. Preliminary Provisions
3. Incorporation
5. Corporate Powers, Duties and Safeguards
7. Members, Directors and Officers
9. Amendment of Articles
11. Conversion, Merger and Consolidation
13. Dissolution
15. Out-of-State Credit Unions

1 CHAPTER 1

2 PRELIMINARY PROVISIONS

3 Sec.

4 101. Short title of title.

5 102. Application of title.

6 103. Definitions.

7 104. Prohibition on use of words "credit union," etc.

8 § 101. Short title of title.

9 This title shall be known and may be cited as the Credit
10 Union Code.

11 § 102. Application of title.

12 (a) This title applies to and the term "credit union" in
13 this title means a cooperative corporation incorporated under
14 any of the following:

15 (1) The act of May 26, 1933 (P.L.1076, No.260), referred
16 to as the Credit Union Act.

17 (2) The act of September 20, 1961 (P.L.1548, No.658),
18 known as the Credit Union Act.

19 (3) This title.

20 § 103. Definitions.

21 The following words and phrases when used in this title shall
22 have the meanings given to them in this section unless the
23 context clearly indicates otherwise:

24 "Activity." A transaction by a member on a loan, share
25 account, share draft account or certificate or a verbal or
26 written communication between the member and the credit union in
27 which the member indicates an awareness or interest in funds
28 deposited by the member in the credit union.

29 "Branch." A subsidiary office of the credit union which is
30 capable of offering the same or approximately the same level of

1 service to members that can be found at the principal office of
2 the credit union. The term includes a branch credit union,
3 branch office, branch agency, additional office other than a
4 service facility and branch place of business.

5 "Department." The Department of Banking of the Commonwealth.

6 "Federal credit union." A credit union organized in
7 accordance with the provisions of the Federal Credit Union Act
8 (48 Stat. 1216, 12 U.S.C. § 1751 et seq.).

9 "Out-of-State credit union." A credit union incorporated
10 under the laws of another state.

11 "Service facility." A subsidiary office of the credit union
12 which is not capable of offering the same or approximately the
13 same level of service that can be found at the principal office
14 of the credit union.

15 "Volunteer." An individual who receives no compensation.
16 Reasonable health, accident and similar insurance protection and
17 the reimbursement of reasonable expenses incurred in the
18 discharge of the duties of the volunteer's position are not
19 compensation.

20 § 104. Prohibition on use of words "credit union," etc.

21 (a) General rule.--Only a credit union subject to this
22 title, a Federal credit union or a corporation organized in
23 accordance with a state credit union statute, may assume and use
24 the words "credit union" in its name or title, or operate in the
25 manner of a credit union.

26 (b) Penalties.--Any person, other than a credit union
27 subject to this title, a Federal credit union, a corporation
28 organized in accordance with a state credit union statute, or an
29 association of credit unions, who violates subsection (a) by
30 using a name or title containing the words "credit union" or any

1 other derivation thereof or so representing itself in its
2 advertising, or otherwise conducting business as a credit union
3 shall, for each offense, be subject to a penalty levied by the
4 Department of Banking which shall be not less than \$1,000, nor
5 more than \$10,000. The officers of a corporation shall be liable
6 for such penalty if the offense is committed by a corporation.
7 This section shall be enforced by the department.

8 (c) Civil action.--In addition, a credit union, Federal
9 credit union, out-of-State credit union or an association of
10 these institutions, may institute a civil action arising out of
11 a violation of this section.

12 CHAPTER 3

13 INCORPORATION

14 Sec.

15 301. Purposes.

16 302. Number and qualifications of incorporators.

17 303. Articles of incorporation.

18 304. Department of Banking consideration of articles.

19 305. Bylaws.

20 § 301. Purposes.

21 (a) General rule.--A credit union may be incorporated under
22 this title for the purpose of promoting thrift among its
23 members, creating a source of credit for such members at
24 reasonable rates of interest and providing an opportunity for
25 its members to use and control their own money on a democratic
26 basis in order to improve their economic and social condition.

27 (b) Central or corporate credit unions.--A central or
28 corporate credit union formed primarily to serve other credit
29 unions, including Federal credit unions and out-of-State credit
30 unions, may be incorporated under this title and shall be

1 subject to all provisions of this title not inconsistent with
2 provisions specifically applicable to central or corporate
3 credit unions. The purposes for which a central or corporate
4 credit union may be incorporated are:

5 (1) To accumulate and prudently manage the liquidity of
6 its member credit unions through interlending and investment
7 services.

8 (2) To act as an intermediary for credit union funds
9 between members and other corporate credit unions.

10 (3) To obtain liquid funds from other credit union
11 organizations, financial intermediaries and other sources.

12 (4) To foster and promote, in cooperation with other
13 state, regional and national corporate credit unions and
14 credit union organizations or associations, the economic
15 security, growth and development of member credit unions.

16 § 302. Number and qualifications of incorporators.

17 (a) General rule.--A credit union may be incorporated
18 pursuant to the provisions of this title, by seven or more
19 incorporators. Such incorporators shall be natural persons of
20 full age, the majority of whom are residents of this
21 Commonwealth and who have a common bond of association as
22 provided in section 701 (relating to membership).

23 (b) Central or corporate credit unions.--A central or
24 corporate credit union may be incorporated, pursuant to the
25 provisions of this title, by 15 or more credit unions chartered
26 under the laws of the United States or of any state, which have
27 agreed to purchase shares in the credit union in amounts not
28 less than the minimum specified in the bylaws.

29 § 303. Articles of incorporation.

30 Articles of incorporation shall be signed by each of the

1 incorporators. The articles of incorporation shall set forth:

2 (1) The name of the proposed credit union, which shall
3 contain the words "credit union."

4 (2) The class of services to be performed by the credit
5 union, which services shall be within the scope of activities
6 of such associations as set forth in this title.

7 (3) The principal place where its business is to be
8 transacted, which shall be within this Commonwealth.

9 (4) The term for which it is to exist, which may be
10 perpetual.

11 (5) The par value of its shares.

12 (6) The names and post office addresses of the
13 incorporators, and the number of shares subscribed by each.

14 (7) The names and residences of each of the first
15 directors, not less than five in number, who shall serve
16 until the first annual meeting of the credit union, and the
17 name and residence of the treasurer.

18 (8) The common bond of membership.

19 (9) Any provision, not inconsistent with law, which the
20 incorporators may choose to insert for the regulation of the
21 business and the internal affairs of the credit union.

22 § 304. Department of Banking consideration of articles.

23 (a) General rule.--The articles of incorporation and two
24 copies of the proposed bylaws for the general governance of the
25 credit union shall be presented to the Department of Banking,
26 together with such reasonable fees as shall be established, by
27 the department, for such examination and such investigation as
28 it may deem necessary to ascertain:

29 (1) Whether the character and general fitness of the
30 incorporators, directors, and the treasurer named in the

1 articles of incorporation is satisfactory.

2 (2) Whether the character and number of the group
3 proposed to be served affords reasonable promise of
4 sufficient support for the enterprise so as to make the
5 establishment of the proposed credit union economically
6 advisable.

7 (3) Whether the incorporators, directors and group
8 proposed to be served have a common bond of association as
9 provided in section 701 (relating to membership).

10 (4) Whether the proposed credit union unduly encroaches
11 upon the field of membership of any other credit union.

12 (5) Whether the application is in proper form and within
13 the purpose of this title.

14 (6) Whether the savings of members paid for shares will
15 be insured by the National Credit Union Administration or
16 other share insurance fund approved by the department.

17 Nonprofit corporations created by specific legislation of any
18 state to insure share accounts or depository accounts of
19 credit unions shall not be subject to regulation by the
20 Department of Insurance or to the laws of the Commonwealth
21 concerning insurance.

22 Within 60 days after receipt of the articles, the department
23 shall, upon the basis of the facts disclosed by the application
24 and its investigation, either approve or disapprove the
25 articles.

26 (b) Approval action.--If the department approves the
27 articles, it shall endorse its approval thereon and forward the
28 articles to the Department of State. The Department of State
29 shall, upon the receipt of the articles, file the same. Upon the
30 filing of the article of incorporation, the corporate existence

1 of the credit union shall begin. The articles of incorporation
2 as filed in the Department of State are conclusive evidence of
3 the fact that the credit union has been incorporated.

4 (c) Disapproval action.--If the Department of Banking
5 disapproves the articles, it shall return them to the
6 incorporators, stating in detail its reasons for doing so.

7 (d) Cross reference.--See 15 Pa.C.S. § 134 (relating to
8 docketing statement).

9 § 305. Bylaws.

10 (a) General rule.--The original bylaws of a credit union
11 shall be adopted by the incorporators of the credit union and
12 copies thereof shall be transmitted to the Department of Banking
13 along with the articles of incorporation as provided in this
14 chapter.

15 (b) Amendments.--Thereafter, bylaws may be amended either by
16 two-thirds of the members present and voting or a majority of
17 the board of directors at any regular or special meeting of the
18 credit union, or of the board of directors, as the case may be,
19 if notice thereof is given and a quorum is established in
20 accordance with the bylaws.

21 (c) Restrictions on board of directors.--The board of
22 directors shall not amend any bylaws fixing their
23 qualifications, classification, term of office or compensation.

24 (d) Review by members.--Whenever the board of directors
25 amends the bylaws, written notice thereof shall be given to the
26 members prior to the next meeting of the members or within 90
27 days after such action by the board of directors, whichever is
28 sooner, and such action by the board of directors shall be
29 subject to the power of the members at their next meeting held
30 at least ten days after the mailing of the notice thereof, to

1 change or repeal such bylaw or amendment.

2 CHAPTER 5

3 CORPORATE POWERS, DUTIES AND SAFEGUARDS

4 Sec.

5 501. Powers.

6 502. Powers of central or corporate credit unions.

7 503. Regulation by Department of Banking.

8 504. Fiscal year.

9 505. Capital and shares.

10 506. Joint accounts.

11 507. Minority and trust accounts.

12 508. Estate accounts.

13 509. Entrance fees.

14 510. Loan interest, fees and penalties.

15 511. Power to borrow.

16 512. Loans.

17 513. Reserves.

18 514. Dividends.

19 515. Rights and liabilities of terminating members.

20 516. Adverse claims.

21 517. Taxation.

22 § 501. Powers.

23 (a) General rule.--A credit union shall have the following
24 general powers:

25 (1) To continue as a corporation for the time specified
26 in its articles of incorporation subject to 15 Pa.C.S. § 501
27 (relating to reserved power of General Assembly).

28 (2) To maintain and defend judicial proceedings in its
29 corporate name.

30 (3) To adopt and use a corporate seal, and alter the

1 same at pleasure.

2 (4) To have and exercise all of the powers and means
3 necessary to effect the purpose or purposes for which the
4 credit union is organized.

5 (b) Special powers.--Except as set forth in subsection (c),
6 a credit union shall have the following special powers:

7 (1) To receive the savings of its members as payments,
8 representing equity on shares, share draft accounts and share
9 certificates.

10 (2) To make loans to members and to participate in loans
11 to credit union members, including members of any Federal
12 credit union or credit union chartered under the laws of any
13 state, jointly with such other credit unions, credit union
14 organizations or State or Federally chartered and regulated
15 depository institutions, if the institution which originates
16 such a loan shall be legally required to retain an interest
17 of at least 10% of the outstanding balance of the loan.

18 (3) To make loans to any cooperative society or
19 societies, or other organization or organizations, which have
20 membership in the credit union.

21 (4) To make purchase money mortgage loans to members
22 secured by mortgages which are first liens on improved real
23 property situated within the United States, the improvement
24 being an established dwelling house for not more than four
25 families which is owned by the member of the credit union
26 making the mortgage and occupied or to be occupied, in whole
27 or in part, by such member. Purchase money mortgages shall
28 not exceed 90% of the fair market value of the property,
29 except that shares of the credit union owned by the mortgagor
30 may be assigned or pledged as additional collateral security

1 for the mortgage loan and, in such event, the mortgage loan
2 granted upon such property may be increased by the withdrawal
3 value of the additional pledged shares to an amount not to
4 exceed a maximum total mortgage loan of 100% of the fair
5 market value of such real property and the credit union may
6 release this additional collateral whenever the mortgage loan
7 meets all of the requirements of this title and could be made
8 legally at the time of release without the requirement of
9 additional collateral. Purchase money mortgage loans shall be
10 amortized by approximately equal payments sufficient in
11 amount to pay all interest and effect full repayment of
12 principal within a period not in excess of 30 years. Purchase
13 money mortgage loans on any one property shall not exceed 90%
14 of the fair market value of the property, except as provided
15 in this subsection, or 5% of the paid-in capital of the
16 credit union, whichever is lesser. The aggregate total of
17 mortgage loans shall not exceed 50% of the paid-in capital of
18 the credit union. Without regard to the limitations as to the
19 amount and term of a purchase money mortgage loan or the
20 aggregate amount of all mortgage loans set forth in this
21 paragraph, a credit union may grant any mortgage loan which
22 is insured or guaranteed, in whole or in part, by the United
23 States or any instrumentality thereof, or if there is a
24 commitment to so insure or guarantee.

25 (5) To make loans to credit unions organized under the
26 laws of this Commonwealth or under the laws of any state or
27 under the laws of the United States. In the case of central
28 or corporate credit unions, the aggregate amount outstanding
29 on all such loans shall not exceed 25% of the unimpaired
30 capital of the lending credit union.

1 (6) To deposit its funds in insured state banks, bank
2 and trust companies, savings banks, national banking
3 associations, savings associations, Federal saving and loan
4 associations, insured credit unions and insured Federal
5 credit unions and central-type credit union organizations.

6 (7) To invest its funds in the following investments:

7 (i) Securities, obligations or other instruments of
8 or fully guaranteed as to principal and interest by the
9 United States or any agency thereof or in any trust
10 established for investing directly or collectively in the
11 same.

12 (ii) Bonds or other interest-bearing obligations of
13 the Commonwealth or any political subdivision thereof or
14 an authority which has been created as a body corporate
15 and politic under any law of this Commonwealth.

16 (iii) Shares of any building and loan, savings and
17 loan association or credit union, organized under the
18 laws of this Commonwealth, or of any Federal savings and
19 loan association or Federal credit union, to the extent
20 to which the withdrawal or repurchase value of such
21 shares is insured by any agency of the United States or
22 any other insurer approved by the Department of Banking.

23 (iv) Bonds and notes of the Pennsylvania Housing
24 Agency created by the act of December 3, 1959 (P.L.1688,
25 No.621), known as the Housing Finance Agency Law.

26 (v) Capital stock, obligations or other securities
27 of any service corporation organized under the laws of
28 this Commonwealth or under the laws of any other state
29 and duly qualified to do business in this Commonwealth,
30 if the entire capital stock of such corporation is

1 available for purchase only by credit unions, organized
2 and existing under the laws of this Commonwealth and by
3 Federal credit unions or association of credit unions. A
4 complete description of the service corporation and its
5 activities must be furnished to the department and its
6 approval obtained by the credit union before investing in
7 such corporation. No credit union may make an investment
8 in a service corporation if its then aggregate
9 outstanding investments under this subparagraph would
10 exceed 1% of its assets.

11 The provisions of this paragraph shall not apply to any
12 investments lawfully owned by a credit union on February 20,
13 1990.

14 (8) To borrow money subject to the limitations set forth
15 in this title.

16 (9) To make, amend, alter and repeal bylaws not
17 inconsistent with law, for the regulation of its affairs and
18 the conduct and management of the credit union. Immediately
19 upon the adoption of the bylaws, or any additions thereto, or
20 any alteration, amendment or repeal thereof, notice of such
21 fact and a copy of such bylaws or such alteration, amendment
22 or repeal, shall forthwith be sent to the department. The
23 department shall, within 60 days after receipt thereof, have
24 the power to disapprove, for any reasonable cause stated in
25 writing, any such bylaw or any such alteration, amendment or
26 repeal thereof, but the bylaw, alteration, amendment or
27 repeal shall be effective until the department disapproves it
28 and gives notice thereof to the credit union.

29 (10) To hold, purchase, mortgage, alter, improve and
30 sell such real property, and furniture and fixtures to be

1 used therein, as the purposes of the credit union require and
2 which the credit union occupies or intends to occupy for the
3 transaction of its business or partly so occupies and partly
4 leases to others, except that, without the prior written
5 approval of the department, the cost, at the time of
6 acquisition, of such real property and furniture and fixtures
7 therein shall not exceed in the aggregate 50% of the
8 unimpaired surplus and undivided earnings of the credit union
9 or 5% of its unimpaired capital up to \$1,000,000, plus 3% of
10 its capital over \$1,000,000, whichever is greater. Further a
11 credit union with the prior written approval of the
12 department shall generally have the power to sell any of its
13 assets and to purchase the assets of another credit union or
14 Federal credit union.

15 (11) To purchase group insurance at reasonable rates on
16 the lives of its members in an amount not to exceed the
17 respective shares balances of such members.

18 (12) To act as an issuing agent of the United States
19 Treasury for the sale, issuance and redemption of United
20 States Savings Bonds to its members.

21 (13) To invest its funds in shares and become members of
22 any insured central-type credit union organized under the
23 laws of the United States or under the laws of this
24 Commonwealth in which such investments are specifically
25 authorized by the board of directors of the State credit
26 union making the investment.

27 (14) To receive payments on shares and deposits from
28 other credit unions and Federal credit unions. As used in
29 this paragraph, the term "deposit" means a type of time or
30 demand account in which the credit union incurs a debt to the

1 depositor.

2 (15) To receive payments on shares which may be issued
3 at varying dividend rates, share certificates which may be
4 issued at varying dividend rates and maturities and share
5 draft accounts from members or nonmember units of Federal,
6 state or local governments, including any officer, employee
7 or agent of the United States, any state or any political
8 subdivision thereof, or any territory or possession of the
9 United States having official custody of public funds and
10 lawfully investing such funds in a credit union.

11 (c) Southern Africa investments.--No funds of a credit union
12 shall be invested in any stock or obligation of any corporation
13 doing business, either by itself or through any subsidiary or
14 affiliate, in the Republic of South Africa or Namibia. This
15 prohibition shall have prospective effect from February 20,
16 1990, and shall not affect existing investments.

17 § 502. Powers of central or corporate credit unions.

18 (a) General rule.--A central or corporate credit union shall
19 have the general power to enjoy the powers and privileges of any
20 other credit union incorporated under this title in addition to
21 those powers enumerated in this section, or otherwise granted to
22 corporate or central credit unions, regardless of any
23 limitations or restrictions found elsewhere in this title.

24 (b) Special powers.--A central or corporate credit union
25 shall have the following special powers to:

26 (1) Accept shares or deposits in any form from its
27 members, any credit union chartered under the laws of the
28 United States or of any state, including central or corporate
29 credit unions, and credit union organizations and
30 associations.

1 (2) Make loans to its members, any credit union
2 chartered under the laws of the United States or of any
3 state, including central or corporate credit unions, and
4 credit union organizations or associations.

5 (3) Buy and sell any form of marketable debt obligations
6 of domestic or foreign corporations or of Federal, state or
7 local government units.

8 (4) Borrow from any source without limitations, accept
9 demand deposits from any source and issue notes and
10 debentures.

11 (5) Acquire or sell the assets and assume the
12 liabilities of a member and to enter into agreements with any
13 credit union organized under the laws of the United States or
14 any state to discount or purchase loans made pursuant to
15 government guaranteed loan programs or real estate loans made
16 by any credit union or any obligations of the United States
17 or any agency thereof held by any credit union.

18 § 503. Regulation by Department of Banking.

19 (a) General rule.--Credit unions shall be under the
20 supervision of the Department of Banking. The department is
21 hereby authorized and empowered to issue general rules and
22 regulations and specific orders for the protection of members of
23 credit unions, for insuring the conduct of the business of
24 credit unions on a safe and sound basis and for the effective
25 enforcement of this title. Credit unions shall report to the
26 department as often as may be required by it and at least
27 annually on blanks supplied by the department for that purpose.
28 Supplementary reports may be required by the department from
29 time to time. Credit unions shall be examined as often as may be
30 required by the department and at least annually, and the

1 department may use such other methods of assuring itself of the
2 condition of the credit unions as it shall deem advisable. The
3 cost of all such examinations and inspections shall be paid by
4 the credit union. A credit union shall also pay annually its
5 proportionate share of the overhead expense of the department
6 determined by regulation of the department. For failure to file
7 reports when due, unless excused for cause, a credit union shall
8 pay to the department \$5 for each day of its delinquency.

9 (b) Suspension of personnel.--If, in the opinion of the
10 department, a director, officer or committee member of a credit
11 union has committed a violation of a statute, regulation or
12 cease and desist order which has become final or has engaged in
13 an unsafe or unsound practice involving the credit union or has
14 breached a fiduciary duty and if the department determines that
15 the credit union has suffered or will suffer substantial
16 financial loss or other damage or that the interests of its
17 members could be seriously prejudiced by reason of the
18 violation, practice or breach, the department may suspend the
19 director, officer or committee member upon written notice,
20 pending a hearing to determine whether removal is required. The
21 notice shall contain a statement of the facts constituting
22 grounds for removal and shall indicate a time and place for a
23 hearing. The hearing shall be fixed for a date between 30 and 60
24 days from the date of service of notice, unless an earlier or
25 later date is set by the department at the request of the
26 director, officer or committee member.

27 (c) Seizure of credit union.--If the department determines
28 that a credit union is:

29 (1) violating any of the provisions of this title or any
30 rule or regulation of the department issued under and within

1 the authority of this title;

2 (2) conducting its business in an unsafe manner;

3 (3) in an unsafe and unsound condition to transact its
4 business; or

5 (4) insolvent;

6 the department may serve written notice of its intention to take
7 possession of the credit union. If the condition continues for a
8 period of 15 days after the giving of such notice, the
9 department may, in its discretion, take possession of the
10 business and property of the credit union and retain possession
11 until such time as the condition predicated such action is
12 remedied or until the affairs of the credit union are finally
13 liquidated. The department may take similar action if any report
14 is not filed within a period of 15 days after it is due. Any
15 person aggrieved by the action of the department in taking
16 possession of a credit union may appeal, whereupon the matter
17 shall be set down for hearing de novo.

18 (d) Exchange of reports of examination.--Whenever the shares
19 of a credit union are insured by the National Credit Union Share
20 Insurance Fund or any other share insurance fund approved by the
21 department, the department is authorized to furnish to the
22 Administrator of the National Credit Union Administration or to
23 any other approved insurer any reports of examination made by
24 the department under this section. If a Pennsylvania credit
25 union conducts business in another state through the
26 establishment and operation of additional branch offices and
27 service facilities under section 904 (relating to place of
28 business), the department is authorized to furnish to the
29 financial regulatory agency of that state reports of examination
30 made by the department for the particular credit union.

1 § 504. Fiscal year.

2 The fiscal year of all credit unions shall end on December 31
3 of each year.

4 § 505. Capital and shares.

5 (a) General rule.--The capital of a credit union shall
6 consist of the payments that have been made to it on shares.

7 (b) Automatic lien.--The credit union shall have an
8 automatic lien on the shares of a member for any sum due it from
9 such member or for any loan endorsed by him.

10 (c) Share transfer restriction.--Shares of a credit union
11 shall be transferable only to other members of the credit union.

12 (d) Deposit insurance required.--The shares representing the
13 savings of members shall be insured in such amounts as provided
14 by the National Credit Union Administration or other share
15 insurance fund approved by the Department of Banking to insure
16 the shares of credit unions. A credit union that has not
17 obtained share account insurance from the National Credit Union
18 Administration or other share insurance fund approved by the
19 department may not, without the prior written approval of the
20 department, accept payments from its members for the purchase of
21 shares.

22 § 506. Joint accounts.

23 (a) General rule.--Whenever shares of a credit union shall
24 be issued in the names of two or more persons, the credit union
25 shall not pay any dividends or earnings thereon, or the
26 repurchase value thereof, except upon proper receipt,
27 acquittance, or other action as the case may be, of all of such
28 persons, unless at the time of subscribing to the shares, or at
29 a subsequent time, all the parties agree to a different
30 arrangement, and give the credit union written notice thereof.

1 (b) Payments to less than all joint owners.--Whenever any
2 share accounts of a credit union shall be issued in the names of
3 two or more persons, and such share accounts shall have been
4 subscribed for under an arrangement with the credit union
5 whereby the dividends thereon, or the repurchase value thereof,
6 may be paid upon receipt, acquittance, or other action, as the
7 case may be, of either or any of such persons, the credit union
8 may pay such dividends or repurchase value upon such receipt,
9 acquittance, or other action, as the case may be, of either or
10 any of such persons, pursuant to the arrangement provided for in
11 this section, notwithstanding the fact that one or more of the
12 other persons may be dead and the credit union has notice
13 thereof.

14 (c) Revocation of agency.--The co-owner of a joint account
15 may, with consent of the credit union, give said credit union
16 written notice not to honor any or all requests for withdrawal
17 of shares of any other co-owner of the joint account.

18 (d) Spousal accounts.--This section, except subsection (c),
19 shall not be construed to affect share accounts in the names of
20 a husband and his wife.

21 § 507. Minority and trust accounts.

22 (a) General rule.--Shares may be issued and payments on
23 subscribed shares received in the name of a minor, or in trust,
24 in such manner as the bylaws may provide.

25 (b) Transactions with minors.--Whenever shares of a credit
26 union shall be issued in the name of any minor 12 years of age
27 or older, the credit union may pay the dividends or earnings
28 thereon, as well as the withdrawal value of such shares, to such
29 minor, without the assent of his parent or guardian. The
30 receipt, acquittance, or other action required by the credit

1 union to be taken by the minor shall be binding upon such minor
2 with like effect as if such minor were of full age and shall be
3 a valid release to the credit union. The parent or guardian of
4 such minor shall not, in his capacity as parent or guardian,
5 have the power to attach, or in any manner transfer, any shares
6 issued to or in the name of such minor.

7 (c) Transactions with trustees.--Whenever shares of a credit
8 union shall be issued to any person describing himself in
9 subscribing for such shares as trustee for any person or
10 persons, and no other notice of the existence and terms of a
11 valid trust than such description shall have been given to the
12 credit union, the dividends or earnings on such shares, as well
13 as the withdrawal value of such shares, shall, in the event of
14 the death of the person so described as trustee, be paid to the
15 person or persons for whose benefit the shares were stated to
16 have been subscribed if, at the time of payment, such
17 beneficiary is 16 years of age or older. Payment may be made to
18 any such beneficiary who is 16 years of age or older, under the
19 same conditions as if such shares had been originally subscribed
20 for by him. If there are two or more beneficiaries named on any
21 such shares, the credit union shall, in the absence of written
22 notice to the contrary, make payment to such of the
23 beneficiaries as may survive the trustee, in equal portions. The
24 receipt or acquittance of any such beneficiary or beneficiaries
25 for payments made in accordance with this section shall be a
26 full, complete and valid release of the credit union from any
27 further liability for the amounts so paid.

28 § 508. Estate accounts.

29 (a) General rule.--In the absence of a written agreement or
30 document to the contrary, the assets in the account of a

1 deceased member shall be considered part of the estate of the
2 deceased member. In the absence of such an agreement or document
3 and except for a release of such assets under existing law, the
4 credit union shall, upon learning of the death of the member,
5 freeze the assets in the account of the member, and shall not
6 permit deposits or withdrawals to be made in the account without
7 receiving authorization by a court-recognized representative of
8 the estate for deposits or withdrawals. Until the credit union
9 receives the authorization, it may, if its bylaws so provide,
10 close the account of the deceased member and transfer the funds
11 to unclaimed shares. The payment of the funds of the deceased
12 member to the estate of the deceased member shall release the
13 credit union from liability for the amounts paid.

14 (b) Establishment of account by personal representative.--A
15 court-recognized representative of the estate of a deceased
16 member may open an account with the credit union for the deposit
17 and withdrawal of the funds of the estate, whether or not the
18 representative is a member, if the deceased member was in good
19 standing at the time of death. The payment of the funds of the
20 estate to the estate of the deceased member shall release the
21 credit union from liability for the amounts paid. If a court-
22 recognized representative of an estate is a member of the credit
23 union, the representative may open a separate account with the
24 credit union for the deposit and withdrawal of funds of the
25 estate, whether or not the decedent was a member of the credit
26 union. The payment of the funds of the estate to the estate
27 shall release the credit union from liability for the amounts
28 paid.

29 § 509. Entrance fees.

30 A credit union may charge an entrance fee of an amount, not

1 in excess of \$1, as may be provided by the bylaws.

2 § 510. Loan interest, fees and penalties.

3 (a) General rule.--Interests rates on loans made by a credit
4 union to its members shall not exceed 15% per annum, when
5 calculated on the unpaid principal balances. Interest shall be
6 computed for the actual number of days which have elapsed at the
7 time of payment, except that interest for mortgage loans may be
8 paid according to a preauthorized amortization schedule.

9 (b) Procedure for increase in rates.--Before any credit
10 union shall charge any higher rate than that authorized in
11 subsection (a), it shall obtain approval for such higher rate
12 from at least two-thirds of the board of directors of the credit
13 union and such higher approved rate shall then apply only to
14 loans made by the credit union thereafter. Members shall be
15 notified in writing of the action of the board of directors not
16 later than the next regular mailing of members account
17 statements, which is at least 20 days subsequent to the action
18 of the board.

19 (c) Closing and collection fees.--No other charges or fines
20 in connection with loans shall be collected other than fees to
21 public officials, actual fees necessary to secure collateral,
22 fees required to be charged by government agencies and
23 reasonable fees of attorneys and outside collectors or outside
24 collection agencies, if the aggregate of such collection fees
25 does not exceed 20% of the outstanding loan balance.

26 (d) Late payment charges.--A credit union may also collect
27 late payment charges not in excess of 5% of the principal and
28 interest due on any installment payment of a loan that is more
29 than 15 days delinquent.

30 (e) Penalty for overcharge.--The taking, receiving,

1 reserving or charging interest greater than allowed by this
2 section shall be deemed a forfeiture of the entire interest on
3 the loan, except when such overcharge is the result of a
4 clerical error in computation. In case an interest greater than
5 that which is allowed by this section has been paid, the
6 borrower may within six months after payment recover from the
7 credit union the entire amount of interest paid, except when
8 such overcharge is the result of a clerical error in computation
9 in which case only the excess interest paid may be recovered.

10 (f) Additional powers of certain insured credit unions.--A
11 credit union insured by a share insurance fund other than the
12 National Credit Union Share Insurance Fund may make any loan
13 authorized by this title, at such interest, finance charge, rate
14 and terms as a credit union insured by the National Credit Union
15 Share Insurance Fund, except that the authority permitted under
16 this subsection shall not apply to the extension of credit for
17 the purchase of goods and services through the issuance and use
18 of credit cards.

19 § 511. Power to borrow.

20 (a) General rule.--A credit union may borrow from any source
21 a sum not exceeding 50% of its capital, surplus and undivided
22 earnings for the purpose of meeting the demand for loans to
23 members or for the purpose of meeting demands for share
24 withdrawals.

25 (b) Exception.--A credit union shall not borrow for the
26 purpose of making investments authorized by section 501(b)(7)
27 (relating to powers).

28 § 512. Loans.

29 Except as otherwise provided in this title, a credit union
30 may make loans to its members only. Loans must be made subject

1 to the conditions contained in the bylaws. A borrower may repay
2 his loan, in whole or in part, any day the office of the credit
3 union is open for business. No director, officer or member of
4 any committee may obtain a loan from the credit union in which
5 he holds office on terms, rates or conditions more favorable
6 than those granted to any other member or endorse a loan granted
7 by the credit union in which he holds office.

8 § 513. Reserves.

9 (a) General rule.--At the end of each accounting period the
10 gross income shall be determined. From this amount, there shall
11 be set aside, as a regular reserve against losses on loans and
12 against such other losses as may be specified by the Department
13 of Banking, sums in accordance with the following schedule:

14 (1) A credit union in operation for more than four years
15 and having assets of \$500,000 or more shall set aside:

16 (i) 10% of gross income until the regular reserve
17 shall equal 4% of the total of outstanding loans and risk
18 assets; then

19 (ii) 5% of gross income until the regular reserve
20 shall equal 6% of the total of outstanding loans and risk
21 assets.

22 (2) A credit union in operation less than four years or
23 having assets of less than \$500,000 shall set aside:

24 (i) 10% of gross income until the regular reserve
25 shall equal 7.5% of the total of the outstanding loans
26 and risk assets; then

27 (ii) 5% of gross income until the regular reserve
28 shall equal 10% of the total of outstanding loans and
29 risk assets.

30 (3) Whenever the regular reserve falls below the stated

1 percentage of the total of outstanding loans and risk assets,
2 it shall be replenished by regular contributions in such
3 amounts as may be needed to maintain the stated reserve
4 goals.

5 (4) All entrance fees collected shall be set aside in
6 the regular reserve fund.

7 (5) The regular reserve fund thus established shall not
8 be loaned out to members and shall be deposited as authorized
9 in section 501(b)(6) (relating to powers) or invested in such
10 investments as are authorized by section 501(b)(7). The
11 regular reserve fund shall belong to the credit union and
12 shall not be distributed except in case of liquidation. The
13 board of directors shall decide the loans which are to be
14 charged off against the regular reserve fund, except that the
15 Department of Banking may at the time of examination of a
16 credit union recommend for charge-off such loans which in its
17 opinion are unsound, which loans shall be charged against the
18 regular reserve fund within 60 days of the receipt of such
19 recommendation from the department. Any amount received from
20 the repayment of a loan after it has been charged off against
21 the regular reserve fund shall be credited back to the fund.

22 (6) The directors are authorized, after the required
23 reserve has been provided for, to make additional transfers
24 from undivided earnings to a contingent reserve for other
25 anticipated losses and expenses, but the members at the
26 annual meeting may retransfer any part or all of such
27 contingent reserve to the undivided earnings account.

28 (b) Changes in reserve requirement.--The department may
29 decrease the reserve requirement set forth in subsection (a)
30 when in its opinion such a decrease is necessary or desirable.

1 The department may also require special reserves to protect the
2 interests of members either by regulation or for an individual
3 credit union in any special case.

4 § 514. Dividends.

5 (a) General rule.--The board of directors of a credit union
6 or the members on recommendation of the board of directors,
7 whichever the bylaws provide, may declare dividends to be paid
8 on all shares and share certificates from the net earnings and
9 undivided earnings at such intervals and for such periods as the
10 board of directors may authorize and after provision for the
11 required reserves. Within the discretion of the board of
12 directors, payments on all shares which are made within the
13 first ten days of a month may be entitled to dividends for the
14 full month in which such payment is made. Dividends may be added
15 to the credit of the members share accounts, paid in cash, or
16 partially credited to share accounts and partially paid in cash,
17 at the option of the board of directors.

18 (b) Inactive accounts.--A share account may be transferred
19 to a special account if, for at least six years, there has been
20 no activity by the owner of the account and all written
21 communications from the credit union to the owner of the account
22 have been returned to the credit union with no forwarding
23 address. After the transfer the credit union may cease paying
24 dividends on the transferred account and may cease sending
25 notices to the owner. A member whose account has been
26 transferred may reclaim the funds from the credit union at any
27 time prior to the time the account is escheated. After escheat
28 reclaiming is governed by Article XIII.1 of the act of April 9,
29 1929 (P.L.343, No.176), known as The Fiscal Code.

30 § 515. Rights and liabilities of terminating members.

1 All amounts paid on shares of an expelled or withdrawing
2 member, with any dividends accredited thereto to the date
3 thereof, shall, as funds become available and after deducting
4 all amounts due from the member to the credit union, be paid to
5 him. The credit union may require 60 days' notice of intention
6 to withdraw shares. Withdrawing or expelled members shall have
7 no further rights in the credit union, but they shall not by
8 such withdrawal or expulsion be released from any remaining
9 liability to the credit union.

10 § 516. Adverse claims.

11 (a) General rule.--Notice to a credit union or Federal
12 credit union of an adverse claim against shares standing in the
13 name of any member shall not be effectual to cause the credit
14 union or Federal credit union to recognize such adverse claim,
15 unless the adverse claimant shall procure either an attachment
16 or proper restraining order against the credit union or Federal
17 credit union from a court of competent jurisdiction in a cause
18 of action therein instituted by him, wherein the member or his
19 legal representative is made a party in the manner provided by
20 law, or unless he shall execute to the credit union or Federal
21 credit union in form, and with sureties acceptable to it a bond
22 indemnifying the credit union or Federal credit union from any
23 liability, loss, damages, costs and expenses arising from the
24 recognition of such adverse claim.

25 (b) Exception.--This section shall not apply in any instance
26 where the person in whose name the shares are held is a trustee
27 for such adverse claimant, and the facts constituting such
28 relationship, as well as the facts showing reasonable cause of
29 belief on the part of the claimant that such trustee is about to
30 misappropriate the shares, are made to appear by verified

1 statement of such claimant.

2 § 517. Taxation.

3 A credit union incorporated under or subject to this title
4 shall be deemed an institution for savings, and its assets,
5 together with all the accumulation therein, shall not be subject
6 to taxation except as to real estate owned by it. The shares of
7 a credit union shall not be subject to a capital stock bonus tax
8 or a stock transfer tax when issued by the corporation.

9 CHAPTER 7

10 MEMBERS, DIRECTORS AND OFFICERS

11 Sec.

12 701. Membership.

13 702. Meetings.

14 703. Voting rights and procedures.

15 704. Notice to members.

16 705. Expulsion and withdrawal.

17 706. Election of directors and credit and supervisory
18 committee members.

19 707. Duties of directors generally.

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23 711. Procedures in the case of convicts.

24 712. Liability of directors and officers.

25 713. Loan procedures.

26 714. Annual examination.

27 § 701. Membership.

28 (a) General rule.--Credit union organizations shall be
29 limited to groups having a potential membership of 200 or more
30 adult persons and having a common bond of association within a

1 well defined community or rural district by reason of occupation
2 or of membership in a religious congregation or fraternal or
3 labor organization or residence within a well defined community
4 or rural district. A credit union may also retain its original
5 field of membership and, additionally, include in its field of
6 membership other occupational groups, as well as like
7 associational groups having a common bond with the original
8 field of membership, with insufficient number of members to form
9 or conduct the affairs of a separate credit union, if the
10 existing credit union obtains prior permission from the
11 Department of Banking. The membership of a credit union shall be
12 limited to and consist of the incorporators of the credit union
13 and such other persons, having the common bond of association,
14 set forth in the articles of incorporation, as have been duly
15 admitted members, have paid the entrance fee as provided in the
16 bylaws and own and retain one or more shares. Organizations
17 composed principally of the same group as the credit union
18 membership may be members. Employees of credit unions may be
19 members of such credit unions.

20 (b) Family members.--Persons who are members of the
21 immediate family of a member of the credit union may be elected
22 to membership.

23 (c) Trust and joint tenancy deposits.--Shares may be issued
24 in trust for or in joint tenancy with the right of survivorship
25 with any person designated by the credit union member, but no
26 joint tenant or beneficiary of a trust shall be permitted to
27 vote, obtain a loan, or hold office, unless he is within the
28 field of membership and is a qualified member in his own right.

29 (d) Continuation of membership.--Any member who leaves or
30 has left the field of membership and has not withdrawn all of

1 his share account shall not cease to be a member of the credit
2 union by reason thereof, and he shall have all of the rights and
3 obligations of membership including, but not limited to, the
4 right to retain and to add to his share account, and the right
5 to vote. Upon leaving the field of membership, the provisions of
6 this subsection shall apply to persons who have become members
7 of the credit union solely by reason of the provisions of
8 subsection (b), but the provisions of subsection (c) shall not
9 be affected by this subsection.

10 (e) Spouse of deceased member.--The unremarried widow or
11 widower of a deceased member may become a member of the credit
12 union.

13 § 702. Meetings.

14 The annual meeting shall be held at the time, place and in
15 the manner indicated in the bylaws. Special meetings may also be
16 held in the manner provided in the bylaws.

17 § 703. Voting rights and procedures.

18 At all meetings a member shall have but one vote,
19 irrespective of his shareholdings. There shall be no voting by
20 proxy, but any member, other than a natural person, may cast its
21 vote through an agent duly delegated and appointed agent in
22 writing.

23 § 704. Notice to members.

24 (a) General rule.--All written notices required by this
25 title to be given to members shall be delivered in person to
26 each member or mailed to each member at the address for such
27 member appearing on the records of the credit union.

28 (b) Notice of changes in fees, charges or policies.--Each
29 new member to a credit union shall be provided with written
30 notice by the respective credit union listing any fees, service

1 charges or policies regarding the transfer of funds to
2 noninterest bearing accounts. A new member and each existing
3 member shall subsequently be provided with similar written
4 notice if there is a change by the credit union in the amount or
5 type of fees or service charges or a change in the policy
6 regarding the transfer of funds to noninterest bearing accounts.
7 The credit union shall also provide such information to any
8 member upon request by that member.

9 § 705. Expulsion and withdrawal.

10 (a) Expulsion.--A member may be expelled:

11 (1) by a vote of a majority of the members present at a
12 regular or a special meeting called to consider the matter,
13 at which a quorum, as provided in the bylaws, is present, but
14 only after a hearing after due notice to the member of the
15 time and place of the meeting and of the reason or reasons
16 for such proposed expulsion; or

17 (2) by a vote of a two-thirds majority of the board of
18 directors present at a regular or special meeting called to
19 consider the matter if:

20 (i) the board has given the member notice of the
21 meeting and of the reason for proposed expulsion;

22 (ii) there is a quorum, as provided in the bylaws,
23 present at the meeting; and

24 (iii) there is a hearing on the matter at the
25 meeting.

26 (b) Withdrawal.--Any member may withdraw from the credit
27 union at any time, but notice of withdrawal may be required.

28 § 706. Election of directors and credit and supervisory
29 committee members.

30 (a) General rule.--At the organization meeting and at all

1 subsequent annual meetings, the credit union members shall elect
2 from the membership of the credit union a board of directors of
3 not less than five members, a credit committee of not less than
4 three members if the bylaws so provide, and a supervisory
5 committee of not less than three nor more than five members if
6 the bylaws so provide, all to hold office for such terms
7 respectively, as the bylaws provide and until successors are
8 duly qualified. A member shall not serve on more than one of the
9 committees. Not more than one member of the board, who shall not
10 be the treasurer or an assistant treasurer, may serve as a
11 member of the credit committee. A member of the board of
12 directors, treasurer or an assistant treasurer may not serve on
13 the supervisory committee.

14 (b) Report to department.--A statement in writing of the
15 names and addresses of the members of the board and the
16 committees and the officers shall be filed with the Department
17 of Banking within ten days after their election and
18 qualification. For failure to file such statements when due,
19 unless excused for cause, the credit union shall pay to the
20 department \$5 for each day of its delinquency.

21 § 707. Duties of directors generally.

22 The directors of a credit union shall have general management
23 of the affairs of the credit union and are specifically
24 required:

25 (1) To act on applications for membership.

26 (2) To determine interest rates on loans.

27 (3) To fix the amount of the surety bond which shall be
28 required of all officers and employees handling money which
29 amount shall be not less than the minimum schedule
30 established by the Department of Banking.

1 (4) To declare dividends or recommend dividends as
2 provided in the bylaws.

3 (5) To transmit or cause to be transmitted to the
4 members all proposed amendments to the bylaws.

5 (6) If the bylaws provide for appointed credit or
6 supervisory committees, to appoint individuals to serve on
7 the credit committee or the supervisory committee and to fill
8 vacancies in the board and in the credit committee until
9 successors are duly chosen and qualified.

10 (7) To determine the maximum individual share holdings
11 and, subject to the limitations contained in this title, the
12 maximum individual loan which can be made with or without
13 security.

14 (8) To have charge of investments, first mortgage loans
15 and loans to other credit unions and Federal credit unions
16 but not loans to members which are under the supervision of
17 the credit committee as otherwise provided in this title. The
18 board may, however, delegate, to the credit committee, the
19 authority to approve some or all first mortgage loans and, to
20 an investment committee or qualified individual, the
21 authority to make all or some investments, if the board first
22 establishes guidelines and standards for the approval and
23 making of such loans and investments in accordance with the
24 policies of the board of directors.

25 (9) To fix the amount of compensation of directors,
26 officers, committee members, the loan officer and employees.

27 (10) To determine whether, to what extent, and to what
28 class or classes of borrowers, if any, an interest refund is
29 to be made in any dividend period. Any such interest refund
30 shall be paid in proportion to the interest paid by each

1 borrower within any class during that dividend period. No
2 interest refund may be authorized unless a share dividend at
3 the rate of not less than 5% has been declared from the
4 earnings of that dividend period.

5 (11) To appoint alternate credit committee members as
6 needed to serve during incapacity or absence of the credit
7 committee members.

8 § 708. Officers.

9 At their organizational meeting and within 30 days following
10 each annual meeting of the members, the directors shall elect,
11 from their own number, either a president and one or more vice
12 presidents or a chairman and one or more vice chairmen; a
13 treasurer; and a secretary. The same individual may be both
14 treasurer and secretary. The directors may appoint one or more
15 assistant treasurers. The directors may appoint a membership
16 officer from among the members of the credit union, other than
17 the treasurer, an assistant treasurer, or a loan officer. The
18 directors may employ an officer in charge of operations, who
19 shall be under the direction and control of the board or of the
20 treasurer, as determined by the board of directors. The
21 membership officer or the officer in charge shall have the
22 authority to approve applications for membership under such
23 conditions as the directors may prescribe. The membership
24 officer or officer in charge so authorized shall submit to the
25 directors at each monthly meeting a list of approved or pending
26 applications for membership received since the previous monthly
27 meeting, together with such other related information as the
28 bylaws or the board may require.

29 § 709. Compensation of directors and officers.

30 A member of the board of directors and members of the credit

1 committee and the supervisory committee may be compensated if
2 the credit union paid a dividend of not less than 3% from the
3 earnings of the last preceding year. The Department of Banking
4 may prohibit or regulate the payment of compensation of
5 directors, committee members, and officers, exclusive of the
6 treasurer, if it deems such compensation excessive or if, in its
7 opinion, the financial condition of the credit union is not such
8 as to warrant the payment of such compensation.

9 § 710. Executive committee.

10 The directors may appoint from their own number an executive
11 committee of not less than three directors, who may be
12 authorized to act for the board in all respects, subject to such
13 conditions and limitations as prescribed by the board.

14 § 711. Procedures in the case of convicts.

15 (a) General rule.--No person who has been convicted of a
16 misdemeanor or a felony involving dishonesty, breach of trust or
17 violation of this title or corresponding provisions of prior law
18 may serve as an officer, director, committee member or employee
19 of a credit union unless the person:

20 (1) in the case of an officer, director or committee
21 member seeking office, has the unanimous approval of the
22 nominating committee of the credit union;

23 (2) in the case of an employee, has the approval of the
24 officer in charge of operations;

25 (3) in the case of an officer, including an officer in
26 charge of operations, director or committee member seeking
27 office, has the unanimous approval of the board of directors
28 of the credit union; or

29 (4) in the case of an employee, other than an officer in
30 charge of operations, has the approval of the board of

1 directors by a vote of at least two-thirds of the board of
2 directors.

3 (b) Disclosure statement.--Every officer, director,
4 committee member and employee shall sign a sworn statement
5 disclosing whether he has ever been convicted of a misdemeanor
6 or a felony involving dishonesty, breach of trust or violation
7 of this title or corresponding provisions of prior law.

8 § 712. Liability of directors and officers.

9 Directors and volunteer officers of State, Federal and out-
10 of-State credit unions shall be entitled to all the protection
11 and rights set forth in 42 Pa.C.S. Ch. 83 Subch. F (relating to
12 corporate directors' liability), if the membership, by bylaw,
13 adopts the standard of care set forth at 42 Pa.C.S. § 8363
14 (relating to standard of care and justifiable reliance).

15 § 713. Loan procedures.

16 (a) Credit committee.--If the bylaws provide for a credit
17 committee, the credit committee shall have the supervision of
18 all loans to members other than first mortgage loans, except to
19 the extent approval of such mortgage loans has been delegated to
20 the credit committee, and loans to other credit unions and
21 Federal credit unions.

22 (b) Conflict of interest.--No credit committee member, loan
23 officer or director of a credit union shall vote on the granting
24 of any loan in which such official or a member of his or her
25 immediate family has a beneficial interest.

26 (c) Applications.--Applications for loans shall be in
27 writing on a form prepared or approved for that purpose by the
28 credit committee or, in the absence of a credit committee, by
29 either the board of directors or a person delegated by the board
30 of directors; and all applications shall set forth the purpose

1 for which the loan is desired, the security, if any, offered,
2 and such other data as may be required. Within the meaning of
3 this section, a pledge of shares in the credit union or the
4 endorsement of a note may be deemed security.

5 (d) Approval by credit committee.--If the bylaws provide
6 for a credit committee, at least a majority of the members of
7 the credit committee shall pass on all loans, and no loan shall
8 be approved unless it is approved by a majority of the members
9 of the credit committee present and voting, unless the credit
10 committee has appointed one or more loan officers, and delegated
11 to such person the power to approve loans, share withdrawals of
12 amounts previously pledged as security for a loan, releases and
13 substitutions of security, within limits specified by the
14 committee. The credit committee shall meet as often as may be
15 necessary after due notice to each member.

16 (e) Approval by loan officer.--If the bylaws do not provide
17 for a credit committee, the board of directors shall appoint a
18 loan officer and delegate the powers of the credit committee
19 under subsection (d) to the loan officer.

20 (f) Reports.--Each loan officer shall furnish to the credit
21 committee or, in the absence of a credit committee, to the board
22 of directors a record of each loan approved or not approved by
23 such person within seven days of the date of the filing of the
24 application therefor.

25 (g) Procedure in absence of loan officer.--All loans not
26 approved by a loan officer shall be acted upon by the credit
27 committee or, in the absence of a credit committee, by the board
28 of directors or a director designated by the board of directors.

29 (h) Restrictions.--No individual shall have authority to
30 disburse funds of the credit union for any loan which has been

1 approved by such individual in his or her capacity as loan
2 officer. Not more than one member of the credit committee may be
3 appointed as loan officer.

4 § 714. Annual examination.

5 (a) Supervisory committee.--If the bylaws of the credit
6 union provide for a supervisory committee, the duties of the
7 supervisory committee shall be as follows:

8 (1) To make at least an annual examination of the
9 affairs of the credit union. The committee shall submit a
10 report to the board of directors and to the members at the
11 next annual meeting of the credit union.

12 (2) By unanimous vote, if it deems such action to be
13 necessary to the proper conduct of the affairs of the credit
14 union, to suspend any officer, director, or member of any
15 committee other than the supervisory committee. In such
16 event, the committee shall call the members of the credit
17 union together, within ten days of the suspension, to act on
18 such suspension. The members at the meeting called for this
19 purpose may sustain such suspension or remove such person
20 from office, or may reinstate such person.

21 (3) By majority vote, the supervisory committee may call
22 a special meeting of the members to consider any matter
23 submitted to it by the committee. The committee shall fill
24 vacancies in its own membership unless otherwise provided in
25 the bylaws.

26 (b) Default by supervisory committee.--Whenever the
27 supervisory committee fails to make the examinations, or reports
28 as provided in subsection (a)(1), the board of directors shall
29 remove from office the members of the supervisory committee and
30 appoint a new committee to make such examinations, or the board

1 may employ the services of a public accountant to make such
2 examinations. The charges for the services of such public
3 accountants shall be paid by the credit union. If the board of
4 directors under such circumstances fails or refuses to act, the
5 Department of Banking may, in addition to its other powers,
6 remove the members of the supervisory committee and issue an
7 order on the board of directors requiring such examinations to
8 be made by a public accountant at the expense of the credit
9 union.

10 (c) Examination by public accountant.--If the bylaws do not
11 provide for a supervisory committee, the board shall employ the
12 services of a public accountant to make examinations under
13 subsections (a) and (b). The charges for the services of the
14 public accountant shall be paid by the credit union.

15 CHAPTER 9

16 AMENDMENT OF ARTICLES

17 Sec.

18 901. Procedure for amendment of articles.

19 902. Articles of amendment.

20 903. Filing and review of articles of amendment.

21 904. Place of business.

22 § 901. Procedure for amendment of articles.

23 The articles of incorporation may be amended at any regular
24 or special meeting of the credit union, if written notice of the
25 meeting and of the proposed amendment or amendments is furnished
26 each member at least ten days prior to the meeting at which such
27 amendment or amendments will be considered. Notwithstanding
28 statutory provisions to the contrary, the articles of
29 incorporation may alternatively be amended by the members
30 through mail ballot voting as provided in the bylaws. Amendments

1 to the articles of incorporation must be approved by a majority
2 of the members present at any meeting at which the amendments
3 are considered or, in the case of a mail ballot, by a majority
4 of the members responding by mail ballot. The proposed
5 amendments shall be acted upon only in the event a quorum of the
6 members, as provided in the bylaws, is present or, in the case
7 of a mail ballot vote, a number of returned mail ballots equal
8 to the quorum of the members, as provided in the bylaws, exists.

9 § 902. Articles of amendment.

10 The articles of amendment shall be signed by an officer of
11 the credit union, and shall set forth:

12 (1) The name and principal place of business of the
13 credit union.

14 (2) The amendment or amendments as adopted by the
15 members.

16 (3) The date of the meeting at which the amendment, or
17 amendments, was adopted.

18 (4) That notice of the meeting at which the amendment,
19 or amendments, was considered, was given to each member as
20 provided in this title.

21 (5) That at the meeting at which the amendment, or
22 amendments, was considered, a quorum of the members was
23 present as provided in the bylaws.

24 (6) That the amendment, or amendments, was approved by a
25 majority of the members voting.

26 § 903. Filing and review of articles of amendment.

27 (a) General rule.--Articles of amendment shall be filed with
28 the Department of Banking. If the department finds that the
29 articles of amendment conform to law, it shall endorse its
30 approval thereon and forward the articles of amendment to the

1 Department of State. Upon receipt of the articles of amendment,
2 the Department of State shall file the same.

3 (b) Cross reference.--See 15 Pa.C.S. § 134 (relating to
4 docketing statement).

5 § 904. Place of business.

6 (a) Change in principal place of business.--A credit union
7 may change its place of business upon the filing of a statement
8 of change of principal place of business with the Department of
9 State and the Department of Banking.

10 (b) Branch offices and service facilities.--If a credit
11 union gives the Department of Banking prior written notification
12 and, in the case of branch offices, receives prior approval from
13 the department, it may establish and maintain, at locations
14 other than its principal place of business, additional branch
15 offices and service facilities to furnish services to its
16 members.

17 (c) Cross reference.--See 15 Pa.C.S. § 134 (relating to
18 docketing statement).

19 CHAPTER 11

20 CONVERSION, MERGER AND CONSOLIDATION

21 Sec.

22 1101. Conversion into Federal credit union.

23 1102. Conversion from Federal credit union.

24 1103. Merger and consolidation authorized.

25 1104. Adoption of plan.

26 1105. Articles of merger or consolidation.

27 § 1101. Conversion into Federal credit union.

28 (a) General rule.--A credit union may be converted into a
29 Federal credit union by complying with the following
30 requirements:

1 (1) The proposition for such conversion shall first be
2 approved by a majority vote of the directors of the credit
3 union who shall also set a date for the vote thereon by the
4 members. The vote of the members shall be conducted at a
5 meeting held on such date or by written ballot to be filed on
6 or before such date. Written notice of the proposition and of
7 the date set for the vote shall be given each member not more
8 than 30 nor less than ten days prior to such date. Approval
9 of the proposition shall be by the affirmative vote of a
10 majority of the members, in person or in writing.

11 (2) A statement of the result of the vote, certified by
12 an officer of the credit union shall be filed with the
13 Department of Banking within ten days after the vote is
14 taken.

15 (3) Promptly after the vote is taken and in no event
16 later than 90 days thereafter, if the proposition for
17 conversion was approved, the credit union shall take such
18 action as may be necessary under the applicable laws of the
19 United States to make it a Federal credit union, and within
20 ten days after receipt of the Federal credit union charter,
21 it shall file a copy of the charter thus issued with the
22 Department of State which shall furnish a copy thereof to the
23 Department of Banking. Upon such filing with the Department
24 of State, the credit union shall no longer be subject to any
25 of the provisions of this title. The successor Federal credit
26 union shall be vested with all of the assets and shall
27 continue to be responsible for all of the obligations of the
28 credit union thus converted to the same extent as though the
29 conversion had not taken place.

30 (b) Cross reference.--See 15 Pa.C.S. § 134 (relating to

1 docketing statement).

2 § 1102. Conversion from Federal credit union.

3 (a) General rule.--A Federal credit union may be converted
4 into a credit union subject to the provisions of this title by:

5 (1) Complying with all Federal requirements requisite to
6 enabling it to convert to a credit union or to cease being a
7 Federal credit union.

8 (2) Filing with the Department of Banking proof of
9 compliance with such Federal requirements in form
10 satisfactory to the department.

11 (3) Filing with the department articles of conversion
12 which shall set forth:

13 (i) The proposed name of the converted credit union.

14 (ii) The exact location of the principal place of
15 business of the credit union into which the Federal
16 credit union plans to become converted.

17 (iii) The number, names and addresses of the persons
18 to be the first directors of the converted credit union.

19 (iv) All other statements required by this title to
20 be set forth in original articles of incorporation in the
21 case of the formation of a credit union in so far as such
22 information is applicable to a Federal credit union
23 proposing to become converted into a credit union.

24 (b) Department of Banking review.--Immediately upon the
25 receipt of the articles of conversion, the department shall
26 conduct such examination as may be deemed necessary to ascertain
27 from the best sources of information at its command:

28 (1) Whether the name of the proposed credit union
29 conforms with the requirements of law for the name of a
30 credit union, and whether it is the same as one already

1 adopted or reserved by another person, or is so similar
2 thereto that it is likely to mislead the public.

3 (2) Whether the conversion is made for legitimate
4 purposes.

5 (3) Whether the interests of members and creditors are
6 adequately protected.

7 (4) Whether the proposed credit union meets all of the
8 requirements of this title and violates none of its
9 prohibitions applicable to a credit union incorporated under
10 this title.

11 (5) Whether the Federal credit union has complied with
12 the requirements of the laws of the United States as they
13 relate to the conversion of a Federal credit union into a
14 credit union.

15 Within 60 days after receipt of the articles of conversion, the
16 Department of Banking shall, upon the basis of the facts
17 disclosed by its investigation, either approve or disapprove
18 such articles.

19 (c) Approval action.--If the department approves the
20 articles, it shall register its approval thereon and shall
21 forward them to the Department of State for filing. Immediately
22 upon receipt of the approved articles of conversion, the
23 Department of State shall file the articles. The conversion
24 shall become effective immediately upon such filing and the
25 converted credit union shall have all the rights, privileges,
26 immunities and franchises of the Federal credit union, except
27 that it shall not thereafter acquire authority to engage in any
28 business or exercise any right which is forbidden to a credit
29 union when originally incorporated under this title.

30 (d) Disapproval action.--If the Department of Banking

1 disapproves the articles of conversion, it shall return them to
2 the Federal credit union desiring to become converted into a
3 credit union stating in detail its reasons for so doing.

4 (e) Cross reference.--See 15 Pa.C.S. § 134 (relating to
5 docketing statement).

6 § 1103. Merger and consolidation authorized.

7 (a) General rule.--A credit union subject to this title may
8 merge or consolidate with other credit unions, with Federal
9 credit unions, with out-of-State credit unions, or with a
10 combination of other credit unions, Federal credit unions and
11 out-of-State credit unions to form a credit union, Federal
12 credit union or out-of-State credit union.

13 (b) Approvals and conditions.--Before merging or
14 consolidating, the credit unions involved must obtain prior
15 approval from the Department of Banking. In the case of a merger
16 or consolidation with a Federal credit union, the merger or
17 consolidation shall be made pursuant to Federal law in addition
18 to the provisions of this title. In the case of a merger or
19 consolidation with an out-of-State credit union, the merger or
20 consolidation shall be made pursuant to the credit union law of
21 the state of incorporation of the out-of-State credit union or,
22 if credit unions incorporated in different states are involved,
23 pursuant to the credit union laws of the various states of
24 incorporation of the out-of-State credit unions in addition to
25 the provisions of this title.

26 § 1104. Adoption of plan.

27 (a) General rule.--The board of directors of each of the
28 credit unions, Federal credit unions or out-of-State credit
29 unions which desire to merge or consolidate shall, by resolution
30 adopted by at least a majority of all the members of each board,

1 approve a plan of merger or consolidation setting forth the
2 terms and conditions of the merger or consolidation and the mode
3 of carrying the same into effect, the manner and basis of
4 converting the shares of each credit union, Federal credit union
5 or out-of-State credit union into shares or other securities or
6 obligations of the surviving or new credit union, Federal credit
7 union or out-of-State credit union, and such other details and
8 provisions as are deemed necessary. Except where the approval of
9 the members is not required, the board of directors shall direct
10 that the plan be submitted to a vote of the members of such
11 credit union, Federal credit union or out-of-State credit union
12 entitled to vote thereon at an annual or special meeting of the
13 members to be held on not less than 15 days prior written notice
14 thereof given to each member of record, which notice shall state
15 the place, day, hour and purpose of the meeting and shall have,
16 included therein or enclosed therewith, a copy or summary of the
17 plan of merger or consolidation.

18 (b) Domestic approval.--The plan of merger or consolidation,
19 to form a surviving or new credit union, Federal credit union or
20 out-of-State credit union, shall be adopted upon receiving, if
21 the credit union is not the surviving institution, the
22 affirmative vote of at least a majority of the members voting
23 thereon or upon receiving, if the credit union is the surviving
24 institution, the affirmative vote of at least a majority of the
25 board of directors voting thereon.

26 (c) Federal or out-of-State approval.--The plan of merger or
27 consolidation shall be authorized, adopted or approved by each
28 of the merging or consolidating Federal credit unions and out-
29 of-State credit unions in accordance with applicable Federal or
30 State law.

1 § 1105. Articles of merger or consolidation.

2 (a) General rule.--Upon the adoption, pursuant to the
3 provisions of this chapter, of the plan of merger or
4 consolidation by the credit unions, Federal credit unions and
5 out-of-State credit unions desiring to merge or consolidate,
6 articles of merger or consolidation shall be executed by each
7 credit union, Federal credit union and out-of-State credit union
8 by a duly authorized officer of each credit union, Federal
9 credit union and out-of-State credit union, and shall set forth:

10 (1) The name and exact location of the principal place
11 of business of the surviving or new credit union, Federal
12 credit union or out-of-State credit union.

13 (2) The time and place of the meeting of the board of
14 directors at which the plan of merger or consolidation was
15 proposed and, except where approval of the members is not
16 required, the time and place of the meeting of the members of
17 each credit union, Federal credit union and out-of-State
18 credit union at which the plan of merger or consolidation was
19 authorized, adopted or approved, the kind and period of
20 notice given to the members, and the total vote by which the
21 plan was authorized, adopted or approved.

22 (3) In the case of a merger into a surviving credit
23 union, any changes desired to be made in the articles of the
24 surviving credit union, or, in the case of a consolidation
25 into a new credit union, all of the statements required by
26 this title to be set forth in the original articles in the
27 case of the formation of a credit union.

28 (4) The number, names and addresses of the persons to be
29 the first directors of the surviving or new credit union,
30 Federal credit union or out-of-State credit union.

1 (5) The plan of merger or consolidation.

2 (b) Department of Banking review.--The articles of merger or
3 consolidation shall be filed with the Department of Banking
4 which, immediately upon receipt thereof, shall conduct such
5 investigation as may be deemed necessary to ascertain from the
6 best sources at its command:

7 (1) Whether, if the articles are articles of
8 consolidation, the name of the proposed new credit union,
9 Federal credit union or out-of-State credit union conforms
10 with the requirements of law for the name of a credit union,
11 and whether it is the same as one already adopted or reserved
12 by another corporation or person, or is so similar thereto
13 that it is likely to mislead the public.

14 (2) Whether, if the merger or consolidation includes one
15 or more Federal credit unions, all requirements of the laws
16 of the United States pertaining thereto have been complied
17 with.

18 (3) Whether the interests of members and creditors are
19 adequately protected.

20 (4) Whether the credit unions including the surviving or
21 new credit union, have met all of the requirements of this
22 title and have violated none of its prohibitions applicable
23 to a credit union incorporated under this title.

24 (5) Whether, if the merger or consolidation includes an
25 out-of-State credit union, there is compliance with the
26 applicable requirements of the law of the state of
27 incorporation of the out-of-State credit union.

28 Within 60 days after receipt of the articles of merger or
29 consolidation, the Department of Banking shall, upon the basis
30 of the facts disclosed by its investigation, either approve or

1 disapprove such articles.

2 (c) Approval action.--If the department approves the
3 articles, it shall register its approval thereon and shall
4 forthwith forward them to the Department of State for filing;
5 and immediately upon receipt thereof, the Department of State
6 shall file the articles.

7 (d) Effect of merger or consolidation.--The merger or
8 consolidation shall become effective immediately upon such
9 filing and the surviving or new credit union, Federal credit
10 union or out-of-State credit union shall be vested with all the
11 assets and shall have all the rights, privileges, immunities and
12 franchises and shall be responsible for all the obligations of
13 the merging or consolidating credit unions, Federal credit
14 unions and out-of-State credit unions; but otherwise, if such
15 surviving or new credit union shall be a Federal credit union or
16 an out-of-State credit union, upon such filing by the Department
17 of State, the surviving or new Federal credit union or out-of-
18 State credit union shall no longer be subject to the provisions
19 of this title other than, in the case of an out-of-State credit
20 union, Chapter 15 (relating to out-of-State credit unions).

21 (e) Disapproval action.--If the Department of Banking shall
22 disapprove the articles, it shall return them to the credit
23 union, Federal credit union or out-of-State credit union from
24 which they were received, stating the reasons for such
25 disapproval.

26 (f) Cross reference.--See 15 Pa.C.S. § 134 (relating to
27 docketing statement).

28 CHAPTER 13

29 DISSOLUTION

30 Sec.

1 1301. Dissolution authorized.

2 1302. Approval of voluntary dissolution.

3 1303. Dissolution proceedings.

4 1304. Department of Banking supervision.

5 § 1301. Dissolution authorized.

6 Any credit union may elect to dissolve voluntarily and wind
7 up its affairs in the manner provided in this chapter. However,
8 if it shall appear to the Department of Banking, upon an
9 examination of the business, assets and affairs of the credit
10 union, that its assets will probably be insufficient to pay in
11 full its members and creditors, it shall take possession of the
12 business and property of the credit union and retain possession
13 until its affairs are finally liquidated.

14 § 1302. Approval of voluntary dissolution.

15 (a) General rule.--The procedure for voluntary dissolution
16 shall be as follows:

17 (1) A plan of dissolution, setting forth in detail the
18 number of liquidating trustees, which shall be one, three or
19 five, to be elected by the members, the amount of the bond
20 which shall be supplied by each of the liquidating trustees,
21 and the powers, duties and compensation of such trustees,
22 shall be adopted by a vote of at least two-thirds of all
23 directors of the credit union.

24 (2) A meeting of the membership shall be called for the
25 purpose of acting on the plan of dissolution. Written notice
26 setting forth the date and purpose of such meeting shall be
27 furnished each member at least ten days prior to the date of
28 the meeting. The plan of dissolution shall be adopted upon
29 the affirmative vote of a majority of the entire membership
30 of the credit union in person or by written ballot.

1 (3) Upon approval of the plan, the members shall
2 forthwith proceed to elect the number of liquidating trustees
3 provided for in the plan of dissolution. If more than one
4 liquidating trustee is to be elected, each member shall have
5 the right to multiply his vote by the number of trustees to
6 be elected and cast the whole number of such votes for one
7 candidate or distribute them among two or more candidates.
8 The candidates receiving the highest number of votes up to
9 the number of liquidating trustees to be chosen shall be
10 elected.

11 (4) A certificate of election to dissolve signed by a
12 duly authorized officer of the credit union shall be executed
13 and delivered to the Department of Banking. The certificate
14 shall set forth:

15 (i) The name of the credit union.

16 (ii) The exact location of its place of business.

17 (iii) The names and addresses of its officers and
18 directors.

19 (iv) The number of directors voting for, and the
20 number voting against, the proposed plan of voluntary
21 dissolution.

22 (v) The total number of members and the number of
23 members voting for, and the number voting against, the
24 proposed plan of voluntary dissolution.

25 (vi) The names and addresses of the proposed
26 liquidating trustees and the number of votes received by
27 every candidate for the position of liquidating trustee.

28 (vii) The amount of the bond required to be supplied
29 by each trustee.

30 (viii) A verified statement by each of the proposed

1 liquidating trustees stating that he is willing to serve
2 as liquidating trustee, subject to the provisions of this
3 chapter and to the terms of the proposed plan of
4 voluntary dissolution, that he will, so far as the duty
5 devolves upon him, diligently and honestly liquidate the
6 affairs of the credit union, and will not knowingly
7 violate or permit to be violated any of the provisions of
8 this chapter or of the proposed plan of voluntary
9 liquidation.

10 (ix) The proposed plan of voluntary dissolution.

11 (b) Department of Banking review.--Upon receipt of the
12 certificate of election to dissolve, the Department of Banking
13 shall conduct an examination or an investigation, or take such
14 other action as it deems necessary, to determine whether to
15 approve the plan of voluntary dissolution. If the department
16 determines that the plan of voluntary dissolution does not
17 prejudice the interests of members or creditors, it shall
18 endorse its approval on the certificate of election to dissolve
19 and send it to the Department of State for filing. If the
20 Department of Banking disapproves the plan, it shall return the
21 certificate to the credit union stating in detail its reasons
22 for doing so.

23 (c) Effect of filing certificate.--Upon the filing by the
24 Department of State of the certificate of election to dissolve,
25 the Department of State shall furnish a copy thereof to the
26 Department of Banking and the credit union. Upon such filing,
27 the credit union shall cease to transact its business and the
28 liquidating trustee or trustees shall commence the liquidation
29 of the credit union. The liquidating trustee or trustees shall
30 thereafter be authorized to carry out, in his own name or in

1 their own names as liquidating trustee or trustees of the credit
2 union, the powers granted to him or them by the plan of
3 voluntary dissolution and may sue and be sued for the purpose of
4 determining and enforcing the debts due the credit union and its
5 obligations.

6 (d) Cross reference.--See 15 Pa.C.S. § 134 (relating to
7 docketing statement).
8 § 1303. Dissolution proceedings.

9 (a) Collection and distribution of assets.--The liquidating
10 trustee or trustees shall proceed in the manner provided by the
11 Department of Banking to gather the assets, determine the
12 liabilities, and distribute the assets of the credit union until
13 its affairs are fully adjusted and wound up. Under this section
14 the department shall set forth the order of the distribution of
15 the assets. The provisions of this section on distribution of
16 assets apply whether the dissolution is voluntary or
17 involuntary.

18 (b) Proof of claims.--The liquidating trustee or trustees
19 shall notify all creditors and members appearing on the records
20 of the association, by notice sent to or given at the address
21 appearing for such creditor or member on the records or, if no
22 address appears there, at the last known address of the creditor
23 or member, of the amount which the records show to be due such
24 member or creditor. The liquidating trustee or trustees shall
25 also advertise, for three successive weeks in a newspaper of
26 general circulation and in a legal newspaper, if any, in the
27 county in which the credit union is located, that the credit
28 union is liquidating pursuant to a plan of voluntary
29 liquidation. The advertisement shall set forth a date not less
30 than 90 days after the date of the first published advertisement

1 before which all creditors or members must present their claims,
2 under oath or affirmation, to the trustee or trustees or be
3 bound by the amount shown on the records of the credit union to
4 be due them. Thereafter all claims shall be permanently barred.

5 (c) Limitation period.--Any claim which is rejected or
6 disallowed by the trustee or trustees shall be barred unless an
7 action is brought thereon within 90 days after mailing of the
8 notice of rejection or disallowance.

9 § 1304. Department of Banking supervision.

10 The Department of Banking shall continue to supervise the
11 credit union, in the hands of the liquidating trustee or
12 trustees, until the liquidation is complete and the affairs of
13 the credit union are fully settled.

14 CHAPTER 15

15 OUT-OF-STATE CREDIT UNIONS

16 Sec.

17 1501. Authorization to do business.

18 1502. Covenants by applicant.

19 1503. Supervision by Department of Banking.

20 1504. Revocation of authorization to do business.

21 § 1501. Authorization to do business.

22 (a) General rule.--A credit union organized in another state
23 may conduct business as a credit union in this Commonwealth with
24 the approval of the Department of Banking as long as a credit
25 union chartered under the laws of this Commonwealth is permitted
26 to do business in the state in which the credit union is
27 organized.

28 (b) Findings.--To grant approval the department must find
29 that the out-of-State credit union:

30 (1) Is a credit union organized under a statute similar

1 to this title.

2 (2) Is financially solvent.

3 (3) Has required account insurance acceptable to the
4 department.

5 (4) Is effectively examined and supervised by the
6 regulatory authority of the state in which it is organized.

7 (5) Needs to conduct business in this Commonwealth to
8 adequately serve its members in this Commonwealth.

9 § 1502. Covenants by applicant.

10 To conduct business in this Commonwealth, an out-of-State
11 credit union must agree to:

12 (1) Grant loans at rates not higher than those permitted
13 for credit unions incorporated under this title.

14 (2) Comply with the same consumer protection provisions
15 that apply to credit unions incorporated under this title.

16 (3) Accept service of process as contemplated by 42
17 Pa.C.S. § 5301(a)(2)(i) (relating to persons).

18 § 1503. Supervision by Department of Banking.

19 (a) General rule.--The Department of Banking may examine an
20 out-of-State credit union:

21 (1) to the same extent that a Pennsylvania credit union
22 is examined by the regulatory agency with jurisdiction over
23 credit unions in the state in which the out-of-State credit
24 union is incorporated; or

25 (2) pursuant to an agreement between the department and
26 the regulatory agency with jurisdiction over credit unions in
27 the state in which the out-of-State credit union is
28 incorporated.

29 (b) Reports of other examinations.--The department may
30 require, as a condition for permitting an out-of-State credit

1 union to operate or to continue to operate in this Commonwealth,
2 that the regulatory agency with jurisdiction over the out-of-
3 State credit union furnish reports of examination regarding the
4 out-of-State credit union to the department.

5 § 1504. Revocation of authorization to do business.

6 The Department of Banking may revoke the approval of an out-
7 of-State credit union to conduct business in this Commonwealth
8 if the department makes any of the following findings:

9 (1) The out-of-State credit union no longer meets the
10 requirements of section 1501 (relating to authorization to do
11 business).

12 (2) The out-of-State credit union has violated
13 Pennsylvania statutes or regulations or orders of the
14 department.

15 (3) The out-of-State credit union has engaged in a
16 pattern of unsafe or unsound credit union practices.

17 (4) Continued operation by the out-of-State credit union
18 is likely to have a substantially adverse impact on the
19 financial, economic or other interests of residents of this
20 Commonwealth served by the out-of-State credit union.

21 Section 303. Amendment of Title 20.

22 Sections 726 and 727 of Title 20 are amended to read:

23 § 726. Venue of nonprofit corporations.

24 Except as otherwise [specifically provided in Part III of
25 Title 15 (relating to corporations not-for-profit)] prescribed
26 by general rules, in exercising the jurisdiction [conferred upon
27 orphans' court divisions by rules of judicial administration] of
28 the court over the property or affairs of a [nonprofit] domestic
29 or foreign nonprofit corporation, the venue shall be in the
30 county where the registered office of the corporation is located

1 or deemed to be located for venue purposes or, in the absence of
2 a registered office within this Commonwealth, in a county where
3 any property held or controlled by the nonprofit corporation is
4 located.

5 § 727. Venue of cemetery companies.

6 Except as otherwise [specifically] provided in [Part III of]
7 Title [15] 9 (relating to [corporations not-for-profit]) burial
8 grounds) or prescribed by general rules, in exercising the
9 jurisdiction [conferred upon orphans' court divisions by rules
10 of judicial administration] of the court over the property or
11 affairs of a domestic or foreign cemetery company in matters
12 relating to burial grounds or to property held for the burial of
13 the dead or for the care or adornment of burial grounds, the
14 venue shall be in the county where the burial ground, or any
15 part thereof is located or, in the absence of any involved
16 burial grounds within this Commonwealth, in a county where any
17 property held or controlled by the cemetery company is located.

18 Section 304. Amendment of Title 22.

19 Section 501(a) of Title 22 is amended to read:

20 § 501. Appointment by nonprofit corporations.

21 (a) Appointment authorized.--Any nonprofit corporation, as
22 defined in [Part III of Title] 15 Pa.C.S. Pt.II Subpt. C
23 (relating to nonprofit corporations [not-for-profit])
24 maintaining a cemetery or any buildings or grounds open to the
25 public, or organized for the prevention of cruelty to children
26 or aged persons or animals, or one or more of such purposes, may
27 apply to the court of common pleas of the county of the
28 registered office of the corporation for the appointment of such
29 persons as the corporation may designate to act as policemen for
30 the corporation. The court, upon such application, may order and

1 decree such persons, or as many of them as it may deem proper
2 and necessary, to be such policemen.

3 * * *

4 Section 305. Amendment of Title 24.

5 Title 24 is amended by adding parts to read:

6 PART I

7 PRELIMINARY PROVISIONS

8 Chapter

9 1. General Provisions

10 CHAPTER 1

11 GENERAL PROVISIONS

12 Sec.

13 102. Definitions.

14 § 102. Definitions.

15 Subject to additional definitions contained in subsequent
16 provisions of this title which are applicable to specific
17 provisions of this title, the following words and phrases when
18 used in this title shall have the meanings given to them in this
19 section unless the context clearly indicates otherwise:

20 "Certificate of authority." An instrument in writing issued
21 by the department authorizing a person to engage in this
22 Commonwealth in the business or occupation specified in the
23 instrument.

24 "Department." The Department of Education of the
25 Commonwealth.

26 "State board." The State Board of Education of the
27 Commonwealth.

28 PART III

29 HIGHER EDUCATION

30 Chapter

1 § 6502. State board to prescribe standards.

2 (a) General rule.--The State board shall prescribe standards
3 and qualifications for all institutions entitled to apply to
4 themselves the designation of "college," "university" or
5 "seminary."

6 (b) Minimum standards.--No institution shall be authorized
7 to confer degrees in the arts, pure and applied science,
8 philosophy, literature, law, medicine and theology, or any of
9 them, unless it has:

10 (1) A minimum protective endowment of at least \$500,000,
11 beyond all indebtedness and assets invested in buildings and
12 apparatus for the exclusive purpose of promoting instruction,
13 except that, in the case of tax-supported institutions or
14 those maintained by religious or other eleemosynary
15 organizations, financial support or contributed services
16 equivalent in value to the endowment herein specified may be
17 substituted for such endowment.

18 (2) A faculty consisting of at least eight regular
19 professors who devote all their time to the instruction of
20 its higher education classes, unless the institution is
21 devoted to a specific subject in the arts, archaeology,
22 literature or science (medical and law schools excepted), in
23 which case the faculty shall consist of at least three
24 regular professors who devote all their time to the
25 instruction in the special branch for which the institution
26 is established, and two or more instructors or fellows in the
27 particular branch, who shall be provided to assist in the
28 instruction to be given the students for the promotion of
29 original investigation and in the development and growth of
30 the special branch of science to which such institution may

1 be devoted.

2 § 6503. Certification of institutions.

3 (a) General rule.--No person shall apply to itself, either
4 as part of its name or in any other manner, the designation of
5 "college," "university" or "seminary" in such a way as to give
6 the impression that it is an educational institution conforming
7 to the standards and qualifications prescribed by the State
8 board unless it shall have received from the department a
9 certificate of authority authorizing the institution to use such
10 designation, and, if the institution is authorized to confer
11 degrees, specifying the degrees which the institution is
12 authorized to confer.

13 (b) Exemptions.--Subsection (a) does not apply to:

14 (1) Any:

15 (i) Nonprofit corporation incorporated with the
16 approval of the department or the former Department of
17 Public Instruction under the former provisions of
18 sections 211 and 312 of the act of May 5, 1933 (P.L.289,
19 No.105), referred to as the Nonprofit Corporation Law of
20 1933, or otherwise incorporated with the power to confer
21 degrees under corresponding provisions of prior law.

22 (ii) Foreign nonprofit corporation that received a
23 certificate of authority as a qualified foreign
24 corporation from the Department of State with the
25 approval of the department or the former Department of
26 Public Instruction under the former provisions of section
27 902(4) of the Nonprofit Corporation Law of 1933, or
28 otherwise admitted to do business with the power to
29 confer degrees under corresponding provisions of prior
30 law.

1 For the purposes of this chapter, such a corporation shall be
2 deemed to be a holder of a certificate of authority issued
3 under this section authorizing the conferring of those
4 degrees that the institution was authorized by law to confer
5 immediately prior to the effective date of this chapter.

6 (2) Any corporation incorporated prior to September 1,
7 1937, the corporate name of which, or any unincorporated
8 person then conducting any educational institution, the trade
9 or fictitious name of which, included the designation
10 "college" or "university."

11 (c) Form of application.--Every application for a
12 certificate of authority under this section shall be made to the
13 department in writing and shall be in such form and contain such
14 information as the regulations of the department may require.

15 (d) Standards for issuance of certificate.--A certificate of
16 authority shall be issued by order of the department only if and
17 when the department finds and determines that:

18 (1) The application complies with the provisions of this
19 chapter, the regulations of the department thereunder, and
20 the standards and qualifications for institutions prescribed
21 by the State board thereunder.

22 (2) The courses of instruction, the standards of
23 admission to the institution and the composition of the
24 faculty appear to be sufficient and to conform to the
25 requirements of this chapter.

26 (3) The educational needs of the particular locality in
27 which the institution is to be situated and of the
28 Commonwealth at large are likely to be furthered by the
29 granting of the application.

30 (e) Procedure.--For the purpose of enabling the department

1 to make the finding or determination required by subsection (d),
2 the department shall, by publication of notice in the
3 Pennsylvania Bulletin, afford reasonable opportunity for
4 hearing, which shall be public, and, before or after any such
5 hearing, it may make such inquiries, audits and investigations,
6 and may require the submission of such supplemental studies and
7 information, as it may deem necessary or proper to enable it to
8 reach a finding or determination. The department, in issuing a
9 certificate of authority, may impose such conditions as it may
10 deem to be just and reasonable. In every case the department
11 shall make a finding or determination in writing, stating
12 whether or not the application has been approved, and, if it has
13 been approved in part only, specifying the part which has been
14 approved and the part which has been denied. Any holder of a
15 certificate of authority, exercising the authority conferred
16 thereby, shall be deemed to have waived any and all objections
17 to the terms and conditions of such certificate.

18 (f) Judicial review.--Orders of the department upon an
19 application for a certificate of authority under this section
20 shall be subject to judicial review in the manner and within the
21 time provided or prescribed by law.

22 § 6504. Fundamental changes.

23 (a) General rule.--It is unlawful for any institution
24 holding a certificate of authority under this chapter
25 authorizing the conferring of degrees to amend its articles of
26 incorporation, to merge or consolidate with any other
27 corporation or to divide or convert without first securing the
28 approval of the department with respect thereto.

29 (b) Form of application.--Every application for approval of
30 a fundamental change under this section shall be made to the

1 department in writing and shall be in such form and shall
2 contain such information as the department shall require.

3 (c) Standards for approval.--The amendment of articles,
4 merger, consolidation, division or conversion shall be approved
5 by order of the department only if and when the department finds
6 and determines that such fundamental change conforms to law,
7 including the regulations of the department under this chapter,
8 and the standards and qualifications for institutions prescribed
9 by the State board thereunder, and will result in an institution
10 which, under the then current provisions of this chapter and
11 standards and qualifications for institutions of the State board
12 thereunder, would be eligible to receive a certificate of
13 authority as an institution.

14 (d) Procedure.--The proceedings before the department shall
15 be subject to the provisions of section 6503(e) (relating to
16 procedure).

17 (e) Judicial review.--Orders of the department upon an
18 application for approval under this section shall be subject to
19 judicial review in the manner and within the time provided or
20 prescribed by law.

21 § 6505. Power to confer degrees.

22 A nonprofit corporation as defined in Title 15 (relating to
23 corporations and unincorporated associations) which receives a
24 certificate of authority under this chapter authorizing the
25 conferring of degrees may confer baccalaureate degrees in the
26 arts, science, philosophy or literature, but only upon students
27 who have completed a college or university course normally
28 covering four years, or such other degrees at the associate,
29 baccalaureate or advanced level as may be specified in the
30 certificate of authority. The qualifications of admission to

1 these four-year courses, or to advanced classes in these
2 courses, shall be not less than four years of academic or high
3 school preparation, or its equivalent, and shall be subject to
4 the standards promulgated by the State board.

5 § 6506. Visitation of institutions and revocation of authority.

6 (a) General rule.--Any institution holding a certificate of
7 authority under this chapter authorizing the conferring of
8 degrees shall be subject to visitation and inspection by
9 representatives of the department. If any such institution shall
10 fail to maintain the standards and qualifications prescribed by
11 the State board under this chapter the department may, after
12 notice to the institution and opportunity for hearing, suspend
13 or revoke the certificate of authority of the institution.

14 (b) Judicial review.--Orders of the department in any
15 proceeding relating to the suspension or revocation of a
16 certificate of authority of an institution under this section
17 shall be subject to judicial review in the manner and within the
18 time provided or prescribed by law.

19 § 6507. Institution names to be approved by department.

20 The Department of State shall not approve any corporate name
21 or register any assumed or fictitious or other name including
22 the words "college," "university" or "seminary" used in such a
23 way as to give the impression that the proprietor of such name
24 is an educational institution conforming to the standards and
25 qualifications prescribed by the State board, unless the
26 application for incorporation, qualification or change of name
27 or the application for registration is accompanied by a
28 certificate from the department that the corporation or proposed
29 corporation or the person or persons applying for registration
30 are entitled to use such designation.

1 § 6508. Restraining use of term "college," "university" or
2 "seminary."

3 Upon the application of the Attorney General, any court
4 having jurisdiction shall, in a proper case where a violation of
5 this chapter is shown, grant an injunction restraining the use
6 of the designation of "college," "university" or "seminary."

7 § 6509. Penalty for violation of chapter.

8 A person who violates this chapter commits a summary offense.

9 Section 306. Amendment of Title 54.

10 Section 311(f) of Title 54 is amended to read:

11 § 311. Registration.

12 * * *

13 (f) Required approvals.--The fictitious name shall not
14 contain:

15 (1) The words "college," "university" or "seminary" when
16 used in such a way as to imply that the entity is an
17 educational institution conforming to the standards and
18 qualifications prescribed by the State Board of Education
19 unless there is submitted a certificate from the Department
20 of Education certifying that the entity is entitled to use
21 such designation.

22 (2) The words "engineer" or "engineering" or "surveyor"
23 or "surveying" or any other word implying that any form of
24 the practice of engineering or surveying, as defined in the
25 act of May 23, 1945 (P.L.913, No.367), known as the
26 ["Professional Engineers Registration Law,["] is provided
27 unless at least one of the parties to the registration has
28 been properly registered with the State Registration Board
29 for Professional Engineers and there is submitted to the
30 department a certificate from the board to that effect.

(3) The words "bank," "banking," "banker" or "trust" or any other word implying that the entity is a bank, bank and trust company, savings bank, private bank or trust company, as defined in the act of November 30, 1965 (P.L.847, No.356), known as the ["]Banking Code of 1965,["] unless approved by the Department of Banking.

(4) The word "cooperative" or any abbreviation thereof unless it is subject to 15 Pa.C.S. Pt. II Subpt. D (relating to cooperative corporations) [or a statute thereby saved from repeal].

(5) The words "architect" or "architecture" or any other word implying that any form of the practice of architecture as defined in the act of December 14, 1982 (P.L.1227, No.281), known as the Architects Licensure Law, is provided unless at least one of the parties to the registration has been properly registered with the Architects Licensure Board in the practice of architecture and there is submitted to the department a certificate from the board to that effect.

(6) Any word or phrase not permitted by law to be filed under this chapter without governmental consent unless there is submitted to the department written evidence of such consent.

* * *

Section 307. Amendment of Title 69.

The heading of Title 69 is amended to read:

TITLE 69

[SAVING AND VALIDATING PROVISIONS]

SAVINGS ASSOCIATIONS

Section 308. Conforming cross references in unconsolidated statutes.

1 (a) Insurance Company Law.--References in the following act
2 enacted prior to July 1, 1971 (see 1 Pa.C.S. § 1937 (relating to
3 references to statutes and regulations)), to section 337.5 of
4 the act of May 17, 1921 (P.L.682, No.284), known as The
5 Insurance Company Law of 1921, shall be deemed to be a reference
6 to section 205 of this act and such act is repealed to the
7 extent inconsistent with this subsection: section 337.6 of the
8 act of May 17, 1921 (P.L.682, No.284), known as The Insurance
9 Company Law of 1921.

10 (b) Professional Association Act.--References in the
11 following act enacted prior to July 1, 1971 (see 1 Pa.C.S. §
12 1937 (relating to references to statutes and regulations)), to
13 the act of August 7, 1961 (P.L.941, No.416), known as the
14 Professional Association Act, shall be deemed to be a reference
15 to 15 Pa.C.S. Ch. 93 (relating to professional associations) and
16 such act is repealed to the extent inconsistent with this
17 subsection: sections 2, 8.4 and 8.6 of the act of May 26, 1947
18 (P.L.318, No.140), known as The C.P.A. Law.

19 (c) Electric Cooperative Corporation Act.--References in the
20 following act enacted prior to July 1, 1971 (see 1 Pa.C.S. §
21 1937 (relating to references to statutes and regulations)), to
22 the act of June 21, 1937 (P.L.1969, No.389), known as the
23 Electric Cooperative Corporation Act, shall be deemed to be a
24 reference to 15 Pa.C.S. Ch. 73 Subchs. A (relating to
25 preliminary provisions) and B (relating to powers, duties and
26 safeguards) and such act is repealed to the extent inconsistent
27 with this subsection: sections 2471.1(b) and 2472.2(k) of the
28 act of February 1, 1966 (1965 P.L.1656, No.581), known as The
29 Borough Code, added by section 1 of the act of December 30, 1982
30 (P.L.1465, No.333).

DIVISION IV

MISCELLANEOUS PROVISIONS

Section 401. Repeals.

(a) Except as otherwise expressly provided in this subsection, the following acts and parts of acts are repealed:

Act of May 5, 1899 (P.L.253, No.148), entitled "An act to allow Medical Colleges of the Commonwealth of Pennsylvania to confer diplomas in public health."

Act of May 5, 1933 (P.L.289, No.105), known as the Nonprofit Corporation Law of 1933.

Act of May 7, 1937 (P.L.585, No.150), entitled, as amended, "An act prohibiting the use of the designation of "college" by any institution not conforming to the standards of a college prescribed by the State Board of Education; and providing for injunctions, and penalties."

Act of June 21, 1937 (P.L.1969, No.389), known as the Electric Cooperative Corporation Act.

Section 513 of the act of December 14, 1967 (P.L.746, No.345), known as the Savings Association Code of 1967.

Act of June 12, 1968 (P.L.173, No.94), known as the Cooperative Agricultural Association Act.

Last sentence of section 403(a)(3) of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

Clauses (1) through (8) and (13) of section 3 of the act of July 12, 1972 (P.L.769, No.182), entitled "An act relating to certain documents, prescribing the fees for the Department of State and certain public officers, permitting the filing of certain documents appropriating the exclusive right to a corporate name, repealing the excise tax on the capital stock of domestic corporations and repealing inconsistent acts,"

1 absolutely; and all of said act, except section 9, insofar as it
2 relates to acts and transactions of the Corporation Bureau of
3 the Department of State or of any filing officer under the
4 Uniform Commercial Code.

5 Sections 3, 4 and 8 of the act of November 15, 1972
6 (P.L.1063, No.271), entitled "An act amending the act of
7 November 25, 1970 (P.L.707, No.230), entitled 'An act codifying
8 and compiling a part of the law of the Commonwealth,' adding
9 provisions relating to burial grounds, corporations, including
10 corporations not-for-profit, educational institutions, private
11 police, certain charitable or eleemosynary institutions, certain
12 nonprofit insurers, service of process on certain nonresident
13 persons, names, prescribing penalties and making repeals."

14 Act of July 30, 1975 (P.L.113, No.57), known as the Retail
15 Electric Supplier Unincorporated Area Certified Territory Act.

16 As much as reads "and acknowledge before an officer competent
17 to take acknowledgment of deeds," of the second sentence of
18 section 201 of the act of July 29, 1977 (P.L.105, No.38), known
19 as the Fraternal Benefit Society Code. If the Insurance
20 Commissioner shall approve under the act the incorporation,
21 merger, consolidation, conversion or division of any fraternal
22 benefit society or any other amendment of articles or other
23 fundamental change in the charter of any society under the act,
24 he shall deliver the papers relating thereto to the Department
25 of State. The provisions of sections 204 and 205 of the act
26 shall not apply to any fraternal benefit society incorporated
27 under the provisions of the Nonprofit Corporation Law of 1972
28 prior to January 29, 1978. The provisions of the act shall
29 control over Title 15 of the Pennsylvania Consolidated Statutes
30 (relating to corporations and associations) as provided in 15

1 Pa.C.S. § 103 (relating to subordination of title to regulatory
2 laws).

3 Sections 105 and 304(a)(6) of the act of December 21, 1988
4 (P.L.1444, No.177), known as the General Association Act of
5 1988.

6 (b) The following acts and parts of acts applicable to
7 insurance companies and corporations are repealed:

8 Act of November 27, 1865 (1866 P.L.1228, No.1119), entitled
9 "An act relating to the organization and meetings of certain
10 corporations, incorporated under the laws of this Commonwealth."

11 Act of April 15, 1869 (P.L.29, No.30), entitled "An act
12 requiring a majority of the directors or managers of
13 corporations to constitute a quorum."

14 Act of May 15, 1874 (P.L.186, No.118), entitled "An act to
15 authorize the issuing of letters patent to certain
16 corporations."

17 Act of June 17, 1887 (P.L.411, No.274), entitled "A further
18 supplement to an act, entitled 'An act to provide for the
19 incorporation and regulation of certain corporations,' approved
20 April twenty-ninth, one thousand eight hundred and seventy-four,
21 providing for the further regulation of such corporations."

22 Act of May 20, 1891 (P.L.101, No.77), entitled "An act
23 authorizing salaried officers of private or business
24 corporations to concurrently serve as directors therein."

25 Act of April 19, 1901 (P.L.80, No.51), entitled "An act to
26 regulate the number of directors in corporations chartered under
27 the laws of this Commonwealth."

28 Act of July 2, 1901 (P.L.603, No.298), entitled "An act
29 authorizing corporations, organized for profit, to purchase,
30 hold, sell, assign, transfer, mortgage, pledge, or otherwise

1 dispose of, the shares of capital stock of, or any bonds,
2 securities or evidences of indebtedness created by, any other
3 corporation."

4 Act of March 5, 1903 (P.L.14, No.17), entitled "An act
5 concerning proxies, authorizing representation and voting of
6 shares of capital stock of corporations at meetings and
7 elections thereof."

8 Act of March 16, 1905 (P.L.42, No.26), entitled "An act
9 providing for the voting of shares of stock in corporations in
10 this Commonwealth, held by executors, administrators, guardians,
11 and trustees, and the manner of voting the same."

12 Act of May 28, 1913 (P.L.336, No.222), entitled "An act
13 authorizing corporations of this Commonwealth to declare, at any
14 time or times, dividends out of new profits; and prescribing the
15 time within which the same shall be paid."

16 Act of March 30, 1921 (P.L.54, No.28), entitled "An act
17 permitting corporations to change the date of their annual
18 meeting as fixed by its charter."

19 Sections 104, 106, 203, 204, 205 (except the second
20 sentence), 207, 208, 209, 210 (insofar as it prohibits the use
21 of shares without par value), 211, 213, 214, 301.2, 302, 303,
22 304, 305, 306, 307, first and second paragraphs of section 308,
23 sections 309, 310, 311, 312, 313, first paragraph and as much of
24 the first sentence of the second paragraph as reads as follows
25 "provided for in the bylaws" of section 314, sections 315, 316,
26 322 (except subsections (d) and (e)), 323, 324, 325, 326, 327,
27 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 337.5, 338,
28 340, 341, 343, 344, 352, 355, 532, 607 (insofar as it prohibits
29 the use of shares without par value), 608, 751 and 752 of the
30 act of May 17, 1921 (P.L.682, No.284), known as The Insurance

1 Company Law of 1921. The provisions of The Insurance Company Law
2 of 1921 that have not been repealed by this act shall control
3 over the provisions of Title 15.

4 Act of March 15, 1923 (P.L.10, No.8), entitled "An act
5 relating to the recording of certificates of incorporation of
6 domestic corporations; providing for the recording of certified
7 copies thereof in certain cases; validating the recording of
8 such certified copies heretofore recorded; and making the record
9 of such certified copies competent evidence for all purposes."

10 Act of July 12, 1923 (P.L.1083, No.443), entitled "An act
11 authorizing corporations to issue stock at a price in excess of
12 the par value thereof."

13 Act of April 7, 1925 (P.L.183, No.131), entitled "An act
14 providing that certificates of association and articles of
15 incorporation or of any improvements, amendments, or alterations
16 thereto may be acknowledged and sworn or affirmed to before a
17 notary public or justice of the peace; validating such
18 acknowledgments made prior to the approval of this act."

19 Act of May 12, 1925 (P.L.615, No.329), entitled "An act
20 pertaining to corporations organized or doing business within
21 the Commonwealth; limiting the operation of their by-laws; and
22 providing for the execution of contracts, notes, mortgages, et
23 cetera, by such corporations."

24 Act of May 13, 1925 (P.L.679, No.368), entitled, as amended,
25 "An act authorizing corporations to issue stock to their
26 employes and to employes of their subsidiaries, and authorizing
27 such an issue without first offering such shares to the
28 stockholders, subject to certain limitations."

29 Act of April 27, 1927 (P.L.404, No.260), entitled "An act
30 prohibiting corporations from pleading usury as a defense."

1 Act of April 26, 1929 (P.L.794, No.341), entitled "An act
2 relating to mutual fire insurance companies incorporated under
3 any general or special law of the Commonwealth of Pennsylvania;
4 empowering any such company to regulate the number of, and the
5 manner of nominating directors, managers, or trustees thereof;
6 and providing a method for fixing the time of annual meetings of
7 members of any such company."

8 Act of April 30, 1929 (P.L.903, No.401), entitled "An act
9 relating to corporations; providing methods of determining what
10 stockholders shall be entitled to vote at meetings, or to
11 receive dividends, or allotments of rights, or to exercise
12 rights; and the effect thereon of transfers of stock within
13 sixty days of any election or meeting."

14 Act of May 16, 1945 (P.L.594, No.249), entitled, as amended,
15 "An act authorizing and empowering any corporation for profit,
16 and any mutual insurance company, mutual savings bank, or other
17 corporation on a mutual plan heretofore or hereafter organized
18 under any general or special law of this Commonwealth, by action
19 of its board of directors to make contributions for public and
20 charitable purposes; and ratifying certain contributions."

21 Section 5 of the act of June 28, 1951 (P.L.941, No.184),
22 entitled "An act authorizing certain existing beneficial or
23 protective societies, heretofore incorporated, to reincorporate,
24 or to merge and reincorporate, as limited life insurance
25 companies, for the purpose of making insurance upon the health
26 of individuals and against personal injury and disablement and
27 death, including endowment insurance; regulating such
28 corporations, and limiting the amounts for which such
29 corporations may issue policies."

30 Section 1 of the act of August 19, 1953 (P.L.1075, No.280),

1 entitled "An act authorizing corporations to grant stock
2 options, pensions and allowances, under certain circumstances;
3 and validating stock options, pensions and allowances heretofore
4 granted."

5 Act of August 14, 1963 (P.L.910, No.434), entitled "An act
6 authorizing certain domestic stock insurance companies to issue
7 stock having a par value of not less than one dollar per share,
8 and validating certain stock which any such corporation may
9 heretofore have been authorized to issue or issued."

10 (c) All acts and parts of acts relating to limited life
11 insurance companies are repealed insofar as inconsistent with
12 this act.

13 (d) The act of September 20, 1961 (P.L.1548, No.658), known
14 as the Credit Union Act, is repealed.

15 (e) All other parts of those acts which are specified in
16 this section and all other acts and parts of acts are repealed
17 insofar as they are in any manner inconsistent with this act.

18 Section 402. Preparation of act for printing.

19 In editing and preparing this act for printing in the Laws of
20 Pennsylvania, or pursuant to 1 Pa.C.S. Ch. 5 (relating to
21 official publication of the consolidated statutes), the Director
22 of the Legislative Reference Bureau shall insert the date of
23 enactment, pamphlet law page number and act number of this act
24 in the appropriate blanks of the enrolled bill version of this
25 act, without obtaining the approvals or marking the notations
26 required under 1 Pa.C.S. § 1105 (relating to editing statutes
27 for printing).

28 Section 403. Effective dates.

29 (a) Except as provided in subsection (b), this act shall
30 take effect immediately.

(b) The following provisions of law enacted by this act shall take effect as follows:

(1) Subchapter C of Chapter 1 of Title 15 (relating to Department of State and UCC fees) shall take effect on the first day of the third month following the month of enactment of this act.

(2) 15 Pa.C.S. § 1702(c) and the amendments to 15 Pa.C.S. § 1924(b) shall be retroactive to October 1, 1989.

(3) Section 1901(2), Chapters 73 and 75 and section 8562(b) of Title 15 shall take effect in four months. The amendment to 15 Pa.C.S. § 8562(b) shall not apply to any certificate of partnership interest issued or issuable on the effective date of the amendment.

(4) The amendments to Chapter 77 of Title 15 shall be retroactive to June 19, 1989.

(5) Title 17 (relating to credit unions) and section 401(d) of this act shall take effect in 60 days.

(6) The expansion of the scope of Subpart B of Part II of Title 15 to include insurance corporations as defined in section 201 and all related changes in law affecting insurance corporations, including the repeals provided in section 401(b), shall take effect in six months.

SOURCE NOTES

Section 102: The source notes for the amended or added provisions of Title 15 are as follows:

15 Pa.C.S. §102: Definitions of "corporation for profit" and "corporation not-for-profit" patterned after 15 Pa.C.S. §1103. Definitions of "credit union" and "insurance corporation" conformed to new 17 Pa.C.S. §102 and 15 Pa.C.S. §3102, respectively.

1 15 Pa.C.S. §105: Subsection (a) is derived from act of July
2 12, 1972 (P.L.769, No.182) (71 P.S. §803.1 et seq.).

3 15 Pa.C.S. §133: Reference to Title 13 in the first sentence
4 of subsection (a) and the balance of subsection (a) are new.

5 15 Pa.C.S. §134: Reference in second sentence of subsection
6 (a) to execution of docketing statement changed to submission of
7 the docketing statement.

8 15 Pa.C.S. §135: Paragraphs (a)(7) and (c)(2) and subsection
9 (d) are new.

10 15 Pa.C.S. §136: Provision in subsection (a) permitting a
11 person filing a document to request that it be filed at a later
12 date omitted in light of subsection (c). Reference in paragraph
13 (b)(2) to submission of evidence that a name has been reserved
14 is new. Last sentence of paragraph (b)(2) is new.

15 15 Pa.C.S. §139: Paragraphs (2) and (3) are new.

16 15 Pa.C.S. §140: New.

17 15 Pa.C.S. §151: Subsection (a) is patterned after act of
18 July 1, 1978 (P.L.700, No.124), §101 (63 P.S. §1401-101).
19 Subsection (b) is derived from act of July 12, 1972 (P.L.769,
20 No.182), §1 (71 P.S. §803.1).

21 15 Pa.C.S. §152: Definition of "ancillary transaction" is a
22 generalization of act of July 12, 1972 (P.L.769, No.182), §2 (71
23 P.S. §803.2). Definition of "Bureau Augmentation Account" is
24 patterned after act of July 1, 1978 (P.L.800, No.124), §301 (63
25 P.S. §1401-301).

26 15 Pa.C.S. §153: Derived generally from act of July 12, 1972
27 (P.L.769, No.182), §§3 through 5 (71 P.S. §§803.3 through
28 803.5). Subsection (a)(13) is a reenactment of act of December
29 21, 1988 (P.L.1444, No.177), §105 (15 P.S. §20105). Subsection
30 (a)(14) is substantially a reenactment of former 15 Pa.C.S.

1 §152(h) (first sentence).

2 15 Pa.C.S. §154: Subsections (a) through (c) are
3 substantially a reenactment of act of July 12, 1972 (P.L.769,
4 No.182), §§6 and 7 (71 P.S. §§803.6 and 803.7). Subsection (d)
5 is patterned after, inter alia, act of December 27, 1974
6 (P.L.995, No.326), §13(e) (63 P.S. §485.13(e)), as added by act
7 of May 9, 1986 (P.L.166, No.54), §1.

8 15 Pa.C.S. §155: Subsection (a) is patterned after act of
9 July 1, 1978 (P.L.700, No.124), §301 (63 P.S. §1401-301).
10 Subsection (b) is patterned after act of July 3, 1987 (P.L.459,
11 No.9A), §1005 and similar food and forage provisions of prior
12 general appropriation acts.

13 15 Pa.C.S. §161: Section renumbered from former §151 to
14 conform to new 15 Pa.C.S. Subch. 1C. Exclusion in subsection (e)
15 of associations that may be domesticated under 15 Pa.C.S. §6161
16 is new. Requirement in subsection (f) that associations be
17 foreign is new.

18 15 Pa.C.S. §162: Section renumbered from former §152 to
19 conform to new 15 Pa.C.S. Subch. 1C. Subparagraphs (b)(1)(ii)
20 and (b)(3)(ii) are new. Conforming changes to section numbers in
21 cross references in subsections (b)(2) and (f)(2). The first
22 clause of subsection (d)(2) is new. Title of filings changed.
23 Provision in subsection (e) on filing documents by telecopy or
24 other similar means omitted as supplied by 15 Pa.C.S. §135(d).
25 Paragraph (f)(2) is new. Filing fee in subsection (h) deleted as
26 supplied by new 15 Pa.C.S. §153(a)(14).

27 15 Pa.C.S. §521: Section made inapplicable to insurance
28 corporations. See 15 Pa.C.S. §1102, and Division II and section
29 401(b) of the act of , 1990 (P.L. , No.), known
30 as the GAA Amendments Act.

1 15 Pa.C.S. §522: Section made inapplicable to insurance
2 corporations. See 15 Pa.C.S. §1102, and Division II and section
3 401(b) of the act of _____, 1990 (P.L. _____, No. _____), known
4 as the GAA Amendments Act.

5 15 Pa.C.S. §523: Section made inapplicable to insurance
6 corporations. See 15 Pa.C.S. §1102, and Division II and section
7 401(b) of the act of _____, 1990 (P.L. _____, No. _____), known
8 as the GAA Amendments Act.

9 15 Pa.C.S. §524: New.

10 15 Pa.C.S. §1102: Former subsection (c)(3) deleted, making
11 insurance corporations subject to 15 Pa.C.S. Subpart IIB. See
12 Division II and section 401(b) of the act of _____, 1990
13 (P.L. _____, No. _____), known as the GAA Amendments Act.

14 15 Pa.C.S. §1103: Definition of "credit union" conformed to
15 15 Pa.C.S. §7902. Definition of "distribution" clarified with
16 respect to issuance of options, rights or warrants and upstream
17 guarantees. Citation in definition of "foreign insurance
18 corporation" corrected. Definitions of "insurance corporation"
19 and "qualified foreign business corporation" conformed to 15
20 Pa.C.S. §1102. Provision on exchange of shares for other
21 securities or obligations in definition of "reclassification" is
22 new. Definitions of "Exchange Act," "Internal Revenue Code of
23 1986," "Investment Company Act of 1940," "mutual insurance
24 company," "relax" and "Securities Act of 1933" are new.

25 15 Pa.C.S. §1104: Section references conformed to new 15
26 Pa.C.S. Subch. 1C, and reference to 15 Pa.C.S. §140 added.

27 15 Pa.C.S. §1106: Conforming changes made to subsection
28 (b)(3). Subsection (b)(4) is new.

29 15 Pa.C.S. §1108: Section renumbered from former §1107.

30 15 Pa.C.S. §1109: Section renumbered from former §1108.

1 15 Pa.C.S. §1110: Derived from act of March 4, 1971 (P.L.6,
2 No.2), §403(a)(3)(last sentence) (72 P.S. §7403(a)(3)(last
3 sentence)). Compare new 15 Pa.C.S. §5110.

4 15 Pa.C.S. §1303: Reference added in subsection (b)(1) to
5 filed articles that have not yet become effective. Reference in
6 subsection (b)(1) to limited partnership filings that block
7 corporate names limited to those filed in the Department of
8 State. Name of document evidencing consent of an association to
9 use of similar name changed to "statement." Subsection
10 (c)(1)(iii) conformed to the inclusion of insurance corporations
11 within the scope of Subpart IIB, and patterned in part after
12 former 15 Pa.C.S. §2121(b). See 15 Pa.C.S. §1102, and Division
13 II and section 401(b) of the act of , 1990 (P.L. ,
14 No.), known as the GAA Amendments Act.

15 15 Pa.C.S. §1306: Subsection (b) is new. Subsection (c)
16 redesignated from last sentence of subsection (a).

17 15 Pa.C.S. §1504: References to a contrary provision of the
18 articles and to 15 Pa.C.S. §§1724 and 1725 added in subsection
19 (b). Rule of subsection (d) conformed to 15 Pa.C.S. §1914(e).

20 15 Pa.C.S. §1508: Former subsection (d) deleted. As to new
21 subsection (d), see 15 Pa.C.S. §1306(a)(8). Subsection (e) is
22 new.

23 15 Pa.C.S. §1510: Subsection (b) and definition of
24 "affiliate" in subsection (c) are new.

25 15 Pa.C.S. §1521: Last sentence of subsection (b)(1)(i) is
26 new. Test for a distribution under subsection (b)(3) limited to
27 15 Pa.C.S. §1551(b)(2). Requirement that a provision of the
28 articles conferring a specifically enforceable right to a
29 distribution refer to subsection (b)(3) made optional if an
30 express reference to specific enforceability is set forth.

1 15 Pa.C.S. §1524: Reference to use of shares or other
2 securities or obligations of the issuing corporation as
3 consideration for shares added in subsection (a)(1). Exception
4 as to subsection (e) added in subsection (c). Date changed in
5 subsection (e) to conform to general effective date of the
6 General Association Act of 1988.

7 15 Pa.C.S. §1525: Rule of subsection (e) limited to shares
8 sold pursuant to a plan. Required vote in subsection (e)
9 conformed to vote required generally. Cf. 15 Pa.C.S. §1757(a).

10 15 Pa.C.S. §1528: Reference to 15 Pa.C.S. §1524(d) added in
11 subsection (d). Subsection (f) amended to require provision
12 creating uncertificated shares to be in the articles rather than
13 the bylaws.

14 15 Pa.C.S. §1530: Subsection (b) is new. Former subsections
15 (b) and (c) relating to preexisting preemptive rights omitted.

16 15 Pa.C.S. §1551: Effect of a provision on par value
17 clarified in subsection (a). Factors that the board may consider
18 when applying the test of subsection (b)(2) clarified in
19 subsection (c). Date of distribution clarified in subsection
20 (d). Subsection (e) conformed to Revised Model Business
21 Corporation Act §6.40(f) (1984). Subsection (g) is new.

22 15 Pa.C.S. §1553: Subsection (e) is new. Cf. 15 Pa.C.S.
23 §1306(a)(8).

24 15 Pa.C.S. §1554: Subsection (c) clarified. Subsection (d)
25 is new.

26 15 Pa.C.S. §1571: References to 15 Pa.C.S. §§2705(c) and
27 7104(b)(3) added in subsection (a) and conforming change made in
28 subsection (e). Rule of subsection (b)(2) limited to situations
29 in which subsection (b)(1) applies to conform to other
30 exceptions to the availability of dissenters rights (e.g. 15

1 Pa.C.S. §2537). Subsection (f) is new. Cf. 15 Pa.C.S.

2 §1306(a)(8).

3 15 Pa.C.S. §1572: The last sentence of the definition of
4 "corporation" is new.

5 15 Pa.C.S. §1576: References to timely action added in
6 subsection (a).

7 15 Pa.C.S. §1577: Subsections (c) and (d) clarified.

8 15 Pa.C.S. §1578: Subsection (b) clarified.

9 15 Pa.C.S. §1701: Subsection (b) is new. Cf. 15 Pa.C.S.
10 §1306(a)(8).

11 15 Pa.C.S. §1702: Final exception in subsection (b)
12 regarding a required notice that has not been given is new.
13 Subsections (c) and (d) are new.

14 15 Pa.C.S. §1703: First sentence of subsection (b) limited
15 to regular meetings. Second sentence of subsection (b) limited
16 to special meetings.

17 15 Pa.C.S. §1704: Requirement in first sentence of
18 subsection (c) that a notice comply with the express
19 requirements of Subpart IIB is new. The second sentence of
20 subsection (c) is new and is intended to make clear that State
21 law does not duplicate the disclosure requirements of 18 CFR
22 §240.10b-5. Compare Stroud v. Milliken Enterprises, Inc., 552
23 A.2d 476 (Del. 1989).

24 15 Pa.C.S. §1705: Omission of requirement in subsection (a)
25 that waiver of notice of special meeting of shareholders specify
26 the general nature of the business to be transacted patterned
27 after Delaware General Corporation Law §229.

28 15 Pa.C.S. §1708: Reference to a contrary bylaw is new.

29 15 Pa.C.S. §1721: The last sentences of subsections (a) and
30 (b) are new. Subsection (e)(3) is new. Subsection (f) limited to

1 directors generally competent to act.

2 15 Pa.C.S. §1722: Subsection (b) is new.

3 15 Pa.C.S. §1723: Subsection (b) is new.

4 15 Pa.C.S. §1724: Reference in subsection (b) to a contrary
5 provision of the articles is new.

6 15 Pa.C.S. §1725: The last sentence of subsection (a) is
7 derived from act of May 5, 1933 (P.L.364, No.106) §403 (first
8 sentence) (15 P.S. §1403 (first sentence)). Reference to type of
9 classified board clarified in subsection (b)(2). Cross reference
10 in subsection (d) to 15 Pa.C.S. §1758(c) is new.

11 15 Pa.C.S. §1726: Subsection (a)(5) is new. Subsection (e)
12 is new.

13 15 Pa.C.S. §1732: Subsection (d) is new.

14 15 Pa.C.S. §1746: Reference to 15 Pa.C.S. §2538 in
15 subsection (a) substituted for reference to repealed section.
16 The last sentence of subsection (b) is new. Cf. 15 Pa.C.S.
17 §1306(a)(8).

18 15 Pa.C.S. §1755: Reference to contrary provision of the
19 articles in second sentence of subsection (a) is new. Subsection
20 (d) is new.

21 15 Pa.C.S. §1756: Reference to 15 Pa.C.S. §3124 in
22 subsection (c) is new.

23 15 Pa.C.S. §1757: Provision on class vote in subsection (a)
24 is new.

25 15 Pa.C.S. §1758: Last sentence of subsection (a) amended to
26 provide enabling legislation for implementation of Rule 19c-4(d)
27 under the Securities Exchange Act of 1934 (17 CFR 240.19c-4(d)).
28 Availability of voting by ballot limited to situations where it
29 is required by vote of the shareholders.

30 15 Pa.C.S. §1759: The second sentence of subsection (b) is

patterned in part after Tex. Bus. Corp. Act §2.29. Subsection (e) is new.

15 Pa.C.S. §1763: Provisions on record date for determining shareholders entitled to call a special meeting or to propose an amendment of the articles added in subsection (b)(2).

15 Pa.C.S. §1765: Subsection (b) is new.

15 Pa.C.S. §1766: Provision restricting implementation of subsection (b) to the articles in the case of a registered corporation deleted to conform to amended 15 Pa.C.S. §2524.

15 Pa.C.S. §1767: Introductory clause added and reference to 15 Pa.C.S. §1981 corrected in subsection (a). Subsections (b)(2), (d) and (e) are new.

15 Pa.C.S. §1770: Omitted.

15 Pa.C.S. §1791: Cross reference in subsection (b) changed from 15 Pa.C.S. §4145 to 15 Pa.C.S. §3138.

15 Pa.C.S. §1792: Cross reference in subsection (c) changed from 15 Pa.C.S. §4145 to 15 Pa.C.S. §3138.

15 Pa.C.S. §1793: Cross reference in subsection (c) changed from 15 Pa.C.S. §4145 to 15 Pa.C.S. §3138.

15 Pa.C.S. §1901: Subsection (a)(2) is new.

15 Pa.C.S. §1903: Reference to "debtor" substituted for "bankrupt" in subsection (a). The last three sentences of subsection (b) and subsection (c) are derived from act of May 5, 1933 (P.L.364, No.106) §320 (15 P.S. §1320).

15 Pa.C.S. §1905: References to dissolution of the corporation and approval by the board are new. Reference to consent of shareholders added.

15 Pa.C.S. §1906: Reference in subsection (a) to a provision of the articles restricting the use of special treatment is new. References to groups clarified in subsection (a)(1)(i) and (b).

1 Subsection (d)(2) and(3) are new.

2 15 Pa.C.S. §1911: Reference to special treatment added in
3 subsection (a)(4). Subsection (c) is new.

4 15 Pa.C.S. §1912: Cross reference to 15 Pa.C.S. §1106(b)(4)
5 added in subsection (a).

6 15 Pa.C.S. §1914: References to preemptive rights and
7 cumulative voting in subsection (b)(2) are new. Former paragraph
8 (b)(3) omitted. Subsection (c)(2)(iv) is new. Reference in
9 subsection (e) to a bylaw adopted by the shareholders changed to
10 a reference to the articles.

11 15 Pa.C.S. §1921: The application of subsection (c) to share
12 exchanges and the last sentence of subsection (c) are new.

13 15 Pa.C.S. §1922: Reference to special treatment in
14 subsection (a)(4) clarified. Reference in subsection (d) to a
15 partnership, business trust or other association that approves a
16 plan is new.

17 15 Pa.C.S. §1923: Restriction in subsection (a) on
18 furnishing a copy of 15 Pa.C.S. Subch. 15D to classes or series
19 entitled to dissent is new.

20 15 Pa.C.S. §1924: Required vote in subsection (a) conformed
21 to 15 Pa.C.S. §1914(a). Applicability of subsection (b)(1)(i)
22 clarified.

23 15 Pa.C.S. §1931: Subsection (b)(2) clarified. Use of
24 special treatment in connection with a division clarified in
25 subsection (b)(4). Subsection (h) is new (Cf. 15 Pa.C.S.
26 §1952(h)).

27 15 Pa.C.S. §1952: Reference to special treatment in
28 subsection (a)(5) clarified. Application of subsection (h) to
29 proposal of division clarified. Date changed in subsection (h)
30 to conform to general effective date of the General Association

1 Act of 1988.

2 15 Pa.C.S. §1954: Former subparagraph (4)(ii) omitted.

3 15 Pa.C.S. §1957: Subsection (g) is new.

4 15 Pa.C.S. §1962: Reference to special treatment in

5 subsection (a)(3) clarified.

6 15 Pa.C.S. §1972: Section divided into two subsections.

7 15 Pa.C.S. §1974: Required vote in subsection (a) conformed

8 to 15 Pa.C.S. §1914(a).

9 15 Pa.C.S. §2101: Subsection (a)(3) is new. See 15 Pa.C.S.

10 §1102, and Division II and section 401(b) of the act of

11 , 1990 (P.L. , No.), known as the GAA Amendments

12 Act.

13 15 Pa.C.S. §2105: Subsection (c) is new.

14 15 Pa.C.S. §2121: Cross reference in subsection (b)

15 substituted for provision transferred to 15 Pa.C.S.

16 §1303(c)(1)(iii).

17 15 Pa.C.S. §2301: Applicability of subsection (d) conformed

18 to effective date of 15 Pa.C.S. Ch.23.

19 15 Pa.C.S. §2304: Citation for Securities Act of 1933

20 omitted in subsection (a).

21 15 Pa.C.S. §2309: Name of document filed under subsection

22 (a)(1) changed to "statement."

23 15 Pa.C.S. §2334: Subsection (b)(1)(iii) clarified.

24 15 Pa.C.S. §2502: Last sentence of paragraph (1) and

25 references to management companies are new.

26 15 Pa.C.S. §2524: Subsection (a) clarified. Cf. 15 Pa.C.S.

27 §1766(b).

28 15 Pa.C.S. §2525: New.

29 15 Pa.C.S. §2526: New.

30 15 Pa.C.S. §2538: Derived from former 15 Pa.C.S. §1770, as

1 added by the act of December 21, 1988 (P.L.1444, No.177).

2 15 Pa.C.S. §2541: Subsection (a)(3) is new.

3 15 Pa.C.S. §2542: Definition of "voting shares" patterned
4 after 15 Pa.C.S. §2552.

5 15 Pa.C.S. §2543: Subsection (b)(3) is new.

6 15 Pa.C.S. §2552: Definition of "Exchange Act" transferred
7 to 15 Pa.C.S. §1103.

8 15 Pa.C.S. §2554: Paragraph (1) expanded to cover share
9 exchanges and divisions.

10 15 Pa.C.S. §2701: Derived from former 15 Pa.C.S. §2701(a)
11 and (b). Subsection (c) patterned in part after 15 Pa.C.S.
12 §2501(c).

13 15 Pa.C.S. §2702: Derived from former 15 Pa.C.S. §2701(c).

14 15 Pa.C.S. §2703: New.

15 15 Pa.C.S. §2704: Derived from former 15 Pa.C.S. §§2702,
16 2703(a) and 2704.

17 15 Pa.C.S. §2705: Derived from former 15 Pa.C.S. §2703(b).

18 15 Pa.C.S. §2711: Subsection (a) is substantially a
19 reenactment of former 15 Pa.C.S. §2721. Subsection (b) is new.

20 15 Pa.C.S. §2712: Reenactment of 15 Pa.C.S. §2722.

21 15 Pa.C.S. §2721: Derived from former 15 Pa.C.S. §2711.

22 15 Pa.C.S. §2722: Substantially a reenactment of 15 Pa.C.S.
23 §2712.

24 15 Pa.C.S. §2923: Reference to beneficial ownership added in
25 subsection (a). Former subsection (b) omitted.

26 15 Pa.C.S. §3101: Patterned after 15 Pa.C.S. §2901.

27 15 Pa.C.S. §3102: Derived from 15 Pa.C.S. §1103 ("insurance
28 corporation").

29 15 Pa.C.S. §3121: Derived from act of May 17, 1921 (P.L.682,
30 No.284), §303 (40 P.S. §423).

1 15 Pa.C.S. §3122: Compare act of May 17, 1921 (P.L.682,
2 No.284), §421 (40 P.S. §591).

3 15 Pa.C.S. §3131: Derived from act of May 17, 1921 (P.L.682,
4 No.284), §308 (40 P.S. §429). Subsection (b) also derived from
5 act of May 17, 1921 (P.L.682, No.284), §208 (40 P.S. §388).

6 15 Pa.C.S. §3132: Derived from act of May 17, 1921 (P.L.682,
7 No.284), §314 (40 P.S. §437).

8 15 Pa.C.S. §3133: Derived from act of May 17, 1921 (P.L.682,
9 No.284), §§304 and 322(b) (40 P.S. §§424 and 445(b)).

10 15 Pa.C.S. §3134: Derived from act of May 17, 1921 (P.L.682,
11 No.284), §303 (40 P.S. §423).

12 15 Pa.C.S. §3135: Patterned after act of May 5, 1933
13 (P.L.364, No.106) §504A (15 P.S. §1504(A). Derived from act of
14 March 5, 1903 (P.L.14, No.17) (15 P.S. §429). See also act of
15 March 28, 1820 (P.L.169, No.113), §1.

16 15 Pa.C.S. §3136: Derived from act of May 17, 1921 (P.L.682,
17 No.284), §303 (40 P.S. §423).

18 15 Pa.C.S. §3137: New.

19 15 Pa.C.S. §3138: New.

20 15 Pa.C.S. §4101: Reference to insurance corporations
21 deleted from subsection (a). Applicability of subsection (b)(1)
22 clarified. Former subsection (c) omitted. See 15 Pa.C.S. §1102,
23 and Division II and section 401(b) of the act of ,
24 1990 (P.L. , No.), known as the GAA Amendments Act.

25 15 Pa.C.S. §4121: Subsection (c) is new. See 15 Pa.C.S.
26 §1102, and Division II and section 401(b) of the act of
27 , 1990 (P.L. , No.), known as the GAA Amendments
28 Act.

29 15 Pa.C.S. §4123: Reference to 15 Pa.C.S. §1306(c)(1)(iii)
30 in subsection (a) deleted.

1 15 Pa.C.S. §4125: Requirement that Department of State issue
2 a certificate of authority to do business deleted.

3 15 Pa.C.S. §4126: Requirement that Department of State issue
4 an amended certificate of authority to do business deleted.

5 15 Pa.C.S. §4128: Subsection (c) is new. See 15 Pa.C.S.
6 §1102, and Division II and section 401(b) of the act of ,
7 1990 (P.L. , No.), known as the GAA Amendments Act.

8 15 Pa.C.S. §4129: Requirement in subsection (a)(5) that
9 application for termination of authority state that official
10 publication of notice has been effected is new.

11 15 Pa.C.S. §4142: Subsection (c) is new.

12 15 Pa.C.S. §4146: Applicability of 15 Pa.C.S. §1782 limited
13 to actions or proceedings brought in the courts of this
14 Commonwealth.

15 15 Pa.C.S. §4161: Renunciation of original charter made
16 optional in subsection (b)(6).

17 15 Pa.C.S. §5103: The following definitions are new:
18 "corporation for profit," "corporation not-for-profit," "court,"
19 "department," "domestic corporation for profit," "domestic
20 corporation not-for-profit," "foreign corporation for profit,"
21 "foreign corporation not-for-profit," "foreign nonprofit
22 corporation" and "relax." Definition of "articles" patterned
23 after 15 Pa.C.S. §1103.

24 15 Pa.C.S. §5104: Section references conformed to new 15
25 Pa.C.S. Subch. 1C and reference to 15 Pa.C.S. §140 added.

26 15 Pa.C.S. §5110: Derived from act of November 15, 1972
27 (P.L.1063, No.271), §8 (15 Pa.C.S.A. §101 note).

28 15 Pa.C.S. §5301: Reference to a purpose of fraternal
29 benefit omitted in subsection (a). Subsection (b) is new.

30 15 Pa.C.S. §5303: Patterned after 15 Pa.C.S. §1303.

1 15 Pa.C.S. §5305: Patterned after 15 Pa.C.S. §1305.

2 15 Pa.C.S. §5306: Patterned after 15 Pa.C.S. §1306, except

3 that articles are not permitted to relax or be inconsistent with

4 the statute.

5 15 Pa.C.S. §5311: Patterned after 15 Pa.C.S. §1311.

6 15 Pa.C.S. §5341: Patterned after 15 Pa.C.S. §1341.

7 15 Pa.C.S. §5502: Patterned after 15 Pa.C.S. §1502.

8 15 Pa.C.S. §5507: Patterned after 15 Pa.C.S. §1507.

9 15 Pa.C.S. §5701: Cross reference to 15 Pa.C.S. §5707(a) is

10 new.

11 15 Pa.C.S. §5702: Subsections (a), (b) and (c) are patterned

12 after 15 Pa.C.S. §1702. Subsections (d), (e) and (f) are derived

13 from former 15 Pa.C.S. §5702.1.

14 15 Pa.C.S. §5703: Patterned after 15 Pa.C.S. §1703.

15 15 Pa.C.S. §5704: Patterned after 15 Pa.C.S. §1704.

16 15 Pa.C.S. §5705: Patterned after 15 Pa.C.S. §1705.

17 15 Pa.C.S. §5706: Patterned after 15 Pa.C.S. §1706.

18 15 Pa.C.S. §5707: Patterned after 15 Pa.C.S. §1707.

19 15 Pa.C.S. §5708: Patterned after 15 Pa.C.S. §1708.

20 15 Pa.C.S. §5721: Patterned after 15 Pa.C.S. §1721.

21 15 Pa.C.S. §5732: Patterned after 15 Pa.C.S. §1732.

22 15 Pa.C.S. §5734: Scope of section expanded to cover members

23 of an other body individually.

24 15 Pa.C.S. §5741: Patterned after 15 Pa.C.S. §1741.

25 15 Pa.C.S. §5742: Patterned after 15 Pa.C.S. §1742.

26 15 Pa.C.S. §5743: Patterned after 15 Pa.C.S. §1743.

27 15 Pa.C.S. §5744: Patterned after 15 Pa.C.S. §1744.

28 15 Pa.C.S. §5745: Patterned after 15 Pa.C.S. §1745.

29 15 Pa.C.S. §5746: Patterned after 15 Pa.C.S. §1746.

30 15 Pa.C.S. §5747: Patterned after 15 Pa.C.S. §1747.

1 15 Pa.C.S. §5748: Patterned after 15 Pa.C.S. §1748.
2 15 Pa.C.S. §5749: Patterned after 15 Pa.C.S. §1749.
3 15 Pa.C.S. §5750: Patterned after 15 Pa.C.S. §1750.
4 15 Pa.C.S. §5758: The first sentence of subsection (b) is
5 new and is intended to overrule Spaches v. Wright, 547 A.2d 415
6 (Pa. Super. 1988). The last sentence of subsection (b) is new.
7 15 Pa.C.S. §5916: Patterned after 15 Pa.C.S. §1916.
8 15 Pa.C.S. §5971: Patterned after 15 Pa.C.S. §1971.
9 15 Pa.C.S. §5972: Patterned after 15 Pa.C.S. §1972.
10 15 Pa.C.S. §5973: Patterned after 15 Pa.C.S. §1973.
11 15 Pa.C.S. §5974: Patterned after 15 Pa.C.S. §1974.
12 15 Pa.C.S. §5974.1: Omitted.
13 15 Pa.C.S. §5974.2: Omitted.
14 15 Pa.C.S. §5975: Patterned after 15 Pa.C.S. §1975.
15 15 Pa.C.S. §5976: Patterned after 15 Pa.C.S. §1976.
16 15 Pa.C.S. §5977: Patterned after 15 Pa.C.S. §1977.
17 15 Pa.C.S. §5978: Patterned after 15 Pa.C.S. §1978.
18 15 Pa.C.S. §5979: Patterned after 15 Pa.C.S. §1979.
19 15 Pa.C.S. §5989: Patterned after 15 Pa.C.S. §1989.
20 15 Pa.C.S. §5991: Patterned after 15 Pa.C.S. §1991.
21 15 Pa.C.S. §5992: Patterned after 15 Pa.C.S. §1992.
22 15 Pa.C.S. §5993: Patterned after 15 Pa.C.S. §1993.
23 15 Pa.C.S. §5994: Patterned after 15 Pa.C.S. §1994.
24 15 Pa.C.S. §5995: Patterned after 15 Pa.C.S. §1995.
25 15 Pa.C.S. §5996: Patterned after 15 Pa.C.S. §1996.
26 15 Pa.C.S. §5997: Patterned after 15 Pa.C.S. §1997.
27 15 Pa.C.S. §5998: Patterned after 15 Pa.C.S. §1998.
28 15 Pa.C.S. §6121: Patterned after 15 Pa.C.S. §4121.
29 15 Pa.C.S. §6122: Patterned after 15 Pa.C.S. §4122.
30 15 Pa.C.S. §6123: Patterned after 15 Pa.C.S. §4123.

1 15 Pa.C.S. §6124: Patterned after 15 Pa.C.S. §4124.
2 15 Pa.C.S. §6125: Patterned after 15 Pa.C.S. §4125.
3 15 Pa.C.S. §6126: Patterned after 15 Pa.C.S. §4126.
4 15 Pa.C.S. §6127: Patterned after 15 Pa.C.S. §4127.
5 15 Pa.C.S. §6128: Patterned after 15 Pa.C.S. §4128.
6 15 Pa.C.S. §6129: Patterned after 15 Pa.C.S. §4129.
7 15 Pa.C.S. §6130: Patterned after 15 Pa.C.S. §4130.
8 15 Pa.C.S. §6131: Patterned after 15 Pa.C.S. §4131.
9 15 Pa.C.S. §6144: Patterned after 15 Pa.C.S. §4144.
10 15 Pa.C.S. §6161: Patterned after 15 Pa.C.S. §4161.
11 15 Pa.C.S. §6162: Patterned after 15 Pa.C.S. §4162.
12 15 Pa.C.S. §7102: Subsections (b)(2)(ii) and (d) are new.
13 15 Pa.C.S. §7103: Subsection (b) conformed to new 15 Pa.C.S.
14 §7307.
15 15 Pa.C.S. §7104: New.
16 15 Pa.C.S. §7105: New.
17 15 Pa.C.S. §7106: New.
18 15 Pa.C.S. §7107: New.
19 15 Pa.C.S. §7301: Subsection (a) is derived from act of June
20 21, 1937 (P.L.1969, No.389), §1 (15 P.S. §12401). Subsection (b)
21 is derived from the act of July 30, 1975 (P.L.113, No.57), (15
22 P.S. §3277).
23 15 Pa.C.S. §7302: Subsection (a) is new. Subsection (b) is
24 derived from act of June 21, 1937 (P.L.1969, No.389), §38 (15
25 P.S. §12438).
26 15 Pa.C.S. §7303: Derived from act of June 21, 1937
27 (P.L.1969, No.389), §2 (15 P.S. §12402). The balance of the
28 definition of "person" appears in 1 Pa.C.S. §1991.
29 15 Pa.C.S. §7304: Derived from act of June 21, 1937
30 (P.L.1969, No.389), §5 (15 P.S. §12405).

1 15 Pa.C.S. §7305: Reenactment of act of June 21, 1937
2 (P.L.1969, No.389), §3 (15 P.S. §12403).

3 15 Pa.C.S. §7306: Derived from act of June 21, 1937
4 (P.L.1969, No.389), §6(a) (15 P.S. §12406(a)).

5 15 Pa.C.S. §7307: Substantially a reenactment of act of June
6 21, 1937 (P.L.1969, No.389), §7 (15 P.S. §12407).

7 15 Pa.C.S. §7308: Derived from act of June 21, 1937
8 (P.L.1969, No.389), §36 (15 P.S. §12436). No corresponding
9 provision is considered necessary for new Title 15 in general
10 because of the applicability of 1 Pa.C.S. §1928. This section is
11 not intended to imply that any other section of new Title 15 is
12 not to be construed liberally.

13 15 Pa.C.S. §7321: Derived from act of June 21, 1937
14 (P.L.1969, No.389), §§4 and 6(b) (15 P.S. §§12404 and 12406(b)).
15 The requirement of prior law for approval of the members after
16 60 days' notice for the authorization of debt is eliminated in
17 view of the repeal in 1956 of former section 7 of Article 16 of
18 the Constitution of 1874. Balance of former section 4 supplied
19 by new 15 Pa.C.S. §5502.

20 15 Pa.C.S. §7322: Reenactment of act of June 21, 1937
21 (P.L.1969, No.389), §11 (15 P.S. §12411).

22 15 Pa.C.S. §7323: Substantially a reenactment of act of June
23 21, 1937 (P.L.1969, No.389), §12 (15 P.S. §12412).

24 15 Pa.C.S. §7324: Reenactment of act of June 21, 1937
25 (P.L.1969, No.389), §13 (15 P.S. §12413).

26 15 Pa.C.S. §7325: Derived from act of June 21, 1937
27 (P.L.1969, No.389), §§14 and 15 (15 P.S. §§12414 and 12415).
28 Balance of sections supplied by new 15 Pa.C.S. §§5704 and 5755.

29 15 Pa.C.S. §7326: Reenactment of act of June 21, 1937
30 (P.L.1969, No.389), §16 (15 P.S. §12416).

1 15 Pa.C.S. §7327: Reenactment of act of June 21, 1937
2 (P.L.1969, No.389), §17 (15 P.S. §12417).

3 15 Pa.C.S. §7328: Derived from act of June 21, 1937
4 (P.L.1969, No.389), §18 (15 P.S. §12418). Reference to the
5 bylaws is added.

6 15 Pa.C.S. §7329: Derived from act of June 21, 1937
7 (P.L.1969, No.389), §§19, 20 and 21 (15 P.S. §§12419, 12420 and
8 12421). Balance of sections supplied by new 15 Pa.C.S. §§5721,
9 5722, 5724, 5725(a) and 5730.

10 15 Pa.C.S. §7330: Reenactment of act of June 1, 1937
11 (P.L.1969, No.389), §26 (15 P.S. §12426).

12 15 Pa.C.S. §7331: Derived from act of June 21, 1937
13 (P.L.1969, No.389), §§28 and 29.1 (15 P.S. §§12428 and 12429a).
14 Balance of sections supplied by new 15 Pa.C.S. Ch. 59C.

15 15 Pa.C.S. §7332: Derived from act of June 21, 1937
16 (P.L.1969, No.389), §29 (15 P.S. §12429). Balance of section
17 supplied by new 15 Pa.C.S. Ch. 59F.

18 15 Pa.C.S. §7333: Substantially a reenactment of act of June
19 21, 1937 (P.L.1969, No.389), §31 (15 P.S. §12431).

20 15 Pa.C.S. §7334: Derived from act of June 21, 1937
21 (P.L.1969, No.389), §32 (15 P.S. §12432).

22 15 Pa.C.S. §7335: Derived from act of June 21, 1937
23 (P.L.1969, No.389), §33 (15 P.S. §12433). The reference to the
24 act of December 5, 1972 (P.L.1280, No.284) (70 P.S. §1-101 et
25 seq.) is added.

26 15 Pa.C.S. §7351: Derived from act of July 30, 1975
27 (P.L.113, No.57), §§1.1 and 9 (15 P.S. §§3277.1 and 3285).

28 15 Pa.C.S. §7352: Derived from act of July 30, 1975
29 (P.L.113, No.57), §2 (15 P.S. §3278). The definition of
30 "association or cooperative corporation" is supplied by new 15

1 Pa.C.S. §7302.

2 15 Pa.C.S. §7353: Reenactment of act of July 30, 1975
3 (P.L.113, No.57), §3 (15 P.S. §3279).

4 15 Pa.C.S. §7354: Substantially a reenactment of act of July
5 30, 1975 (P.L.113, No.57), §4 (15 P.S. §3280).

6 15 Pa.C.S. §7355: Substantially a reenactment of act of July
7 30, 1975 (P.L.113, No.57), §5 (15 P.S. §3281).

8 15 Pa.C.S. §7356: Reenactment of act of July 30, 1975
9 (P.L.113, No.57), §6 (15 P.S. §3282).

10 15 Pa.C.S. §7357: Reenactment of act of July 30, 1975
11 (P.L.113, No.57), §7 (15 P.S. §3283).

12 15 Pa.C.S. §7358: Substantially a reenactment of act of July
13 30, 1975 (P.L.113, No.57), §8 (15 P.S. §3284).

14 15 Pa.C.S. §7359: Substantially a reenactment of act of July
15 30, 1975 (P.L.113, No.57), §10 (15 P.S. §3286).

16 15 Pa.C.S. §7501: Derived from act of June 12, 1968
17 (P.L.173, No.94), §1 (15 P.S. §12101).

18 15 Pa.C.S. §7502: Derived from act of June 12, 1968
19 (P.L.173, No.94), §§4, 5 and 33 (15 P.S. §§12104, 12105 and
20 12133).

21 15 Pa.C.S. §7503: Derived from act of June 12, 1968
22 (P.L.173, No.94), §4 (15 P.S. §12104). The definition of
23 "person" appears in 1 Pa.C.S. §1991. The definitions of
24 "delegate" and "department" are added.

25 15 Pa.C.S. §7504: Derived from act of June 12, 1968
26 (P.L.173, No.94), §§2 and 3 (15 P.S. §§12102 and 12103). The
27 last clause of the first sentence of subsection (a) is not
28 intended to imply that any other section of new Title 15 is not
29 to be construed liberally. No provision for liberal construction
30 is considered necessary for new Title 15 in general because of

1 the applicability of 1 Pa.C.S. §1928.

2 15 Pa.C.S. §7505: Derived from act of June 12, 1968
3 (P.L.173, No.94), §8 (15 P.S. §12108). Requirement of prior law
4 for Pennsylvania citizenship changed to the requirement set
5 forth in the text.

6 15 Pa.C.S. §7506: Substantially a reenactment of act of June
7 12, 1968 (P.L.173, No.94), §9 (15 P.S. §12109).

8 15 Pa.C.S. §7507: Derived from act of June 12, 1968
9 (P.L.173, No.94), §10 (15 P.S. §12110). Balance of section
10 supplied by the provisions of new Part II of Title 15 made
11 applicable by this section. See new 15 Pa.C.S. §§1306 and 5306.

12 15 Pa.C.S. §7521: Derived from act of June 12, 1968
13 (P.L.173, No.94), §12 (15 P.S. §12112). See new 15 Pa.C.S.
14 §§1502 and 5502.

15 15 Pa.C.S. §7522: Derived from act of June 12, 1968
16 (P.L.173, No.94), §12.2(a) (last sentence) (15 P.S. §12112.2(a)
17 (last sentence)). Balance of section supplied by new 15 Pa.C.S.
18 §§1508 and 5508.

19 15 Pa.C.S. §7523: Substantially a reenactment of act of June
20 12, 1968 (P.L.173, No.94), §13 (15 P.S. §12113).

21 15 Pa.C.S. §7524: Derived from act of June 12, 1968
22 (P.L.173, No.94), §14 (15 P.S. §12114). The first clause of
23 subsection (f) is patterned in general after Ohio Rev. Code Ann.
24 §1729.10(F) (Page Supp. 1981). Although payment of a dividend in
25 excess of 8% will not be a violation of this section, payment of
26 such a dividend by a corporation not organized on the one
27 member/one vote principle may fail to qualify for the antitrust
28 exemptions contained in the Capper-Volstead Act, 7 U.S.C. §291.
29 Provisions on the form of membership and share certificates are
30 supplied by new 15 Pa.C.S. §§1528 and 5753. Provision on

1 preemptive rights is supplied by new 15 Pa.C.S. §1530.

2 15 Pa.C.S. §7525: Substantially a reenactment of act of June
3 12, 1968 (P.L.173, No.94), §15 (15 P.S. §12115). Reference to
4 the board of directors in subsection (a) is omitted as supplied
5 by new 15 Pa.C.S. §1502(c).

6 15 Pa.C.S. §7526: Substantially a reenactment of act of June
7 12, 1968 (P.L.173, No.94), §16 (15 P.S. §12116).

8 15 Pa.C.S. §7527: Derived from act of June 12, 1968
9 (P.L.173, No.94), §18 (15 P.S. §12118). Provisions on proxy
10 voting are supplied by new 15 Pa.C.S. §§1759 and 5759.

11 15 Pa.C.S. §7528: Derived from act of June 12, 1968
12 (P.L.173, No.94), §19 (15 P.S. §12119). Provisions on
13 organizational meeting of incorporators and notice of meetings
14 of members or delegates are supplied, respectively, by new 15
15 Pa.C.S. §§1320 and 5320 and new 15 Pa.C.S. §§1704 and 5704.

16 15 Pa.C.S. §7529: Derived from act of June 12, 1968
17 (P.L.173, No.94), §§20 and 29 (15 P.S. §§12120 and 12129). See
18 new 15 Pa.C.S. Chs. 19 and 59.

19 15 Pa.C.S. §7530: Substantially a reenactment of act of June
20 12, 1968 (P.L.173, No.94), §21 (15 P.S. §12121). See new 15
21 Pa.C.S. §1504 and 5504.

22 15 Pa.C.S. §7531: Derived from act of June 12, 1968
23 (P.L.173, No.94), §§22(a), (c), (d) and 27(d) (15 P.S.
24 §§12122(a), (c), (d) and 12127(d)). Provisions of former
25 subsection 22(b) are supplied by new 15 Pa.C.S. §§1703, 1724,
26 1725, 1727, 5703, 5724, 5725 and 5727. Compare new 15 Pa.C.S.
27 §5754.

28 15 Pa.C.S. §7532: Reenactment of act of June 12, 1968
29 (P.L.173, No.94), §24(a) (15 P.S. §12124(a)). Provision for the
30 removal of officers is supplied by new 15 Pa.C.S. §§1733 and

1 5733.

2 15 Pa.C.S. §7533: Reenactment of act of June 12, 1968
3 (P.L.173, No.94), §23 (15 P.S. §12123).

4 15 Pa.C.S. §7534: Substantially a reenactment of act of June
5 12, 1968 (P.L.173, No.94), §25 (15 P.S. §12125).

6 15 Pa.C.S. §7535: Substantially a reenactment of act of June
7 12, 1968 (P.L.173, No.94), §§17 and 26 (15 P.S. §§12117 and
8 12126). See new 15 Pa.C.S. §§1526 and 5553. Reference in
9 subsection (a) to "money or other property delivered by the
10 member to the association" is intended to include patronage,
11 capital retains, reserves, surplus to capital and all other
12 proceeds attributable thereto.

13 15 Pa.C.S. §7536: Derived from act of June 12, 1968
14 (P.L.173, No.94), §27(a), (b), (c) and (e) (15 P.S. §12127(a),
15 (b), (c) and (e)).

16 15 Pa.C.S. §7537: Substantially a reenactment of act of June
17 12, 1968 (P.L.173, No.94), §28 (15 P.S. §12128), except that the
18 last sentence is omitted as obsolete.

19 15 Pa.C.S. §7538: Substantially a reenactment of act of June
20 12, 1968 (P.L.173, No.94), §30 (15 P.S. §12130).

21 15 Pa.C.S. §7701: New.

22 15 Pa.C.S. §7702: Section renumbered from former 15 Pa.C.S.
23 §7701.

24 15 Pa.C.S. §7703: Section renumbered from former 15 Pa.C.S.
25 §7702.

26 15 Pa.C.S. §7704: Section renumbered from former 15 Pa.C.S.
27 §7703. Provisions on approval of articles deleted in subsections
28 (b) and (c). Subsection (d) is derived from former 15 Pa.C.S.
29 §7704.

30 15 Pa.C.S. §7720: References to recording and approval of

1 amendments deleted in subsection (b). Reference to 15 Pa.C.S.
2 §134 in subsection (b) is new.

3 15 Pa.C.S. §7721: Reference to chapter in subsection (b)(3)
4 is new.

5 15 Pa.C.S. §7726: Patterned after 15 Pa.C.S. §7538.

6 15 Pa.C.S. §7727: Section renumbered from former 15 Pa.C.S.
7 §7726. Reference to June 19, 1989 in subsection (a) is new.

8 15 Pa.C.S. §8102: Reference to credit union in subsection
9 (b)(2) is new.

10 15 Pa.C.S. §8103: Derived from former 15 Pa.C.S. §8571.

11 15 Pa.C.S. §8503: Reference to merger, consolidation or
12 other transaction in paragraph (2) of the definition of "court"
13 is new.

14 15 Pa.C.S. §8511: Subsections (a)(4) and (d) are new.

15 15 Pa.C.S. §8512: Former subsection (b)(4) deleted.

16 15 Pa.C.S. §8516: Subsection (b) is new.

17 15 Pa.C.S. §8545: The last sentence of subsection (c) is
18 new.

19 15 Pa.C.S. §8558: Period of limitations in subsection (b)
20 reduced from four years.

21 15 Pa.C.S. §8562: Subsection (b) amended to require
22 authorization of certificated partnership interests to be in
23 certificate of limited partnership. See section 403(b)(3) of the
24 act of , 1990 (P.L. , No.), known as the GAA Amendments
25 Act. Cross reference in subsection (b) to 13 Pa.C.S. §8102 is
26 new.

27 15 Pa.C.S. §8571: Former subsection (c) (and cross reference
28 thereto in subsection (a)) omitted as supplied by new 15 Pa.C.S.
29 §8103.

30 15 Pa.C.S. §8575: Period of limitations in subsection (a)(2)

1 reduced from four years. Cf. 15 Pa.C.S. §1979(a)(2).

2 15 Pa.C.S. §8701: Limited partners removed from scope of
3 subsection (a)(3).

4 15 Pa.C.S. §9102: Typographical correction.

5 15 Pa.C.S. §9501: Subsection (a)(2) is new and is intended
6 as a clarification of existing law.

7 15 Pa.C.S. §9502: Paragraph (4) is new.

8 15 Pa.C.S. §9503: Provisions on filing of instrument in
9 subsection (a) are new. Permissible period of duration in
10 subsection (d) extended to in perpetuity and the Rule Against
11 Perpetuities made inapplicable. See Howe v. Morse, 174 Mass 491
12 at 503-4, 55 N.E. 213 at 214 (1899).

13 15 Pa.C.S. §9506: Ability to limit liabilities of a trust to
14 specified assets of the trust clarified in subsection (a). Cross
15 references in subsection (b) substituted for prior reference to
16 15 Pa.C.S. Subch.5B.

17 15 Pa.C.S. §9507: New.

18 Section 201: New.

19 Section 202: Subsection (a) patterned after N.J.S.A. 17:18-
20 8. Subsection (b) is patterned in part after N.J.S.A. 17B:18-
21 43(b), except for requirement of prior approval by the Insurance
22 Department. Subsection (c) is derived from act of May 17, 1921
23 (P.L.682, No.284) §§405.2(b) and 603 (40 P.S. §§505.2(b) and
24 723).

25 Section 203: Derived from act of May 17, 1921 (P.L.682,
26 No.284) §§211 (last clause) and 754(2) (40 P.S. §§401 (last
27 clause) and 910-54(2)).

28 Section 204: Subsection (a) derived from act of May 17, 1921
29 (P.L.682, No.284) §§322 and 325 (40 P.S. §§445 and 448).
30 Subsection (b) is new. Subsection (c) is substantially a

1 reenactment of act of May 17, 1921 (P.L.682, No.284) §327 (40
2 P.S. §450).

3 Section 205: Subsection (a) is a generalization of act of
4 May 17, 1921 (P.L.682, No.284) §§331, 333, 337.5(c), 338, 751
5 and 752 (40 P.S. §§454, 456, 459.5(c), 460, 910-51 and 910-52)
6 except that in the case of voluntary dissolution review by the
7 Insurance Department is substituted for review by the Attorney
8 General. Subsection (b) derived from act of May 17, 1921
9 (P.L.682, No.284) §§331, 333, 337.5(c), 751 and 752 (40 P.S.
10 §§454, 456, 459.5(c), 910-51 and 910-52). Subsection (c) derived
11 from act of May 17, 1921 (P.L.682, No.284) §§751 and 752 (40
12 P.S. §§910-51 and 910-52). Subsection (d) derived from act of
13 May 17, 1921 (P.L.682, No.284), §337 (40 P.S. §459a). Subsection
14 (e) is derived from act of May 17, 1921 (P.L.682, No.284), §332
15 (last sentence) (40 P.S. §455 (last sentence)). Subsection (f)
16 derived from act of May 17, 1921 (P.L.682, No.284), §338 (sixth
17 sentence) (40 P.S. §460 (sixth sentence)). Section 337.6 of the
18 act of May 17, 1921 (P.L.682, No.284) (40 P.S. §459.6) has not
19 been repealed and will continue to apply independently of the
20 provisions of section 205.

21 Section 206: Derived from act of May 17, 1921 (P.L.682,
22 No.284), §325 (40 P.S. §448).

23 Section 207: Patterned after 40 Pa.C.S. §6102(c)-(f).

24 Section 208: New. Intended to preserve the regulatory status
25 of entities such as limited life insurance companies and mutual
26 fire insurance companies incorporated under special acts.

27 Section 301: New.

28 Section 302: The source notes for new Title 17 are as
29 follows:

30 17 Pa.C.S. §101: Derived from act of September 20, 1961

1 (P.L.1528, No.658), §1 (15 P.S. §12301).

2 17 Pa.C.S. §102: Derived from act of September 20, 1961

3 (P.L.1548, No.658), §2 (15 P.S. §12302).

4 17 Pa.C.S. §103: Derived from act of September 20, 1961

5 (P.L.1548, No.658), §§2 and 30 (15 P.S. §§12302 and 12330).

6 17 Pa.C.S. §104: Substantially a reenactment of the act of

7 September 20, 1961 (P.L.1548, No.658), §30 (15 P.S. §12330).

8 17 Pa.C.S. §301: Substantially a reenactment of first and

9 last paragraphs of act of September 20, 1961 (P.L.1548, No.658),

10 §2 (15 P.S. §12302).

11 17 Pa.C.S. §302: Substantially a reenactment of act of

12 September 20, 1961 (P.L.1548, No.658), §3A (15 P.S. §12303A).

13 17 Pa.C.S. §303: Reenactment of act of September 20, 1961

14 (P.L.1548, No.658), §3B (15 P.S. §12303B), except that the

15 requirement of an acknowledgment of the articles of

16 incorporation is deleted.

17 17 Pa.C.S. §304: Substantially a reenactment of act of

18 September 20, 1961 (P.L.1548, No.658), §3C, D and E (15 P.S.

19 §12303C, D and E), except that the requirement that the

20 Department of State issue a certificate of incorporation is

21 deleted and the filing of the articles by the department

22 constitutes conclusive evidence of the fact of incorporation.

23 17 Pa.C.S. §305: Reenactment of act of September 20, 1961

24 (P.L.1548, No.658), §11 (15 P.S. §12311).

25 17 Pa.C.S. §501: Substantially a reenactment of act of

26 September 20, 1961 (P.L.1548, No.658), §5A, B and B.1 (15 P.S.

27 §12305A, B and B.1).

28 17 Pa.C.S. §502: Substantially a reenactment of act of

29 September 20, 1961 (P.L.1548, No.658), §5C and D (15 P.S.

30 §12305C and D).

1 17 Pa.C.S. §503: Reenactment of act of September 20, 1961
2 (P.L.1548, No.658), §7 (15 P.S. §12307).

3 17 Pa.C.S. §504: Reenactment of act of September 20, 1961
4 (P.L.1548, No.658), §8 (15 P.S. §12308).

5 17 Pa.C.S. §505: Substantially a reenactment of act of
6 September 20, 1961 (P.L.1548, No.658), §15 (15 P.S. §12315).
7 Obsolete matter deleted.

8 17 Pa.C.S. §506: Reenactment of act of September 20, 1961
9 (P.L.1548, No.658), §16 (15 P.S. §12316).

10 17 Pa.C.S. §507: Reenactment of act of September 20, 1961
11 (P.L.1548, No.658), §17 (15 P.S. §12317).

12 17 Pa.C.S. §508: Substantially a reenactment of act of
13 September 20, 1961 (P.L.1548, No.658), §17D, E and F.

14 17 Pa.C.S. §509: Reenactment of act of September 20, 1961
15 (P.L.1548, No.658), §18 (15 P.S. §12318).

16 17 Pa.C.S. §510: Substantially a reenactment of act of
17 September 20, 1961 (P.L.1548, No.658), §19 (15 P.S. §12319).

18 17 Pa.C.S. §511: Reenactment of act of September 20, 1961
19 (P.L.1548, No.658), §20 (15 P.S. §12320).

20 17 Pa.C.S. §512: Reenactment of act of September 20, 1961
21 (P.L.1548, No.658), §21 (15 P.S. §12321).

22 17 Pa.C.S. §513: Reenactment of act of September 20, 1961
23 (P.L.1548, No.658), §22 (15 P.S. §12322).

24 17 Pa.C.S. §514: Reenactment of act of September 20, 1961
25 (P.L.1548, No.658), §23 (15 P.S. §12323).

26 17 Pa.C.S. §515: Reenactment of act of September 20, 1961
27 (P.L.1548, No.658), §24 (third through last sentences) (15 P.S.
28 §12324 (third through last sentences)).

29 17 Pa.C.S. §516: Reenactment of act of September 20, 1961
30 (P.L.1548, No.658), §29 (15 P.S. §12329), except that a verified

1 statement is substituted for an affidavit.

2 17 Pa.C.S. §517: Substantially a reenactment of act of
3 September 20, 1961 (P.L.1548, No.658), §31 (15 P.S. §12331).

4 17 Pa.C.S. §701: Reenactment of act of September 20, 1961
5 (P.L.1548, No.658), §6 (15 P.S. §12306).

6 17 Pa.C.S. §702: Reenactment of act of September 20, 1961
7 (P.L.1548, No.658), §9 (first and second sentences) (15 P.S.
8 §12309 (first and second sentences)).

9 17 Pa.C.S. §703: Reenactment of act of September 20, 1961
10 (P.L.1548, No.658), §9 (third and fourth sentences) (15 P.S.
11 §12309 (third and fourth sentences)).

12 17 Pa.C.S. §704: Reenactment of act of September 20, 1961
13 (P.L.1548, No.658), §26 (15 P.S. §12326).

14 17 Pa.C.S. §705: Reenactment of act of September 20, 1961
15 (P.L.1548, No.658), §24 (first and second sentences) (15 P.S.
16 §12324 (first and second sentences)).

17 17 Pa.C.S. §706: Reenactment of act of September 20, 1961
18 (P.L.1548, No.658), §10 (15 P.S. §12310).

19 17 Pa.C.S. §707: Substantially a reenactment of act of
20 September 20, 1961 (P.L.1548, No.658), §12A (except first
21 through seventh sentences) (15 P.S. §12312A (except first
22 through seventh sentences)).

23 17 Pa.C.S. §708: Substantially a reenactment of act of
24 September 20, 1961 (P.L.1548, No.658), §12A (first through
25 seventh sentences) and B (first sentence) (15 P.S. §12312A
26 (first through seventh sentences) and §12312B (first sentence)).

27 17 Pa.C.S. §709: Reenactment of act of September 20, 1961
28 (P.L.1548, No.658), §12B (except first sentence) (15 P.S.
29 §12312B (except first sentence)).

30 17 Pa.C.S. §710: Reenactment of act of September 20, 1961

1 (P.L.1548, No.658), §12C (15 P.S. §12312C).

2 17 Pa.C.S. §711: Substantially a reenactment of act of
3 September 20, 1961 (P.L.1548, No.658), §12D.

4 17 Pa.C.S. §712: Substantially a reenactment of act of
5 September 20, 1961 (P.L.1548, No.658), §12E.

6 17 Pa.C.S. §713: Substantially a reenactment of act of
7 September 20, 1961 (P.L.1548, No.658), §13 (15 P.S. §12313).

8 17 Pa.C.S. §714: Reenactment of act of September 20, 1961
9 (P.L.1548, No.658), §14 (15 P.S. §12314).

10 17 Pa.C.S. §901: Reenactment of act of September 20, 1961
11 (P.L.1548, No.658), §4 (first through third sentences) (15 P.S.
12 §12304 (first through third sentences)).

13 17 Pa.C.S. §902: Reenactment of act of September 20, 1961
14 (P.L.1548, No.658), §4 (last sentence) (15 P.S. §12304 (last
15 sentence)), except only one signature is required and the
16 requirement of a verification is deleted.

17 17 Pa.C.S. §903: Reenactment of act of September 20, 1961
18 (P.L.1548, No.658), §4 (fourth sentence) (15 P.S. §12301 (fourth
19 sentence)), except that the requirement that the Department of
20 State issue a certificate of amendment is deleted.

21 17 Pa.C.S. §904: Substantially a reenactment of act of
22 September 20, 1961 (P.L.1548, No.658), §25 (15 P.S. §12325).

23 17 Pa.C.S. §1101: Substantially a reenactment of act of
24 September 20, 1961 (P.L.1548, No.658), §27A (15 P.S. §12327A),
25 except that a certificate of vote by any officer is substituted
26 for an affidavit of vote by two officers, including the
27 secretary.

28 17 Pa.C.S. §1102: Substantially a reenactment of act of
29 September 20, 1961 (P.L.1548, No.658), §27B (15 P.S. §12327B),
30 except that the requirement that the Department of State issue a

1 certificate of conversion is deleted.

2 17 Pa.C.S. §1103: Reenactment of act of September 20, 1961
3 (P.L.1548, No.658), §27C (first sentence) (15 P.S. §12327C
4 (first sentence)).

5 17 Pa.C.S. §1104: Derived from act of September 20, 1961
6 (P.L.1548, No.658), §27C(1) (15 P.S. §12327C(1)). The absence of
7 a vote by members where the domestic credit union is the
8 surviving institution has been clarified, the reference to
9 Federal and out-of-state procedures has been patterned after 15
10 Pa.C.S. §1925, and the nomenclature "adopted" has been
11 substituted for "ratified."

12 17 Pa.C.S. §1105: Substantially a reenactment of act of
13 September 20, 1961 (P.L.1548, No.658), §27C(2), (3) and (4) (15
14 P.S. §12327C(2), (3) and (4)), except that the absence of a vote
15 by members where the domestic credit union is the surviving
16 institution is clarified, execution of the articles requires
17 only one signature, the requirements of affixation of a
18 corporate seal and that the Department of State issue a
19 certificate of merger or consolidation deleted, the continued
20 applicability of Chapter 15 (relating to out-of-state credit
21 unions) is clarified and the nomenclature "adopted" has been
22 substituted for "ratified."

23 17 Pa.C.S. §1301: Reenactment of act of September 20, 1961
24 (P.L.1548, No.658), §28A (15 P.S. §12328A).

25 17 Pa.C.S. §1302: Substantially a reenactment of act of
26 September 20, 1961 (P.L.1548, No.658), §28B (15 P.S. §12328B),
27 except that execution of the certificate requires only on
28 signature, the requirement of verification is deleted and
29 nomenclature "credit union" is substituted for "association."

30 17 Pa.C.S. §1303: Substantially a reenactment of act of

1 September 20, 1961 (P.L.1548, No.658), §28C (15 P.S. §12328C).

2 The term "successive weeks" is defined in 1 Pa.C.S. §1909.

3 17 Pa.C.S. §1304: Reenactment of act of September 20, 1961
4 (P.L.1548, No.658), §28D (15 P.S. §12328D).

5 17 Pa.C.S. §1501: Substantially a reenactment of act of
6 September 20, 1961 (P.L.1548, No.658), §31.1A. Compare 15
7 Pa.C.S. §4101(b)(1)(iii).

8 17 Pa.C.S. §1502: Substantially a reenactment of act of
9 September 20, 1961 (P.L.1548, No.658), §31.1B, except that a
10 reference to 42 Pa.C.S. §5301 is substituted for the former
11 practice of designating agents for service of process.

12 17 Pa.C.S. §1503: Substantially a reenactment of act of
13 September 20, 1961 (P.L.1548, No.658), §31.1C and D.

14 17 Pa.C.S. §1504: Substantially a reenactment of act of
15 September 20, 1961 (P.L.1548, No.658), §31.1E.

16 Section 303: New.

17 Section 304: New.

18 Section 305: The source notes for new 24 Pa.C.S. Pts. I and
19 III are as follows:

20 24 Pa.C.S. §102: New.

21 24 Pa.C.S. §6501: Derived from act of May 5, 1933 (P.L.289,
22 No.105), §211 (15 P.S. §7211) and act of May 7, 1937 (P.L.585,
23 No.150), §2 (24 P.S. §2422).

24 24 Pa.C.S. §6502: Substantially a reenactment of act of May
25 5, 1933 (P.L.289, No.105), §312A (15 P.S. §7312A) and act of May
26 7, 1937 (P.L.585, No.150), §1 (24 P.S. §2421).

27 24 Pa.C.S. §6503: Derived from act of May 5, 1899 (P.L.253,
28 No.148) (24 P.S. §§2491-92), act of May 5, 1933 (P.L.289,
29 No.105), §§211, 312 and 902(4) (15 P.S. §§7211, 7312 and
30 7902(4), act of May 7, 1937 (P.L.585, No.150), §2 (24 P.S.

1 §2422), and act of November 15, 1972 (P.L.1063, No.271), §3 (24
2 P.S. §2426).

3 24 Pa.C.S. §6504: Derived from act of November 15, 1972
4 (P.L.1063, No.271), §4 (24 P.S. §2427).

5 24 Pa.C.S. §6505: Substantially a reenactment of act of May
6 5, 1899 (P.L.253, No.148) (24 P.S. §§2491-92) and act of May 5,
7 1933 (P.L.289, No.105), §312B (15 P.S. §7312B).

8 24 Pa.C.S. §6506: Derived from act of May 5, 1933 (P.L.289,
9 No.105) §312C (15 P.S. §7312C).

10 24 Pa.C.S. §6507: Derived from act of May 7, 1937 (P.L.585,
11 No.150), §3 (24 P.S. §2423).

12 24 Pa.C.S. §6508: Derived from act of May 7, 1937 (P.L.585,
13 No.150), §4 (24 P.S. §2424).

14 24 Pa.C.S. §6509: Derived from act of May 7, 1937 (P.L.585,
15 No.150), §5 (24 P.S. §2425).

16 Section 306: New. 54 Pa.C.S. §311(f)(5) is patterned after
17 15 Pa.C.S §1303(c)(2)(iv).

18 Section 307: New.

19 Section 308: New. The unofficial citations of the statutes
20 affected by this section are as follows:

		Unofficial
<u>Act</u>	<u>Section</u>	<u>Citation</u>
23 1921, No.284	337.6	40 P.S. §459.6
24 1947, No.140	2	63 P.S. §9.2
25	8.4	63 P.S. §9.8d
26	8.6	63 P.S. §9.8f
27 1966, (1965), No.581	2471.1(b)	53 P.S. §47471.1(b)
28	2471.2(k)	53 P.S. §47471.2(k)

29 DIVISION IV

30 Section 401(a): The provisions repealed by this subsection

1 are supplied by this act as follows (an asterisk indicates that
 2 a provision is repealed in part):

3	Repealed		Unofficial	Superseding
4	Act	Section	Citation	Provision of
5				Title 15
6				(unless otherwise noted)
7	1899, No.148	1	24 P.S. §2491	24 Pa.C.S. §§6503,
8				6505
9		2	24 P.S. §2492	24 Pa.C.S. §§6503,
10				6505
11	1933, No.105	211	15 P.S. §7211	24 Pa.C.S. §6501
12		312A	15 P.S. §7312A	24 Pa.C.S. §6502
13		312B	15 P.S. §7312B	24 Pa.C.S. §6503
14		312C	15 P.S. §7312C	24 Pa.C.S. §6504
15		902(4)	15 P.S. §7902(4)	6123(a)
16	1937, No.150	1	24 P.S. §2421	24 Pa.C.S. §6502
17		2	24 P.S. §2422	24 Pa.C.S. §§6501,
18				6503
19		3	24 P.S. §2423	24 Pa.C.S. §6507
20		4	24 P.S. §2424	24 Pa.C.S. §6508
21		5	24 P.S. §2425	24 Pa.C.S. §6509
22		6		Repealer
23	1937, No.389	1	15 P.S. §12401	7301(a)
24		2	15 P.S. §12402	7303
25		3	15 P.S. §12403	7305
26		4	15 P.S. §12404	5502, 7321
27		5	15 P.S. §12405	7304
28		6(a)	15 P.S. §12406(a)	7306(a)
29		6(b)	15 P.S. §12406(b)	7321
30		7	15 P.S. §12407	7307

1	8	15 P.S. §12408	5318
2	9	15 P.S. §12409	5319
3	10	15 P.S. §12410	5320
4	11	15 P.S. §12411	7322
5	12	15 P.S. §12412	7323
6	13	15 P.S. §12413	7324
7	14	15 P.S. §12414	5704, 5755, 7325
8	15	15 P.S. §12415	5704, 7325(c)
9	16	15 P.S. §12416	7326
10	17	15 P.S. §12417	7327
11	18	15 P.S. §12418	7328
12	19	15 P.S. §12419	5721, 5722, 7329(a)
13	20	15 P.S. §12420	5724, 5725, 5730,
14			7329(a)
15	21	15 P.S. §12421	7329(b)
16	22	15 P.S. §12422	5727
17	23	15 P.S. §12423	5703, 5705
18	23.1	15 P.S. §12423.1	511, 512, 5721
19	23.2	15 P.S. §12423.2	513, Subch. 57C
20	24	15 P.S. §12424	5732, 5733
21	25	15 P.S. §12425	5731
22	26	15 P.S. §12426	7330
23	27	15 P.S. §12427	Ch.59B
24	28	15 P.S. §12428	Ch.59C, 7331(a)
25	29	15 P.S. §12429	Ch.59F, 7332
26	29.1	15 P.S. §12429(a)	5930, 7331(b)
27	30	15 P.S. §12430	105
28	31	15 P.S. §12431	7333
29	32	15 P.S. §12432	7334
30	33	15 P.S. §12433	7335

1		34	15 P.S. §12434	Obsolete
2		35	15 P.S. §12435	Obsolete
3		36	15 P.S. §12436	7308
4		37	15 P.S. §12437	1 Pa.C.S. §1925
5		38	15 P.S. §12438	7302(b)
6		39	-	Effective date
7	1967, No.345	513	7 P.S. §6020-73	522
8	1968, No.94	1	15 P.S. §12101	7501
9		2	15 P.S. §12102	7504
10		3	15 P.S. §12103	7504
11		4	15 P.S. §12104	7502(a), 7503
12		5	15 P.S. §12105	7502
13		6	15 P.S. §12106	1 Pa.C.S. §1976
14		7	15 P.S. §12107	133, 135
15		8	15 P.S. §12108	7505
16		9	15 P.S. §12109	7506
17		10	15 P.S. §12110	1306, 5306, 7507
18		11	15 P.S. §12111	1308, 5308
19		12	15 P.S. §12112	1502, 5502, 7521
20		12.1	15 P.S. §12112.1	1741 et seq.
21				5741 et seq.
22		12.2	15 P.S. §12112.2	1508, 5508, 7522
23		13	15 P.S. §12113	7523
24		14(a)	15 P.S. §12114(a)	7524(a), (b), (c)
25		14(b)	15 P.S. §12114(b)	7524(d)
26		14(c)	15 P.S. §12114(c)	7524(e)
27		14(d)	15 P.S. §12114(d)	7524(a)
28		14(e)	15 P.S. §12114(e)	1528, 5753
29		14(f)	15 P.S. §12114(f)	7524(f)
30		14(g)	15 P.S. §12114(g)	1530

1	15	15 P.S. §12115	7525
2	16	15 P.S. §12116	7526
3	17	15 P.S. §12117	1526, 5553, 7535
4	18	15 P.S. §12118	1759, 5759, 7527
5	19	15 P.S. §12119	1310, 1704, 5310,
6			5704, 7528
7	20	15 P.S. §12120	7529
8	21	15 P.S. §12121	1504, 5504, 7530
9	22(a)	15 P.S. §12122(a)	7531(a)
10	22(b)	15 P.S. §12122(b)	1703, 1724, 1725,
11			1727, 5703, 5724,
12			5725, 5727
13	22(c)	15 P.S. §12122(c)	7531(b)
14	22(d)	15 P.S. §12122(d)	7531(c)
15	23	15 P.S. §12123	7533
16	24(a)	15 P.S. §12124(a)	7532
17	24(b)	15 P.S. §12214(b)	1733, 5733
18	25	15 P.S. §12125	7534
19	26	15 P.S. §12126	7535
20	27(a)	15 P.S. §12127(a)	7536(a), (b)
21	27(b)	15 P.S. §12127(b)	7536(c)
22	27(c)	15 P.S. §12127(c)	7536(d)
23	27(d)	15 P.S. §12127(d)	7531(d)
24	27(e)	15 P.S. §12127(e)	7536(e)
25	28	15 P.S. §12128	7537
26	29	15 P.S. §12129	Chs.19, 59, 7529
27	30	15 P.S. §12130	7538
28	31	15 P.S. §12131	7102
29	32	-	Repealed 1972
30	33	15 P.S. §12133	7502

1		34	15 P.S. §12134	Obsolete
2		35	15 P.S. §12135	1 Pa.C.S. §1925
3		36	-	Effective date
4	1971, No.2	403		
5		(a)(3)*	72 P.S. §7403(a)(3)	1110
6	1972, No.182	1*	71 P.S. §803.1	151(b)
7		2*	71 P.S. §803.2	152
8		3*	71 P.S. §803.3	153(a)
9		4*	71 P.S. §803.4	153(c)
10		5*	71 P.S. §803.5	153(b)
11		6*	71 P.S. §803.6	154(a), (b)
12		7*	71 P.S. §803.7	154(c)
13		8*	71 P.S. §803.8	Omitted
14		9	71 P.S. §803.9	Saved
15		10*	-	Repealer
16	1972, No.271	3	15 Pa.C.S.A. §101 note	24 Pa.C.S. §6503
17		4	15 Pa.C.S.A. §101 note	24 Pa.C.S. §6504
18		8	15 Pa.C.S.A. §101 note	5110
19	1975, No.57	1	15 P.S. §3277	7301(b)
20		1.1	15 P.S. §3277.1	7351(a)
21		2	15 P.S. §3278	7352
22		3	15 P.S. §3279	7353
23		4	15 P.S. §3280	7354
24		5	15 P.S. §3281	7355
25		6	15 P.S. §3282	7356
26		7	15 P.S. §3283	7357
27		8	15 P.S. §3284	7358
28		9	15 P.S. §3285	7351(b)
29		10	15 P.S. §3286	7359
30		11	15 P.S. §3287	7302(b)

1		12	-	Effective date
2	1977, No.38	201*	40 P.S. §1141-201*	5306
3	1988, No.177	105	15 P.S. §20105	153(a)(13)
4		304(a)(6)	15 P.S. §20304(a)(6)	8103

5 Section 401(b): The provisions repealed by this subsection
6 are supplied by this act as follows (an asterisk indicates that
7 a provision is repealed in part):

8	Repealed		Unofficial	Superseding
9	Act	Section	Citation	Provision of
10				Title 15
11				(unless otherwise noted)
12	1865, No.1119	1	15 P.S. §424	1703(a), 1704(a)
13	1869, No.30	1	15 P.S. §405	1727(a)
14	1874, No.118	1	15 P.S. §103	1309
15	1887, No.274	1	15 P.S. §406	1724
16		2	-	Validating
17				section
18		3	-	Repealed 1959
19	1891, No.77	1	15 P.S. §408	1730
20	1901, No.51	1	15 P.S. §403	1723
21			15 P.S. §404	1723
22	1901, No.298	1	15 P.S. §110	1502
23		2	-	Repealer
24	1903, No.17	1	15 P.S. §429	1759, 3135
25		2	-	Repealer
26	1905, No.26	1	15 P.S. §428	1760, 1761
27	1913, No.222	1	15 P.S. §751	1551, 3122
28		2	-	Repealer
29	1921, No.28	1	15 P.S. §422	1755
30		2	15 P.S. §423	1704

1	1921, No.284	104	40 P.S. §364	Omitted
2		106	40 P.S. §366	501(a)
3		203	40 P.S. §383	103, 1301, 1302,
4				1306, 1502, 1507(a),
5				Bill §§202, 203
6		204	40 P.S. §384	1303(c)(1)(iii)
7				and ICL §301.1
8		205*	40 P.S. §385*	1306, 1521, 1523,
9				1524
10		207	40 P.S. §387	1306, 1502(a)(1)
11		208	40 P.S. §388	Subch. 17B, 3131,
12				Bill §203
13		209	40 P.S. §389	1524, 2103
14		210*	40 P.S. §400*	1306(a)(8)
15		211	40 P.S. §401	103, Subch.13A,
16				Bill §203
17		213	40 P.S. §403	Subch. 1A, 1308,
18				1309, 42 Pa.C.S.
19				Subch. 61A
20		214	40 P.S. §404	Omitted
21		301.2	40 P.S. §421.2	1521
22		302	40 P.S. §422	1521, 1523, 1524,
23				1528, 1529, 1530
24		303	40 P.S. §423	1502(a)(3), 1504,
25				3121, 3134, 3136
26		304	40 P.S. §424	Subch. 17A, 1755,
27				3133
28		305	40 P.S. §426	1756, 3134
29		306	40 P.S. §427	1760, 1764(b),
30				1765

1	307	40 P.S. §428	1760
2	308*	40 P.S. §429*	1722, 1723, 1724,
3			1725(b)(1),
4			1758(b), 3131
5	309	40 P.S. §432	1758, 1759, 1765
6	310	40 P.S. §433	1758(c)
7	311	40 P.S. §434	1755(b)(1), (c),
8			1756(b)(1)
9	312	40 P.S. §435	1502(c), 1721,
10			1727, 1730
11	313	40 P.S. §436	1765
12	314*	40 P.S. §437*	1502(a)(16), 1732,
13			3132
14	315	40 P.S. §438	1502(a)(13)
15	316	40 P.S. §439	1502(a)(14)
16	322*	40 P.S. §445*	Subch. 19B, §3133,
17			Bill §204
18	323	40 P.S. §446	Subchs. 15B, 19B
19	324	40 P.S. §447	Subchs. 15B, 17A,
20			17D, 19B
21	325	40 P.S. §448	1522, Subch. 19B,
22			Bill §206
23	326	40 P.S. §449	1525(e), 1530,
24			Bill §205
25	327	40 P.S. §450	Subch. 19B, Bill
26			§204(b)
27	328	40 P.S. §451	Subch. 19B, Bill
28			§204(b)
29	329	40 P.S. §452	Subch. 19B, Bill
30			§204(b)

1	330	40 P.S. §453	1758(b), 1763,
2			1764
3	331	40 P.S. §454	Subch. 19B, Bill
4			§205
5	332	40 P.S. §455	Subch. 19C, Bill
6			§205
7	333	40 P.S. §456	Subch. 19C, Bill
8			§205
9	334	40 P.S. §457	1927, 1928, 1929
10	335	40 P.S. §458	42 Pa.C.S.
11			Subch. 61A
12	336	40 P.S. §459	Subch. 15D, 1930
13	337	40 P.S. §459a	Subch. 19C, Bill
14			§205, 42 Pa.C.S.
15			§§5301(a)(2)(i),
16			5322
17	337.5	40 P.S. §459.5	1924(b)(1)(i),
18			1931, Bill §205
19	338	40 P.S. §460	139, Subchs. 19F,
20			19H, Bill §205
21	340	40 P.S. §462	Ch. 41
22	341	40 P.S. §463	Ch. 41
23	343	40 P.S. §465	4141(b), GAA
24			§302(c)
25	344	40 P.S. §466	1502(a)(2)
26	352	40 P.S. §477	1911(a)(5), 1914
27	355	40 P.S. §477c	1502(a)(12), (19)
28	532	40 P.S. §672	Subch. 19B, 3133
29			Bill §204
30	607*	40 P.S. §727*	1306(a)(8)

1		608	40 P.S. §728	Omitted
2		751	40 P.S. §910-51	Subch. 19C, Bill
3				§§205, 206
4		752	40 P.S. §910-52	Subch. 15B, Bill
5				§§205, 206
6	1923, No.8	1	15 P.S. §905	Obsolete
7		2	15 P.S. §905 note	Validating
8				section
9		3	15 P.S. §906	42 Pa.C.S. §6103
10				42 Pa.C.S. §6104
11	1923, No.443	1	15 P.S. §601	1523
12		2	15 P.S. §602	1530(b)
13		3	-	Repealer
14	1925, No.131	1	15 P.S. §102	Obsolete
15		2	-	Validating
16				section
17		3	-	Repealer
18	1925, No.329	1	15 P.S. §401	1505
19		2	15 P.S. §402	1506
20	1925, No.368	1	15 P.S. §701	1502(a), 1525,
21				1530
22		2	15 P.S. §702	Omitted
23		3	-	Repealer
24	1927, No.260	1	41 P.S. §2	1510, 5510
25		2	-	Repealer
26	1929, No.341	1	40 P.S. §430	1722, 1723
27		2	40 P.S. §431	1758(b)
28		3	40 P.S. §425	Subch. 17A, 1755,
29				3133
30		4	40 P.S. §425	

1			note	Omitted
2		5	-	Repealer
3	1929, No.401	1	15 P.S. §411	1763
4		2	15 P.S. §412	1763
5		3	15 P.S. §413	1763
6		4	-	Repealer
7	1945, No.249	1	15 P.S. §901	1502, 7 P.S.
8				§6020-101,
9				7 P.S.
10				§201(a)(vii)
11		2	-	Effective date
12	1951, No.184	5	40 P.S. §623.5	1704, 1723, 1724
13				1725, 1755
14	1953, No.280	1	15 P.S. §703	1525, 7 P.S.
15				§1409
16	1963, No.434	1	40 P.S. §553	1306(a)(8)
17		2	40 P.S. §554	Validating
18				provision
19		3	-	Repealer
20	<u>Section 401(c):</u> New.			
21	<u>Section 401(d):</u> The provisions repealed by this subsection			
22	are supplied by this act as follows:			
23	Repealed		Unofficial	Superseding
24	Act	Section	Citation	Provision of
25				Title 15
26				(unless otherwise noted)
27	1961, No.658	1	15 P.S. §12301	101
28		2	15 P.S. §12302	102, 103, 301
29		3A	15 P.S. §12303A	302
30		3B	15 P.S. §12303B	303

1	3C	15 P.S. §12303C	304
2	4	15 P.S. §12304	102
3	5A	15 P.S. §12305A	501(a)
4	5B	15 P.S. §12305B	501(b)
5	5C	15 P.S. §12305C	502(a)
6	5D	15 P.S. §12305D	502(b)
7	6	15 P.S. §12306	701
8	7	15 P.S. §12307	503
9	8	15 P.S. §12308	504
10	9	15 P.S. §12309	702, 703
11	10	15 P.S. §12310	706
12	11	15 P.S. §12311	305
13	12A	15 P.S. §12312A	707, 708
14	12B	15 P.S. §12312B	708, 709
15	12C	15 P.S. §12312C	710
16	13	15 P.S. §12313	713
17	14	15 P.S. §12314	714
18	15	15 P.S. §12315	505
19	16	15 P.S. §12316	506
20	17	15 P.S. §12317	507
21	18	15 P.S. §12318	509
22	19	15 P.S. §12319	510
23	20	15 P.S. §12320	511
24	21	15 P.S. §12321	512
25	22	15 P.S. §12322	513
26	23	15 P.S. §12323	514(a)
27	24	15 P.S. §12324	515, 705
28	25	15 P.S. §12325	904
29	26	15 P.S. §12326	704
30	27A	15 P.S. §12327A	1101

1	27B	15 P.S. §12327B	1102
2	27C	15 P.S. §12327C	1103, 1104, 1105
3	28A	15 P.S. §12328A	1301
4	28B	15 P.S. §12328B	1302
5	28C	15 P.S. §12328C	1303
6	28D	15 P.S. §12328D	1304
7	29	15 P.S. §12329	516
8	30	15 P.S. §12330	103, 104
9	31	15 P.S. §12331	517
10	32	15 P.S. §12332	Repealer
11	33	15 P.S. §12333	Effective date

12 Section 401(e): New.

13 Section 402: New. Patterned after section 303 of the act of
14 December 21, 1988 (P.L.1444, No.177), known as the General
15 Association Act of 1988.

16 Section 403: New.