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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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SENATE BILL

No. 304 Session of  
2013

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INTRODUCED BY GREENLEAF, ALLOWAY, FERLO, BROWNE, PILEGGI AND  
BREWSTER, JANUARY 24, 2013

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REFERRED TO JUDICIARY, JANUARY 24, 2013

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AN ACT

1 Amending Titles 15 (Corporations and Unincorporated  
2 Associations) and 54 (Names) of the Pennsylvania Consolidated  
3 Statutes, in Title 15, making extensive revisions, additions  
4 and deletions to preliminary material on general provisions;  
5 to corporation material on general provisions, on  
6 incorporation, on corporate powers, duties and safeguards, on  
7 officers, directors and shareholders, on fundamental changes,  
8 on registered corporations, on insurance corporations, on  
9 benefit corporations, on foreign business corporations, on  
10 incorporation and on foreign nonprofit corporations; to  
11 material on limited liability companies; to material on  
12 unincorporated associations; and to material on business  
13 trusts; in Title 54, further providing for general provisions  
14 and for corporate and other association names; and making  
15 related repeals.

16 The General Assembly of the Commonwealth of Pennsylvania  
17 hereby enacts as follows:

18 Section 1. This act shall be known and may be cited as the  
19 GAA Amendments Act of 2013.

20 Section 2. The definitions of "banking institution,"  
21 "representative" and "savings association" in section 102 of  
22 Title 15 of the Pennsylvania Consolidated Statutes are amended  
23 and the section is amended by adding definitions to read:

24 § 102. Definitions.

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

7 \* \* \*

8 "Banking institution." [A banking institution as defined in  
9 section 1103 (relating to definitions).] An institution as  
10 defined in section 102(r) of the act of November 30, 1965  
11 (P.L.847, No.356), known as the Banking Code of 1965.

12 "Bureau." The Bureau of Corporations and Charitable  
13 Organizations of the department.

14 \* \* \*

15 "Domestic banking institution." A domestic association which  
16 is an institution as defined in section 102(r) of the act of  
17 November 30, 1965 (P.L.847, No.356), known as the Banking Code  
18 of 1965.

19 \* \* \*

20 "Domestic insurance corporation." An insurance corporation  
21 as defined in section 3102 (relating to definitions).

22 "Domestic savings association." A domestic corporation for  
23 profit which is an association as defined in section 102(3) of  
24 the act of December 14, 1967 (P.L.746, No.345), known as the  
25 Savings Association Code of 1967.

26 \* \* \*

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

29 \* \* \*

30 "Obligation." Includes a note or other form of indebtedness,

1 whether secured or unsecured.

2 "Officially publish." Publish in two newspapers of general  
3 circulation in the English language in the county in which the  
4 registered office of the association is located or, in the case  
5 of a proposed association, will be located, one of which must be  
6 the legal newspaper, if any, designated by the rules of court  
7 for the publication of legal notices. If there is only one  
8 newspaper of general circulation in the county, advertisement in  
9 that newspaper is sufficient. If no other frequency is  
10 specified, the notice must be published one time. See section  
11 109(a)(2) (relating to name of commercial registered office  
12 provider in lieu of registered address).

13 \* \* \*

14 "Record form." Inscribed on a tangible medium or stored in  
15 an electronic or other medium and retrievable in perceivable  
16 form.

17 "Representative." [A representative as defined in section  
18 1103 (relating to definitions).] When used with respect to an  
19 association, joint venture, trust or other enterprise, a person  
20 occupying the position or discharging the functions of a  
21 director, officer, partner, manager, trustee, fiduciary,  
22 employee or agent, regardless of the name or title by which the  
23 person may be designated. The term does not imply that a  
24 director, as such, is an agent of a corporation.

25 "Savings association." [A savings association as defined in  
26 section 1103.] An association as defined in section 102(3) of  
27 the act of December 14, 1967 (P.L.746, No.345), known as the  
28 Savings Association Code of 1967.

29 "Sign." With present intent to authenticate or adopt  
30 information in record form:

1           (1) to sign manually or adopt a tangible symbol; or  
2           (2) to attach to, or logically associate with,  
3           information in record form, an electronic sound, symbol or  
4           process.

5           \* \* \*

6           Section 3. Section 107 of Title 15 is amended to read:

7   § 107. Form of records.

8           [Any records] (a) General rule.--Information maintained by a  
9 corporation or other association in the regular course of its  
10 business, including shareholder or membership records, books of  
11 account and minute books, may be kept [on, or be in the form of,  
12 punch cards, magnetic storage media, photographs,  
13 microphotographs or any other information storage device if the  
14 records so kept can be converted into reasonably legible written  
15 form within a reasonable time] in record form. [Any corporation  
16 or other association shall so convert any records so kept upon  
17 the request of any person entitled to inspect the records. Where  
18 records are kept in this manner, a reasonably legible written  
19 form produced from the information storage device that  
20 accurately portrays the record shall be admissible in evidence,  
21 and shall be accepted for all other purposes, to the same extent  
22 as an original written record of the same information would have  
23 been accepted.]

24           (b) Meaning of "written."--References in this title to a  
25 document in writing or to a written provision of an agreement or  
26 other document shall be deemed to include and be satisfied by a  
27 document or provision of an agreement or document in record  
28 form.

29           Section 4. Title 15 is amended by adding a section to read:

30   § 111. Relation of title to Electronic Signatures in Global and

1           National Commerce Act.

2       (a) General rule.--Except as set forth in subsection (b),  
3 this title modifies, limits and supersedes the Electronic  
4 Signatures in Global and National Commerce Act (Public Law 106-  
5 229, 15 U.S.C. § 7001, et seq.).

6       (b) Exception.--This title does not do any of the following:

7           (1) Modify, limit or supersede section 101(c) of the  
8 Electronic Signatures in Global and National Commerce Act (15  
9 U.S.C. § 7001(c)).

10          (2) Authorize electronic delivery of a notice described  
11 in section 103(b) of the Electronic Signatures in Global and  
12 National Commerce Act (15 U.S.C. § 7003(b)).

13       Section 5. Sections 131, 133(a) and (d), 134(a) (3), 135(a)  
14 (2) and (7), 136(b) (2) and (3), 152, 153(a) and 155(a) and (b)  
15 of Title 15 are amended to read:

16 § 131. Application of subchapter.

17       As used in this subchapter, the term "this title" includes  
18 Titles 17 (relating to credit unions) and 54 (relating to names)  
19 and any other provision of law that makes reference to the  
20 powers and procedures of this subchapter[.] or, to the extent  
21 not inconsistent with this subchapter, requires a filing in the  
22 bureau and does not specify some or all of the necessary  
23 procedures therefor provided in this subchapter.

24 § 133. Powers of Department of State.

25       (a) General rule.--The [Department of State shall have]  
26 department has the power and authority reasonably necessary to  
27 enable it to administer this subchapter efficiently and to  
28 perform the functions specified in section 132 (relating to  
29 functions of Department of State), in 13 Pa.C.S. (relating to  
30 commercial code) and in 17 Pa.C.S. (relating to credit unions).

1 The following shall not be agency regulations for the purposes  
2 of section 612 of the act of April 9, 1929 (P.L.177, No.175),  
3 known as The Administrative Code of 1929, the act of October 15,  
4 1980 (P.L.950, No.164), known as the Commonwealth Attorneys Act,  
5 the act of June 25, 1982 (P.L.633, No.181), known as the  
6 Regulatory Review Act, or any similar provision of law, but  
7 shall be subject to the opportunity of public comment  
8 requirement under section 201 of the act of July 31, 1968 (P.L.  
9 769, No.240), referred to as the Commonwealth Documents Law:

10 (1) Sample filing forms promulgated by the department  
11 [under subsection (d)].

12 (2) Instructions accompanying sample filing forms and  
13 other explanatory material published in the Pennsylvania Code  
14 that is intended to substantially track applicable statutory  
15 provisions relating to the particular filing or to any of the  
16 functions of the department covered by this subsection, if a  
17 regulation of the department expressly states that [such]  
18 those instructions or explanatory materials shall not have  
19 the force of law.

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

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

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

29 [(iii) Adjust the level of fees and other  
30 remittances as otherwise fixed by law so as to facilitate

1 their transmission through or by a credit card issuer or  
2 other financial intermediary pursuant to such regulations  
3 without net cost to the department.]

4 (iv) Adjust, not more than once per year, the fees  
5 set forth in section 153(a) (relating to fee schedule)  
6 and 13 Pa.C.S. § 9525 (relating to fees) for filings  
7 transmitted to the department electronically.

8 (v) Relate to the format or means of delivering  
9 documents to the department or filing.

10 \* \* \*

11 (d) [Physical characteristics and copies of documents.--All  
12 articles and other documents authorized or required to be filed  
13 in the department under this title shall be in such format as to  
14 size, shape and other physical characteristics as shall be  
15 prescribed by regulations promulgated by the department. The  
16 regulations may require the submission of not to exceed three  
17 conformed copies of any document in addition to the original and  
18 any copies thereof otherwise required by law. All formats  
19 promulgated by the department for use under this title shall  
20 include a statement of the number of copies required to be filed  
21 and shall be published in the Pennsylvania Code.]

22 \* \* \*

23 § 134. Docketing statement.

24 (a) General rule.--The [Department of State] department may,  
25 but shall not be required to, prescribe by regulation one or  
26 more official docketing statement forms designed to elicit from  
27 a person effecting a filing under this title information that  
28 the department has found to be necessary or desirable in  
29 connection with the processing of a filing. A form of docketing  
30 statement prescribed under this subsection:

1 \* \* \*

2 (3) May be required by the department in connection with  
3 a filing only if notice of the requirement appears on the  
4 official format for the filing prescribed [under section  
5 133(d) (relating to physical characteristics and copies of  
6 documents)] by the department.

7 \* \* \*

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

9 (a) General rule.--A document shall be accepted for filing  
10 by the [Department of State] department if it satisfies the  
11 following requirements:

12 \* \* \*

13 (2) The document complies with any regulations  
14 promulgated by the department [pursuant to section 133(d)  
15 (relating to physical characteristics and copies of  
16 documents)] and is accompanied by any applicable statement  
17 prescribed under section 134.

18 \* \* \*

19 (7) It is in record form and executed. The department  
20 shall not examine a document to determine whether the  
21 document has been [executed] signed by an authorized person  
22 or by sufficient authorized persons or otherwise is duly  
23 [executed. A document shall be deemed executed if it contains  
24 a facsimile signature, so long as the operative portions of  
25 the document meet any applicable requirements prescribed  
26 under section 133(d) (relating to physical characteristics  
27 and copies of documents)] signed.

28 \* \* \*

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

30 \* \* \*



1 (b) Immediate certified copy.--

2 \* \* \*

3 [(2) If the duplicate copy is delivered by hand to the  
4 office of the department at the seat of government at least  
5 four hours before the close of business on any day not a  
6 holiday and relates to a matter other than a label or other  
7 mark requiring examination under Title 54 (relating to names)  
8 or the reservation or registration of a name under this title  
9 and, in the case of a document that creates a new  
10 association, effects or reflects a change in name or  
11 qualifies a foreign association to do business in this  
12 Commonwealth, if the duplicate copy is accompanied by  
13 evidence that the proposed name has been reserved or  
14 registered by or on behalf of the applicant, the department  
15 before the close of business on that day shall either:

16 (i) Certify the duplicate copy as required by this  
17 subsection and make such certified copy available at the  
18 office of the department to or upon the order of the  
19 person who delivered it to the department.

20 (ii) Make available at the office of the department  
21 to or upon the order of the person who delivered it to  
22 the department a brief statement in writing of the  
23 reasons of the department for refusing to certify such  
24 duplicate copy.

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

26 (3) In lieu of comparing the duplicate copy with the  
27 original signed document as provided in [paragraphs (1) and  
28 (2)] paragraph (1), the department may make a copy of the  
29 original signed document at the cost of the person who  
30 delivered it to the department.

1 \* \* \*

2 § 152. Definitions.

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

6 "Ancillary transaction." Includes:

7 (1) preclearance of document[,];

8 (2) amendment of articles, charter, certificate or other  
9 organic document, restatement of articles, charter,  
10 certificate or other organic document[, change in registered  
11 or principal office, change in share structure,];

12 (3) dissolution, cancellation or termination[,  
13 reorganization,] of an association;

14 (4) withdrawal by foreign association[,];

15 (5) withdrawal by a partner[, or];

16 (6) any [similar transaction,] transaction similar to  
17 any item listed in paragraphs (1) through (5); or

18 (7) [the deposit in the Department of State] delivery to  
19 the department for filing in, by or with the [Department of  
20 State] department or the Secretary of the Commonwealth of any  
21 articles, statements, proceedings, agreements or any [like]  
22 similar papers affecting associations under the statutes of  
23 this Commonwealth[.] for which a specific fee is not set  
24 forth in section 153 (relating to fee schedule) or other  
25 applicable statute.

26 ["Bureau." The Corporation Bureau of the Department of State  
27 or any successor agency within the department.]

28 § 153. Fee schedule.

29 (a) General rule.--The nonrefundable fees of the bureau,  
30 including fees for the public acts and transactions of the

1 Secretary of the Commonwealth administered through the bureau,  
2 shall be as follows:

3 (1) Domestic corporations:

4 (i) Articles of incorporation, letters  
5 patent or similar instruments incorporating a  
6 corporation or association..... \$125

7 (ii) Articles or agreement or similar  
8 instrument of merger, consolidation or division.. 70

9 (iii) Additional fee for each association  
10 which is a party to a merger or consolidation.... 40

11 (iv) Additional fee for each new association  
12 resulting from a division..... 125

13 (v) Articles of conversion or a similar  
14 instrument..... 70

15 (vi) Each ancillary transaction..... 70

16 (2) Foreign corporations:

17 (i) Certificates of authority or similar  
18 qualifications to do business..... 250

19 (ii) Amended certificate of authority or  
20 similar change in qualification to do business... 250

21 (iii) Domestication..... 125

22 (iv) Statement of merger or consolidation or  
23 similar instrument reporting occurrence of merger  
24 or consolidation not effected by a filing in the  
25 department..... 70

26 (v) Additional fee for each qualified  
27 foreign corporation which is named in a statement  
28 of merger or consolidation or similar instrument. 40

29 (vi) Each ancillary transaction..... 70

30 (3) Partnerships and limited liability companies:

1	<u>(i) Certificate of limited partnership or</u>	
2	<u>certificate of organization of a limited</u>	
3	<u>liability company or similar instrument forming a</u>	
4	<u>limited partnership or organizing a limited</u>	
5	<u>liability company.....</u>	<u>125</u>
6	<u>(ii) Certificate of merger, consolidation or</u>	
7	<u>division.....</u>	<u>70</u>
8	<u>(iii) Additional fee for each association</u>	
9	<u>which is a party to a merger or consolidation....</u>	<u>40</u>
10	<u>(iv) Additional fee for each new association</u>	
11	<u>resulting from a division.....</u>	<u>125</u>
12	<u>(v) Application for registration of foreign</u>	
13	<u>limited partnership or limited liability</u>	
14	<u>company.....</u>	<u>250</u>
15	<u>(vi) Certificate of amendment of</u>	
16	<u>registration of foreign limited partnership or</u>	
17	<u>limited liability company.....</u>	<u>250</u>
18	<u>(vii) Statement of registration of</u>	
19	<u>registered limited liability partnership or</u>	
20	<u>statement of election as an electing</u>	
21	<u>partnership.....</u>	<u>125</u>
22	<u>(viii) Domestication of foreign limited</u>	
23	<u>liability company.....</u>	<u>125</u>
24	<u>(ix) Each ancillary transaction.....</u>	<u>70</u>
25	<u>(4) Unincorporated nonprofit associations:</u>	
26	<u>(i) Statement appointing an agent to receive</u>	
27	<u>service of process.....</u>	<u>70</u>
28	<u>(ii) Resignation of appointed agent.....</u>	<u>40</u>
29	<u>(iii) Amendment or cancellation of statement</u>	
30	<u>appointing an agent.....</u>	<u>70</u>

1	<u>(5) Business trusts:</u>	
2	<u>(i) Deed of trust or other initial</u>	
3	<u>instrument for a business trust.....</u>	<u>125</u>
4	<u>(ii) Each ancillary transaction.....</u>	<u>70</u>
5	<u>(6) Fictitious names:</u>	
6	<u>(i) Registration.....</u>	<u>70</u>
7	<u>(ii) Each ancillary transaction.....</u>	<u>70</u>
8	<u>(7) Service of process:</u>	
9	<u>(i) Each defendant named or served.....</u>	<u>70</u>
10	<u>(ii) (Reserved).....</u>	
11	<u>(8) Trademarks, emblems, union labels,</u>	
12	<u>description of bottles and similar matters:</u>	
13	<u>(i) Trademark registration.....</u>	<u>50</u>
14	<u>(ii) Each ancillary trademark transaction...</u>	<u>50</u>
15	<u>(iii) Any other registration under this</u>	
16	<u>paragraph.....</u>	<u>70</u>
17	<u>(iv) Any other ancillary transaction under</u>	
18	<u>this paragraph.....</u>	<u>70</u>
19	<u>(9) Uniform Commercial Code: As provided in 13</u>	
20	<u>Pa.C.S. § 9525 (relating to fees).</u>	
21	<u>(10) Copy fees, including copies furnished under</u>	
22	<u>the Uniform Commercial Code:</u>	
23	<u>(i) Each page of photocopy furnished.....</u>	<u>3</u>
24	<u>(ii) (Reserved).....</u>	
25	<u>(11) Certification fees:</u>	
26	<u>(i) For certifying copies of any document or</u>	
27	<u>paper on file, the fee specified in paragraph</u>	
28	<u>(10), if the department furnished the copy,</u>	
29	<u>plus.....</u>	<u>40</u>
30	<u>(ii) (Reserved).....</u>	

1	<u>(iii) For issuing any other certificate of</u>	
2	<u>the Secretary of the Commonwealth or the</u>	
3	<u>department (other than an engrossed</u>	
4	<u>certificate).....</u>	<u>40</u>
5	<u>(12) Report of record search other than a search</u>	
6	<u>under paragraph (9):</u>	
7	<u>(i) For preparing and providing a report of</u>	
8	<u>a record search, the fee specified in paragraph</u>	
9	<u>(10), if any, plus.....</u>	<u>15</u>
10	<u>(ii) (Reserved).....</u>	
11	<u>(13) Reservation and registration of names:</u>	
12	<u>(i) Reservation of association name.....</u>	<u>70</u>
13	<u>(ii) Registration of foreign or other</u>	
14	<u>corporation name.....</u>	<u>70</u>
15	<u>(14) Change of registered office or address:</u>	
16	<u>(i) Each statement of change of registered</u>	
17	<u>office by agent.....</u>	<u>5</u>
18	<u>(ii) Each statement or certificate of change</u>	
19	<u>of registered office.....</u>	<u>5</u>
20	<u>(iii) Each statement of change of address...</u>	<u>5</u>
21	<u>(15) Contingent domestication:</u>	
22	<u>(i) Statement of contingent domestication...</u>	<u>125</u>
23	<u>(ii) Each year, or portion of a year, during</u>	
24	<u>which a contingent domestication or temporary</u>	
25	<u>domiciliary status is in effect.....</u>	<u>1,500</u>
26	<u>(16) Expedited service:</u>	
27	<u>(i) For the processing of any filing under</u>	
28	<u>this title or 13 Pa.C.S. (relating to commercial</u>	
29	<u>code) which is received by the bureau before 4</u>	
30	<u>p.m. and is requested to be completed within one</u>	

1 hour, an additional fee of..... 1,000

2 (ii) For the processing of any filing under  
3 this title or Title 13 which is received by the  
4 bureau before 2 p.m. and is requested to be  
5 completed within three hours, an additional fee  
6 of..... 300

7 (iii) For processing of any filing under  
8 this title or Title 13 which is received by the  
9 bureau before 10 a.m. and is requested to be  
10 completed the same day, an additional fee 100  
11 of.....

12 \* \* \*

13 § 155. Disposition of funds.

14 (a) [Establishment of restricted account.--] Corporation  
15 Bureau Restricted Account.--The Corporation Bureau Restricted  
16 Account, established under section 814 of the act of April 9,  
17 1929 (P.L.177, No.175), known as The Administrative Code of  
18 1929, is continued. This account shall receive 30% of the amount  
19 received by the department under this subchapter except for the  
20 fees collected under 13 Pa.C.S. § 9525(a)(1)(ii) (relating to  
21 fees). This account shall receive 5% of the amount received by  
22 the department under 13 Pa.C.S. § 9525(a)(1)(ii). The balance of  
23 the amount received by the department under this subchapter  
24 shall be deposited in the General Fund. Money in the account  
25 shall be used solely for the operation of the bureau and for its  
26 modernization as may be required for improved operations of the  
27 bureau unless a surplus arises after two consecutive years, at  
28 which time the Secretary of the Commonwealth shall transfer any  
29 amount in excess of the bureau's budget into the General Fund.

30 (b) Expenditures.--The [Department of State] department

1 shall submit a budget for the operation or modernization of the  
2 [Corporation Bureau] bureau to the Governor for approval. Such  
3 funds as are approved by the Governor are hereby appropriated  
4 from the Corporation Bureau Restricted Account to the  
5 [Department of State] department for the operation of the  
6 bureau.

7 \* \* \*

8 Section 6. The introductory paragraph and the definitions of  
9 "act," "banking institution," "corporation for profit,"  
10 "corporation not-for-profit," "court," "credit union,"  
11 "department," "distribution," "domestic corporation for profit,"  
12 "domestic corporation not-for-profit," "foreign corporation for  
13 profit," "foreign corporation not-for-profit," "insurance  
14 corporation," "Internal Revenue Code of 1986," "obligation,"  
15 "officially publish," "representative," "savings association"  
16 and "voting" in section 1103 of Title 15 are amended and the  
17 section is amended by adding a subsection to read:

18 § 1103. Definitions.

19 (a) General definitions.--Subject to additional definitions  
20 contained in subsequent provisions of this subpart that are  
21 applicable to specific provisions of this subpart, the following  
22 words and phrases when used in this subpart shall have the  
23 meanings given to them in this section unless the context  
24 clearly indicates otherwise:

25 ["Act" or "action." Includes failure to act.]

26 \* \* \*

27 ["Banking institution" or "domestic banking institution." A  
28 domestic corporation for profit that is an institution as  
29 defined in the act of November 30, 1965 (P.L.847, No.356), known  
30 as the Banking Code of 1965.]



1 \* \* \*

2 ["Corporation for profit." A corporation incorporated for a  
3 purpose or purposes involving pecuniary profit, incidental or  
4 otherwise, to its shareholders or members.

5 "Corporation not-for-profit." A corporation not incorporated  
6 for a purpose or purposes involving pecuniary profit, incidental  
7 or otherwise.

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

10 (1) the court of common pleas of the judicial district  
11 embracing the county where the registered office of the  
12 corporation is or is to be located; or

13 (2) where a corporation results from a merger,  
14 consolidation, division or other transaction without  
15 establishing a registered office in this Commonwealth or  
16 withdraws as a foreign corporation, the court of common pleas  
17 in which venue would have been laid immediately prior to the  
18 transaction or withdrawal.

19 "Credit union." A credit union as defined in 17 Pa.C.S. §  
20 102 (relating to application of title).

21 "Department." The Department of State of the Commonwealth.]

22 \* \* \*

23 "Distribution." A direct or indirect transfer of money or  
24 other property (except its own shares or options, rights or  
25 warrants to acquire its own shares) or incurrence of  
26 indebtedness by a corporation to or for the benefit of any or  
27 all of its shareholders in respect of any of its shares whether  
28 by dividend or by purchase, redemption or other acquisition of  
29 its shares or otherwise. Neither the making of, nor payment or  
30 performance upon, a guaranty or similar arrangement by a

1 corporation for the benefit of any or all of its shareholders  
2 nor a direct or indirect transfer or allocation of assets or  
3 liabilities effected under Chapter 19 (relating to fundamental  
4 changes) with the approval of the shareholders shall constitute  
5 a distribution for the purposes of this subpart.

6 ["Domestic corporation for profit." A corporation for profit  
7 incorporated under the laws of this Commonwealth.

8 "Domestic corporation not-for-profit." A corporation not-  
9 for-profit incorporated under the laws of this Commonwealth.]

10 \* \* \*

11 ["Foreign corporation for profit." A corporation for profit  
12 incorporated under any laws other than those of this  
13 Commonwealth.

14 "Foreign corporation not-for-profit." A corporation not-for-  
15 profit incorporated under any laws other than those of this  
16 Commonwealth.]

17 \* \* \*

18 ["Insurance corporation" or "domestic insurance corporation."  
19 An insurance corporation as defined in section 3102 (relating to  
20 definitions).

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

23 \* \* \*

24 ["Obligation." Includes a note or other form of  
25 indebtedness, whether secured or unsecured.]

26 \* \* \*

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

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

11 \* \* \*

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

19 "Savings association" or "domestic savings association." A  
20 domestic corporation for profit that is an association as  
21 defined in the act of December 14, 1967 (P.L.746, No.345), known  
22 as the Savings Association Code of 1967.]

23 \* \* \*

24 "Voting" or "casting a vote." Includes the giving of  
25 [written] consent in lieu of voting. The term does not include  
26 either recording the fact of abstention or failing to vote for a  
27 candidate or for approval or disapproval of a matter, whether or  
28 not the person entitled to vote characterizes the conduct as  
29 voting or casting a vote.

30 (b) Index of other definitions.--The following is a

1 nonexclusive list of words and phrases which when used in this  
2 subpart shall have the meanings given to them in section 102  
3 (relating to definitions):

4 "Act" or "action."

5 "Banking institution" or "domestic banking institution."

6 "Corporation for profit."

7 "Corporation not-for-profit."

8 "Court."

9 "Credit union."

10 "Department."

11 "Domestic corporation for profit."

12 "Domestic corporation not-for-profit."

13 "Execute."

14 "Foreign corporation for profit."

15 "Foreign corporation not-for-profit."

16 "Insurance corporation" or "domestic insurance corporation."

17 "Internal Revenue Code of 1986."

18 "Obligation."

19 "Officially publish."

20 "Record form."

21 "Representative."

22 "Savings association" or "domestic savings association."

23 "Sign."

24 Section 7. Section 1104 of Title 15 is repealed:

25 [§ 1104. Other general provisions.

26 The following provisions of this title are applicable to  
27 corporations subject to this subpart:

28 Section 101 (relating to short title and application of  
29 title).

30 Section 102 (relating to definitions).

1 Section 103 (relating to subordination of title to regulatory  
2 laws).

3 Section 104 (relating to equitable remedies).

4 Section 105 (relating to fees).

5 Section 106 (relating to effect of filing papers required to  
6 be filed).

7 Section 107 (relating to form of records).

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

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

12 Section 110 (relating to supplementary general principles of  
13 law applicable).

14 Section 132 (relating to functions of Department of State).

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

16 Section 134 (relating to docketing statement).

17 Section 135 (relating to requirements to be met by filed  
18 documents).

19 Section 136 (relating to processing of documents by  
20 Department of State).

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

23 Section 138 (relating to statement of correction).

24 Section 139 (relating to tax clearance of certain fundamental  
25 transactions).

26 Section 140 (relating to custody and management of orphan  
27 corporate and business records).

28 Section 152 (relating to definitions).

29 Section 153 (relating to fee schedule).

30 Section 154 (relating to enforcement and collection).

1 Section 155 (relating to disposition of funds).

2 Section 162 (relating to contingent domestication of certain  
3 foreign associations).

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

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

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

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

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

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

15 Section 8. Section 1306 of Title 15 is amended by adding a  
16 subsection to read:

17 § 1306. Articles of incorporation.

18 \* \* \*

19 (e) Reference to external facts.--Except for the provisions  
20 required by subsection (a) (1), (2), (3), (4) (i), (5) and (7),  
21 any provision of the articles of incorporation may be made  
22 dependent upon facts ascertainable outside of the articles if  
23 the manner in which the facts will operate upon the provision is  
24 set forth in the articles. The facts may include actions or  
25 events within the control of or determinations made by the  
26 corporation or a representative of the corporation.

27 Section 9. Sections 1504(c) and 1523 of Title 15 are amended  
28 to read:

29 § 1504. Adoption, amendment and contents of bylaws.

30 \* \* \*

1 (c) Bylaw provisions in articles.--Where any provision of  
2 this subpart or any other provision of law refers to a rule as  
3 set forth in the bylaws of a corporation or in a bylaw adopted  
4 by the shareholders, the reference shall be construed to include  
5 and be satisfied by any rule on the same subject as set forth in  
6 the articles of the corporation.

7 \* \* \*

8 § 1523. Pricing and issuance of shares.

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

18 (1) the persons that shares will be issued to; and

19 (2) the number of shares, price or consideration and  
20 other terms on which shares will be issued.

21 Section 10. Section 1527(a)(3) of Title 15 is amended and  
22 the section is amended by adding a subsection to read:

23 § 1527. Issuance of fractional shares or scrip.

24 (a) General rule.--A business corporation may but shall not  
25 be required to create and issue fractions of a share, either  
26 represented by a certificate or uncertificated, which, unless  
27 otherwise provided in the articles, shall represent proportional  
28 interests in all the voting rights, preferences, limitations and  
29 special rights, if any, of full shares. If the corporation  
30 creates but does not provide for the issuance of fractions of a

1 share, it shall:

2 \* \* \*

3 (3) issue scrip or other evidence of ownership, in  
4 registered form (either represented by a certificate or  
5 uncertificated) or in bearer form (represented by a  
6 certificate), entitling the holder to receive a full share  
7 upon the surrender of the scrip or other evidence of  
8 ownership aggregating a full share, or the transfer of  
9 uncertificated scrip aggregating a full share, but which  
10 shall not[, unless otherwise provided therein or with respect  
11 thereto,] entitle the holder to exercise any voting right, to  
12 receive dividends or to participate in any of the assets of  
13 the corporation in the event of liquidation.

14 \* \* \*

15 (c) Limitation.--The articles may not provide that scrip or  
16 other evidence of ownership entitles the holder to exercise any  
17 voting right, to receive dividends or to participate in any of  
18 the assets of the corporation in the event of liquidation.

19 Section 11. Section 1528 of Title 15 is amended by adding a  
20 subsection to read:

21 § 1528. Shares represented by certificates and uncertificated  
22 shares.

23 \* \* \*

24 (g) Bearer shares prohibited.--A business corporation may  
25 not issue share certificates in bearer form. This subsection may  
26 not be varied by the articles.

27 Section 12. Section 1529(b) of Title 15 is amended to read:

28 § 1529. Transfer of securities; restrictions.

29 \* \* \*

30 (b) Transfer restrictions generally.--A restriction on the



1 transfer or registration of transfer of securities of a business  
2 corporation may be imposed by the bylaws or by an agreement  
3 among any number of securityholders or among them and the  
4 corporation. A restriction so imposed shall not be binding with  
5 respect to securities issued prior to the adoption of the  
6 restriction unless the holders of the securities are parties to  
7 the agreement or voted in favor of the restriction. A  
8 restriction may be amended by the vote or consent, and otherwise  
9 in the manner, provided in the bylaws or agreement for amending  
10 the restriction or, in the absence of such a provision, as  
11 provided for amending the bylaws or agreement generally.

12 \* \* \*

13 Section 13. Section 1552(b) of Title 15 is redesignated and  
14 the section is amended by adding subsections to read:

15 § 1552. Power of corporation to acquire its own shares.

16 \* \* \*

17 (b) Security for acquisition.--In connection with an  
18 acquisition by a corporation of its shares, the corporation may  
19 grant a security interest in the acquired shares to secure an  
20 obligation to pay for the acquisition. A share shall not be  
21 canceled on the books of the corporation until the obligation of  
22 the corporation secured by the share is fully paid or  
23 discharged.

24 (c) Application of distribution tests.--A corporation may  
25 acquire or agree to acquire its shares, even though the  
26 acquisition would violate section 1551 (relating to  
27 distributions to shareholders), if payment of all or part of the  
28 purchase price is deferred until the payment would not violate  
29 that section.

30 [(b)] (d) Cross reference.--See section 1914(c)(2) (relating

1 to adoption by board of directors).

2 Section 14. Section 1575(a) introductory paragraph of Title  
3 15 is amended to read:

4 § 1575. Notice to demand payment.

5 (a) General rule.--If the proposed corporate action is  
6 approved by the required vote at a meeting of shareholders of a  
7 business corporation, the corporation shall mail a further  
8 notice to all dissenters who gave due notice of intention to  
9 demand payment of the fair value of their shares and who  
10 refrained from voting in favor of the proposed action. If the  
11 proposed corporate action is [to be] approved by the  
12 shareholders by less than unanimous consent without a meeting or  
13 is taken without [a vote of] the need for approval by the  
14 shareholders, the corporation shall send to all shareholders who  
15 are entitled to dissent and demand payment of the fair value of  
16 their shares a notice of the adoption of the plan or other  
17 corporate action. In either case, the notice shall:

18 \* \* \*

19 Section 15. Section 1704(a) and (b) of Title 15 are amended  
20 and the section is amended by adding subsections to read:

21 § 1704. Place and notice of meetings of shareholders.

22 (a) Place.--Meetings of shareholders may be held at such  
23 geographic location within or without this Commonwealth as may  
24 be provided in or fixed pursuant to the bylaws. Unless otherwise  
25 provided in or pursuant to the bylaws, all meetings of the  
26 shareholders shall be held at the executive office of the  
27 corporation wherever situated. If a meeting of the shareholders  
28 is held by means of the Internet or other electronic  
29 communications technology in a fashion pursuant to which the  
30 shareholders have the opportunity to read or hear the

1 proceedings substantially concurrently with their occurrence,  
2 vote on matters submitted to the shareholders [and], pose  
3 questions to the directors, make appropriate motions and comment  
4 on the business of the meeting, the meeting need not be held at  
5 a particular geographic location.

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

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

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

15 [If the secretary or other authorized person neglects or refuses  
16 to give notice of a meeting, the person or persons calling the  
17 meeting may do so.]

18 \* \* \*

19 (d) Alternative authority.--If the secretary or other  
20 authorized person neglects or refuses to give notice of a  
21 meeting, a person calling the meeting may do so.

22 (e) Cross reference.--See section 2528 (relating to notice  
23 of shareholder meetings).

24 Section 16. Sections 1705(a), 1727(b), 1756(a)(4) and  
25 1759(a), (c) and (e) of Title 15 are amended to read:

26 § 1705. Waiver of notice.

27 (a) [Written waiver] General rule.--Whenever any [written]  
28 notice is required to be given under the provisions of this  
29 subpart or the articles or bylaws of any business corporation, a  
30 waiver thereof [in writing, signed] which is filed with the

1 secretary of the corporation in record form signed by the person  
2 or persons entitled to the notice, whether before or after the  
3 time stated therein, shall be deemed equivalent to the giving of  
4 the notice. Neither the business to be transacted at, nor the  
5 purpose of, a meeting need be specified in the waiver of notice  
6 of the meeting.

7 \* \* \*

8 § 1727. Quorum of and action by directors.

9 \* \* \*

10 (b) Action by consent.--Unless otherwise restricted in the  
11 bylaws, any action required or permitted to be [taken] approved  
12 at a meeting of the directors may be [taken] approved without a  
13 meeting if[, prior or subsequent to the action,] a consent or  
14 consents [thereto] to the action in record form are signed,  
15 before, on or after the effective date of the action, by all of  
16 the directors in office [is] on the date the first consent is  
17 signed. The consent or consents must be filed with the  
18 [secretary of the corporation] minutes of the proceedings of the  
19 board of directors.

20 § 1756. Quorum.

21 (a) General rule.--A meeting of shareholders of a business  
22 corporation duly called shall not be organized for the  
23 transaction of business unless a quorum is present. Unless  
24 otherwise provided in a bylaw adopted by the shareholders:

25 \* \* \*

26 (4) If a proxy casts a vote or takes other action on  
27 behalf of a shareholder on any issue other than a procedural  
28 motion considered at a meeting of shareholders, the  
29 shareholder shall be deemed to be present during the entire  
30 meeting for purposes of determining whether a quorum is

1 present for consideration of any other issue.

2 \* \* \*

3 § 1759. Voting and other action by proxy.

4 (a) General rule.--

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

9 (2) The [presence of, or] vote or other action on behalf  
10 of a shareholder at a meeting of shareholders, or the  
11 expression of consent or dissent to corporate action [in  
12 writing], by a proxy of a shareholder shall constitute the  
13 [presence of, or] vote or action by, or [written] consent or  
14 dissent of the shareholder for the purposes of this subpart.

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

24 \* \* \*

25 (c) Revocation.--A proxy, unless coupled with an interest,  
26 shall be revocable at will, notwithstanding any other agreement  
27 or any provision in the proxy to the contrary, but the  
28 revocation of a proxy shall not be effective until notice  
29 thereof has been given to the secretary of the corporation or  
30 its designated agent in writing or by electronic transmission.

1 An unrevoked proxy shall not be valid after three years from the  
2 date of its [execution] signature, authentication or  
3 transmission unless a longer time is expressly provided therein.  
4 A proxy shall not be revoked by the death or incapacity of the  
5 maker unless, before the vote is counted or the authority is  
6 exercised, [written] notice in record form of the death or  
7 incapacity is given to the secretary of the corporation or its  
8 designated agent.

9 \* \* \*

10 (e) Cross [reference] references.--See [section] sections  
11 1702 (relating to manner of giving notice) and 3135 (relating to  
12 proxies of members of mutual insurance companies).

13 Section 17. Section 1764(a) of Title 15 is amended and the  
14 section is amended by adding a subsection to read:  
15 § 1764. Voting lists.

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

1 section 2529 (relating to voting lists).

2 \* \* \*

3 (c) Electronic meetings.--If a meeting of shareholders of a  
4 nonregistered corporation is not held at a geographic location,  
5 the corporation shall make the list of shareholders required by  
6 subsection (a) available in a reasonably accessible manner.

7 Section 18. Section 1766(a), (b) and (d) of Title 15 are  
8 amended to read:

9 § 1766. Consent of shareholders in lieu of meeting.

10 (a) Unanimous consent.--Unless otherwise restricted in the  
11 bylaws, any action required or permitted to be taken at a  
12 meeting of the shareholders or of a class of shareholders of a  
13 business corporation may be taken without a meeting if[, prior  
14 or subsequent to the action,] a consent or consents [thereto] to  
15 the action in record form are signed, before, on or after the  
16 effective date of the action, by all of the shareholders who  
17 would be entitled to vote at a meeting for such purpose [shall  
18 be filed]. The consent or consents must be filed with the  
19 [secretary of the corporation] minutes of the proceedings of the  
20 shareholders.

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

1 \* \* \*

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

5 Section 19. Section 1906(d)(3) of Title 15 is amended and  
6 the section is amended by adding a subsection to read:

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

9 \* \* \*

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

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

16 \* \* \*

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

24 \* \* \*

25 Section 20. Title 15 is amended by adding sections to read:

26 § 1907. Purpose of fundamental transactions.

27 A transaction under this chapter does not require an  
28 independent business purpose in order for the transaction to be  
29 lawful.

30 § 1908. Submission of matters to shareholders.



1 A business corporation may agree, in record form, to submit  
2 an amendment or plan to its shareholders whether or not the  
3 board of directors determines, at any time after approving the  
4 matter, that the matter is no longer advisable and recommends  
5 that the shareholders reject or vote against it, regardless of  
6 whether the board of directors changes its recommendation. If a  
7 corporation so agrees to submit a matter to its shareholders,  
8 the matter is deemed to have been validly adopted by the  
9 corporation when it has been approved by the shareholders.

10 Section 21. Sections 1911(a)(4), 1913, 1922(a)(3), 1923,  
11 1931(a), (b)(2), (d) and (g), 1957(b)(1)(iv), 1973, 1978(b) and  
12 2522 of Title 15 are amended to read:

13 § 1911. Amendment of articles authorized.

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

17 \* \* \*

18 (4) To cancel or otherwise affect the right of holders  
19 of the shares of any class or series to receive dividends  
20 that have accrued but have not been declared or to otherwise  
21 effect a reclassification of or otherwise affect the  
22 substantial rights of the holders of any shares, including,  
23 without limitation, by providing special treatment of shares  
24 held by any shareholder or group of shareholders [as  
25 authorized by, and subject to the provisions of,] consistent  
26 with section 1906 (relating to special treatment of holders  
27 of shares of same class or series).

28 \* \* \*

29 § 1913. Notice of meeting of shareholders.

30 (a) General rule.--[Written notice] Notice in record form of

1 the meeting of shareholders of a business corporation that will  
2 act on the proposed amendment [shall] must be given to each  
3 shareholder entitled to vote thereon. [There shall be included  
4 in, or enclosed with, the notice a copy of] The notice must  
5 include the proposed amendment or a summary of the changes to be  
6 effected thereby and, if Subchapter D of Chapter 15 (relating to  
7 dissenters rights) is applicable, [a copy] the text of that  
8 subchapter.

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

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 (3) The manner and basis of converting the shares of  
17 each corporation into shares or other securities or  
18 obligations of the surviving or new corporation, or of  
19 canceling some or all of the shares of a corporation, as the  
20 case may be, and, if any of the shares of any of the  
21 corporations that are parties to the merger or consolidation  
22 are not to be  canceled or converted solely into shares or  
23 other securities or obligations of the surviving or new  
24 corporation, the shares or other securities or obligations of  
25 any other person or cash, property or rights that the holders  
26 of such shares are to receive in exchange for, or upon  
27 conversion of, such shares, and the surrender of any  
28 certificates evidencing them, which securities or  
29 obligations, if any, of any other person or cash, property or  
30 rights may be in addition to or in lieu of the shares or

1 other securities or obligations of the surviving or new  
2 corporation.

3 \* \* \*

4 § 1923. Notice of meeting of shareholders.

5 (a) General rule.--[Written notice] Notice in record form of  
6 the meeting of shareholders that will act on the proposed plan  
7 [shall] must be given to each shareholder of record, whether or  
8 not entitled to vote thereon, of each domestic business  
9 corporation that is a party to the merger or consolidation.  
10 [There shall be included in, or enclosed with, the notice a copy  
11 of] The notice must include or be accompanied by the proposed  
12 plan or a summary thereof [and, if]. If Subchapter D of Chapter  
13 15 (relating to dissenters rights) is applicable to the holders  
14 of shares of any class or series, [a copy] the text of that  
15 subchapter and of section 1930 (relating to dissenters rights)  
16 [shall] must be furnished to the holders of shares of that class  
17 or series. If the surviving or new corporation will be a  
18 nonregistered corporation, the notice [shall] must state that a  
19 copy of its bylaws as they will be in effect immediately  
20 following the merger or consolidation will be furnished to any  
21 shareholder on request and without cost.

22 (b) Cross references.--See Subchapter A of Chapter 17  
23 (relating to notice and meetings generally) and [section]  
24 sections 2512 (relating to dissenters rights procedure) and 2528  
25 (relating to notice of shareholder meetings).

26 § 1931. Share exchanges.

27 (a) General rule.--All the outstanding shares of one or more  
28 classes or series of a domestic business corporation, designated  
29 in this section as the exchanging corporation, may, in the  
30 manner provided in this section, be acquired by any person,

1 designated in this section as the acquiring person, through an  
2 exchange of all the shares pursuant to a plan of exchange. The  
3 plan of exchange may also provide for the [conversion of any  
4 other] shares of any other class or series of the exchanging  
5 corporation to be canceled or converted into shares, other  
6 securities or obligations of any person or cash, property or  
7 rights. The procedure authorized by this section shall not be  
8 deemed to limit the power of any person to acquire all or part  
9 of the shares or other securities of any class or series of a  
10 corporation through a voluntary exchange or otherwise by  
11 agreement with the holders of the shares or other securities.

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

14 \* \* \*

15 (2) The manner and basis of canceling the shares of the  
16 exchanging corporation or exchanging or converting the shares  
17 of the exchanging corporation into shares or other securities  
18 or obligations of the acquiring person, and, if any of the  
19 shares of the exchanging corporation are not to be exchanged  
20 or converted solely into shares or other securities or  
21 obligations of the acquiring person, the shares or other  
22 securities or obligations of any other person or cash,  
23 property or rights that the holders of the shares of the  
24 exchanging corporation are to receive in exchange for, or  
25 upon conversion of, the shares and the surrender of any  
26 certificates evidencing them, which securities or  
27 obligations, if any, of any other person or cash, property  
28 and rights may be in addition to or in lieu of the shares or  
29 other securities or obligations of the acquiring person.

30 \* \* \*

1 (d) Dissenters rights in share exchanges.--Any holder of  
2 shares that are to be canceled, exchanged or converted pursuant  
3 to a plan of exchange who objects to the plan and complies with  
4 the provisions of Subchapter D of Chapter 15 shall be entitled  
5 to the rights and remedies of dissenting shareholders therein  
6 provided, if any. See section 1906(c) (relating to dissenters  
7 rights upon special treatment).

8 \* \* \*

9 (g) Effect of plan.--Upon the plan of exchange becoming  
10 effective, the shares of the exchanging corporation that are,  
11 under the terms of the plan, to be canceled, converted or  
12 exchanged shall cease to exist or shall be converted or  
13 exchanged. The former holders of the shares shall thereafter be  
14 entitled only to the shares, other securities or obligations or  
15 cash, property or rights into which they have been converted or  
16 for which they have been exchanged in accordance with the plan,  
17 and the acquiring person shall be the holder of the shares of  
18 the exchanging corporation stated in the plan to be acquired by  
19 such person. The articles of incorporation of the exchanging  
20 corporation shall be deemed to be amended to the extent, if any,  
21 that changes in its articles are stated in the plan of exchange.

22 \* \* \*

23 § 1957. Effect of division.

24 \* \* \*

25 (b) Property rights; allocations of assets and  
26 liabilities.--

27 (1) \* \* \*

28 (iv) [To] Except as provided in section 1952(g)  
29 (relating to proposal and adoption of plan of division),  
30 to the extent allocations of liabilities are contemplated

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

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

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

16 \* \* \*

17 § 1973. Notice of meeting of shareholders.

18 (a) General rule.--[Written notice] Notice in record form of  
19 the meeting of shareholders that will consider the resolution  
20 recommending dissolution of the business corporation [shall]  
21 must be given to each shareholder of record entitled to vote  
22 thereon [and the purpose shall be included]. The purpose of the  
23 meeting must be stated in the notice [of the meeting].

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

27 § 1978. Winding up of corporation after dissolution.

28 \* \* \*

29 (b) Standard of care of directors and officers.--The  
30 dissolution of the corporation shall not subject its directors

1 or officers to standards of conduct different from those  
2 prescribed by or pursuant to Chapter 17 (relating to officers,  
3 directors and shareholders). Directors of a dissolved  
4 corporation who have complied with section 1975 (relating to  
5 predissolution provision for liabilities) or Subchapter H  
6 (relating to postdissolution provision for liabilities) and  
7 governing persons of a successor entity who have complied with  
8 Subchapter H shall not be personally liable to the creditors or  
9 claimants of the dissolved corporation.

10 § 2522. Adjournment of meetings of shareholders.

11 [Any] Except as otherwise provided in the bylaws, any regular  
12 or special meeting of the shareholders of a registered  
13 corporation, including one at which directors are to be elected,  
14 may be adjourned for such period as the shareholders present and  
15 entitled to vote shall direct.

16 Section 22. Title 15 is amended by adding sections to read:

17 § 2528. Notice of shareholder meetings.

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

23 § 2529. Voting lists.

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

29 Section 23. Section 2545(b) of Title 15 is amended and the  
30 section is amended by adding a subsection to read:

1 § 2545. Notice to shareholders.

2 \* \* \*

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

9 \* \* \*

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

12 Section 24. Sections 3133(a) introductory paragraph and 3135  
13 of Title 15 are amended to read:

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

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

27 \* \* \*

28 § 3135. Proxies of members of mutual insurance companies.

29 In no event shall a proxy given by a member of a mutual  
30 insurance company, unless coupled with an interest, be voted on



1 or utilized to express consent or dissent to corporate action  
2 [in writing] after 11 months from the date of execution of the  
3 proxy.

4 Section 24.1. Section 3322(a) and (b) of Title 15 are  
5 amended and the section is amended by adding a subsection to  
6 read:

7 § 3322. Benefit director.

8 (a) General rule.--

9 (1) The board of directors of a benefit corporation  
10 which is a registered corporation shall include a director  
11 who:

12 (i) shall be designated as the benefit director; and

13 (ii) shall have, in addition to all of the powers,  
14 duties, rights and immunities of the other directors of  
15 the benefit corporation, the powers, duties, rights and  
16 immunities provided in this subchapter.

17 (2) The board of directors of a benefit corporation  
18 which is not a registered corporation may include a director  
19 who:

20 (i) shall be designated as the benefit director; and

21 (ii) shall have, in addition to all of the powers,  
22 duties, rights and immunities of the other directors of  
23 the benefit corporation, the powers, duties, rights and  
24 immunities provided in this subchapter.

25 (b) Election, removal and qualifications.--The benefit  
26 director shall be elected and may be removed in the manner  
27 provided under Subchapter C of Chapter 17 (relating to directors  
28 and officers) [and]. Except as set forth in subsection (e) (2) (i)  
29 or (g), the benefit director shall be an individual who is  
30 independent. The benefit director may serve as the benefit

1 officer at the same time as serving as the benefit director. The  
2 articles or bylaws of a benefit corporation may prescribe  
3 additional qualifications of the benefit director not  
4 inconsistent with this subsection.

5 \* \* \*

6 (g) Professional corporations.--The benefit director of a  
7 professional corporation does not need to be independent.

8 Section 24.2. Sections 3325(b) (2) (i) and (iii) and 3331(a)  
9 (5) of Title 15, added October 24, 2012 (P.L.1228, No.152), are  
10 amended to read:

11 § 3325. Right of action.

12 \* \* \*

13 (b) Parties with standing.--A benefit enforcement proceeding  
14 may be commenced or maintained only:

15 \* \* \*

16 (2) derivatively by:

17 (i) a shareholder that owned at least 2% of the  
18 total number of shares of a class or series outstanding  
19 at the time of the act complained of;

20 \* \* \*

21 (iii) a person or group of persons that owns  
22 beneficially or of record 5% or more of the equity  
23 interests in an association of which the benefit  
24 corporation is a subsidiary at the time of the act  
25 complained of; or

26 \* \* \*

27 § 3331. Annual benefit report.

28 (a) Contents.--A benefit corporation must deliver to each  
29 shareholder an annual benefit report including:

30 \* \* \*

1 [(5) The name of each person that owns 5% or more of the  
2 outstanding shares of the benefit corporation either  
3 beneficially, to the extent known to the benefit corporation  
4 without independent investigation, or of record.]

5 \* \* \*

6 Section 24.3. Section 4127(a) introductory paragraph and  
7 (5), (b) and (d) of Title 15 are amended to read:

8 § 4127. Merger, consolidation or division of qualified foreign  
9 corporations.

10 (a) General rule.--Whenever a qualified foreign business  
11 corporation is a nonsurviving party to a statutory merger,  
12 consolidation or division permitted by the laws of the  
13 jurisdiction under which it is incorporated, the corporation or  
14 other association surviving the merger, or the new corporation  
15 or other association resulting from the consolidation or  
16 division, as the case may be, shall file in the [Department of  
17 State] department a statement of merger, consolidation or  
18 division, which shall be executed by the surviving or new  
19 corporation or other association and shall set forth:

20 \* \* \*

21 (5) In the case of a merger, consolidation or division  
22 in which any of the new or resulting associations is a  
23 corporation, or if the surviving corporation in a merger was  
24 a nonqualified foreign business corporation prior to the  
25 merger, the statements on the part of the surviving or each  
26 new or resulting corporation required by section 4124(a)  
27 (relating to application for a certificate of authority).

28 (b) Effect of filing.--The filing of the statement shall  
29 operate, as of the effective date of the merger, consolidation  
30 or division, to cancel the certificate of authority of each

1 nonsurviving constituent corporation that was a qualified  
2 foreign business corporation and to qualify the surviving [or  
3 new corporation], new or resulting corporations, under this  
4 subchapter. If the surviving [or new corporation does], new or  
5 resulting corporations do not desire to continue as [a]  
6 qualified foreign business [corporation, it] corporations, they  
7 may thereafter withdraw in the manner provided by section 4129  
8 (relating to application for termination of authority).

9 \* \* \*

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

13 Section 25. The introductory paragraph and the definitions  
14 of "act," "board of directors," "bylaws," "charitable purposes,"  
15 "corporation for profit," "corporation not-for-profit," "court,"  
16 "department," "directors," "domestic corporation for profit,"  
17 "domestic corporation not-for-profit," "foreign corporation for  
18 profit," "foreign corporation not-for-profit," "fraternal  
19 benefit society," "member," "nonprofit corporation,"  
20 "nonqualified foreign corporation," "other body,"  
21 "representative," "trust instrument," "unless otherwise  
22 provided" and "unless otherwise restricted," in section 5103 of  
23 Title 15 are amended and the section is amended by adding  
24 definitions and a subsection to read:

25 § 5103. Definitions.

26 (a) General definitions.--Subject to additional definitions  
27 contained in subsequent provisions of this subpart that are  
28 applicable to specific provisions of this subpart, the following  
29 words and phrases when used in this subpart shall have the  
30 meanings given to them in this section unless the context

1 clearly indicates otherwise:

2 ["Act" or "action." Includes failure to act.]

3 "Amendment." An amendment of the articles.

4 \* \* \*

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

22 \* \* \*

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

25 "Bylaws." The code or codes of rules adopted for the  
26 regulation or management of the business and affairs of the  
27 corporation irrespective of the name or names by which [such]  
28 the rules are designated. The term includes provisions of the  
29 articles as provided by section 5504(c) (relating to adoption,  
30 amendment and contents of bylaws).

1 "Charitable purposes." The relief of poverty, the  
2 advancement and provision of education, including postsecondary  
3 education, the advancement of religion, [the promotion of  
4 health,] the prevention and treatment of disease or injury,  
5 including mental retardation and mental disorders, governmental  
6 or municipal purposes, and any other [purposes] purpose the  
7 accomplishment of which is recognized as important and  
8 beneficial to the [community] public.

9 \* \* \*

10 ["Corporation for profit." A corporation incorporated for a  
11 purpose or purposes involving pecuniary profit, incidental or  
12 otherwise, to its shareholders or members.

13 "Corporation not-for-profit." A corporation not incorporated  
14 for a purpose or purposes involving pecuniary profit, incidental  
15 or otherwise.

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

18 (1) the court of common pleas of the judicial district  
19 embracing the county where the registered office of the  
20 corporation is or is to be located; or

21 (2) where a corporation results from a merger,  
22 consolidation, division or other transaction without  
23 establishing a registered office in this Commonwealth or  
24 withdraws as a foreign corporation, the court of common pleas  
25 in which venue would have been laid immediately prior to the  
26 transaction or withdrawal.

27 "Department." The Department of State of the Commonwealth.]

28 "Directors." [Persons] Individuals designated, elected or  
29 appointed, by that or any other name or title, to act as members  
30 of the board of directors, and their successors. The term does

1 not include a member of an other body, [as such] unless the  
2 person is also a director. The term, when used in relation to  
3 any power or duty requiring collective action, shall be  
4 construed to mean "board of directors."

5 \* \* \*

6 ["Domestic corporation for profit." A corporation for profit  
7 incorporated under the laws of this Commonwealth.

8 "Domestic corporation not-for-profit." A corporation not-  
9 for-profit incorporated under the laws of this Commonwealth.]

10 "Employee." The term does not include a member, director or  
11 member of an other body, unless the person is also an employee.  
12 See section 5730 (relating to compensation of directors) as to  
13 acceptance by a director of duties that make the director also  
14 an employee.

15 \* \* \*

16 ["Foreign corporation for profit." A corporation for profit  
17 incorporated under any laws other than those of this  
18 Commonwealth.

19 "Foreign corporation not-for-profit." A corporation not-for-  
20 profit incorporated under any laws other than those of this  
21 Commonwealth.]

22 "Foreign domiciliary corporation." A foreign nonprofit  
23 corporation described in section 6102 (relating to foreign  
24 domiciliary corporations).

25 \* \* \*

26 "Fraternal benefit society." A domestic corporation not-for-  
27 profit that is a society as defined in [the act of July 29, 1977  
28 (P.L.105, No.38) known as the Fraternal Benefit Society Code]  
29 section 2402 of the act of May 17, 1921 (P.L.682, No.284), known  
30 as The Insurance Company Law of 1921.

1 \* \* \*

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

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

7 (2) a delegate to any convention or assembly of  
8 delegates of members established pursuant to any provision of  
9 this subpart.

10 If and to the extent the bylaws confer rights of members upon  
11 holders of securities evidencing indebtedness or governmental or  
12 other entities pursuant to any provision of this subpart the  
13 term shall be construed to include such security holders and  
14 governmental or other entities. The term shall be construed to  
15 include "shareholder" if the corporation issues shares of  
16 stock.] Any of the following:

17 (1) A person that has voting rights in a membership  
18 corporation.

19 (2) When used in relation to the taking of corporate  
20 action by a membership corporation, a delegate to a  
21 convention or assembly of delegates of members established  
22 pursuant to any provision of this subpart who has the right  
23 to vote at the convention or assembly in accordance with the  
24 rules of the convention or assembly.

25 (3) A person that has been given voting rights or other  
26 membership rights in a membership corporation by a bylaw  
27 adopted by the members pursuant to section 5770 (relating to  
28 voting powers and other rights of certain securityholders and  
29 other entities) or other provision of law, but only to the  
30 extent of those rights.



1           (4) A shareholder of a corporation, if the corporation  
2           issues shares of stock.

3           "Membership corporation." A nonprofit corporation having  
4           articles of incorporation that do not provide that the  
5           corporation is to have no members.

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

10          "Nonqualified foreign corporation" or "nonqualified foreign  
11 nonprofit corporation." A foreign corporation not-for-profit  
12 [which] that is not a qualified foreign corporation, as defined  
13 in this section.

14          \* \* \*

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

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

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

26           (3) the board of directors.

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

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

3 \* \* \*

4 ["Representative." When used with respect to a corporation,  
5 partnership, joint venture, trust or other enterprise, means a  
6 director, officer, employee or agent thereof.]

7 "Trust instrument." Any lawful deed of gift, grant, will or  
8 other document by which the donor, grantor or testator [shall  
9 give, grant or devise] gives, grants or devises any real or  
10 personal property or the income [therefrom] from any real or  
11 personal property in trust for any charitable purpose.

12 "Unless otherwise provided" or "except as otherwise  
13 provided." When used to introduce or modify a rule, the term  
14 implies that the alternative provisions contemplated may either  
15 relax or restrict the stated rule.

16 "Unless otherwise restricted" or "except as otherwise  
17 restricted." When used to introduce or modify a rule, the term  
18 implies that the alternative provisions contemplated may further  
19 restrict, but may not relax, the stated rule.

20 "Voting" or "casting a vote." Includes the giving of consent  
21 in lieu of voting. Whether or not the person entitled to vote  
22 characterizes the conduct as voting or casting a vote, the term  
23 does not include:

- 24 (1) recording the fact of abstention; or  
25 (2) failing to vote for a candidate or for approval or  
26 disapproval of a matter.

27 "Voting rights." The right of a person in a membership  
28 corporation, other than in the capacity of a director or member  
29 of an other body, to vote on the election or removal of  
30 directors or members of an other body or on approval of an

1 amendment of the articles of incorporation, a plan or the  
2 dissolution of the corporation.

3 (b) Index of other definitions.--The following is a  
4 nonexclusive list of words and phrases which when used in this  
5 subpart shall have the meanings given to them in section 102  
6 (relating to definitions):

7 "Act" or "action."

8 "Corporation for profit."

9 "Corporation not-for-profit."

10 "Court."

11 "Department."

12 "Domestic corporation for profit."

13 "Domestic corporation not-for-profit."

14 "Execute."

15 "Foreign corporation for profit."

16 "Foreign corporation not-for-profit."

17 "Internal Revenue Code of 1986."

18 "Obligation."

19 "Officially publish."

20 "Record form."

21 "Representative."

22 "Sign."

23 Section 26. Sections 5104, 5105, 5106, 5107, 5108, 5109,  
24 5302, 5306(a)(6) introductory paragraph and (11)(ii), 5307,  
25 5308, 5309, 5310, 5331 and 5501 of Title 15 are amended to read:  
26 [§ 5104. Other general provisions.

27 The following provisions of this title are applicable to  
28 corporations subject to this subpart:

29 Section 101 (relating to short title and application of  
30 title).

1 Section 102 (relating to definitions).  
2 Section 103 (relating to subordination of title to regulatory  
3 laws).  
4 Section 104 (relating to equitable remedies).  
5 Section 105 (relating to fees).  
6 Section 106 (relating to effect of filing papers required to  
7 be filed).  
8 Section 107 (relating to form of records).  
9 Section 108 (relating to change in location or status of  
10 registered office provided by agent).  
11 Section 109 (relating to name of commercial registered office  
12 provider in lieu of registered address).  
13 Section 110 (relating to supplementary general principles of  
14 law applicable).  
15 Section 132 (relating to functions of Department of State).  
16 Section 133 (relating to powers of Department of State).  
17 Section 134 (relating to docketing statement).  
18 Section 135 (relating to requirements to be met by filed  
19 documents).  
20 Section 136 (relating to processing of documents by  
21 Department of State).  
22 Section 137 (relating to court to pass upon rejection of  
23 documents by Department of State).  
24 Section 138 (relating to statement of correction).  
25 Section 139 (relating to tax clearance of certain fundamental  
26 transactions).  
27 Section 140 (relating to custody and management of orphan  
28 corporate and business records).  
29 Section 152 (relating to definitions).  
30 Section 153 (relating to fee schedule).

1 Section 154 (relating to enforcement and collection).

2 Section 155 (relating to disposition of funds).

3 Section 162 (relating to contingent domestication of certain  
4 foreign associations).

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

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

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

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

12 Section 2552 (relating to definitions) (definitions of  
13 "affiliate" and "associate").]

14 § 5105. [Saving clause and restriction] Restriction on  
15 equitable relief.

16 [(a) General rule.--Except as otherwise provided in  
17 subsection (b) of this section, this subpart and its amendments  
18 shall not impair or affect any act done, offense committed, or  
19 substantial right accruing, accrued, or acquired, or liability,  
20 duty, obligation, penalty, judgment or punishment incurred prior  
21 to the time this subpart or any amendment thereto takes effect,  
22 but the same may be enjoyed, asserted, enforced, prosecuted, or  
23 inflicted as fully and to the same extent as if this subpart or  
24 any amendment thereto had not been enacted.

25 (b) Exception.--] A member of a nonprofit corporation shall  
26 not have any right to claim the right to valuation [of] and  
27 payment [for] of the fair value of his membership interest or  
28 shares because of any proposed plan or amendment [of articles]  
29 authorized under any provision of this subpart, or to obtain, in  
30 the absence of fraud or fundamental unfairness, an injunction

1 against [any such] the plan or amendment.

2 § 5106. [Limited uniform] Uniform application of subpart.

3 (a) General rule.--Except as provided in subsection (b),  
4 this subpart and its amendments are intended to provide uniform  
5 rules for the [government] governance and regulation of the  
6 affairs of nonprofit corporations and of their officers,  
7 directors and members and of members of other bodies, regardless  
8 of the date or manner of incorporation or qualification, or of  
9 the issuance of any evidences of membership in or shares  
10 [thereof] of a nonprofit corporation.

11 (b) Exceptions.--

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

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

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

30 (4) Nothing in this subpart shall be deemed to repeal or

1 supersede any provision in section 7 of the act of April 26,  
2 1855 (P.L.328, No.347), entitled "An act relating to  
3 Corporations and to Estates held for Corporate, Religious and  
4 Charitable uses."

5 § 5107. Subordination of subpart to canon law.

6 If and to the extent canon law or similar principles  
7 applicable to a corporation incorporated for religious purposes  
8 [shall set] sets forth provisions relating to the government and  
9 regulation of the affairs of the corporation [which] that are  
10 inconsistent with the provisions of this subpart on the same  
11 subject, the [provisions of] canon law or similar principles  
12 shall control except to the extent[, and only to the extent,  
13 required] prohibited by the Constitution of the United States or  
14 the Constitution of Pennsylvania[, or both].

15 § 5108. Limitation on incorporation.

16 [No corporation which might] A corporation that can be  
17 incorporated under this subpart shall [hereafter] not be  
18 incorporated except under the provisions of this subpart.

19 § 5109. Execution of documents.

20 (a) General rule.--Any document filed in the [Department of  
21 State] department under this title by a domestic or foreign  
22 nonprofit corporation [or a foreign corporation not-for-profit]  
23 subject to this subpart may be executed on behalf of the  
24 corporation by any one duly authorized officer [thereof] of the  
25 corporation. The corporate seal may be affixed and attested, but  
26 the affixation or attestation of the corporate seal shall not be  
27 necessary for the due execution of any filing by a corporation  
28 under this title.

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

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

5 § 5302. Number and qualifications of incorporators.

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

9 § 5306. Articles of incorporation.

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

13 \* \* \*

14 (6) [A] If the corporation is a membership corporation,  
15 a statement whether the corporation is to be organized upon a  
16 nonstock basis or a stock share basis, and, if it is to be  
17 organized on a stock share basis:

18 \* \* \*

19 (11) Any other provisions that the incorporators may  
20 choose to insert if:

21 \* \* \*

22 (ii) such provisions are not inconsistent with this  
23 subpart and relate to the purpose or purposes of the  
24 corporation, the management of its business or affairs or  
25 the rights, powers or duties of its members, security  
26 holders, directors, members of an other body or officers.

27 \* \* \*

28 § 5307. Advertisement.

29 The incorporators or the corporation shall officially publish  
30 a notice of intention to file or of the filing of articles of



1 incorporation. The notice may appear prior to or after the day  
2 the articles of incorporation are filed in the [Department of  
3 State,] department and shall set forth briefly:

4 (1) The name of the proposed corporation.

5 (2) A statement that the corporation is to be or has  
6 been incorporated under the provisions of this [article]  
7 subpart.

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

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

13 § 5308. Filing of articles.

14 (a) General rule.--The articles of incorporation shall be  
15 [filed in the Department of State] delivered to the department  
16 for filing.

17 (b) Cross [reference] references.--See [section] sections  
18 134 (relating to docketing statement) and 135 (relating to  
19 requirements to be met by filed documents).

20 § 5309. Effect of filing of articles of incorporation.

21 (a) Corporate existence.--Upon the filing of the articles of  
22 incorporation in the [Department of State] department or upon  
23 the effective date specified in the articles of incorporation,  
24 whichever is later, the corporate existence shall begin.

25 (b) Evidence of incorporation.--Subject to the provisions of  
26 section 503 (relating to actions to revoke corporate  
27 franchises), the articles of incorporation filed in the  
28 [Department of State, or approved by the court and] department,  
29 or recorded in the office of the recorder of deeds under the  
30 former provisions of law, shall be conclusive evidence of the

1 fact that the corporation has been incorporated.

2 § 5310. Organization meeting.

3 (a) General rule.--After the [filing of the articles of  
4 incorporation] corporate existence begins, an organization  
5 meeting of the initial directors[, ] or, if directors are not  
6 named in the articles, of the [incorporator or] incorporators,  
7 shall be held, within or without this Commonwealth, for the  
8 purpose of adopting bylaws, which they shall have authority to  
9 do at [such] the meeting[, ]i of electing directors [to hold  
10 office as provided in the bylaws], if directors are not named in  
11 the articles[, ]i and [the transaction of such] of transacting  
12 other business as may come before the meeting. A bylaw adopted  
13 at [such] the organization meeting of directors or incorporators  
14 shall be deemed to be a bylaw adopted by the members for the  
15 purposes of this [article and of] subpart and any other  
16 provision of law.

17 (b) Call of and action at meeting.--The meeting may be held  
18 at the call of any director or, if directors are not named in  
19 the articles, of any incorporator, who shall give at least five  
20 days' [written notice thereof] notice of the meeting to each  
21 other director or incorporator[, which]. The notice shall set  
22 forth the time and place of the meeting. For the purposes of  
23 this section [an], any director or incorporator may act in  
24 person, by consent or by proxy signed by him or his [attorney in  
25 fact] attorney-in-fact.

26 (c) Death or incapacity of directors or incorporators.--If a  
27 designated director or an incorporator dies or is for any reason  
28 unable to act at the meeting, the other or others may act. If  
29 there is no other designated director or incorporator able to  
30 act, any person for whom [an] a director or incorporator was

1 acting as agent may act or appoint another to act in his stead.  
2 § 5331. [Unincorporated] Incorporation of unincorporated  
3 associations.

4 In the case of the incorporation as a nonprofit corporation  
5 under this [article] subpart of an unincorporated association  
6 the articles of incorporation shall contain, in addition to the  
7 provisions [heretofore required in this chapter] required in  
8 Subchapter A (relating to incorporation generally), a statement  
9 that the incorporators constitute a majority of the members of  
10 the committee authorized to incorporate [such] the association  
11 by the requisite vote required by the organic law of the  
12 association for the amendment of [such] the organic law.

13 § 5501. Corporate capacity.

14 Except as provided in section 103 [of this title] (relating  
15 to subordination of title to regulatory laws), a nonprofit  
16 corporation shall have the legal capacity of natural persons to  
17 act.

18 Section 27. Section 5504(b), (c) and (d) of Title 15 are  
19 amended and the section is amended by adding a subsection to  
20 read:

21 § 5504. Adoption, amendment and contents of bylaws.

22 \* \* \*

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

28 Subsection (d) (relating to amendment of voting provisions).

29 Section 5713 (relating to personal liability of directors).

30 Section 5721 (relating to board of directors).

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

2 Section 5726(a) (relating to removal of directors by the  
3 members).

4 Section 5726(b) (relating to removal of directors by the  
5 board).

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

7 Section 5751(a) (relating to classes and qualifications of  
8 membership).

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

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

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

12 Section 5756 (relating to quorum).

13 Section 5757 (relating to action by members).

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

15 Section 5759(a) (relating to voting and other action by  
16 proxy).

17 Section [5760(a)] 5762(a) (relating to voting [in nonprofit  
18 corporation matters] by corporations).

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

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

22 Section [5767] 5770 (relating to voting powers and other  
23 rights of certain [security holders] securityholders and other  
24 entities).

25 Section 5975(c) (relating to [winding up and distribution]  
26 predissolution provision for liabilities).

27 (c) Bylaw provisions in articles.--Where any provision of  
28 this subpart or any other provision of law refers to a rule as  
29 set forth in the bylaws of a corporation or in a bylaw adopted  
30 by the members, the reference shall be construed to include and

1 be satisfied by any rule on the same subject as set forth in the  
2 articles of the corporation.

3 (d) Amendment of voting provisions.--

4 (1) Unless otherwise restricted in a bylaw adopted by  
5 the members, whenever the bylaws require for the taking of  
6 any action by the members or a class of members a specific  
7 number or percentage of votes, the provision of the bylaws  
8 setting forth that requirement shall not be amended or  
9 repealed by any lesser number or percentage of votes of the  
10 members or of the class of members.

11 (2) Paragraph (1) shall not apply to a bylaw setting  
12 forth the right of members to act by unanimous written  
13 consent as provided in section 5766(a) (relating to consent  
14 of members in lieu of meeting).

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

18 Section 28. Section 5509 of Title 15 is amended to read:  
19 § 5509. Bylaws and other powers in emergency.

20 (a) General rule.--[The] Except as otherwise restricted in  
21 the bylaws, the board of directors or other body of any  
22 nonprofit corporation may adopt emergency bylaws, subject to  
23 repeal or change by action of the members, which shall,  
24 notwithstanding any different provisions of law or of the  
25 articles or bylaws, be [operative] effective during any  
26 emergency resulting from [warlike damage or] an attack on the  
27 United States [or any], a nuclear [or atomic] disaster or  
28 another catastrophe as a result of which a quorum of the board  
29 cannot readily be assembled. The emergency bylaws may make any  
30 provision that may be [practical and necessary] appropriate for

1 the circumstances of the emergency, including [provisions that]:

2 (1) [A meeting of the board of directors or other body  
3 may be called by any officer or director or member of such  
4 other body in such manner and under such conditions as shall  
5 be prescribed in the emergency bylaws.] Procedures for  
6 calling meetings of the board or other body.

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

11 (3) [The officers or other persons designated on a list  
12 approved by the board of directors or other body before the  
13 emergency, all in such order of priority and subject to such  
14 conditions and for such period of time, not longer than  
15 reasonably necessary after the termination of the emergency  
16 as may be provided in the emergency bylaws or in the  
17 resolution approving the list, shall, to the extent required  
18 to provide a quorum at any meeting of the board of directors  
19 or such other body, be deemed directors or members of such  
20 other body for such meeting.] Procedures for designating  
21 additional or substitute directors or members of an other  
22 body.

23 (b) Lines of succession; head office.--The board of  
24 directors or [such] other body, or the officers, if given  
25 authorization by the board of directors or other body, either  
26 before or during any [such] emergency, may [provide,]:

27 (1) provide, and from time to time modify, lines of  
28 succession in the event that during [such an] the emergency  
29 any or all officers or agents of the corporation shall for  
30 any reason be rendered incapable of discharging their

1 duties[, and may,]; and

2 (2) effective in the emergency, change the head offices  
3 or designate several alternative head offices or regional  
4 offices of the corporation[, or authorize the officers so to  
5 do].

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

9 A representative of the corporation:

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

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

16 (d) Effect on regular bylaws.--To the extent that they are  
17 not inconsistent with any emergency bylaws [so] adopted, the  
18 bylaws of the corporation shall remain in effect during any  
19 emergency[, ] and, upon its termination, the emergency bylaws  
20 shall cease to be [operative] effective.

21 (e) Procedure in absence of emergency bylaws.--Unless  
22 otherwise provided in emergency bylaws, notice of any meeting of  
23 the board of directors or [such] an other body during [such] an  
24 emergency shall be given only to [such of the] those directors  
25 or members of [such] an other body [as it may be] it is feasible  
26 to reach at the time and by such means as [may be] are feasible  
27 at the time, including publication [or], radio or television. To  
28 the extent required to constitute a quorum at any meeting of the  
29 board of directors or [such] an other body during [such an] any  
30 emergency, the officers of the corporation who are present

1 shall, unless otherwise provided in emergency bylaws, be deemed,  
2 in order of rank and within the same rank in order of seniority,  
3 directors or members of [such] the other body, as the case may  
4 be, for [such] the meeting.

5 Section 29. Section 5511 of Title 15 is reenacted to read:

6 § 5511. Establishment of subordinate units.

7 A nonprofit corporation may establish and terminate local  
8 branches, chapters, councils, clubs, churches, lodges, parishes  
9 or other subordinate units regardless of their designation, form  
10 of government, incorporated or unincorporated status or  
11 relationship to the corporation or other supervising and  
12 controlling organization of which the corporation is a member or  
13 with which it is in allegiance and to which it is subordinate.

14 Section 30. Sections 5541, 5542, 5543, 5544, 5546, 5547(b),  
15 5548(b) and 5550 of Title 15 are amended to read:

16 § 5541. Capital contributions of members.

17 (a) General rule.--A nonprofit corporation organized on a  
18 nonstock basis may provide in its bylaws that members, upon or  
19 subsequent to admission, shall make capital contributions. The  
20 amount shall be specified in, or fixed by the board of directors  
21 or other body pursuant to authority granted by, the bylaws. The  
22 requirement of a capital contribution may apply to all members,  
23 [or] to the members of a single class, or to members of  
24 different classes in different amounts or proportions.

25 (b) Consideration receivable.--[The capital contribution of  
26 a member shall consist of money or other property, tangible or  
27 intangible, or labor or services actually received by or  
28 performed for the corporation or for its benefit or in its  
29 formation or reorganization, or a combination thereof. In the  
30 absence of fraud in the transaction, the judgment of the board



1 of directors or other body as to the value of the consideration  
2 received by the corporation shall be conclusive.] The capital  
3 contribution of a member, unless otherwise provided in the  
4 bylaws:

5       (1) May consist of money, obligations (including an  
6 obligation of a member), services performed whether or not  
7 contracted for, contracts for services to be performed,  
8 memberships in or securities or obligations of the  
9 corporation or any other tangible or intangible property or  
10 benefit to the corporation. If a capital contribution is made  
11 in a form other than money, the value of the contribution  
12 shall be determined by or in the manner provided by the board  
13 of directors or other body.

14       (2) Shall be provided or paid to or as ordered by the  
15 corporation.

16       (c) Evidence of contribution.--The capital contribution of a  
17 member shall be recorded on the books of the corporation and may  
18 be evidenced by a written instrument delivered to the member,  
19 but [such] the instrument shall not be denominated a "share  
20 certificate" or by any other word or term implying that the  
21 instrument is a share certificate subject to section 5752  
22 (relating to organization on a stock share basis).

23       (d) Transferability of interest.--Unless otherwise provided  
24 in the bylaws, the capital contribution of a member shall not be  
25 transferable.

26       (e) Repayment of contribution.--The capital contribution of  
27 a member shall not be repaid by the corporation except upon  
28 dissolution of the corporation or as provided in this [article]  
29 subpart. A corporation may provide in its bylaws that its  
30 capital contributions, or some of them, shall be repayable, in

1 whole or in part, at the option of the corporation only, [at  
2 such] in the amount or amounts (not to exceed the amount of the  
3 capital contribution), within [such] the period or periods[,]  
4 and on [such] the terms and conditions, not inconsistent with  
5 this [article] subpart, as are stated in, or fixed by the board  
6 of directors or other body pursuant to authority granted by, the  
7 bylaws.

8 § 5542. Subventions.

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

22 (b) Consideration receivable.--[A subvention shall consist  
23 of money or other property, tangible or intangible, actually  
24 received by the corporation or expended for its benefit or in  
25 its formation or reorganization, or a combination thereof. In  
26 the absence of fraud in the transaction, the judgment of the  
27 board of directors or other body as to the value of the  
28 consideration received by the corporation shall be conclusive.

29 (c) Form of certificate.--Each subvention certificate shall  
30 be signed by two duly authorized officers of the corporation,

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

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

23 (2) Shall be provided or paid to or as ordered by the  
24 corporation.

25 (c.1) Form of subventions.--Subventions shall be represented  
26 by certificates or shall be uncertificated subventions. Each  
27 subvention certificate shall be executed by or on behalf of the  
28 corporation issuing the subvention in the manner it may  
29 determine. The fact that the corporation is a nonprofit  
30 corporation shall be noted conspicuously on the face or back of

1 each certificate.

2 (d) Transferability of subvention.--[Subvention  
3 certificates] Subventions shall be nontransferable unless the  
4 resolution of the board of directors or other body [shall  
5 provide] provides that they shall be transferable either at will  
6 or subject to specified restrictions.

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

16 (f) Redemption at option of holders.--The resolution of the  
17 board of directors or other body may provide that makers or  
18 holders of all or some [subvention certificates] subventions  
19 shall have the right to require the corporation after a  
20 specified period of time to redeem [such certificates] the  
21 subventions, in whole or in part, at a price or prices that do  
22 not exceed the original amount or value of the subvention plus  
23 any periodic payments due or accrued [thereon] on the  
24 subvention, upon an affirmative showing that the financial  
25 condition of the corporation will permit the required payment to  
26 be made without impairment of its operations or injury to its  
27 creditors. The right to require redemption may in addition be  
28 conditioned upon the occurrence of a specified event. For the  
29 purpose of enforcing their rights under this subsection, makers  
30 or holders of [subvention certificates] subventions shall be

1 entitled to inspect the books and records of the corporation.

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

10 § 5543. Debt and security interests.

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

23 (b) Creation of lien on real or personal property.--The  
24 board of directors or other body may authorize any mortgage or  
25 pledge of, or the creation of a security interest in, all or any  
26 part of the real or personal property of the corporation, or any  
27 interest [therein. Unless] in the real or personal property. No  
28 application to or confirmation by a court shall be required and,  
29 unless otherwise restricted in the bylaws, no vote or consent of  
30 the members shall be required to make effective [such] the

1 action by the board or other body.

2 § 5544. [Fees, dues] Dues and assessments.

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

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

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

26 § 5546. Purchase, sale, mortgage and lease of real property.

27 [Except for an industrial development corporation whose  
28 articles or bylaws otherwise provide, no purchase of real  
29 property shall be made by a nonprofit corporation and no  
30 corporation shall sell, mortgage, lease away or otherwise

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

24 § 5547. Authority to take and hold trust property.

25 \* \* \*

26 (b) Nondiversion of certain property.--Property committed to  
27 charitable purposes shall not, by any proceeding under Chapter  
28 59 (relating to fundamental changes) or otherwise, be diverted  
29 from the objects to which it was donated, granted or devised,  
30 unless and until the board of directors or other body obtains

1 from the court an order under 20 Pa.C.S. Ch. 77 [Subch. D]  
2 (relating to [creation, validity, modification and termination  
3 of trust] trusts) specifying the disposition of the property.  
4 § 5548. Investment of trust funds.

5 \* \* \*

6 (b) Use and management.--Except as otherwise permitted under  
7 20 Pa.C.S. Ch. 77 [Subch. D] (relating to [creation, validity,  
8 modification and termination of trust] trusts), the board of  
9 directors or other body shall apply all assets thus received to  
10 the purposes specified in the trust instrument. The directors or  
11 other body shall keep accurate accounts of all trust funds,  
12 separate and apart from the accounts of other assets of the  
13 corporation.

14 \* \* \*

15 § 5550. Devises, bequests and gifts after certain fundamental  
16 changes.

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

- 19 (1) changed its purposes;
- 20 (2) sold, leased away or exchanged all or substantially  
21 all its property and assets;
- 22 (3) been converted into a business corporation;
- 23 (4) become a party to a consolidation or a division;
- 24 (5) become a party to a merger which it did not survive;

25 or

- 26 (6) been dissolved;

27 after the execution of the document containing [such] the  
28 devise, bequest or gift and before the nonprofit corporation  
29 acquires a vested interest in the devise, bequest or gift shall  
30 be effective only as a court having jurisdiction over the assets



1 may order under [the Estates Act of 1947] 20 Pa.C.S. Ch. 77  
2 (relating to trusts) or other applicable provisions of law.

3 Section 31. Section 5551 of Title 15 is reenacted to read:

4 § 5551. Dividends prohibited; compensation and certain payments  
5 authorized.

6 (a) General rule.--A nonprofit corporation shall not pay  
7 dividends or distribute any part of its income or profits to its  
8 members, directors, or officers. Nothing herein contained shall  
9 prohibit a fraternal benefit society operating under the  
10 insurance laws of Pennsylvania from paying dividends or refunds  
11 by whatever name known pursuant to the terms of its insurance  
12 contracts.

13 (b) Reasonable compensation for services.--A nonprofit  
14 corporation may pay compensation in a reasonable amount to  
15 members, directors, or officers for services rendered.

16 (c) Certain payments authorized.--A nonprofit corporation  
17 may confer benefits upon members or nonmembers in conformity  
18 with its purposes, may repay capital contributions, and may  
19 redeem its subvention certificates or evidences of indebtedness,  
20 as authorized by this article, except when the corporation is  
21 currently insolvent or would thereby be made insolvent or  
22 rendered unable to carry on its corporate purposes, or when the  
23 fair value of the assets of the corporation remaining after such  
24 conferring of benefits, payment or redemption would be  
25 insufficient to meet its liabilities. A nonprofit corporation  
26 may make distributions of cash or property to members upon  
27 dissolution or final liquidation as permitted by this article.

28 Section 32. Title 15 is amended by adding a section to read:  
29 § 5552. (Reserved).

30 Section 33. Section 5552 of Title 15 is renumbered to read:

1 § [5552] 5553. Liabilities of members.

2 (a) General rule.--A member of a nonprofit corporation shall  
3 not be liable, solely by reason of being a member, under an  
4 order of a court or in any other manner for a debt, obligation  
5 or liability of the corporation of any kind or for the acts of  
6 any member or representative of the corporation.

7 (b) Obligations of member to corporation.--A member shall be  
8 liable to the corporation only to the extent of any unpaid  
9 portion of the capital contributions, membership dues or  
10 assessments which the corporation may have lawfully imposed upon  
11 him, or for any other indebtedness owed by him to the  
12 corporation. No action shall be brought by any creditor of the  
13 corporation to reach and apply any such liability to any debt of  
14 the corporation until after:

15 (1) final judgment has been rendered against the  
16 corporation in favor of the creditor and execution thereon  
17 returned unsatisfied;

18 (2) a case involving the corporation has been brought  
19 under 11 U.S.C. Ch. 7 (relating to liquidation) and a  
20 distribution has been made and the case closed or a notice of  
21 no assets has been issued; or

22 (3) a receiver has been appointed with power to collect  
23 debts, and the receiver, on demand of a creditor to bring an  
24 action thereon, has refused to sue for the unpaid amount, or  
25 the corporation has been dissolved or ceased its activities  
26 leaving debts unpaid.

27 (c) Action by a creditor.--An action by a creditor under  
28 subsection (b) shall not be brought more than three years after  
29 the happening of the first to occur of the events listed in  
30 subsection (b) (1) through (3).

1 Section 34. Section 5553 of Title 15 is renumbered and  
2 amended to read:

3 § [5553] 5554. Annual report of directors or other body.

4 (a) Contents.--The board of directors or other body of a  
5 nonprofit corporation shall present annually to the members a  
6 report, verified by the president and treasurer or by a majority  
7 of the directors or members of [such] the other body, showing in  
8 appropriate detail the following:

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

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

15 (3) The revenue or receipts of the corporation, both  
16 unrestricted and restricted to particular purposes, for the  
17 fiscal year immediately preceding the date of the report,  
18 including separate data with respect to each trust fund held  
19 by or for the corporation.

20 (4) The expenses or disbursements of the corporation,  
21 for both general and restricted purposes, during the fiscal  
22 year immediately preceding the date of the report, including  
23 separate data with respect to each trust fund held by or for  
24 the corporation.

25 (5) The number of members of the corporation as of the  
26 date of the report, together with a statement of increase or  
27 decrease in [such] their number during the year immediately  
28 preceding the date of the report, and a statement of the  
29 place where the names and addresses of the current members  
30 may be found.

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

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

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

15 Section 35. Sections 5585, 5586, 5587, 5588, 5589, 5702(a),  
16 5704(a) and (b), 5705(a), 5708, 5722(a), 5723, 5724, 5725, 5726,  
17 5727, 5728(a) and (b), 5729(b) and 5730 of Title 15 are amended  
18 to read:

19 § 5585. Establishment or use of common trust funds authorized.

20 (a) General rule.--Every nonprofit corporation may establish  
21 and maintain one or more common trust funds, the assets of which  
22 shall be held, invested and reinvested by the corporation itself  
23 or by a corporate trustee to which the assets have been  
24 transferred pursuant to section 5549 (relating to transfer of  
25 trust or other assets to institutional trustee). Upon the  
26 payment by the corporate trustee to the nonprofit corporation of  
27 the net income from [such] the assets, which income may be  
28 determined under section 5548(c) (relating to investment of  
29 trust funds) if [such] the election is properly made by the  
30 board of directors or other body of the corporation, for use and

1 application to the several participating interests in [such] the  
2 common trust fund, the proportionate participation of each  
3 interest in [such] the net income shall be designated by the  
4 corporate trustee. The nonprofit corporation may, at any time,  
5 withdraw the whole or part of any participating interest in  
6 [such] the common trust fund for distribution by it as provided  
7 in this subchapter.

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

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

23 § 5586. Restrictions on investments.

24 (a) Legal investments.--If the trust instrument [shall limit  
25 or restrict] limits or restricts the investment of [such] the  
26 assets to investments of the class authorized by law as legal  
27 investments, [the] a nonprofit corporation may invest and  
28 reinvest the assets of the trust or fund in any [such] common  
29 trust fund maintained by the corporation[, provided] if the  
30 investments composing [such] the fund consist solely of

1 investments of the class authorized by [the Fiduciaries  
2 Investment Act of 1949] 20 Pa.C.S. Ch. 72 (relating to prudent  
3 investor rule) to be held by fiduciaries.

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

13 § 5587. Determination of interests.

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

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

10 § 5588. Amortization of premiums on securities held.

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

22 § 5589. Records; ownership of assets.

23 The nonprofit corporation shall designate clearly upon its  
24 records the names of the trusts or funds on behalf of which  
25 [such] the corporation, as fiduciary or otherwise, owns a  
26 participation in any common trust fund and the extent of the  
27 interest of the trust or fund therein. [No such] The trust or  
28 fund shall not be deemed to have individual ownership of any  
29 asset in [such] the common trust fund, but shall be deemed to  
30 have a proportionate undivided interest in the common trust

1 fund. The ownership of the individual assets comprising any  
2 common trust fund shall be solely in the nonprofit corporation  
3 as fiduciary or otherwise.

4 § 5702. Manner of giving notice.

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

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

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

29 (ii) By facsimile transmission, e-mail or other  
30 electronic communication to the person's facsimile number



1 or address for e-mail or other electronic communications  
2 supplied by the person to the corporation for the purpose  
3 of notice. Notice under this subparagraph shall be deemed  
4 to have been given to the person entitled thereto when  
5 sent.

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

10 \* \* \*

11 § 5704. Place and notice of meetings of members.

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

27 (b) Notice.--[Written notice] Notice in record form of every  
28 meeting of the members shall be given by, or at the direction  
29 of, the secretary or other authorized person to each member of  
30 record entitled to vote at the meeting at least:

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

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

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

9           \* \* \*

10 § 5705. Waiver of notice.

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

22           \* \* \*

23 § 5708. Use of conference telephone [and similar equipment.] or  
24 other electronic technology.

25           (a) Incorporators, directors and members of an other body.--  
26 Except as otherwise provided in the bylaws, one or more persons  
27 may participate in a meeting of the incorporators, the board of  
28 directors or an other body[, or the members] of a nonprofit  
29 corporation by means of conference telephone or [similar  
30 communications equipment] other electronic technology by means

1 of which all persons participating in the meeting can hear each  
2 other. Participation in a meeting pursuant to this section shall  
3 constitute presence in person at the meeting.

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

12 § 5722. Qualifications of directors.

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

19 \* \* \*

20 § 5723. Number of directors.

21 The board of directors of a nonprofit corporation shall  
22 consist of one or more members. [Except as otherwise provided in  
23 this section, the] The number of directors shall be fixed by[,]  
24 or in the manner provided in[,] the bylaws[; or if]. If not so  
25 fixed, the number of directors shall be the same as that stated  
26 in the articles or three if no number is so stated.

27 § 5724. Term of office of directors.

28 (a) General rule.--Each director of a nonprofit corporation  
29 shall hold office until the expiration of the term for which  
30 [he] the director was selected and until [his] a successor has

1 been selected and qualified or until [his] the director's  
2 earlier death, resignation or removal. Directors, other than  
3 those selected by virtue of their office or former office in the  
4 corporation or in any other entity or organization, shall be  
5 selected for the term of office provided in the bylaws. In the  
6 absence of a provision fixing the term, it shall be one year.

7 (b) Resignations.--Any director may resign at any time upon  
8 notice in record form to the corporation. The resignation shall  
9 be effective upon its receipt by the corporation or at a  
10 subsequent time specified in the notice of resignation.

11 (c) Decrease in number.--A decrease in the number of  
12 directors shall not have the effect of shortening the term of  
13 any incumbent director.

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

17 (1) Each class shall be as nearly equal in number as  
18 possible.

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

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

23 § 5725. Selection of directors.

24 (a) General rule.--Except as otherwise provided in this  
25 section, directors of a nonprofit corporation, other than those  
26 [named in the articles, if any,] constituting the first board of  
27 directors, shall be elected by the members.

28 (b) Other methods.--If a bylaw adopted by the members so  
29 provides, directors may be elected, appointed, designated or  
30 otherwise selected by [such] the person or persons or by [such]

1 the method or methods as shall be fixed by, or in the manner  
2 provided in, [such] the bylaw, and the directors may be  
3 classified as to the members who exercise the power to select  
4 directors.

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

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

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

19 (3) In the case of a corporation having a board of  
20 directors classified in respect of the time for which  
21 directors shall severally hold office, any director chosen to  
22 fill a vacancy, including a vacancy resulting from an  
23 increase in the number of directors, shall hold office until  
24 the next election of the class for which the director has  
25 been chosen and until a successor has been selected and  
26 qualified or until the director's earlier death, resignation  
27 or removal.

28 (d) Alternate directors.--If the bylaws so provide, a person  
29 or group of persons entitled to elect, appoint, designate or  
30 otherwise select one or more directors may select [one or more

1 alternates] an alternate for each [such] director. In the  
2 absence of a director from a meeting of the board [one of his  
3 alternates], the director's alternate may, in the manner and  
4 upon [such] the notice, if any, as may be provided in the  
5 bylaws, attend [such] the meeting or execute a consent in record  
6 form and exercise at the meeting [such of] or in the consent,  
7 the powers of the absent director as may be specified by, or in  
8 the manner provided in, the bylaws. When so exercising the  
9 powers of the absent director, [such] the alternate shall be  
10 subject in all respects to the provisions of this [article]  
11 subpart relating to directors.

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

15 (f) Cross reference.--See the definition of "member" in  
16 section 5103 (relating to definitions).

17 § 5726. Removal of directors.

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

19 (1) Unless otherwise provided in a bylaw adopted by the  
20 members, the entire board of directors, or a class of the  
21 board[, ] where the board is classified with respect to the  
22 power to select directors, or any individual director[, ] of a  
23 nonprofit corporation may be removed from office without  
24 assigning any cause by the vote of members, or a class of  
25 members, entitled to [cast at least a majority of the votes  
26 which all members present would be entitled to cast at any  
27 annual or other regular election of the directors or of such  
28 class of directors] elect directors, or the class of  
29 directors. In case the board or [such] a class of the board  
30 or any one or more directors are so removed, new directors

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

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

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

30 (c) [By] Removal by the court.--[The court may, upon

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

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

21 § 5727. Quorum of and action by directors.

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

28 (b) Action by [written] consent.--Unless otherwise  
29 restricted in the bylaws, any action [which may] required or  
30 permitted to be [taken] approved at a meeting of the directors



1 may be [taken] approved without a meeting[, ] if a consent or  
2 consents [in writing setting forth the action so taken shall be  
3 signed] to the action in record form are signed, before, on or  
4 after the effective date of the action, by all of the directors  
5 in office [and shall be] on the date the last consent is signed.  
6 The consent or consents must be filed with the secretary of the  
7 corporation.

8 § 5728. Interested [members,] directors or officers; quorum.

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

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

30 (2) the material facts as to [his] the director's or

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

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

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

13 \* \* \*

14 § 5729. Voting rights of directors.

15 \* \* \*

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

22 § 5730. Compensation of directors.

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

28 Section 36. Section 5731 of Title 15 is amended by adding a  
29 subsection to read:

30 § 5731. Executive and other committees of the board.

1 \* \* \*

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

13 Section 37. Sections 5733, 5746(a), 5751, 5752, 5753, 5754,  
14 5755, 5756(a) (1) and (3) and (b), 5757 and 5759 of Title 15 are  
15 amended to read:

16 § 5733. Removal of officers and agents.

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

25 § 5746. 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] an official capacity and as to action in another  
3 capacity while holding that office. Section 5728 (relating to  
4 interested [members,] directors or officers; quorum) shall be  
5 applicable to any bylaw, contract or transaction authorized by  
6 the directors under this section. A corporation may create a  
7 fund of any nature, which may, but need not, be under the  
8 control of a trustee, or otherwise secure or insure in any  
9 manner its indemnification obligations, whether arising under or  
10 pursuant to this section or otherwise.

11 \* \* \*

12 § 5751. Classes and qualifications of membership.

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

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

24 (2) If there is only one class of members, the members  
25 shall have all the rights of members generally in a nonprofit  
26 corporation.

27 (b) Corporations without voting members.--Where the articles  
28 provide that the corporation shall have no members, as such, or  
29 where a nonprofit corporation has under its bylaws or in fact no  
30 members entitled to vote on a matter, any provision of this

1 [article] subpart or any other provision of law requiring notice  
2 to, the presence of, or the vote, consent or other action by  
3 members of the corporation in connection with [such] the matter  
4 shall be satisfied by notice to, the presence of, or the vote,  
5 consent or other action by the board of directors or other body  
6 of the corporation.

7 (c) Membership status.--Regardless of whether a nonprofit  
8 corporation designates or refers to a person as a member of the  
9 corporation, the person is not a member of the corporation for  
10 purposes of this subpart unless the person satisfies the  
11 definition of "member" in section 5103(a) (relating to  
12 definitions).

13 § 5752. Organization on a stock share basis.

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

17 (b) Form of certificates; uncertificated shares.--The shares  
18 of nonprofit corporations organized upon a stock share basis  
19 shall be of [such] the denominations [as] provided in the bylaws  
20 [shall provide] and shall be represented by share  
21 certificates[.] unless the articles provide that any or all  
22 classes and series of shares, or any part thereof, shall be  
23 uncertificated shares. A provision of the articles providing for  
24 uncertificated shares shall not apply to shares represented by a  
25 certificate until the certificate is surrendered to the  
26 corporation. Except as otherwise expressly provided by law, the  
27 rights and obligations of the holders of shares represented by  
28 certificates and the rights and obligations of the holders of  
29 uncertificated shares of the same class and series shall be  
30 identical. The fact that the corporation is a nonprofit

1 corporation shall be noted conspicuously on the face of each  
2 certificate. Within a reasonable time after the issuance or  
3 transfer of uncertificated shares, the corporation shall send to  
4 the registered owner thereof a written notice stating:

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

7 (2) The name of the registered owner.

8 (3) The denomination and class of shares and the  
9 designation of the series, if any, of the shares issued or  
10 transferred.

11 (c) Rights of shareholders.--Unless otherwise provided in a  
12 bylaw adopted by the members, each share shall entitle the  
13 holder thereof to one vote. No dividends shall be directly or  
14 indirectly paid on [any such] the shares, nor shall the  
15 shareholders be entitled to any portion of the earnings of  
16 [such] the corporation derived through increment of value upon  
17 its property, or otherwise incidentally made, until the  
18 dissolution of [any such] the corporation.

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

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

28 (f) Applicability of the Uniform Commercial Code.--The  
29 provisions of [Division 8 of Title 13] 13 Pa.C.S. Div. 8  
30 (relating to investment securities) shall not apply in any

1 manner to the shares of a nonprofit corporation.

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

4 § 5753. Membership certificates.

5 A nonprofit corporation organized upon a nonstock basis shall  
6 not issue shares of stock, but membership in [such] the  
7 corporation may be evidenced by certificates of membership. The  
8 fact that the corporation is a nonprofit corporation shall be  
9 noted conspicuously on the face of each certificate.

10 § 5754. Members grouped in local units.

11 (a) General rule.--The bylaws of a nonprofit corporation may  
12 provide that the members of the corporation shall be grouped in  
13 incorporated or unincorporated local units formed upon the basis  
14 of territorial areas, or [such] other basis as may be determined  
15 in the bylaws, for the purpose of election of delegates or  
16 representatives to represent the members of [such] the local  
17 units at any regular or special meetings of [such] the  
18 corporation. Unless otherwise provided in a bylaw adopted by the  
19 members, each local unit participating in a representative  
20 capacity by means of one or more delegates or otherwise at a  
21 meeting of the corporation shall have a number of votes equal to  
22 the total membership of the local unit.

23 (b) Voting at meetings of delegates.--The requirements of  
24 this [article] subpart for action by or the consent of a  
25 specified number or percentage of the members shall be satisfied  
26 by action by or the consent of [such] that number or percentage  
27 of votes of delegates or representatives of members selected  
28 pursuant to this section.

29 (c) Calling and holding meetings of delegates.--The  
30 provisions of this [article] subpart relating to the manner of

1 the calling and holding of and the taking of action at meetings  
2 of members shall be applicable to meetings of delegates or  
3 representatives of members.

4 (d) Incorporation of local units.--A local unit of an  
5 incorporated or unincorporated parent body [which] that is  
6 incorporated or organized for a purpose or purposes not  
7 involving pecuniary profit, incidental or otherwise, to its  
8 members[, ] may be incorporated under this [article] subpart by  
9 an incorporated parent body or by the members of [such] the  
10 local unit.

11 § 5755. Time of holding meetings of members.

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

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

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

29 (2) members entitled to cast at least 10% of the votes  
30 [which] that all members are entitled to cast at the



1 particular meeting[, or by such]; or

2 (3) other officers or persons as may be provided in the  
3 bylaws.

4 At any time, upon written request of any person who has called a  
5 special meeting, it shall be the duty of the secretary to fix  
6 the time of the meeting[, ] which, if the meeting is called  
7 pursuant to a statutory right, shall be held not more than 60  
8 days after the receipt of the request. If the secretary [shall  
9 neglect or refuse] neglects or refuses to fix the time of the  
10 meeting, the person or persons calling the meeting may do so.

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

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

21 § 5756. Quorum.

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

26 (1) The presence of members entitled to cast at least a  
27 majority of the votes [which] that all members are entitled  
28 to cast on [the matters] a particular matter to be acted upon  
29 at the meeting shall constitute a quorum for the purposes of  
30 consideration and action on the matter.

1 \* \* \*

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

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

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

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

1 § 5757. Action by members.

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

7 (b) Increased minimum vote.--Whenever in this article a  
8 specified number or percentage of votes of members or of a class  
9 of members is required for the taking of any action, a nonprofit  
10 corporation may prescribe in a bylaw adopted by the members that  
11 a higher number or percentage of votes shall be required for  
12 such action.] Except as otherwise provided in this subpart or in  
13 a bylaw adopted by the members, whenever any corporate action is  
14 to be taken by vote of the members of a nonprofit corporation,  
15 it shall be authorized upon receiving the affirmative vote of a  
16 majority of the votes cast by the members entitled to vote  
17 thereon and, if any members are entitled to vote thereon as a  
18 class, upon receiving the affirmative vote of a majority of the  
19 votes cast by the members entitled to vote as a class.

20 (b) Changes in required vote.--Whenever a provision of this  
21 subpart requires a specified number or percentage of votes of  
22 members or of a class of members for the taking of any action, a  
23 nonprofit corporation may prescribe in a bylaw adopted by the  
24 members that a higher number or percentage of votes shall be  
25 required for the action. The number or percentage of members  
26 necessary to call a special meeting of members or to petition  
27 for the proposal of an amendment of articles under this subpart  
28 may not be increased under this subsection. See sections 5504(d)  
29 (relating to adoption, amendment and contents of bylaws) and  
30 5914(d) (relating to adoption of amendments).

1 (c) Expenses.--Unless otherwise restricted in the articles,  
2 the corporation shall pay the reasonable expenses of  
3 solicitation of votes, proxies or consents of members by or on  
4 behalf of the board of directors or its nominees for election to  
5 the board, including solicitation by professional proxy  
6 solicitors and otherwise, and may pay the reasonable expenses of  
7 a solicitation by or on behalf of other persons.

8 § 5759. Voting and other action by proxy.

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

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

24 (2) Where two or more proxies of a member are present,  
25 the corporation shall, unless otherwise expressly provided in  
26 the proxy, accept as the vote or other action of all the  
27 members or shares represented thereby the vote cast or other  
28 action taken by a majority of them, and, if a majority of the  
29 proxies cannot agree whether the memberships or shares  
30 represented shall be voted or upon the manner of voting the

1 memberships or shares or taking the other action, the voting  
2 of the memberships or shares or right to take other action  
3 shall be divided equally among those persons.

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

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

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

23 (c) Revocation.--A proxy shall be revocable at will,  
24 notwithstanding any other agreement or any provision in the  
25 proxy to the contrary, but the revocation of a proxy shall not  
26 be effective until notice thereof has been given to the  
27 secretary of the corporation[. No] or its designated agent in  
28 writing or by electronic transmission. An unrevoked proxy shall  
29 not be valid after 11 months from the date of its execution,  
30 authentication or transmission unless a longer time is expressly

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

9 Section 38. Title 15 is amended by adding sections to read:

10 § 5760. (Reserved).

11 § 5761. (Reserved).

12 Section 39. Sections 5760 and 5761 of Title 15 are  
13 renumbered and amended to read:

14 § [5760] 5762. Voting by corporations.

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

30 (b) Voting by nonprofit corporations.--Shares of or

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

13 § [5761] 5763. Determination of members of record.

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

1 adjournment thereof unless otherwise restricted in the bylaws or  
2 unless the board fixes a new record date for the adjourned  
3 meeting.

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

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

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

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

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

18 (iii) propose an amendment of the articles;

19 shall be the close of business on the day on which the first  
20 written consent or dissent, request for a special meeting or  
21 petition proposing an amendment of the articles is

22 [expressed] filed with the secretary of the corporation.

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

27 Section 40. Title 15 is amended by adding a section to read:  
28 § 5764. (Reserved).

29 Section 41. Sections 5762, 5763, 5764, 5765, 5766 and 5767  
30 of Title 15 are renumbered and amended to read:



1 § [5762] 5765. Judges of election.

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

4 (1) In advance of any meeting of members of a nonprofit  
5 corporation, the board of directors or other body may appoint  
6 judges of election, who need not be members, to act at [such]  
7 the meeting or any adjournment thereof. If judges of election  
8 are not so appointed, the presiding officer of [any such] the  
9 meeting may, and on the request of any member shall, [make  
10 such appointment] appoint judges of election at the meeting.  
11 The number of judges shall be one or three. [No] A person who  
12 is a candidate for office to be filled at the meeting shall  
13 not act as a judge.

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

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

1 practical. If there are three judges of election, the  
2 decision, act or certificate of a majority shall be effective  
3 in all respects as the decision, act or certificate of all.

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

10 (b) Cross reference.--See section 6145 (relating to  
11 applicability of certain safeguards to foreign domiciliary  
12 corporations).

13 § [5763] 5766. Consent of members in lieu of meeting.

14 (a) Unanimous consent.--Unless otherwise restricted in the  
15 bylaws, any action [which may] required or permitted to be taken  
16 at a meeting of the members or of a class of members of a  
17 nonprofit corporation may be taken without a meeting[,] if a  
18 consent or consents [in writing, setting forth the action so  
19 taken, shall be signed] to the action in record form are signed,  
20 before, on or after the effective date of the action, by all of  
21 the members who would be entitled to vote at a meeting for [such  
22 purpose and shall be filed] that purpose. The consent or  
23 consents must be filed with the [secretary of the corporation]  
24 minutes of the proceedings of the members.

25 (b) Partial consent.--If the bylaws so provide, any action  
26 required or permitted to be taken at a meeting of the members or  
27 of a class of members may be taken without a meeting upon the  
28 signed consent of members who would have been entitled to cast  
29 the minimum number of votes that would be necessary to authorize  
30 the action at a meeting at which all members entitled to vote

1 thereon were present and voting. The consents must be filed in  
2 record form with the minutes of the proceedings of the members.

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

8 § [5764] 5767. Appointment of custodian of corporation on  
9 deadlock or other cause.

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

14 (1) [that] at any meeting for the election of directors  
15 or members of an other body, the members are so divided that  
16 they have failed to elect successors to [directors] those  
17 whose terms have expired or would have expired upon the  
18 qualification of their successors; or

19 (2) [that] any of the conditions specified in section  
20 5981 (relating to proceedings upon [petition of member, etc.]  
21 exists] application of member or director), other than that  
22 it is beneficial to the interest of the members that the  
23 corporation be wound up and dissolved, exist with respect to  
24 the corporation.

25 (a.1) Exception.--The court shall not appoint a custodian to  
26 resolve a deadlock if the members by agreement or otherwise have  
27 provided for the appointment of a provisional director or member  
28 of an other body or other means for the resolution of the  
29 deadlock, but the court shall enforce the remedy so provided, if  
30 appropriate.

1 (b) Power and title of custodian.--A custodian appointed  
2 under this section shall have all the power and title of a  
3 receiver appointed under Subchapter G of Chapter 59 (relating to  
4 involuntary liquidation and dissolution), but the authority of  
5 the custodian shall be to continue the business of the  
6 corporation and not to liquidate its affairs and distribute its  
7 assets[, ] except when the court shall otherwise order [and  
8 except in cases arising under section 5981(1), (2) and (3)  
9 (relating to proceedings upon petition of member, etc.)].

10 (c) Cross reference.--See section 6145 (relating to  
11 applicability of certain safeguards to foreign domiciliary  
12 corporations).

13 § [5765] 5768. Reduction of membership below stated number.

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

21 § [5766] 5769. Termination and transfer of membership.

22 (a) General rule.--Membership in a nonprofit corporation  
23 shall be terminated in the manner provided in a bylaw adopted by  
24 the members. If [the] membership in any such corporation is  
25 limited to persons who are members in good standing in another  
26 corporation, or in any lodge, church, club, society or other  
27 entity or organization, the bylaws shall in each case define  
28 [such] the limitations, and may provide that failure on the part  
29 of [any such] a member to keep himself in good standing in  
30 [such] the other entity or organization shall be sufficient

1 cause for [expelling the member from] terminating the membership  
2 of the member in the corporation requiring such eligibility.

3 (b) Expulsion.--

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

7 (2) Paragraph (1) [of this subsection] shall not apply  
8 to termination of membership pursuant to section 5544[(c)]  
9 (relating to [enforcement of payment of fees,] dues and  
10 assessments).

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

13 (c) Effect of termination of membership.--Unless otherwise  
14 provided in the bylaws, the right of a member of a nonprofit  
15 corporation to vote, and his right, title and interest in or to  
16 the corporation or its property, shall cease [on the] upon  
17 termination of [his] membership.

18 (d) Transfer of membership.--Unless otherwise provided in  
19 the bylaws, [no] a member may not transfer his membership or any  
20 right arising therefrom. The adoption of an amendment to the  
21 articles or bylaws of a nonprofit corporation that changes the  
22 identity of some or all of the members or the criteria for  
23 membership does not constitute a transfer for purposes of this  
24 subsection.

25 § [5767] 5770. Voting powers and other rights of certain  
26 securityholders and other entities.

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

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

4 (2) The United States of America, the Commonwealth, a  
5 state, or any political subdivision [thereof or other] of any  
6 of the foregoing, or any entity prohibited by law from  
7 becoming a member of a corporation.

8 Section 42. Sections 5791, 5792, 5793, 5911, 5913, 5914,  
9 5921, 5923(a), 5924, 5925, 5926(2) and (4), 5928, 5930, 5951,  
10 5956, 5957(b)(1)(ii) and (iv) and (h)(1) and (3), 5972(b),  
11 5973(a), 5975(c), 5976(a), 5977(a) and 5978(b) of Title 15 are  
12 amended to read:

13 § 5791. Corporate action subject to subchapter.

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

17 (1) The election, appointment, designation or other  
18 selection and the suspension, removal or expulsion of  
19 members, directors, members of an other body or officers of a  
20 nonprofit corporation.

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

26 (b) Cross reference.--See section 6145 (relating to  
27 applicability of certain safeguards to foreign domiciliary  
28 corporations).

29 § 5792. Proceedings prior to corporate action.

30 (a) General rule.--Where under applicable law or the bylaws

1 of a nonprofit corporation there has been a failure to hold a  
2 meeting to take corporate action and [such] the failure has  
3 continued for 30 days after the [date] designated or appropriate  
4 [therefor] date, the court may summarily order a meeting to be  
5 held upon the application of any person entitled, either alone  
6 or in conjunction with other persons similarly seeking relief  
7 under this section, to call a meeting to consider the corporate  
8 action in issue.

9 (b) Conduct of meeting.--The court may determine the right  
10 to vote at [such] the meeting of persons claiming [such] that  
11 right, may appoint a master to hold [such] the meeting under  
12 such orders and powers as the court [may deem proper,] deems  
13 proper and may take [such action as may be] any action required  
14 to give due notice of the meeting and to convene and conduct the  
15 meeting in the interests of justice.

16 (c) Cross reference.--See section 6145 (relating to  
17 applicability of certain safeguards to foreign domiciliary  
18 corporations).

19 § 5793. Review of contested corporate action.

20 (a) General rule.--Upon [petition] application of any person  
21 [whose status as, or whose rights or duties as, a member,  
22 director, member of an other body, officer or otherwise of a  
23 nonprofit corporation are or may be affected] aggrieved by any  
24 corporate action, the court may hear and determine the validity  
25 of [such] the corporate action.

26 (b) Powers and procedures.--[The court may make such orders  
27 in any such case as may be just and proper, with power to] By  
28 entering an appropriate order, the court may enforce the  
29 production of any books, papers and records of the corporation  
30 and other relevant evidence [which] that may relate to the

1 issue. The court shall provide for notice of the pendency of the  
2 proceedings under this section to all persons affected thereby.  
3 If it is determined that no valid corporate action has been  
4 taken, the court may order a meeting to be held in accordance  
5 with section 5792 (relating to proceedings prior to corporate  
6 action).

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

10 § 5911. Amendment of articles authorized.

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

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

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

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

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

22 (5) [In] To make any and as many other [respects]  
23 changes as desired.

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

28 (1) Restated articles shall, subject to section 109  
29 (relating to name of commercial registered office provider in  
30 lieu of registered address), state the address of the current



1       instead of the initial registered office of the corporation  
2       in this Commonwealth[, ] and need not state the names and  
3       addresses [of the first directors or] of the incorporators.

4           (2) The corporation shall not be required to revise any  
5       other provision of its articles if [such] the provision is  
6       valid and operative immediately prior to the filing of [such]  
7       the amendment in the [Department of State] department.

8   § 5913. Notice of meeting of members.

9       [Written notice shall, not less than ten days before the  
10      meeting of members called for the purpose of considering the  
11      proposed amendment,] (a) General rule.--Notice in record form  
12      of the meeting of members of a nonprofit corporation that will  
13      act on the proposed amendment shall be given to each member of  
14      record entitled to vote thereon. [There shall be included in, or  
15      enclosed with, such notice] The notice shall include a copy of  
16      the proposed amendment or a summary of the changes to be  
17      effected thereby.

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

20   § 5914. Adoption of amendments.

21      (a) General rule.--[The] Unless a bylaw adopted by the  
22      members or a specific provision of this subpart requires a  
23      greater vote, a proposed amendment of the articles of a  
24      nonprofit corporation shall be adopted upon receiving the  
25      affirmative vote of the members present entitled to cast at  
26      least a majority of the votes [which] that all members present  
27      are entitled to cast thereon, and if any class of members is  
28      entitled to vote thereon as a class, the affirmative vote of the  
29      members present of such class entitled to cast at least a  
30      majority of the votes [which] that all members present of such

1 class are entitled to cast thereon. Any number of amendments may  
2 be submitted to the members and voted upon by them at one  
3 meeting.

4 (a.1) Adoption by board of directors or other body.--Unless  
5 otherwise restricted in the bylaws, an amendment of articles  
6 shall not require the approval of the members of the corporation  
7 if:

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

9 (2) to the extent the amendment has not been approved by  
10 the members, it restates without change all of the operative  
11 provisions of the articles as theretofore amended or as  
12 amended thereby; or

13 (3) the amendment accomplishes any combination of  
14 purposes specified in this subsection.

15 Whenever a provision of this subpart authorizes the board of  
16 directors or other body to take any action without the approval  
17 of the members and provides that a statement, certificate, plan  
18 or other document relating to such action shall be filed in the  
19 department and shall operate as an amendment of the articles,  
20 the board upon taking such action may, in lieu of filing the  
21 statement, certificate, plan or other document, amend the  
22 articles under this subsection without the approval of the  
23 members to reflect the taking of such action. The amendment  
24 shall be deemed adopted by the corporation when it has been  
25 adopted by the board of directors or other body in the manner  
26 provided by subsection (b).

27 (b) Adoption in absence of voting members.--If the  
28 corporation has no members entitled to vote thereon, or no  
29 members entitled to vote thereon other than persons who also  
30 constitute the board of directors or other body, the amendment

1 shall be deemed adopted by the corporation when it has been  
2 adopted by the board of directors or other body pursuant to  
3 section 5912 (relating to proposal of amendments).

4 (c) Termination of proposal.--[The resolution or petition  
5 may contain a provision that at any time prior to the filing of  
6 articles of amendment in the Department of State the proposal  
7 may be terminated by the board of directors or other body  
8 notwithstanding the adoption of the amendment by the  
9 corporation.] Prior to the time when an amendment becomes  
10 effective, the amendment may be terminated pursuant to  
11 provisions for amendment, if any, set forth in the resolution or  
12 petition. If articles of amendment have been filed in the  
13 department prior to the termination, a statement under section  
14 5902 (relating to statement of termination) shall be filed in  
15 the department.

16 (d) Amendment of voting provisions.--[Notwithstanding any  
17 contrary provision of the articles or bylaws,] Unless otherwise  
18 provided in the articles, whenever the articles [shall] require  
19 for the taking of any action by the members or a class of  
20 members a specific number or percentage of votes, the provision  
21 of the articles setting forth [such] that requirement shall not  
22 be amended or repealed by any lesser number or percentage of  
23 votes of the members or of [such] the class of members.

24 § 5921. Merger and consolidation authorized.

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

1 domestic nonprofit corporations, [hereinafter] designated in  
2 this subchapter as the surviving corporation, or consolidated  
3 into a new corporation to be formed under this [article, if  
4 such] subpart, if the foreign corporations [not-for-profit] are  
5 authorized by the [law or] laws of the jurisdiction under which  
6 they are incorporated to effect [such] a merger or consolidation  
7 with a corporation of another jurisdiction.

8 (b) Foreign surviving or new corporation.--Any one or more  
9 domestic nonprofit corporations, and any one or more foreign  
10 nonprofit corporations [not-for-profit], may, in the manner  
11 [hereinafter] provided in this subchapter, be merged into one of  
12 [such foreign corporations not-for-profit, hereinafter] the  
13 foreign nonprofit corporations, designated in this subchapter as  
14 the surviving corporation, or consolidated into a new  
15 corporation to be incorporated under the [law or] laws of the  
16 jurisdiction under which one of the foreign nonprofit  
17 corporations [not-for-profit] is incorporated, if the laws of  
18 [such] that jurisdiction authorize [such] a merger with or  
19 consolidation into a corporation of another jurisdiction.

20 § 5923. Notice of meeting of members.

21 (a) General rule.--[Written notice] Notice in record form of  
22 the meeting of members that will act on the proposed plan shall  
23 be given to each member of record, whether or not entitled to  
24 vote thereon, of each domestic nonprofit corporation that is a  
25 party to the merger or consolidation. [There shall be included  
26 in, or enclosed with, the notice] The notice shall include or be  
27 accompanied by a copy of the proposed plan or a summary thereof.  
28 The notice shall [state] provide that a copy of the bylaws of  
29 the surviving or new corporation will be furnished to any member  
30 on request and without cost.

1 \* \* \*

2 § 5924. Adoption of plan.

3 (a) General rule.--The plan of merger or consolidation shall  
4 be adopted upon receiving the affirmative vote of the members  
5 present entitled to cast at least a majority of the votes  
6 [which] that all members present are entitled to cast thereon of  
7 each of the [merging or consolidating] domestic nonprofit  
8 corporations[,] that is a party to the merger or consolidation  
9 and, if any class of members is entitled to vote thereon as a  
10 class, the affirmative vote of the members present of such class  
11 entitled to cast at least a majority of the votes [which] that  
12 all members present of such class are entitled to cast thereon.

13 (b) Adoption in absence of voting members.--If [the] a  
14 merging or consolidating corporation has no members entitled to  
15 vote thereon, or no members entitled to vote thereon other than  
16 persons who also constitute the board of directors or other  
17 body, a plan of merger or consolidation shall be deemed adopted  
18 by the corporation when it has been adopted by the board of  
19 directors or other body pursuant to section 5922 (relating to  
20 plan of merger or consolidation).

21 (c) Termination of plan.--[Any plan of merger or  
22 consolidation may contain a provision that at any time prior to  
23 the filing of articles of merger or consolidation in the  
24 Department of State the plan may be terminated by the board of  
25 directors or other body of any corporation which is a party to  
26 the plan notwithstanding adoption of the plan by all or any of  
27 the corporations which are parties to the plan.] Prior to the  
28 time when a merger or consolidation becomes effective, the  
29 merger or consolidation may be terminated pursuant to provisions  
30 for termination, if any, set forth in the plan. If articles of

1 merger or consolidation have been filed in the department prior  
2 to the termination, a statement under section 5902 (relating to  
3 statement of termination) shall be filed in the department.

4 § 5925. Authorization by foreign corporations.

5 The plan of merger or consolidation shall be authorized,  
6 adopted or approved by each foreign nonprofit corporation  
7 [which] that desires to merge or consolidate[, ] in accordance  
8 with the laws of the jurisdiction in which it is incorporated[.]  
9 and, in the case of a foreign domiciliary corporation, in  
10 accordance with the provisions of this subpart to the extent  
11 provided by section 6145 (relating to applicability of certain  
12 safeguards to foreign domiciliary corporations).

13 § 5926. Articles of merger or consolidation.

14 Upon the adoption of the plan of merger or consolidation by  
15 the corporations desiring to merge or consolidate, as provided  
16 in this subchapter, articles of merger or articles of  
17 consolidation, as the case may be, shall be executed by each  
18 corporation and shall, subject to section 109 (relating to name  
19 of commercial registered office provider in lieu of registered  
20 address), set forth:

21 \* \* \*

22 (2) The name and address, including street and number,  
23 if any, of the registered office of each other domestic  
24 nonprofit corporation and qualified foreign nonprofit  
25 corporation that is a party to the [plan] merger or  
26 consolidation.

27 \* \* \*

28 (4) The manner in which the plan was adopted by each  
29 domestic corporation and, if one or more foreign corporations  
30 are parties to the [plan] merger or consolidation, the fact

1 that the plan was authorized, adopted or approved, as the  
2 case may be, by each of the foreign corporations in  
3 accordance with the laws of the jurisdiction in which it is  
4 incorporated.

5 \* \* \*

6 § 5928. Effective date of merger or consolidation.

7 Upon the filing of the articles of merger or the articles of  
8 consolidation in the [Department of State,] department or upon  
9 the effective date specified in the plan of merger or  
10 consolidation, whichever is later, the merger or consolidation  
11 shall be effective. The merger or consolidation of one or more  
12 domestic nonprofit corporations into a foreign nonprofit  
13 corporation shall be effective according to the provisions of  
14 law of the jurisdiction in which [such] the foreign corporation  
15 is incorporated, but not until articles of merger or articles of  
16 consolidation have been adopted and filed, as provided in this  
17 subchapter.

18 § 5930. Voluntary transfer of corporate assets.

19 (a) General rule.--[A nonprofit corporation shall not sell,  
20 lease away or exchange all, or substantially all, its property  
21 and assets, with or without good will, unless and until a plan  
22 of sale, lease or exchange of assets with respect thereto shall  
23 have been adopted by the corporation in the manner provided in  
24 this subchapter with respect to the adoption of a plan of  
25 merger.] A sale, lease, exchange or other disposition of all, or  
26 substantially all, of the property and assets, with or without  
27 goodwill, of a nonprofit corporation, if not made pursuant to  
28 Subchapter D of Chapter 19 (relating to division), may be made  
29 only pursuant to a plan of asset transfer. The property or  
30 assets of a direct or indirect subsidiary corporation that is

1 controlled by a parent corporation shall also be deemed the  
2 property or assets of the parent corporation for purposes of  
3 this subsection. The plan of asset transfer shall set forth the  
4 terms and consideration of the sale, lease, exchange or other  
5 disposition or may authorize the board of directors or other  
6 body to fix any or all of the terms and conditions, including  
7 the consideration to be received by the corporation. Any of the  
8 terms of the plan may be made dependent upon facts ascertainable  
9 outside of the plan if the manner in which the facts will  
10 operate upon the terms of the plan is set forth in the plan. The  
11 plan of asset transfer shall be proposed and adopted, and may be  
12 amended after its adoption and terminated, by a nonprofit  
13 corporation in the manner provided in this subchapter for the  
14 proposal, adoption, amendment and termination of a plan of  
15 merger. A copy or summary of the plan shall be included in, or  
16 enclosed with, the notice of the meeting at which members will  
17 act on the plan. In order to make effective any plan [of sale,  
18 lease or exchange of assets] so adopted, it shall not be  
19 necessary to file any articles or other document in the  
20 [Department of State] department, but the corporation shall  
21 comply with the requirements of section 5547(b) (relating to  
22 nondiversion of certain property).

23 (b) Exceptions.--Subsection (a) [of this section] shall not  
24 apply to a sale, lease [away or], exchange or other disposition  
25 of all, or substantially all, the property and assets of a  
26 nonprofit corporation [when made in connection with the  
27 dissolution or liquidation of the corporation. Such a  
28 transaction shall be governed by the provisions of Subchapter F  
29 (relating to voluntary dissolution and winding up) or Subchapter  
30 G (relating to involuntary liquidation and dissolution), as the



1 case may be.]:

2 (1) that directly or indirectly owns all of the  
3 outstanding shares or other ownership interest of another  
4 corporation to the other corporation;

5 (2) if made in connection with the dissolution or  
6 liquidation of the corporation, which transaction shall be  
7 governed by the provisions of Subchapter F (relating to  
8 voluntary dissolution and winding up) or G of Chapter 19  
9 (relating to involuntary liquidation and dissolution), as  
10 appropriate; or

11 (3) if made in connection with a transaction pursuant to  
12 which all the assets sold, leased, exchanged or otherwise  
13 disposed of are simultaneously leased back to the  
14 corporation.

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

20 (d) Restrictions.--[Nothing in this] This section shall not  
21 be construed to authorize the conversion or exchange of property  
22 or assets in fraud of corporate creditors or in violation of  
23 law.

24 § 5951. Division authorized.

25 (a) Division of domestic corporation.--Any domestic  
26 nonprofit corporation may, in the manner provided in this  
27 subchapter, be divided into two or more domestic nonprofit  
28 corporations incorporated or to be incorporated under this  
29 article, or into one or more [such] domestic nonprofit  
30 corporations and one or more foreign nonprofit corporations

1 [not-for-profit] to be incorporated under the laws of another  
2 jurisdiction or jurisdictions, or into two or more [of such]  
3 foreign nonprofit corporations [not-for-profit], if the [law or]  
4 laws of [such] the other jurisdictions [authorized such]  
5 authorize the division.

6 (b) Division of foreign corporation.--Any foreign nonprofit  
7 corporation [not-for-profit] may, in the manner provided in this  
8 subchapter, be divided into one or more domestic nonprofit  
9 corporations to be incorporated under this [article] subpart and  
10 one or more foreign nonprofit corporations [not-for-profit]  
11 incorporated or to be incorporated under the laws of another  
12 jurisdiction or jurisdictions, or into two or more [of such]  
13 domestic nonprofit corporations, if [such foreign] the foreign  
14 nonprofit corporation [not-for-profit] is authorized under the  
15 laws of the jurisdiction under which it is incorporated to  
16 effect [such] a division.

17 (c) Surviving and new corporations.--The corporation  
18 effecting a division, if it [shall survive] survives the  
19 division, is [hereinafter] designated in this subchapter as the  
20 surviving corporation. All corporations originally incorporated  
21 by a division are [hereinafter] designated in this subchapter as  
22 new corporations. The surviving corporation, if any, and the new  
23 corporation or corporations are [hereinafter] collectively  
24 designated in this subchapter as the resulting corporations.

25 § 5956. Effective date of division.

26 Upon the filing of articles of division in the [Department of  
27 State,] department or upon the effective date specified in the  
28 plan of division, whichever is later, the division shall become  
29 effective. The division of a domestic nonprofit corporation into  
30 one or more foreign nonprofit corporations [not-for-profit] or

1 the division of a foreign nonprofit corporation [not-for-profit]  
2 shall be effective according to the laws of the jurisdictions  
3 where [such] the foreign corporations are or are to be  
4 incorporated and, in the case of a foreign domiciliary  
5 corporation, the provisions of this subpart to the extent  
6 provided by section 6145 (relating to applicability of certain  
7 safeguards to foreign domiciliary corporations), but not until  
8 articles of division have been adopted and filed[, ] as provided  
9 in this subchapter.

10 § 5957. Effect of division.

11 \* \* \*

12 (b) Property rights; allocations of assets and  
13 liabilities.--

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

17 \* \* \*

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

26 \* \* \*

27 (iv) [To] Except as provided in section 5952(f)  
28 (relating to proposal and adoption of plan of division),  
29 to the extent allocations of liabilities are contemplated  
30 by the plan of division, the liabilities of the dividing

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

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

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

14 \* \* \*

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

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

21 \* \* \*

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

28 \* \* \*

29 § 5972. Proposal of voluntary dissolution.

30 \* \* \*

1 (b) Submission to members.--The board of directors or other  
2 body or the petitioning members shall direct that the [question  
3 of] resolution recommending dissolution be submitted to a vote  
4 of the members of the corporation entitled to vote thereon at a  
5 regular or special meeting of the members.

6 \* \* \*

7 § 5973. Notice of meeting of members.

8 (a) General rule.--[Written notice] Notice in record form of  
9 the meeting of members that will consider the [advisability of  
10 voluntarily dissolving a] resolution recommending dissolution of  
11 the nonprofit corporation shall be given to each member of  
12 record entitled to vote thereon [and the purpose shall be  
13 included]. The purpose of the meeting shall be stated in the  
14 notice [of the meeting].

15 \* \* \*

16 § 5975. Predissolution provision for liabilities.

17 \* \* \*

18 (c) Winding up and distribution.--The corporation shall, as  
19 speedily as possible, proceed to collect all sums due it,  
20 convert into cash all corporate assets the conversion of which  
21 into cash is required to discharge its liabilities and, out of  
22 the assets of the corporation, discharge or make adequate  
23 provision for the discharge of all liabilities of the  
24 corporation, according to their respective priorities. Except as  
25 otherwise provided in a bylaw adopted by the members or in this  
26 subpart or by any other provision of law, any surplus remaining  
27 after paying or providing for all liabilities of the corporation  
28 shall be distributed to the shareholders, if any, pro rata, or  
29 if there be no shareholders, among the members per capita. See  
30 section [1972(a)] 5972(a) (relating to proposal of voluntary

1 dissolution).

2 § 5976. Judicial supervision of proceedings.

3 (a) General rule.--A nonprofit corporation that has elected  
4 to proceed under section [1975] 5975 (relating to predissolution  
5 provision for liabilities), at any time during the winding up  
6 proceedings, may apply to the court to have the proceedings  
7 continued under the supervision of the court and thereafter the  
8 proceedings shall continue under the supervision of the court as  
9 provided in Subchapter G (relating to involuntary liquidation  
10 and dissolution).

11 \* \* \*

12 § 5977. Articles of dissolution.

13 (a) General rule.--Articles of dissolution and the  
14 certificates or statement required by section 139 (relating to  
15 tax clearance of certain fundamental transactions) shall be  
16 filed in the [Department of State] department when:

17 (1) all liabilities of the nonprofit corporation have  
18 been discharged, or adequate provision has been made  
19 therefor, in accordance with section 5975 (relating to  
20 predissolution provision for liabilities), and all of the  
21 remaining assets of the corporation have been distributed as  
22 provided in section 5975 or in case its assets are not  
23 sufficient to discharge its liabilities, when all the assets  
24 have been fairly and equitably applied, as far as they will  
25 go, to the payment of such liabilities; or

26 (2) an election to proceed under Subchapter H (relating  
27 to postdissolution provision for liabilities) has been made.  
28 [See section 134 (relating to docketing statement).]

29 \* \* \*

30 § 5978. Winding up of corporation after dissolution.

1 \* \* \*

2 (b) Standard of care of directors, members of an other body  
3 and officers.--The dissolution of the corporation shall not  
4 subject its directors, members of an other body or officers to  
5 standards of conduct different from those prescribed by or  
6 pursuant to Chapter 57 (relating to officers, directors and  
7 members). Directors and members of an other body of a dissolved  
8 corporation who have complied with section 5975 (relating to  
9 predissolution provision for liabilities) or Subchapter H  
10 (relating to postdissolution provision for liabilities) and  
11 governing persons of a successor entity who have complied with  
12 Subchapter H shall not be personally liable to the creditors or  
13 claimants of the dissolved corporation.

14 Section 43. Section 5979(a) of Title 15 is amended and the  
15 section is amended by adding a subsection to read:

16 § 5979. Survival of remedies and rights after dissolution.

17 (a) General rule.--The dissolution of a nonprofit  
18 corporation, either under this subchapter or under Subchapter G  
19 (relating to involuntary liquidation and dissolution) or by  
20 expiration of its period of duration or otherwise, shall not  
21 eliminate nor impair any remedy available to or against the  
22 corporation or its directors, members of an other body, officers  
23 or members for any right or claim existing, or liability  
24 incurred, prior to the dissolution, if an action thereon is  
25 brought on behalf of:

26 (1) the corporation within the time otherwise limited by  
27 law; or

28 (2) any other person before or within two years after  
29 the date of the dissolution or within the time otherwise  
30 limited by this subpart or other provision of law, whichever

1 is less. See sections 5987 (relating to proofs of claims),  
2 5993 (relating to acceptance or rejection of matured claims)  
3 and 5994 (relating to disposition of unmatured claims).

4 [The actions or proceedings may be prosecuted against and  
5 defended by the corporation in its corporate name.]

6 \* \* \*

7 (e) Conduct of actions.--An action or proceeding may be  
8 prosecuted against and defended by a dissolved corporation in  
9 its corporate name.

10 Section 44. Title 15 is amended by adding a section to read:  
11 § 5980. Dissolution by domestication.

12 Whenever a domestic nonprofit corporation has domesticated  
13 itself under the laws of another jurisdiction by action similar  
14 to that provided under section 6161 (relating to domestication)  
15 and has authorized that action by the vote required by this  
16 subchapter for the approval of a proposal that the corporation  
17 dissolve voluntarily, the corporation may surrender its charter  
18 under the laws of this Commonwealth by filing in the department  
19 articles of dissolution under this subchapter containing the  
20 statements specified under section 5977(b)(1) through (4)  
21 (relating to articles of dissolution). If the corporation as  
22 domesticated in the other jurisdiction qualifies to do business  
23 in this Commonwealth either prior to or simultaneously with the  
24 filing of the articles of dissolution under this section, the  
25 corporation shall not be required to file with the articles of  
26 dissolution the tax clearance certificates that would otherwise  
27 be required under section 139 (relating to tax clearance of  
28 certain fundamental transactions).

29 Section 45. Sections 5981, 5982, 5983, 5984, 5986, 5987,  
30 5988, 5992(c)(2), 5997(d) and 6101(c) of Title 15 are amended to



1 read:

2 § 5981. Proceedings upon [petition] application of member[,  
3 etc.] or director.

4 [The court may, upon petition] Upon application filed by a  
5 member or director of a nonprofit corporation, the court may  
6 entertain proceedings for the involuntary winding up and  
7 dissolution of the corporation[, ] when any of the following [are  
8 made to appear] occur:

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

12 (2) [That the] The acts of the directors, or those in  
13 control of the corporation, are illegal, oppressive[, ] or  
14 fraudulent[, and that] and it is beneficial to the interests  
15 of the members that the corporation be wound up and  
16 dissolved.

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

21 (4) [That the] The directors or other body are  
22 deadlocked in the direction of the management of the  
23 [corporate] business and affairs of the corporation and the  
24 members are unable to break the deadlock[, and that] and  
25 irreparable injury to the corporation is being suffered or is  
26 threatened by reason thereof. The court shall not appoint a  
27 receiver or grant other similar relief under this paragraph  
28 if the members by agreement or otherwise have provided for  
29 appointment of a provisional director or member of an other  
30 body or other means for the resolution of a deadlock, but the

1 court shall enforce the remedy provided by the members, if  
2 appropriate.

3 § 5982. Proceedings upon [petition] application of creditor.

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

14 § 5983. Proceedings upon petition of superior religious  
15 organization.

16 The court may, in the case of any nonprofit corporation  
17 organized for the support of public worship, upon [petition  
18 filed by] application of the diocesan convention, presbytery,  
19 synod, conference, council, or other supervising or controlling  
20 organization of which the corporation is a member or with which  
21 it is in allegiance and to which it is subordinate, entertain  
22 proceedings for the involuntary winding up and dissolution of  
23 the corporation when it is made to appear that by reason of  
24 shifting population, withdrawal of membership[, ] or any other  
25 cause whatsoever, the corporation has ceased to support public  
26 worship within the intent and meaning of its articles[, ] and the  
27 dissolution of the corporation may be effected without prejudice  
28 to the public welfare and the interests of the members of the  
29 corporation.

30 § 5984. Appointment of receiver pendente lite and other interim

1 powers.

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

10 § 5986. Qualifications of receivers.

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

19 § 5987. Proofs of claims.

20 (a) General rule.--In a proceeding under this subchapter,  
21 the court may require all creditors of the nonprofit corporation  
22 to file with the [prothonotary] office of the clerk of the court  
23 of common pleas, or with the receiver, in such form as the court  
24 may prescribe, verified proofs[, under oath,] of their  
25 respective claims. If the court requires the filing of claims,  
26 it shall fix a date, which shall not be less than [four months]  
27 120 days from the date of the order, as the last day for filing  
28 of claims[, ] and shall prescribe the notice that shall be given  
29 to creditors and claimants of the date so fixed. Prior to or  
30 after the date so fixed, the court may extend the time for the

1 filing of claims. Creditors and claimants [failing to] who do  
2 not file proofs of claim on or before the date so fixed may be  
3 barred, by order of court, from participating in the  
4 distribution of the assets of the corporation.

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

7 § 5988. Discontinuance of proceedings; reorganization.

8 [The proceedings under this subchapter may be discontinued at  
9 any time during the winding up proceedings, in the following  
10 manner:

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

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

26 (3) When a compromise or reorganization of the  
27 corporation is proposed, whether the proceedings shall have  
28 been instituted by a member or director or by a creditor, the  
29 court, upon the summary application of any member, director,  
30 creditor, or receiver, may order a meeting of the creditors,

1 or members to be summoned in such manner as the court may  
2 direct. If a majority in number, representing 75% in value of  
3 the creditors or if 75% of the members present in person, or  
4 if a majority in number, representing 75% in value of any  
5 class of creditors, or if 75% of the members of any class  
6 present in person, as the case may be, agree to any  
7 compromise or reorganization of the corporation, such  
8 compromise or reorganization, if approved by the court as  
9 fair and feasible, shall be binding on all creditors or on  
10 all members, or both, or on the class of creditors or class  
11 of members, or both, as the case may be, and also on the  
12 corporation and its receiver, if any.

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

19 The proceedings under this subchapter may be discontinued at  
20 any time if it is established that cause for liquidation no  
21 longer exists, in which event the court shall dismiss the  
22 proceedings and direct the receiver to redeliver to the  
23 nonprofit corporation all its remaining property and assets.

24 § 5992. Notice to claimants.

25 \* \* \*

26 (c) Publication and service of notices.--

27 \* \* \*

28 (2) Concurrently with or preceding the publication, the  
29 corporation or successor entity shall send a copy of the  
30 notice by certified or registered mail, return receipt

1 requested, to each:

2 (i) known creditor or claimant;

3 (ii) holder of a claim described in subsection (b);

4 and

5 (iii) municipal corporation in which [the registered  
6 office or principal] a place of business of the  
7 corporation in this Commonwealth was located at the time  
8 of filing the articles of dissolution in the department.

9 \* \* \*

10 § 5997. Payments and distributions.

11 \* \* \*

12 [(d) Liability of directors.--Directors or members of an  
13 other body of a dissolved corporation or governing persons of a  
14 successor entity that has complied with this section shall not  
15 be personally liable to the claimants of the dissolved  
16 corporation.]

17 § 6101. Application of article.

18 \* \* \*

19 (c) Admitted foreign fraternal benefit society exclusion.--  
20 This article shall not apply to any foreign corporation not-for-  
21 profit qualified to do business in this Commonwealth under  
22 section [603 of the act of July 29, 1977 (P.L.105, No.38) known  
23 as the Fraternal Benefit Society Code.] 2455 of the act of May  
24 17, 1921 (P.L.682, No.284), known as The Insurance Company Law  
25 of 1921.

26 Section 46. Title 15 is amended by adding sections to read:  
27 § 6102. Foreign domiciliary corporations.

28 A foreign nonprofit corporation is a foreign domiciliary  
29 corporation if it is a corporation:

30 (1) which derived more than one-half of its revenues for

1 the preceding three fiscal years, or such portion thereof as  
2 the corporation was in existence, from sources in this  
3 Commonwealth and was at any time during that period doing  
4 business in this Commonwealth on the basis of the most  
5 minimal contacts with this Commonwealth permitted under the  
6 Constitution of the United States; or

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

9 § 6103. Acquisition of foreign domiciliary corporation status.

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

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

23 § 6104. Termination of foreign domiciliary corporation status.

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

1 Section 47. Sections 6122(b)(3), 6123(b), 6141, 6142, 6143,  
2 6145 and 8911(a)(1) of Title 15 are amended to read:

3 § 6122. Excluded activities.

4 \* \* \*

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

8 \* \* \*

9 (3) The provisions of section 6145 (relating to  
10 applicability of certain safeguards to foreign domiciliary  
11 corporations).

12 § 6123. Requirements for foreign corporation names.

13 \* \* \*

14 (b) Exceptions.--

15 (1) The provisions of section 5303(b) (relating to  
16 duplicate use of names) shall not prevent the issuance of a  
17 certificate of authority to a foreign nonprofit corporation  
18 setting forth a name that is [confusingly similar to] not  
19 distinguishable upon the records of the department from the  
20 name of any other domestic or foreign corporation for profit  
21 or [corporation] not-for-profit, [or of any domestic or  
22 foreign limited partnership that has filed a certificate or  
23 qualified under Chapter 85 (relating to limited partnerships)  
24 or corresponding provisions of prior law,] or of any  
25 corporation or other association then registered under 54  
26 Pa.C.S. Ch. 5 (relating to corporate and other association  
27 names) or to any name reserved or registered as provided in  
28 this part, if the foreign nonprofit corporation applying for  
29 a certificate of authority files in the department [one of  
30 the following:



1 (i) A] a resolution of its board of directors or  
2 other body adopting a fictitious name for use in  
3 transacting business in this Commonwealth, which  
4 fictitious name is [not confusingly similar to]  
5 distinguishable upon the records of the department from  
6 the name of the other corporation or other association  
7 [or to] and from any name reserved or registered as  
8 provided in this part [and] that is otherwise available  
9 for use by a domestic nonprofit corporation.

10 [(ii) The written consent of the other corporation  
11 or other association or holder of a reserved or  
12 registered name to use the same or confusingly similar  
13 name and one or more words are added to make the name  
14 applied for distinguishable from the other name.]

15 (2) The provisions of section 5303(c) (relating to  
16 required approvals or conditions) shall not prevent the  
17 issuance of a certificate of authority to a foreign nonprofit  
18 corporation setting forth a name that is prohibited by that  
19 subsection if the foreign nonprofit corporation applying for  
20 a certificate of authority files in the department a  
21 resolution of its board of directors or other body adopting a  
22 fictitious name for use in transacting business in this  
23 Commonwealth that is available for use by a domestic  
24 nonprofit corporation.

25 § 6141. Penalty for doing business without certificate of  
26 authority.

27 (a) Right to bring actions suspended.--[No] A nonqualified  
28 foreign nonprofit corporation doing business in this  
29 Commonwealth within the meaning of Subchapter B [of this  
30 chapter] (relating to qualification) shall not be permitted to

1 maintain any action or proceeding in any court of this  
2 Commonwealth until [such] the corporation [shall have] has  
3 obtained a certificate of authority. [Nor, except] Except as  
4 provided in subsection (b) [of this section, shall any action],  
5 an action or proceeding may not be maintained in any court of  
6 this Commonwealth by any successor or assignee of [such] the  
7 corporation on any right, claim or demand arising out of the  
8 doing of business by [such] the corporation in this Commonwealth  
9 until a certificate of authority [shall have] has been obtained  
10 by [such] the corporation or by a corporation [which] that has  
11 acquired all or substantially all of its assets.

12 (a.1) Contracts, property and defense against actions  
13 unaffected.--The failure of a foreign nonprofit corporation to  
14 obtain a certificate of authority to transact business in this  
15 Commonwealth shall not impair the validity of any contract or  
16 act of [such] the corporation [and], shall not prevent [such]  
17 the corporation from defending any action in any court of this  
18 Commonwealth and shall not render escheatable any of its real or  
19 personal property.

20 [(b) Title to real property.--The title to any real estate  
21 situate in this Commonwealth which is derived through any  
22 nonqualified foreign corporation not authorized under the laws  
23 of this Commonwealth to hold the same, and which has vested or  
24 vests in any foreign corporation for profit or not-for-profit  
25 authorized to hold such real estate or in any citizen or  
26 citizens of the United States or domestic corporation for profit  
27 or not-for-profit shall be good and valid and free and clear of  
28 any right of escheat by the Commonwealth; and the holder thereof  
29 may convey an estate indefeasible as to any right of escheat  
30 which the Commonwealth might otherwise have by reason of the

1 unauthorized holding and conveyance by such nonqualified foreign  
2 corporation.]

3 § 6142. General powers and duties of qualified foreign  
4 corporations.

5 (a) General rule.--A qualified foreign nonprofit  
6 corporation, so long as its certificate of authority [shall] is  
7 not [be] revoked, shall enjoy the same rights and privileges as  
8 a domestic nonprofit corporation, but no more, and, except as in  
9 this [part] subpart otherwise provided, shall be subject to the  
10 same liabilities, restrictions, duties and penalties now in  
11 force or hereafter imposed upon domestic nonprofit corporations,  
12 to the same extent as if it had been incorporated under this  
13 [part to transact the business set forth in its certificate of  
14 authority] subpart.

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

19 § 6143. General powers and duties of nonqualified foreign  
20 corporations.

21 (a) Acquisition of real and personal property.--Every  
22 nonqualified foreign nonprofit corporation[, the activities of  
23 which in this Commonwealth do not constitute doing business in  
24 this Commonwealth for the purposes of Subchapter B of this  
25 chapter (relating to qualification),] may acquire, hold,  
26 mortgage, lease and transfer real and personal property in this  
27 Commonwealth, in the same manner and subject to the same  
28 limitations as [domestic] a qualified foreign nonprofit  
29 [corporations] corporation.

30 (b) Duties.--[A] Except as provided in section 6141(a)

1 (relating to penalty for doing business without certificate of  
2 authority), a nonqualified foreign nonprofit corporation doing  
3 business in this Commonwealth within the meaning of Subchapter B  
4 [of this chapter] (relating to qualification) shall be subject  
5 to the same liabilities, restrictions, duties and penalties now  
6 or hereafter imposed upon a qualified foreign nonprofit  
7 corporation.

8 § 6145. Applicability of certain safeguards to foreign  
9 domiciliary corporations.

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

12 (1) which derived more than one-half of its revenues for  
13 the preceding three fiscal years, or such portion thereof as  
14 the corporation was in existence, from sources within this  
15 Commonwealth and was at any time during such period doing  
16 business within this Commonwealth on the basis of the most  
17 minimal contacts with this Commonwealth permitted under the  
18 Constitution of the United States; or

19 (2) at least a majority of the bona fide members of  
20 which are residents of this Commonwealth.]

21 (b) Internal affairs doctrine not applicable.--The General  
22 Assembly hereby finds and determines that [the] foreign  
23 domiciliary corporations [to which this section applies]  
24 substantially affect this Commonwealth. [No court] The courts of  
25 this Commonwealth shall [hereafter] not dismiss or stay any  
26 action or proceeding brought by a member[, director, officer or  
27 agent of such a] or representative of a foreign domiciliary  
28 corporation, as such, against [such] the corporation or any one  
29 or more of the members[, directors, officers or agents] or  
30 representatives thereof, as such, on the ground that [such] the

1 corporation is a foreign corporation not-for-profit or that the  
2 cause of action relates to the internal affairs thereof, but  
3 every such action shall proceed with like effect as if [such]  
4 the corporation were a domestic corporation. Except as provided  
5 in subsection (c) [of this section], the court having  
6 jurisdiction of the action or proceeding shall apply the law of  
7 the jurisdiction under which the foreign domiciliary corporation  
8 was incorporated.

9 (c) Minimum safeguards.--The following provisions of this  
10 subpart shall be applicable to foreign domiciliary corporations  
11 [to which this section applies], except that nothing in this  
12 subsection shall require the filing of any document in the  
13 [Department of State] department as a prerequisite to the  
14 validity of any corporate action or the doing of any corporate  
15 action by the foreign domiciliary corporation which is  
16 impossible under the laws of its domiciliary jurisdiction:

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

19 [(2)] Section 5508 (relating to corporate records;  
20 inspection by members).

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

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

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

27 [(6)] Section 5758(e) (relating to [voting lists] voting  
28 rights of members).

29 [(7)] Section [5759(b) (relating to minimum  
30 requirements)] 5759(c) (relating to voting and other action

1 by proxy).

2 [(8)] Section [5762] 5765 (relating to judges of  
3 election).

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

6 [(10)] Section [5766(b)] 5769(b) (relating to  
7 [expulsion] termination and transfer of membership).

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

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

11 For the purposes of this subsection, corporate action shall not  
12 be deemed to be impossible under the laws of the domiciliary  
13 jurisdiction of a foreign corporation merely because prohibited  
14 or restricted by the terms of the articles, certificate of  
15 incorporation, bylaws or other organic law of the corporation,  
16 but the court may require the corporation to amend such organic  
17 law so as to be consistent with the minimum safeguards  
18 prescribed by this subsection.

19 (d) Section exclusive.--[No provision of this article] The  
20 provisions of this subpart, other than the provisions of this  
21 section, shall not be construed to regulate the incorporation or  
22 internal affairs of a foreign corporation not-for-profit.

23 § 8911. Purposes.

24 (a) General rule.--Limited liability companies may be  
25 organized under this chapter for any lawful purpose, except for  
26 the purpose of [banking or] insurance. Unless otherwise  
27 restricted in its certificate of organization, every limited  
28 liability company has as its purpose the engaging in all lawful  
29 business for which limited liability companies may be organized  
30 under this chapter. Nothing in this section shall prohibit the

1 following:

2 (1) A banking institution organized under this chapter  
3 or a limited liability company organized by one or more  
4 [banks or a banking organization for the sole purposes of]  
5 banking institutions, savings associations or credit unions  
6 from engaging in the marketing and [selling] sale of title  
7 insurance.

8 \* \* \*

9 Section 48. Chapter 91 heading of Title 15 is amended to  
10 read:

11 CHAPTER 91

12 [UNINCORPORATED ASSOCIATIONS GENERALLY]

13 UNINCORPORATED NONPROFIT

14 ASSOCIATIONS

15 Section 49. Sections 9101, 9102 and 9103 of Title 15 are  
16 repealed:

17 [§ 9101. Customary parliamentary law applicable.

18 Except as otherwise provided by statute or by the organic  
19 documents under which an unincorporated association is  
20 constituted, each unincorporated association shall be governed  
21 by customary usages and principles of parliamentary law and  
22 procedure.

23 § 9102. Funeral and similar benefits.

24 Members of unincorporated associations paying periodic or  
25 funeral benefits shall not be individually liable for the  
26 payment of periodic or funeral benefits or other similar  
27 liabilities of the association. The liabilities shall be payable  
28 only out of the treasury of the association.

29 § 9103. Nontransferable membership interests.

30 (a) General rule.--For the purpose of encouraging lawful

1 associational activity among agricultural and industrial workers  
2 through the organization of unincorporated associations for  
3 mutual benefit insurance, saving or other lawful objects where  
4 the persons so organizing derive benefits from the preservation  
5 and continuance of the membership and interest among persons  
6 engaged in a common calling, labor or enterprise, the  
7 unincorporated association may provide, in its organic  
8 documents, that membership in the association or interest in its  
9 funds or property shall be nontransferable without the consent  
10 of the association.

11 (b) Assignments and pledges.--No attempted assignment,  
12 transfer or pledge of a membership or interest made in violation  
13 of a transfer restriction adopted pursuant to subsection (a)  
14 shall pass any right or interest, legal or equitable, to the  
15 person to whom it is attempted to be made if the transfer  
16 restriction is brought to the knowledge of that person.

17 (c) Knowledge of nontransferability.--Whenever the interest  
18 of a member in the funds or property of any unincorporated  
19 association subject to subsection (a) is evidenced by a  
20 certificate, an endorsement thereon that the certificate is  
21 nontransferable shall be conclusive evidence that the person to  
22 whom any attempted assignment, transfer or pledge of the  
23 certificate is made has knowledge of the nontransferable  
24 character of the interest of the member.]

25 Section 50. Title 15 is amended by adding sections to read:  
26 § 9111. Short title and application of chapter.

27 (a) Short title.--This chapter shall be known and may be  
28 cited as the Pennsylvania Uniform Unincorporated Nonprofit  
29 Association Law.

30 (b) Transitional provisions concerning property.--



1       (1) If, before {the Legislative Reference Bureau shall  
2 insert here the effective date of this section}, an interest  
3 in property was by the terms of a transfer purportedly  
4 transferred to a nonprofit association but under the law of  
5 this Commonwealth the interest did not vest in the nonprofit  
6 association, or in one or more persons on behalf of the  
7 nonprofit association under paragraph (2), on {the  
8 Legislative Reference Bureau shall insert here the effective  
9 date of this section}, the interest vests in the nonprofit  
10 association, unless the parties to the transfer have treated  
11 the transfer as ineffective.

12       (2) If, before {the Legislative Reference Bureau shall  
13 insert here the effective date of this section}, an interest  
14 in property was by the terms of a transfer purportedly  
15 transferred to a nonprofit association but the interest was  
16 vested in one or more persons to hold the interest for the  
17 nonprofit association, its members or both, on or after {the  
18 Legislative Reference Bureau shall insert here the effective  
19 date of this section}, the persons, or their successors in  
20 interest, may transfer the interest to the nonprofit  
21 association in its name; or the nonprofit association may  
22 require that the interest be transferred to it in its name.

23       (c) Savings provisions.--

24       (1) This chapter supplements the law of this  
25 Commonwealth that applies to nonprofit associations operating  
26 in this Commonwealth, but if a conflict exists between this  
27 chapter and another statute, the other statute applies.

28       (2) Nothing in this chapter shall be deemed to repeal or  
29 supersede any provision in section 7 of the act of April 26,  
30 1855 (P.L.328, No.347), entitled "An act relating to

1 Corporations and to Estates held for Corporate, Religious and  
2 Charitable uses."

3 (d) Cross reference.--See section 5331 (relating to  
4 unincorporated associations).

5 § 9112. Definitions.

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

9 "Established practices." The practices used by a nonprofit  
10 association without material change during:

11 (1) the most recent five years of its existence; or

12 (2) if it has existed for less than five years, its  
13 entire existence.

14 "Governing principles." The agreements, whether oral, in  
15 record form or implied from its established practices, that  
16 govern the purpose or operation of a nonprofit association and  
17 the rights and obligations of its members and managers. The term  
18 includes any amendment or restatement of the agreements  
19 constituting the governing principles.

20 "Manager." A person that is responsible, alone or in concert  
21 with others, for the management of a nonprofit association.

22 "Member." A person that, under the governing principles, may  
23 participate in the selection of persons authorized to manage the  
24 affairs of the nonprofit association or in the development of  
25 policies and activities of the nonprofit association.

26 "Nonprofit association." An unincorporated organization  
27 consisting of two or more members joined together under an  
28 agreement that is oral, in record form or implied from conduct  
29 for one or more common, nonprofit purposes. The term does not  
30 include:

1           (1) a trust;

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

5           (3) an organization formed under any other statute that  
6 governs the organization and operation of unincorporated  
7 associations;

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

11           (5) a relationship under an agreement in record form  
12 that expressly provides that the relationship between the  
13 parties does not create a nonprofit association.

14 "Property." Includes:

15           (1) real property;

16           (2) personal property which is tangible or intangible;

17           (3) mixed real and personal property; and

18           (4) a right or interest in property.

19 "Transfer." Includes:

20           (1) an assignment;

21           (2) a conveyance;

22           (3) a sale;

23           (4) a lease;

24           (5) an encumbrance, including a mortgage or security  
25 interest;

26           (6) a gift; and

27           (7) a transfer by operation of law.

28 § 9113. Governing law.

29           (a) Operations.--Except as provided in subsection (b), the  
30 law of this Commonwealth governs the operation in this

1 Commonwealth of a nonprofit association formed or operating in  
2 this Commonwealth.

3 (b) Internal affairs.--Unless the governing principles  
4 specify a different jurisdiction, the law of the jurisdiction in  
5 which a nonprofit association has its main place of activities  
6 governs the internal affairs of the nonprofit association.

7 § 9114. Entity status.

8 (a) Legal entity.--A nonprofit association is a legal entity  
9 distinct from its members and managers.

10 (b) Perpetual duration.--A nonprofit association has  
11 perpetual duration unless the governing principles specify  
12 otherwise.

13 (c) Powers.--A nonprofit association has the same powers as  
14 an individual to do all things necessary or convenient to carry  
15 on its purposes.

16 (d) Profits.--A nonprofit association may engage in profit-  
17 making activities, but profits from any activities must be used  
18 or set aside for the nonprofit purposes of the nonprofit  
19 association.

20 § 9115. Ownership and transfer of property.

21 (a) General rule.--A nonprofit association may acquire, hold  
22 or transfer, in its name, an interest in property.

23 (b) Testamentary and fiduciary dispositions.--A nonprofit  
24 association may be a beneficiary of a trust or contract, a  
25 legatee or a devisee.

26 § 9116. Statement of authority as to real property.

27 (a) General rule.--An interest in real property held in the  
28 name of a nonprofit association may be transferred by a person  
29 authorized to do so in a statement of authority recorded by the  
30 nonprofit association in the office of the recorder of deeds for

1 the county in which a transfer of the property would be  
2 recorded.

3 (b) Contents of statement.--The statement of authority must  
4 set forth:

5 (1) the name of the nonprofit association;

6 (2) the address in this Commonwealth, including the  
7 street and number, if any, of the nonprofit association or,  
8 if the nonprofit association does not have an address in this  
9 Commonwealth, its address outside of this Commonwealth;

10 (3) that the association is a nonprofit association; and

11 (4) the name, title or position of a person authorized  
12 to transfer an estate or interest in real property held in  
13 the name of the nonprofit association.

14 (c) Execution.--A statement of authority must be executed in  
15 the same manner as a deed by a person other than the person  
16 authorized in the statement to transfer the interest.

17 (d) Recording fee.--The recorder of deeds may collect a fee  
18 for recording a statement of authority in the amount authorized  
19 for recording a transfer of real property, but the mere  
20 recording of a statement of authority does not constitute a  
21 transfer of an interest in the real property for the purpose of  
22 the taxation of real property transfers.

23 (e) Changes.--A document amending, revoking or canceling a  
24 statement of authority or stating that the statement is  
25 unauthorized or erroneous must meet the requirements for  
26 executing and recording an original statement.

27 (f) Cancellation by operation of law.--Unless canceled  
28 earlier, a recorded statement of authority and its most recent  
29 amendment expire five years after the date of the most recent  
30 recording.

1 (g) Effect of filing.--If the record title to real property  
2 is in the name of a nonprofit association and a statement of  
3 authority is recorded in the office of the recorder of deeds for  
4 the county in which a transfer of the property would be  
5 recorded, the authority of the person named in the statement to  
6 transfer is conclusive in favor of a person that gives value  
7 without notice that the person lacks authority.

8 § 9117. Liability.

9 (a) Scope.--

10 (1) A debt, obligation or other liability of a nonprofit  
11 association, whether arising in contract, tort or otherwise,  
12 is solely the debt, obligation or other liability of the  
13 nonprofit association.

14 (2) A member or manager is not personally liable,  
15 directly or indirectly, by way of contribution or otherwise,  
16 for a debt, obligation or other liability of the nonprofit  
17 association solely by reason of being or acting as a member  
18 or manager.

19 (3) This subsection applies regardless of the  
20 dissolution of the nonprofit association.

21 (b) Liability for conduct.--A person's status as a member or  
22 manager does not prevent or restrict law other than this chapter  
23 from imposing liability on the person or the nonprofit  
24 association because of the person's conduct.

25 (c) Agents.--A person that makes a contract or incurs an  
26 obligation on behalf of a nonprofit association after {the  
27 Legislative Reference Bureau shall insert here the effective  
28 date of this section} is not liable for performance or breach of  
29 the contract or other obligation if the fact that the person was  
30 acting for the nonprofit association was disclosed to, was known

1 by or reasonably should have been known by the other party to  
2 the contract or to the party owed performance.

3 (d) Observation of formalities.--The failure of a nonprofit  
4 association to observe formalities relating to the exercise of  
5 its powers or the management of its activities and affairs is  
6 not a ground for imposing liability on a member or manager of  
7 the nonprofit association for a debt, obligation or other  
8 liability of the nonprofit association.

9 § 9118. Assertion and defense of claims.

10 (a) General rule.--A nonprofit association may sue or be  
11 sued in its own name.

12 (b) Permissible claims.--A member or manager may assert a  
13 claim the member or manager has against the nonprofit  
14 association. A nonprofit association may assert a claim it has  
15 against a member or manager.

16 (c) Representational status.--A nonprofit association may  
17 assert a claim in its name on behalf of its members if one or  
18 more members of the nonprofit association have standing to  
19 assert a claim in their own right, the interests the nonprofit  
20 association seeks to protect are germane to its purposes and  
21 neither the claim asserted nor the relief requested requires the  
22 participation of a member.

23 § 9119. Effect of judgment or order.

24 A judgment or order against a nonprofit association is not by  
25 itself a judgment or order against a member or manager.

26 § 9120. Appointment of agent to receive service of process.

27 (a) Statement.--A nonprofit association may deliver to the  
28 department for filing a statement appointing an agent to receive  
29 service of process.

30 (b) Contents.--A statement appointing an agent to receive

1 service of process must state:

2 (1) the name of the nonprofit association;

3 (2) the address, if any, in this Commonwealth; and

4 (3) the name of the person in this Commonwealth

5 authorized to receive service of process and the person's  
6 address, including street and number, in this Commonwealth.

7 (c) Signature and effect.--

8 (1) A statement appointing an agent to receive service  
9 of process must be signed by:

10 (i) a person authorized to manage the affairs of the  
11 nonprofit association; and

12 (ii) the person appointed as the agent.

13 (2) The signing of the statement is an affirmation:

14 (i) by the person authorized to manage the affairs  
15 of the nonprofit association that the person has that  
16 authority; and

17 (ii) by the person appointed as agent that the  
18 person consents to act as agent.

19 (d) Amendment or cancellation.--An amendment to or  
20 cancellation of a statement appointing an agent to receive  
21 service of process must meet the requirements for signature of  
22 an original statement. An agent may resign by delivering a  
23 resignation to the department for filing and giving notice to  
24 the nonprofit association.

25 (e) Rejection of statement.--A statement appointing an agent  
26 to receive service of process may not be rejected for filing  
27 because the name of the nonprofit association signing the  
28 statement is not distinguishable on the records of the  
29 department from the name of another association appearing in  
30 those records. The filing of such a statement does not make the



1 name of the nonprofit association signing the statement  
2 unavailable for use by another association.

3 (f) Effectiveness.--A statement appointing an agent to  
4 receive service of process:

5 (1) takes effect on filing by the department; and  
6 (2) is effective for five years after the date of filing  
7 unless canceled or terminated earlier.

8 (g) Duty of agent.--The only duty under this chapter of an  
9 agent to receive service of process is to forward to the  
10 nonprofit association at the address most recently supplied to  
11 the agent by the nonprofit association any process, notice or  
12 demand pertaining to the nonprofit association which is served  
13 or received by the agent.

14 (h) Cross references.--See section 135 (relating to  
15 requirements to be met by filed documents).  
16 § 9121. Action or proceeding not abated by change of members or  
17 managers.

18 An action or proceeding against a nonprofit association does  
19 not abate merely because of a change in its members or managers.

20 § 9122. Member not agent.

21 A member is not an agent of the nonprofit association solely  
22 by reason of being a member.

23 § 9123. Approval by members.

24 (a) General rule.--Except as provided in the governing  
25 principles, a nonprofit association must have the approval of  
26 its members to:

27 (1) admit, suspend, dismiss or expel a member;  
28 (2) select or dismiss a manager;  
29 (3) adopt, amend or repeal the governing principles;  
30 (4) transfer all, or substantially all, of the property

1 of the nonprofit association, with or without its goodwill,  
2 outside the ordinary course of its activities;

3 (5) dissolve under section 9134 (relating to  
4 dissolution);

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

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

9 (b) Other actions.--A nonprofit association must have the  
10 approval of the members to do any other act or exercise a right  
11 that the governing principles require to be approved by members.

12 § 9124. Action by members.

13 (a) General rule.--Except as provided in the governing  
14 principles:

15 (1) approval of a matter by the members requires the  
16 affirmative vote of at least a majority of the votes cast at  
17 a meeting of members; and

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

20 (b) Procedural matters.--The governing principles may  
21 provide for the:

22 (1) calling, location and timing of member meetings;

23 (2) notice and quorum requirements for member meetings;

24 (3) conduct of member meetings;

25 (4) taking of action by the members by consent without a  
26 meeting or by ballot;

27 (5) participation by members in a meeting of the members  
28 by telephone or other means of electronic communication; and

29 (6) taking of action by members by proxy.

30 (c) Absence of governing principles.--If the governing

1 principles do not provide for a matter described in subsection  
2 (b), customary usages and principles of parliamentary law and  
3 procedure apply.

4 § 9125. Duties of member.

5 (a) No fiduciary duties generally.--A member does not have a  
6 fiduciary duty to a nonprofit association or to another member  
7 solely by being a member.

8 (b) Discharge of duties and exercise of rights.--A member  
9 shall, consistent with the governing principles and the  
10 contractual obligation of good faith and fair dealing:

11 (1) discharge duties under the governing principles to  
12 the nonprofit association and the other members; and

13 (2) exercise any rights under the governing principles  
14 and this chapter.

15 § 9126. Membership.

16 (a) Admission, suspension, dismissal and expulsion of  
17 member.--

18 (1) A person becomes a member and may be suspended,  
19 dismissed or expelled in accordance with the governing  
20 principles. If there are no applicable governing principles,  
21 a person may become a member or be suspended, dismissed or  
22 expelled only with the approval of the members. A person may  
23 not be admitted as a member without the person's consent.

24 (2) Except as provided in the governing principles, the  
25 suspension, dismissal or expulsion of a member does not  
26 relieve the member from any unpaid capital contribution,  
27 dues, assessments, fees or other obligation incurred or  
28 commitment made by the member before the suspension,  
29 dismissal or expulsion.

30 (b) Resignation of member.--

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

4       (2) Except as provided in the governing principles,  
5 resignation of a member does not relieve the member from any  
6 unpaid capital contribution, dues, assessments, fees or other  
7 obligation incurred or commitment made by the member before  
8 resignation.

9 § 9127. Member's interest not transferable.

10       (a) General rule.--Except as set forth in subsection (b) or  
11 the governing principles, a member's interest or any right under  
12 the governing principles is not transferable.

13       (b) Certain nonprofit associations formed prior to effective  
14 date.--

15           (1) This subsection applies to a nonprofit association:

16               (i) which was formed before {the Legislative  
17 Reference Bureau shall insert here the effective date of  
18 this section};

19               (ii) which was formed for the purpose of encouraging  
20 lawful associational activity among agricultural and  
21 industrial workers through the organization of a  
22 nonprofit association for mutual benefit insurance,  
23 saving or other lawful objects; and

24               (iii) in which the persons that organized the  
25 nonprofit association derive benefits from the  
26 preservation and continuance of the membership and  
27 interest among persons engaged in a common calling, labor  
28 or enterprise.

29       (2) For a nonprofit association subject to paragraph  
30 (1), the following apply:

1           (i) Except as set forth in subparagraph (ii), a  
2           member's interest or any right under the governing  
3           principles is transferable.

4           (ii) A member's interest or any right under the  
5           governing principles is nontransferable if the governing  
6           principles so provide.

7           (c) Assignments and pledges.--No legal or equitable right or  
8           interest shall pass as a result of an attempted transfer in  
9           violation of:

10           (1) subsection (a); or

11           (2) a transfer restriction under subsection (b) (2) (ii).

12           (d) Knowledge of nontransferability.--Whenever the interest  
13           of a member in a nonprofit association is evidenced by a  
14           certificate, an endorsement on the certificate that the  
15           certificate is nontransferable shall be conclusive evidence that  
16           the person to whom any attempted transfer of the certificate is  
17           made has knowledge of the nontransferable character of the  
18           interest of the member.

19           § 9128. Selection and management rights of managers.

20           Except as provided in this chapter or the governing  
21           principles:

22           (1) if there is no manager selected and serving, all  
23           members are managers;

24           (2) only the members may select a manager;

25           (3) a manager may be a member or a nonmember;

26           (4) each manager has equal rights in the management and  
27           conduct of the activities of the nonprofit association;

28           (5) all matters relating to the activities of the  
29           nonprofit association are decided by its managers except for  
30           matters reserved for approval by the members in section 9123

1 (relating to approval by members); and

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

4 § 9129. Duties of managers.

5 (a) Duty of care.--

6 (1) A manager shall manage the nonprofit association:

7 (i) in good faith;

8 (ii) in a manner the manager reasonably believes to  
9 be in the best interests of the nonprofit association;  
10 and

11 (iii) with such care, including reasonable inquiry,  
12 as a prudent person would reasonably exercise in a  
13 similar position and under similar circumstances.

14 (2) A manager may rely in good faith on any opinion,  
15 report, statement or other information provided by another  
16 person that the manager reasonably believes is a competent  
17 and reliable source for the information.

18 (b) Conflicts of interest.---

19 (1) A manager owes a fiduciary duty of loyalty to the  
20 nonprofit association with respect to the responsibilities of  
21 the manager.

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

27 (c) Presumption.--A manager that makes a judgment in good  
28 faith satisfies the duties specified in subsection (a) if the  
29 manager:

30 (1) is not interested, directly or indirectly, in the

1 subject of the judgment and is otherwise able to exercise  
2 independent judgment;

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

6 (3) believes that the judgment is in, or not opposed to,  
7 the best interests of the nonprofit association.

8 (d) Limitation of liability.--

9 (1) Except as set forth in paragraph (2), the governing  
10 principles in record form may provide that a manager shall  
11 not be personally liable, as a manager, for monetary damages  
12 for any action taken unless:

13 (i) the manager has breached or failed to perform  
14 the manager's duties under this chapter; and

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

17 (2) Paragraph (1) shall not apply to:

18 (i) the responsibility or liability of a manager  
19 under a criminal statute; or

20 (ii) the liability of the manager for the payment of  
21 taxes under Federal, State or local law.

22 § 9130. Action by managers.

23 (a) General rule.--Except as provided in the governing  
24 principles:

25 (1) approval of a matter by the managers requires the  
26 affirmative vote of at least a majority of the votes cast at  
27 a meeting of managers; and

28 (2) each manager is entitled to one vote on each matter  
29 that is submitted for approval by the managers.

30 (b) Procedural matters.--The governing principles may

1 provide for the:

2 (1) delegation to a manager of authority to act without  
3 a meeting of the managers;

4 (2) creation and authority of committees of the  
5 managers;

6 (3) calling, location and timing of meetings of the  
7 managers or a committee of the managers;

8 (4) notice and quorum requirements for meetings of the  
9 managers or a committee of the managers;

10 (5) conduct of meetings of the managers or a committee  
11 of the managers;

12 (6) taking of action by the managers or a committee of  
13 the managers by consent without a meeting or by ballot;

14 (7) participation by managers in a meeting of the  
15 managers or a committee of the managers by telephone or other  
16 means of electronic communication; and

17 (8) taking of action by a manager by proxy.

18 (c) Absence of governing principles.--If the governing  
19 principles do not provide for a matter described in subsection  
20 (b), customary usages and principles of parliamentary law and  
21 procedure apply.

22 § 9131. Right of member or manager to information.

23 (a) Inspection.--On reasonable notice, a member or manager  
24 of a nonprofit association may inspect and copy, at a reasonable  
25 time and location specified by the nonprofit association, any  
26 record maintained by the nonprofit association regarding its  
27 activities, financial condition and other circumstances, to the  
28 extent the information is material to the rights and duties of  
29 the member or manager under the governing principles.

30 (b) Restrictions.--A nonprofit association may impose



1 reasonable restrictions on access to and use of information to  
2 be furnished under this section, including designating the  
3 information confidential and imposing on the recipient  
4 obligations of nondisclosure and safeguarding.

5 (c) Costs.--A nonprofit association may charge a person that  
6 makes a demand under this section reasonable copying costs.

7 (d) Former member or manager.--A former member or manager is  
8 entitled to information to which the member or manager was  
9 entitled while a member or manager if:

10 (1) the information pertains to the period during which  
11 the person was a member or manager;

12 (2) the former member or manager seeks the information  
13 in good faith; and

14 (3) the former member or manager satisfies subsections  
15 (a), (b) and (c).

16 § 9132. Distributions prohibited; compensation and other  
17 permitted payments.

18 (a) General rule.--Except as provided in subsection (b), a  
19 nonprofit association may not pay dividends or make  
20 distributions to a member or manager.

21 (b) Permitted payments.--A nonprofit association may:

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

24 (2) confer benefits on or make contributions to a member  
25 or manager in conformity with its nonprofit purposes;

26 (3) repurchase a membership and repay a capital  
27 contribution made by a member to the extent authorized by its  
28 governing principles;

29 (4) repay indebtedness to a member or manager; and

30 (5) make distributions of property to members upon

1 winding up and termination to the extent permitted by section  
2 9135 (relating to winding up).

3 § 9133. Reimbursement, indemnification and advancement of  
4 expenses.

5 (a) Reimbursement.--Except as provided in the governing  
6 principles, a nonprofit association shall reimburse a member or  
7 manager for authorized expenses reasonably incurred in the  
8 course of the activities of the member or manager on behalf of  
9 the nonprofit association.

10 (b) Indemnification and advancement of expenses.--

11 (1) A nonprofit association is subject to Ch. 57 Subch.  
12 D (relating to indemnification).

13 (2) For purposes of applying Ch. 57 Subch. D, references  
14 to the "articles" or "bylaws," "directors" and "members"  
15 shall mean the "governing principles," "managers" and  
16 "members," respectively.

17 § 9134. Dissolution.

18 (a) General rule.--A nonprofit association may be dissolved  
19 as follows:

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

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

24 (3) if no member can be located and the operations of  
25 the nonprofit association have been discontinued for at least  
26 three years, by:

27 (i) the managers; or

28 (ii) if the nonprofit association has no current  
29 manager, its last manager;

30 (4) by court order; or

1           (5) under law other than this chapter.

2           (b) Continuation during winding up.--After dissolution, a  
3 nonprofit association continues in existence until its  
4 activities have been wound up under section 9135 (relating to  
5 winding up).

6 § 9135. Winding up.

7           Winding up of a nonprofit association must proceed in  
8 accordance with the following rules:

9           (1) All known debts and liabilities shall be paid or  
10 adequately provided for.

11           (2) Any property subject to a condition requiring return  
12 to the person designated by the donor shall be transferred to  
13 that person.

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

16           (4) Any property committed to a charitable purpose shall  
17 be distributed in accordance with that purpose unless the  
18 nonprofit obtains a court order under 20 Pa.C.S. Ch. 77  
19 (relating to trusts) specifying the disposition of the  
20 property.

21           (5) Any remaining property shall be distributed as  
22 follows:

23           (i) Distribution shall be made:

24                   (A) in accordance with the governing principles  
25 of the nonprofit association; or

26                   (B) in the absence of applicable governing  
27 principles, to the members of the nonprofit  
28 association:

29                           (I) per capita; or

30                           (II) as the members direct.

1           (ii) If subparagraph (i) does not apply,  
2           distribution shall be made under Article XIII.1 of the  
3           act of April 9, 1929 (P.L.343, No.176), known as The  
4           Fiscal Code.

5 § 9136. Subordination of chapter to canon law.

6           If and to the extent canon law or similar principles  
7           applicable to a nonprofit association organized for religious  
8           purposes sets forth provisions relating to the government and  
9           regulation of the affairs of the nonprofit association that are  
10           inconsistent with the provisions of this chapter on the same  
11           subject, the provisions of canon law or similar principles shall  
12           control except to the extent prohibited by the Constitution of  
13           the United States or the Constitution of Pennsylvania.

14           Section 51. Section 9503(e) of Title 15 is amended and the  
15 section is amended by adding a subsection to read:

16 § 9503. Documentation of trust.

17           \* \* \*

18           (d.1) Bearer certificates prohibited.--A business trust may  
19           not issue a certificate of beneficial interest in bearer form.  
20           This subsection may not be varied by the instrument or other  
21           documentation of the business trust.

22           (e) Cross [reference] references.--See [section] sections  
23           134 (relating to docketing statement) and 135 (relating to  
24           requirements to be met by filed documents).

25           Section 52. The definition of "domestic corporation not-for-  
26 profit" in section 101 of Title 54 is amended to read:

27 § 101. Definitions.

28           Subject to additional definitions contained in subsequent  
29 provisions of this title which are applicable to specific  
30 provisions of this title, the following words and phrases when

1 used in this title shall have, unless the context clearly  
2 indicates otherwise, the meanings given to them in this section:

3 \* \* \*

4 "Domestic corporation not-for-profit." A domestic  
5 corporation [not-for-profit as defined in 15 Pa.C.S. § 1103  
6 (relating to definitions).] not incorporated for a purpose or  
7 purposes involving pecuniary profit, incidental or otherwise.

8 \* \* \*

9 Section 53. Section 501(a)(5) and (7) of Title 54 are  
10 amended to read:

11 § 501. Register established.

12 (a) General rule.--A register is established by this chapter  
13 which shall consist of such of the following names as are not  
14 deleted therefrom by operation of section 504 (relating to  
15 effect of failure to make filings) or 506 (relating to voluntary  
16 termination of registration by corporations and other  
17 associations):

18 \* \* \*

19 (5) In the case of a business trust which exists subject  
20 to 15 Pa.C.S. Ch. 95 (relating to business trusts), the name  
21 of the trust as set forth in the:

22 (i) instrument filed in the department under 15  
23 Pa.C.S. § 9503 (relating to documentation of trust); or

24 (ii) application for registration filed under 15  
25 Pa.C.S. § 9507 (relating to foreign business trusts).

26 \* \* \*

27 [(7) In the case of a business trust which exists  
28 subject to 15 Pa.C.S. Ch. 95 (relating to business trusts),  
29 the name of the trust as set forth in the instrument filed in  
30 the department under 15 Pa.C.S. § 9503 (relating to

1 documentation of trust), or in the application for  
2 registration filed pursuant to 15 Pa.C.S. § 9507 (relating to  
3 foreign business trusts).]

4 \* \* \*

5 Section 54. Repeals are as follows:

6 (1) The General Assembly declares as follows:

7 (i) The repeal under paragraph (2)(i) is necessary  
8 because the material is supplied by 15 Pa.C.S. § 1511.

9 (ii) The repeal under paragraph (2)(ii) is necessary  
10 to effectuate the amendment of 15 Pa.C.S. §§ 153(a) and  
11 155(a).

12 (iii) The repeal under paragraph (2)(iii) is  
13 necessary because the material is supplied by 40 Pa.C.S.  
14 § 6322(f).

15 (iv) The repeal under paragraph (2)(iv) is necessary  
16 because the material is supplied by 40 Pa.C.S. § 6301.

17 (v) The repeal under paragraph (2)(v) is necessary  
18 because the material is supplied by 15 Pa.C.S. § 1106(b)  
19 (2).

20 (vi) The repeal under paragraph (2)(vi) is necessary  
21 because the material is supplied by 40 Pa.C.S. § 6322(f).

22 (vii) The repeal under paragraph (2)(vii) is  
23 necessary because the material is supplied by 1 Pa.C.S. §  
24 1978.

25 (2) The following acts and parts of acts are repealed:

26 (i) Act of April 27, 1855 (P.L.365, No.383),  
27 entitled "An act extending the right of Trial by Jury to  
28 certain cases."

29 (ii) Sections 618-A(2) and 814 of the act of April  
30 9, 1929 (P.L.177, No.175), known as The Administrative

1 Code of 1929.

2 (iii) Act of April 18, 1949 (P.L.583, No.123),  
3 entitled "An act to further amend the act, approved the  
4 fifth day of May, one thousand nine hundred thirty-three  
5 (Pamphlet Laws 289), entitled 'An act relating to  
6 nonprofit corporations; defining and providing for the  
7 organization, merger, consolidation, and dissolution of  
8 such corporations; conferring certain rights, powers,  
9 duties, and immunities upon them and their officers and  
10 members; prescribing the conditions on which such  
11 corporations may exercise their powers; providing for the  
12 inclusion of certain existing corporations of the first  
13 class within the provisions of this act; prescribing the  
14 terms and conditions upon which foreign nonprofit  
15 corporations may be admitted or may continue to do  
16 business within the Commonwealth; conferring powers and  
17 imposing duties on the courts of common pleas,  
18 prothonotaries of such courts, recorders of deeds, and  
19 certain State departments, commissions, and officers;  
20 authorizing certain local public officers and State  
21 departments to collect fees for services required to be  
22 rendered by this act; imposing penalties; and repealing  
23 certain acts and parts of acts relating to corporations,'  
24 by making further provisions relating to nonprofit  
25 medical service corporations; by extending the provisions  
26 of said act relating to the furnishing of medical  
27 services by nonprofit medical service corporations so as  
28 to include the furnishing of osteopathic services by  
29 doctors of osteopathy to subscribers and their  
30 dependents, and by providing that the articles of

1 incorporation of existing nonprofit medical service  
2 corporations are amended by the provisions of this act so  
3 as to authorize the furnishing of such osteopathic  
4 services by doctors of osteopathy."

5 (iv) Act of December 9, 1955 (P.L.818, No.238),  
6 entitled "An act amending the act of May five, one  
7 thousand nine hundred thirty-three (Pamphlet Laws 289),  
8 entitled 'An act relating to nonprofit corporations;  
9 defining and providing for the organization, merger,  
10 consolidation, and dissolution of such corporations;  
11 conferring certain rights, powers, duties, and immunities  
12 upon them and their officers and members; prescribing the  
13 conditions on which such corporations may exercise their  
14 powers; providing for the inclusion of certain existing  
15 corporations of the first class within the provisions of  
16 this act; prescribing the terms and conditions upon which  
17 foreign nonprofit corporations may be admitted or may  
18 continue to do business within the Commonwealth;  
19 conferring powers and imposing duties on the courts of  
20 common pleas, prothonotaries of such courts, recorders of  
21 deeds, and certain State departments, commissions, and  
22 officers; authorizing certain local public officers and  
23 State departments to collect fees for services required  
24 to be rendered by this act; imposing penalties; and  
25 repealing certain acts and parts of acts relating to  
26 corporations,' providing for the incorporation and  
27 regulation of nonprofit dental service corporations  
28 furnishing dental services only to certain subscribers  
29 and their dependents."

30 (v) Act of September 30, 1965 (P.L.570, No.294),



1 entitled "An act amending the act of May 5, 1933 (P.L.  
2 289), entitled 'An act relating to nonprofit  
3 corporations; defining and providing for the  
4 organization, merger, consolidation, and dissolution of  
5 such corporations; conferring certain rights, powers,  
6 duties, and immunities upon them and their officers and  
7 members; prescribing the conditions on which such  
8 corporations may exercise their powers; providing for the  
9 inclusion of certain existing corporations of the first  
10 class within the provisions of this act; prescribing the  
11 terms and conditions upon which foreign nonprofit  
12 corporations may be admitted or may continue to do  
13 business within the Commonwealth; conferring powers and  
14 imposing duties on the courts of common pleas,  
15 prothonotaries of such courts, recorders of deeds, and  
16 certain State departments, commissions, and officers;  
17 authorizing certain local public officers and State  
18 departments to collect fees for services required to be  
19 rendered by this act; imposing penalties; and repealing  
20 certain acts and parts of acts relating to corporations,'  
21 requiring approval by the State Registration Board for  
22 Professional Engineers prior to the use of certain words  
23 in corporate names."

24 (vi) Act of December 27, 1965 (P.L.1250, No.507),  
25 entitled "An act amending the act of May 5, 1933 (P.L.  
26 289), entitled 'An act relating to nonprofit  
27 corporations; defining and providing for the  
28 organization, merger, consolidation, and dissolution of  
29 such corporations; conferring certain rights, powers,  
30 duties, and immunities upon them and their officers and

1 members; prescribing the conditions on which such  
2 corporations may exercise their powers; providing for the  
3 inclusion of certain existing corporations of the first  
4 class within the provisions of this act; prescribing the  
5 terms and conditions upon which foreign nonprofit  
6 corporations may be admitted or may continue to do  
7 business within the Commonwealth; conferring powers and  
8 imposing duties on the courts of common pleas,  
9 prothonotaries of such courts, recorders of deeds, and  
10 certain State departments, commissions, and officers;  
11 authorizing certain local public officers and State  
12 departments to collect fees for services required to be  
13 rendered by this act; imposing penalties; and repealing  
14 certain acts and parts of acts relating to corporations,'  
15 making further provisions relating to nonprofit medical,  
16 dental and osteopathic service corporations; extending  
17 the provisions of said act relating to the furnishing of  
18 medical, dental and osteopathic services by nonprofit  
19 medical, dental and osteopathic service corporations so  
20 as to include the furnishing of optometric services to  
21 subscribers and their dependents, and providing that the  
22 articles of incorporation of existing nonprofit medical,  
23 dental and osteopathic service corporations are amended  
24 by the provisions of this act so as to authorize the  
25 furnishing of optometric services by doctors of  
26 optometry."

27 (vii) Section 2 of the act of November 15, 1972  
28 (P.L.1063, No.271), entitled "An act amending the act of  
29 November 25, 1970 (No.230), entitled 'An act codifying  
30 and compiling a part of the law of the Commonwealth,'

1 adding provisions relating to burial grounds,  
2 corporations, including corporations not-for-profit,  
3 educational institutions, private police, certain  
4 charitable or eleemosynary institutions, certain  
5 nonprofit insurers, service of process on certain  
6 nonresident persons, names, prescribing penalties and  
7 making repeals."

8 Section 55. When the Department of State is ready to provide  
9 expedited services under the addition of 15 Pa.C.S. § 153(a)  
10 (16), it shall transmit notice of that fact to the Legislative  
11 Reference Bureau for publication as a notice in the Pennsylvania  
12 Bulletin.

13 Section 56. Notwithstanding 1 Pa.C.S. § 1957, it is declared  
14 to be the intent of the former act of December 21, 1988  
15 (P.L.1444, No.177), known as the General Association Act of  
16 1988, the act of December 19, 1990 (P.L.834, No.198), known as  
17 the GAA Amendments Act of 1990, the act of December 18, 1992  
18 (P.L.1333, No.169), known as the GAA Amendments Act of 1992, the  
19 act of June 22, 2001 (P.L.418, No.34), known as the GAA  
20 Amendments Act of 2001, and this act cumulatively to restore all  
21 provisions of 15 Pa.C.S. added by the act of November 15, 1972  
22 (P.L.1063, No.271), entitled "An act amending the act of  
23 November 25, 1970 (No.230), entitled 'An act codifying and  
24 compiling a part of the law of the Commonwealth,' adding  
25 provisions relating to burial grounds, corporations, including  
26 corporations not-for-profit, educational institutions, private  
27 police, certain charitable or eleemosynary institutions, certain  
28 nonprofit insurers, service of process on certain nonresident  
29 persons, names, prescribing penalties and making repeals," to  
30 their status prior to the partial repeal effected by section 905

1 of the former act of July 29, 1977 (P.L.105, No.38), known as  
2 the Fraternal Benefit Society Code, except as otherwise  
3 expressly provided by such provisions as reenacted and amended  
4 by the former General Association Act of 1988, the GAA  
5 Amendments Act of 1990, the GAA Amendments Act of 1992, the GAA  
6 Amendments Act of 2001, and this act.

7 Section 57. Section 56 of this act shall apply retroactively  
8 to January 30, 1978.

9 Section 58. This act shall take effect as follows:

10 (1) The following provisions shall take effect  
11 immediately:

12 (i) Section 55 of this act.

13 (ii) This section.

14 (2) The addition of 15 Pa.C.S. § 153(a)(16) shall take  
15 effect upon publication of the notice under section 55 of  
16 this act.

17 (3) The remainder of this act shall take effect in 60  
18 days.