

THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL**No. 304** Session of
2013

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

AS REPORTED FROM COMMITTEE ON COMMERCE, HOUSE OF
REPRESENTATIVES, AS AMENDED, JUNE 5, 2013

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:

1 § 102. Definitions.

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

8 * * *

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

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

15 * * *

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

20 * * *

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

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

27 * * *

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

30 * * *

1 "Obligation." Includes a note or other form of indebtedness,
2 whether secured or unsecured.

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

14 * * *

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

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

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

30 "Sign." With present intent to authenticate or adopt

1 information in record form:

2 (1) to sign manually or adopt a tangible symbol; or

3 (2) to attach to, or logically associate with,

4 information in record form, an electronic sound, symbol or

5 process.

6 * * *

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

8 § 107. Form of records.

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

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

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

1 § 111. Relation of title to Electronic Signatures in Global and
2 National Commerce Act.

3 (a) General rule.--Except as set forth in subsection (b),
4 this title modifies, limits and supersedes the Electronic
5 Signatures in Global and National Commerce Act (Public Law 106-
6 229, 15 U.S.C. § 7001, et seq.).

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

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

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

14 Section 5. Sections 131, 133(a) and (d), 134(a) (3), 135(a)
15 (2) and (7) AND (D), ~~136(b) (2) and (3)~~ 136(B), 152, 153(a) and <--
16 155(a) and (b) of Title 15 are amended to read:

17 § 131. Application of subchapter.

18 As used in this subchapter, the term "this title" includes
19 Titles 17 (relating to credit unions) and 54 (relating to names)
20 ~~and any other provision of law that makes reference to the AND~~ <--
21 ANY OTHER PROVISION OF LAW THAT:

22 (1) MAKES REFERENCE TO THE powers and procedures of this
23 subchapter[.] ~~or, to the extent not inconsistent with this~~ <--
24 ~~subchapter, requires a filing in the bureau and does not~~
25 ~~specify some or all of the necessary procedures therefor; OR~~ <--

26 (2) TO THE EXTENT NOT INCONSISTENT WITH THIS SUBCHAPTER:

27 (I) REQUIRES A FILING IN THE BUREAU; AND

28 (II) DOES NOT SPECIFY SOME OR ALL OF THE NECESSARY
29 PROCEDURES FOR THE FILING provided in this subchapter.

30 § 133. Powers of Department of State.

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

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

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

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

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

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

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

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

14 (v) Relate to the format or means of delivering
15 documents to the department ~~or~~ FOR filing. <--

16 * * *

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

28 * * *

29 § 134. Docketing statement.

30 (a) General rule.--The [Department of State] department may,

1 but shall not be required to, prescribe by regulation one or
2 more official docketing statement forms designed to elicit from
3 a person effecting a filing under this title information that
4 the department has found to be necessary or desirable in
5 connection with the processing of a filing. A form of docketing
6 statement prescribed under this subsection:

7 * * *

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

13 * * *

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

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

18 * * *

19 (2) The document complies with any regulations
20 promulgated by the department [pursuant to section 133(d)
21 (relating to physical characteristics and copies of
22 documents)] and is accompanied by any applicable statement
23 prescribed under section 134.

24 * * *

25 (7) It is in record form and executed. The department
26 shall not examine a document to determine whether the
27 document has been [executed] signed by an authorized person
28 or by sufficient authorized persons or otherwise is duly
29 [executed. A document shall be deemed executed if it contains
30 a facsimile signature, so long as the operative portions of

1 the document meet any applicable requirements prescribed
2 under section 133(d) (relating to physical characteristics
3 and copies of documents)] signed.

4 * * *

5 (D) [METHOD OF FILING.--THE DEPARTMENT MAY PRESCRIBE BY <--
6 REGULATION PROCEDURES FOR FILING DOCUMENTS BY ELECTRONIC MAIL,
7 FACSIMILE TRANSMISSION, TELEX OR OTHER SIMILAR MEANS OF
8 COMMUNICATION] (RESERVED).

9 * * *

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

11 * * *

12 (b) [Immediate] DUPLICATE certified copy.-- <--

13 * * * <--

14 (1) IF A DUPLICATE COPY, WHICH MAY BE EITHER A SIGNED OR <--
15 CONFORMED COPY, OF ANY ARTICLES OR OTHER DOCUMENT AUTHORIZED
16 OR REQUIRED BY THIS TITLE TO BE FILED IN THE DEPARTMENT IS
17 DELIVERED TO THE DEPARTMENT WITH THE ORIGINAL SIGNED
18 DOCUMENT, THE DEPARTMENT SHALL [COMPARE THE DUPLICATE COPY
19 WITH THE ORIGINAL SIGNED DOCUMENT AND, IF IT FINDS THAT THEY
20 ARE IDENTICAL, SHALL CERTIFY THE DUPLICATE COPY BY MAKING
21 UPON IT THE SAME ENDORSEMENT THAT IS REQUIRED TO APPEAR UPON
22 THE ORIGINAL, TOGETHER WITH A FURTHER ENDORSEMENT THAT THE
23 DUPLICATE COPY IS A TRUE COPY OF THE ORIGINAL SIGNED
24 DOCUMENT,] STAMP THE DUPLICATE COPY WITH THE DATE RECEIVED BY
25 THE DEPARTMENT AND RETURN THE DUPLICATE COPY TO THE PERSON
26 WHO DELIVERED IT TO THE DEPARTMENT.

27 †(2) [If the duplicate copy is delivered by hand to the <--
28 office of the department at the seat of government at least
29 four hours before the close of business on any day not a
30 holiday and relates to a matter other than a label or other

1 mark requiring examination under Title 54 (relating to names)
2 or the reservation or registration of a name under this title
3 and, in the case of a document that creates a new
4 association, effects or reflects a change in name or
5 qualifies a foreign association to do business in this
6 Commonwealth, if the duplicate copy is accompanied by
7 evidence that the proposed name has been reserved or
8 registered by or on behalf of the applicant, the department
9 before the close of business on that day shall either:

10 (i) Certify the duplicate copy as required by this
11 subsection and make such certified copy available at the
12 office of the department to or upon the order of the
13 person who delivered it to the department.

14 (ii) Make available at the office of the department
15 to or upon the order of the person who delivered it to
16 the department a brief statement in writing of the
17 reasons of the department for refusing to certify such
18 duplicate copy.

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

20 (RESERVED). <--

21 (3) In lieu of [comparing] DATE-STAMPING the duplicate <--
22 copy [with] OF the original signed document as provided in <--
23 [paragraphs (1) and (2)] paragraph (1), the department may
24 make a copy of the original signed document at the cost of
25 the person who delivered it to the department.

26 * * *

27 § 152. Definitions.

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

1 "Ancillary transaction." Includes:

2 (1) preclearance of document[,];

3 (2) amendment of articles, charter, certificate or other
4 organic document, restatement of articles, charter,
5 certificate or other organic document[, change in registered
6 or principal office, change in share structure,];

7 (3) dissolution, cancellation or termination[,
8 reorganization,] of an association;

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

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

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

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

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

23 § 153. Fee schedule.

24 (a) General rule.--The nonrefundable fees of the bureau,
25 including fees for the public acts and transactions of the
26 Secretary of the Commonwealth administered through the bureau,
27 shall be as follows:

28 (1) Domestic corporations:

29 (i) Articles of incorporation, letters
30 patent or similar instruments incorporating a

1	<u>corporation or association.....</u>	<u>\$125</u>
2	(ii) <u>Articles or agreement or similar</u>	
3	<u>instrument of merger, consolidation or division..</u>	<u>70</u>
4	(iii) <u>Additional fee for each association</u>	
5	<u>which is a party to a merger or consolidation....</u>	<u>40</u>
6	(iv) <u>Additional fee for each new association</u>	
7	<u>resulting from a division.....</u>	<u>125</u>
8	(v) <u>Articles of conversion or a similar</u>	
9	<u>instrument.....</u>	<u>70</u>
10	(vi) <u>Each ancillary transaction.....</u>	<u>70</u>
11	<u>(2) Foreign corporations:</u>	
12	(i) <u>Certificates of authority or similar</u>	
13	<u>qualifications to do business.....</u>	<u>250</u>
14	(ii) <u>Amended certificate of authority or</u>	
15	<u>similar change in qualification to do business...</u>	<u>250</u>
16	(iii) <u>Domestication.....</u>	<u>125</u>
17	(iv) <u>Statement of merger or consolidation or</u>	
18	<u>similar instrument reporting occurrence of merger</u>	
19	<u>or consolidation not effected by a filing in the</u>	
20	<u>department.....</u>	<u>70</u>
21	(v) <u>Additional fee for each qualified</u>	
22	<u>foreign corporation which is named in a statement</u>	
23	<u>of merger or consolidation or similar instrument.</u>	<u>40</u>
24	(vi) <u>Each ancillary transaction.....</u>	<u>70</u>
25	<u>(3) Partnerships and limited liability companies:</u>	
26	(i) <u>Certificate of limited partnership or</u>	
27	<u>certificate of organization of a limited</u>	
28	<u>liability company or similar instrument forming a</u>	
29	<u>limited partnership or organizing a limited</u>	
30	<u>liability company.....</u>	<u>125</u>

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

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

1	<u>under paragraph (9):</u>	
2	<u>(i) For preparing and providing a report of</u>	
3	<u>a record search, the fee specified in paragraph</u>	
4	<u>(10), if any, plus.....</u>	<u>15</u>
5	<u>(ii) (Reserved).....</u>	
6	<u>(13) Reservation and registration of names:</u>	
7	<u>(i) Reservation of association name.....</u>	<u>70</u>
8	<u>(ii) Registration of foreign or other</u>	
9	<u>corporation name.....</u>	<u>70</u>
10	<u>(14) Change of registered office or address:</u>	
11	<u>(i) Each statement of change of registered</u>	
12	<u>office by agent.....</u>	<u>5</u>
13	<u>(ii) Each statement or certificate of change</u>	
14	<u>of registered office.....</u>	<u>5</u>
15	<u>(iii) Each statement of change of address...</u>	<u>5</u>
16	<u>(15) Contingent domestication:</u>	
17	<u>(i) Statement of contingent domestication...</u>	<u>125</u>
18	<u>(ii) Each year, or portion of a year, during</u>	
19	<u>which a contingent domestication or temporary</u>	
20	<u>domiciliary status is in effect.....</u>	<u>1,500</u>
21	<u>(16) Expedited service:</u>	
22	<u>(i) For the processing of any filing under</u>	
23	<u>this title or 13 Pa.C.S. (relating to commercial</u>	
24	<u>code) which is received by the bureau before 4</u>	
25	<u>p.m. and is requested to be completed within one</u>	
26	<u>hour, an additional fee of.....</u>	<u>1,000</u>
27	<u>(ii) For the processing of any filing under</u>	
28	<u>this title or Title 13 which is received by the</u>	
29	<u>bureau before 2 p.m. and is requested to be</u>	
30	<u>completed within three hours, an additional fee</u>	

1	<u>of.....</u>	300
2	(iii) For processing of any filing under	-<--
3	this title or Title 13 which is received by the	-
4	bureau before 10 a.m. and is requested to be	-
5	completed the same day, an additional fee	100
6	of.....	

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
11 OF..... 100

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 5.1. TITLE 15 IS AMENDED BY ADDING A SECTION TO <--
9 READ:

10 § 156. REFERENCES.

11 IN STATUTES, REGULATIONS AND ORDERS, A REFERENCE TO THE
12 CORPORATION BUREAU SHALL BE DEEMED A REFERENCE TO THE BUREAU OF
13 CORPORATIONS AND CHARITABLE ORGANIZATION.

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

24 § 1103. Definitions.

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

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

2 * * *

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

7 * * *

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

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

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

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

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

25 "Credit union." A credit union as defined in 17 Pa.C.S. §
26 102 (relating to application of title).

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

28 * * *

29 "Distribution." A direct or indirect transfer of money or
30 other property (except its own shares or options, rights or

1 warrants to acquire its own shares) or incurrence of
2 indebtedness by a corporation to or for the benefit of any or
3 all of its shareholders in respect of any of its shares whether
4 by dividend or by purchase, redemption or other acquisition of
5 its shares or otherwise. Neither the making of, nor payment or
6 performance upon, a guaranty or similar arrangement by a
7 corporation for the benefit of any or all of its shareholders
8 nor a direct or indirect transfer or allocation of assets or
9 liabilities effected under Chapter 19 (relating to fundamental
10 changes) with the approval of the shareholders shall constitute
11 a distribution for the purposes of this subpart.

12 ["Domestic corporation for profit." A corporation for profit
13 incorporated under the laws of this Commonwealth.

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

16 * * *

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

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

23 * * *

24 ["Insurance corporation" or "domestic insurance corporation."
25 An insurance corporation as defined in section 3102 (relating to
26 definitions).

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

29 * * *

30 ["Obligation." Includes a note or other form of

1 indebtedness, whether secured or unsecured.]

2 * * *

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

17 * * *

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

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

29 * * *

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

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

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

10 "Act" or "action."

11 "Banking institution" or "domestic banking institution."

12 "Corporation for profit."

13 "Corporation not-for-profit."

14 "Court."

15 "Credit union."

16 "Department."

17 "Domestic corporation for profit."

18 "Domestic corporation not-for-profit."

19 "Execute."

20 "Foreign corporation for profit."

21 "Foreign corporation not-for-profit."

22 "Insurance corporation" or "domestic insurance corporation."

23 "Internal Revenue Code of 1986."

24 "Obligation."

25 "Officially publish."

26 "Record form."

27 "Representative."

28 "Savings association" or "domestic savings association."

29 "Sign."

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

1 [§ 1104. Other general provisions.

2 The following provisions of this title are applicable to
3 corporations subject to this subpart:

4 Section 101 (relating to short title and application of
5 title).

6 Section 102 (relating to definitions).

7 Section 103 (relating to subordination of title to regulatory
8 laws).

9 Section 104 (relating to equitable remedies).

10 Section 105 (relating to fees).

11 Section 106 (relating to effect of filing papers required to
12 be filed).

13 Section 107 (relating to form of records).

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

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

18 Section 110 (relating to supplementary general principles of
19 law applicable).

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

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

22 Section 134 (relating to docketing statement).

23 Section 135 (relating to requirements to be met by filed
24 documents).

25 Section 136 (relating to processing of documents by
26 Department of State).

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

29 Section 138 (relating to statement of correction).

30 Section 139 (relating to tax clearance of certain fundamental

1 transactions).

2 Section 140 (relating to custody and management of orphan
3 corporate and business records).

4 Section 152 (relating to definitions).

5 Section 153 (relating to fee schedule).

6 Section 154 (relating to enforcement and collection).

7 Section 155 (relating to disposition of funds).

8 Section 162 (relating to contingent domestication of certain
9 foreign associations).

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

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

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

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

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

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

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

23 § 1306. Articles of incorporation.

24 * * *

25 (e) Reference to external facts.--Except for the provisions
26 required by subsection (a) (1), (2), (3), (4) (i), (5) and (7),
27 any provision of the articles of incorporation may be made
28 dependent upon facts ascertainable outside of the articles if
29 the manner in which the facts will operate upon the provision is
30 set forth in the articles. The facts may include actions or

1 events within the control of or determinations made by the
2 corporation or a representative of the corporation.

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

5 § 1504. Adoption, amendment and contents of bylaws.

6 * * *

7 (c) Bylaw provisions in articles.--Where any provision of
8 this subpart or any other provision of law refers to a rule as
9 set forth in the bylaws of a corporation or in a bylaw adopted
10 by the shareholders, the reference shall be construed to include
11 and be satisfied by any rule on the same subject as set forth in
12 the articles of the corporation.

13 * * *

14 § 1523. Pricing and issuance of shares.

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

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

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

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

29 § 1527. Issuance of fractional shares or scrip.

30 (a) General rule.--A business corporation may but shall not

1 be required to create and issue fractions of a share, either
2 represented by a certificate or uncertificated, which, unless
3 otherwise provided in the articles, shall represent proportional
4 interests in all the voting rights, preferences, limitations and
5 special rights, if any, of full shares. If the corporation
6 creates but does not provide for the issuance of fractions of a
7 share, it shall:

8 * * *

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

20 * * *

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

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

27 § 1528. Shares represented by certificates and uncertificated
28 shares.

29 * * *

30 (g) Bearer shares prohibited.--A business corporation may

1 not issue share certificates in bearer form. This subsection may
2 not be varied by the articles.

3 Section 12. Section 1529(b) of Title 15 is amended to read:
4 § 1529. Transfer of securities; restrictions.

5 * * *

6 (b) Transfer restrictions generally.--A restriction on the
7 transfer or registration of transfer of securities of a business
8 corporation may be imposed by the bylaws or by an agreement
9 among any number of securityholders or among them and the
10 corporation. A restriction so imposed shall not be binding with
11 respect to securities issued prior to the adoption of the
12 restriction unless the holders of the securities are parties to
13 the agreement or voted in favor of the restriction. A
14 restriction may be amended by the vote or consent, and otherwise
15 in the manner, provided in the bylaws or agreement for amending
16 the restriction or, in the absence of such a provision, as
17 provided for amending the bylaws or agreement generally.

18 * * *

19 Section 13. Section 1552(b) of Title 15 is redesignated and
20 the section is amended by adding subsections to read:
21 § 1552. Power of corporation to acquire its own shares.

22 * * *

23 (b) Security for acquisition.--In connection with an
24 acquisition by a corporation of its shares, the corporation may
25 grant a security interest in the acquired shares to secure an
26 obligation to pay for the acquisition. A share shall not be
27 canceled on the books of the corporation until the obligation of
28 the corporation secured by the share is fully paid or
29 discharged.

30 (c) Application of distribution tests.--A corporation may

1 acquire or agree to acquire its shares, even though the
2 acquisition would violate section 1551 (relating to
3 distributions to shareholders), if payment of all or part of the
4 purchase price is deferred until the payment would not violate
5 that section.

6 [(b)] (d) Cross reference.--See section 1914(c)(2) (relating
7 to adoption by board of directors).

8 Section 14. Section 1575(a) introductory paragraph of Title
9 15 is amended to read:

10 § 1575. Notice to demand payment.

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

24 * * *

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

27 § 1704. Place and notice of meetings of shareholders.

28 (a) Place.--Meetings of shareholders may be held at such
29 geographic location within or without this Commonwealth as may
30 be provided in or fixed pursuant to the bylaws. Unless otherwise

1 provided in or pursuant to the bylaws, all meetings of the
2 shareholders shall be held at the executive office of the
3 corporation wherever situated. If a meeting of the shareholders
4 is held by means of the Internet or other electronic
5 communications technology in a fashion pursuant to which the
6 shareholders have the opportunity to read or hear the
7 proceedings substantially concurrently with their occurrence,
8 vote on matters submitted to the shareholders [and], pose
9 questions to the directors, make appropriate motions and comment
10 on the business of the meeting, the meeting need not be held at
11 a particular geographic location.

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

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

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

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

24 * * *

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

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

30 Section 16. Sections 1705(a), 1727(b), 1756(a)(4) and

1 1759(a), (c) and (e) of Title 15 are amended to read:

2 § 1705. Waiver of notice.

3 (a) [Written waiver] General rule.--Whenever any [written]
4 notice is required to be given under the provisions of this
5 subpart or the articles or bylaws of any business corporation, a
6 waiver thereof [in writing, signed] which is filed with the
7 secretary of the corporation in record form signed by the person
8 or persons entitled to the notice, whether before or after the
9 time stated therein, shall be deemed equivalent to the giving of
10 the notice. Neither the business to be transacted at, nor the
11 purpose of, a meeting need be specified in the waiver of notice
12 of the meeting.

13 * * *

14 § 1727. Quorum of and action by directors.

15 * * *

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

26 § 1756. Quorum.

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

1 * * *

2 (4) If a proxy casts a vote or takes other action on
3 behalf of a shareholder on any issue other than a procedural
4 motion considered at a meeting of shareholders, the
5 shareholder shall be deemed to be present during the entire
6 meeting for purposes of determining whether a quorum is
7 present for consideration of any other issue.

8 * * *

9 § 1759. Voting and other action by proxy.

10 (a) General rule.--

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

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

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

30 * * *

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

15 * * *

16 (e) Cross [reference] references.--See [section] sections
17 1702 (relating to manner of giving notice) and 3135 (relating to
18 proxies of members of mutual insurance companies).

19 Section 17. Section 1764(a) of Title 15 is amended and the
20 section is amended by adding a subsection to read:

21 § 1764. Voting lists.

22 (a) General rule.--The officer or agent having charge of the
23 transfer books for shares of a business corporation shall make a
24 complete list of the shareholders entitled to vote at any
25 meeting of shareholders, arranged in alphabetical order, with
26 the address of and the number of shares held by each. This
27 section does not require the corporation to include electronic
28 mail addresses or other electronic contact information on the
29 list. The list shall be produced and kept open at the time and
30 place of [the] each meeting of shareholders of a nonregistered

1 corporation held at a geographic location and shall be subject
2 to the inspection of any shareholder during the whole time of
3 the meeting for the purposes thereof [except that, if a business
4 corporation has 5,000 or more shareholders, in lieu of the
5 making of the list the corporation may make the information
6 therein available at the meeting by any other means]. See
7 section 2529 (relating to voting lists).

8 * * *

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

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

15 § 1766. Consent of shareholders in lieu of meeting.

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

27 (b) Partial consent.--If the bylaws so provide, any action
28 required or permitted to be taken at a meeting of the
29 shareholders or of a class of shareholders may be taken without
30 a meeting upon the signed consent of shareholders who would have

1 been entitled to cast the minimum number of votes that would be
2 necessary to authorize the action at a meeting at which all
3 shareholders entitled to vote thereon were present and voting.
4 The consents shall be filed in record form with the [secretary
5 of the corporation] minutes of the proceedings of the
6 shareholders.

7 * * *

8 (d) Cross [reference] references.--See [section] sections
9 1702 (relating to manner of giving notice) and 2524 (relating to
10 consent of shareholders in lieu of meeting).

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

13 § 1906. Special treatment of holders of shares of same class or
14 series.

15 * * *

16 (c.1) Determination of groups.--For purposes of applying
17 subsections (a)(1) and (b), the determination of which
18 shareholders are part of each group receiving special treatment
19 shall be made as of the record date for shareholder action on
20 the plan.

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

22 * * *

23 (3) A plan that contains an express provision that this
24 section shall not apply or that fails to contain an express
25 provision that this section shall apply. [The shareholders of
26 a corporation that proposes a plan to which this section is
27 not applicable by reason of this paragraph shall have the
28 remedies contemplated by section 1105 (relating to
29 restriction on equitable relief).]

30 * * *

1 Section 20. Title 15 is amended by adding sections to read:
2 § 1907. Purpose of fundamental transactions.

3 A transaction under this chapter does not require an
4 independent business purpose in order for the transaction to be
5 lawful.

6 § 1908. Submission of matters to shareholders.

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

16 Section 21. Sections 1911(a)(4), 1913, 1922(a)(3), 1923,
17 1931(a), (b)(2), (d) and (g), 1957(b)(1)(iv), 1973, 1978(b) and
18 2522 of Title 15 are amended to read:

19 § 1911. Amendment of articles authorized.

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

23 * * *

24 (4) To cancel or otherwise affect the right of holders
25 of the shares of any class or series to receive dividends
26 that have accrued but have not been declared or to otherwise
27 effect a reclassification of or otherwise affect the
28 substantial rights of the holders of any shares, including,
29 without limitation, by providing special treatment of shares
30 held by any shareholder or group of shareholders [as

1 authorized by, and subject to the provisions of,] consistent
2 with section 1906 (relating to special treatment of holders
3 of shares of same class or series).

4 * * *

5 § 1913. Notice of meeting of shareholders.

6 (a) General rule.--[Written notice] Notice in record form of
7 the meeting of shareholders of a business corporation that will
8 act on the proposed amendment [shall] must be given to each
9 shareholder entitled to vote thereon. [There shall be included
10 in, or enclosed with, the notice a copy of] The notice must
11 include the proposed amendment or a summary of the changes to be
12 effected thereby and, if Subchapter D of Chapter 15 (relating to
13 dissenters rights) is applicable, [a copy] the text of that
14 subchapter.

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

18 § 1922. Plan of merger or consolidation.

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

21 * * *

22 (3) The manner and basis of converting the shares of
23 each corporation into shares or other securities or
24 obligations of the surviving or new corporation, or of
25 canceling some or all of the shares of a corporation, as the
26 case may be, and, if any of the shares of any of the
27 corporations that are parties to the merger or consolidation
28 are not to be canceled or converted solely into shares or
29 other securities or obligations of the surviving or new
30 corporation, the shares or other securities or obligations of

1 any other person or cash, property or rights that the holders
2 of such shares are to receive in exchange for, or upon
3 conversion of, such shares, and the surrender of any
4 certificates evidencing them, which securities or
5 obligations, if any, of any other person or cash, property or
6 rights may be in addition to or in lieu of the shares or
7 other securities or obligations of the surviving or new
8 corporation.

9 * * *

10 § 1923. Notice of meeting of shareholders.

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

28 (b) Cross references.--See Subchapter A of Chapter 17
29 (relating to notice and meetings generally) and [section]
30 sections 2512 (relating to dissenters rights procedure) and 2528

1 (relating to notice of shareholder meetings).

2 § 1931. Share exchanges.

3 (a) General rule.--All the outstanding shares of one or more
4 classes or series of a domestic business corporation, designated
5 in this section as the exchanging corporation, may, in the
6 manner provided in this section, be acquired by any person,
7 designated in this section as the acquiring person, through an
8 exchange of all the shares pursuant to a plan of exchange. The
9 plan of exchange may also provide for the [conversion of any
10 other] shares of any other class or series of the exchanging
11 corporation to be canceled or converted into shares, other
12 securities or obligations of any person or cash, property or
13 rights. The procedure authorized by this section shall not be
14 deemed to limit the power of any person to acquire all or part
15 of the shares or other securities of any class or series of a
16 corporation through a voluntary exchange or otherwise by
17 agreement with the holders of the shares or other securities.

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

20 * * *

21 (2) The manner and basis of canceling the shares of the
22 exchanging corporation or exchanging or converting the shares
23 of the exchanging corporation into shares or other securities
24 or obligations of the acquiring person, and, if any of the
25 shares of the exchanging corporation are not to be exchanged
26 or converted solely into shares or other securities or
27 obligations of the acquiring person, the shares or other
28 securities or obligations of any other person or cash,
29 property or rights that the holders of the shares of the
30 exchanging corporation are to receive in exchange for, or

1 upon conversion of, the shares and the surrender of any
2 certificates evidencing them, which securities or
3 obligations, if any, of any other person or cash, property
4 and rights may be in addition to or in lieu of the shares or
5 other securities or obligations of the acquiring person.

6 * * *

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

14 * * *

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

28 * * *

29 § 1957. Effect of division.

30 * * *

1 (b) Property rights; allocations of assets and
2 liabilities.--

3 (1) * * *

4 (iv) [To] Except as provided in section 1952(g)
5 (relating to proposal and adoption of plan of division),
6 to the extent allocations of liabilities are contemplated
7 by the plan of division, the liabilities of the dividing
8 corporation shall be deemed without further action to be
9 allocated to and become the liabilities of the resulting
10 corporations on such a manner and basis and with such
11 effect as is specified in the plan; and one or more, but
12 less than all, of the resulting corporations shall be
13 free of the liabilities of the dividing corporation to
14 the extent, if any, specified in the plan, if in either
15 case:

16 (A) no fraud on minority shareholders or
17 shareholders without voting rights or violation of
18 law shall be effected thereby; and

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

22 * * *

23 § 1973. Notice of meeting of shareholders.

24 (a) General rule.--[Written notice] Notice in record form of
25 the meeting of shareholders that will consider the resolution
26 recommending dissolution of the business corporation [shall]
27 must be given to each shareholder of record entitled to vote
28 thereon [and the purpose shall be included]. The purpose of the
29 meeting must be stated in the notice [of the meeting].

30 (b) Cross [reference] references.--See Subchapter A of

1 Chapter 17 (relating to notice and meetings generally) and
2 section 2528 (relating to notice of shareholder meetings).

3 § 1978. Winding up of corporation after dissolution.

4 * * *

5 (b) Standard of care of directors and officers.--The
6 dissolution of the corporation shall not subject its directors
7 or officers to standards of conduct different from those
8 prescribed by or pursuant to Chapter 17 (relating to officers,
9 directors and shareholders). Directors of a dissolved
10 corporation who have complied with section 1975 (relating to
11 predissolution provision for liabilities) or Subchapter H
12 (relating to postdissolution provision for liabilities) and
13 governing persons of a successor entity who have complied with
14 Subchapter H shall not be personally liable to the creditors or
15 claimants of the dissolved corporation.

16 § 2522. Adjournment of meetings of shareholders.

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

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

23 § 2528. Notice of shareholder meetings.

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

29 § 2529. Voting lists.

30 A registered corporation is not required to produce or make

1 available to its shareholders a list of shareholders in
2 connection with any meeting of its shareholders for which a
3 judge or judges of election are appointed, but such a list must
4 be furnished to the judge or judges of election.

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

7 § 2545. Notice to shareholders.

8 * * *

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

15 * * *

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

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

20 § 3133. Notice of meetings of members of mutual insurance
21 companies.

22 (a) General rule.--Unless otherwise restricted in the
23 bylaws, persons authorized or required to give notice of an
24 annual meeting of members of a mutual insurance company for the
25 election of directors or of a meeting of members of a mutual
26 insurance company called for the purpose of considering
27 amendment of the articles or bylaws, or both, of the corporation
28 may, in lieu of any [written] notice of meeting of members
29 required to be given by this subpart, give notice of such
30 meeting by causing notice of such meeting to be officially

1 published. Such notice shall be published each week for at
2 least:

3 * * *

4 § 3135. Proxies of members of mutual insurance companies.

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

10 Section 24.1. Section 3322(a) and (b) of Title 15 are
11 amended and the section is amended by adding a subsection to
12 read:

13 § 3322. Benefit director.

14 (a) General rule.--

15 (1) The board of directors of a benefit corporation
16 which is a registered corporation shall include a director
17 who:

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

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

23 (2) The board of directors of a benefit corporation
24 which is not a registered corporation may include a director
25 who:

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

27 (ii) shall have, in addition to all of the powers,
28 duties, rights and immunities of the other directors of
29 the benefit corporation, the powers, duties, rights and
30 immunities provided in this subchapter.

1 (b) Election, removal and qualifications.--The benefit
2 director shall be elected and may be removed in the manner
3 provided under Subchapter C of Chapter 17 (relating to directors
4 and officers) [and]. Except as set forth in subsection (e) (2) (i)
5 or (g), the benefit director shall be an individual who is
6 independent. The benefit director may serve as the benefit
7 officer at the same time as serving as the benefit director. The
8 articles or bylaws of a benefit corporation may prescribe
9 additional qualifications of the benefit director not
10 inconsistent with this subsection.

11 * * *

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

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

17 § 3325. Right of action.

18 * * *

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

21 * * *

22 (2) derivatively by:

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

26 * * *

27 (iii) a person or group of persons that owns
28 beneficially or of record 5% or more of the equity
29 interests in an association of which the benefit
30 corporation is a subsidiary at the time of the act

1 complained of; or

2 * * *

3 § 3331. Annual benefit report.

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

6 * * *

7 [(5) The name of each person that owns 5% or more of the
8 outstanding shares of the benefit corporation either
9 beneficially, to the extent known to the benefit corporation
10 without independent investigation, or of record.]

11 * * *

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

14 § 4127. Merger, consolidation or division of qualified foreign
15 corporations.

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

26 * * *

27 (5) In the case of a merger, consolidation or division
28 in which any of the new or resulting associations is a
29 corporation, or if the surviving corporation in a merger was
30 a nonqualified foreign business corporation prior to the

1 merger, the statements on the part of the surviving or each
2 new or resulting corporation required by section 4124(a)
3 (relating to application for a certificate of authority).

4 (b) Effect of filing.--The filing of the statement shall
5 operate, as of the effective date of the merger, consolidation
6 or division, to cancel the certificate of authority of each
7 nonsurviving constituent corporation that was a qualified
8 foreign business corporation and to qualify the surviving [or
9 new corporation], new or resulting corporations, under this
10 subchapter. If the surviving [or new corporation does], new or
11 resulting corporations do not desire to continue as [a]
12 qualified foreign business [corporation, it] corporations, they
13 may thereafter withdraw in the manner provided by section 4129
14 (relating to application for termination of authority).

15 * * *

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

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

1 § 5103. Definitions.

2 (a) General definitions.--Subject to additional definitions
3 contained in subsequent provisions of this subpart that are
4 applicable to specific provisions of this subpart, the following
5 words and phrases when used in this subpart shall have the
6 meanings given to them in this section unless the context
7 clearly indicates otherwise:

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

9 "Amendment." An amendment of the articles.

10 * * *

11 "Board of directors" or "board." The group of persons
12 [vested with the management of] under the direction of whom the
13 business and affairs of the corporation are managed irrespective
14 of the name by which [such] the group is designated. The term
15 does not include an other body. [The term, when used in any
16 provision of this subpart relating to the organization or
17 procedures of or the manner of taking action by the board of
18 directors, shall be construed to include and refer to any
19 executive or other committee of the board. Any provision of this
20 subpart relating or referring to action to be taken by the board
21 of directors or the procedure required therefor shall be
22 satisfied by the taking of corresponding action by a committee
23 of the board of directors to the extent authority to take such
24 action has been delegated to such committee pursuant to section
25 5731 (relating to executive and other committees of the board).]
26 See section 5731(c) (relating to executive and other committees
27 of the board).

28 * * *

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

1 "Bylaws." The code or codes of rules adopted for the
2 regulation or management of the business and affairs of the
3 corporation irrespective of the name or names by which [such]
4 the rules are designated. The term includes provisions of the
5 articles as provided by section 5504(c) (relating to adoption,
6 amendment and contents of bylaws).

7 "Charitable purposes." The relief of poverty, the
8 advancement and provision of education, including postsecondary
9 education, the advancement of religion, [the promotion of
10 health,] the prevention and treatment of disease or injury,
11 including mental retardation and mental disorders, governmental
12 or municipal purposes, and any other [purposes] purpose the
13 accomplishment of which is recognized as important and
14 beneficial to the [community] public.

15 * * *

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

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

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

24 (1) the court of common pleas of the judicial district
25 embracing the county where the registered office of the
26 corporation is or is to be located; or

27 (2) where a corporation results from a merger,
28 consolidation, division or other transaction without
29 establishing a registered office in this Commonwealth or
30 withdraws as a foreign corporation, the court of common pleas

1 in which venue would have been laid immediately prior to the
2 transaction or withdrawal.

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

4 "Directors." [Persons] Individuals designated, elected or
5 appointed, by that or any other name or title, to act as members
6 of the board of directors, and their successors. The term does
7 not include a member of an other body, [as such] unless the
8 person is also a director. The term, when used in relation to
9 any power or duty requiring collective action, shall be
10 construed to mean "board of directors."

11 * * *

12 ["Domestic corporation for profit." A corporation for profit
13 incorporated under the laws of this Commonwealth.

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

16 "Employee." The term does not include a member, director or
17 member of an other body, unless the person is also an employee.
18 See section 5730 (relating to compensation of directors) as to
19 acceptance by a director of duties that make the director also
20 an employee.

21 * * *

22 ["Foreign corporation for profit." A corporation for profit
23 incorporated under any laws other than those of this
24 Commonwealth.

25 "Foreign corporation not-for-profit." A corporation not-for-
26 profit incorporated under any laws other than those of this
27 Commonwealth.]

28 "Foreign domiciliary corporation." A foreign nonprofit
29 corporation described in section 6102 (relating to foreign
30 domiciliary corporations).

1 * * *

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

7 * * *

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

- 11 (1) the proxy of a member, if action by proxy is
12 permitted under the bylaws of the corporation; and
13 (2) a delegate to any convention or assembly of
14 delegates of members established pursuant to any provision of
15 this subpart.

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

23 (1) A person that has voting rights in a membership
24 corporation.

25 (2) When used in relation to the taking of corporate
26 action by a membership corporation, a delegate to a
27 convention or assembly of delegates of members established
28 pursuant to any provision of this subpart who has the right
29 to vote at the convention or assembly in accordance with the
30 rules of the convention or assembly.

1 (3) A person that has been given voting rights or other
2 membership rights in a membership corporation by a bylaw
3 adopted by the members pursuant to section 5770 (relating to
4 voting powers and other rights of certain securityholders and
5 other entities) or other provision of law, but only to the
6 extent of those rights.

7 (4) A shareholder of a corporation, if the corporation
8 issues shares of stock.

9 "Membership corporation." A nonprofit corporation having
10 articles of incorporation that do not provide that the
11 corporation is to have no members.

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

16 "Nonqualified foreign corporation" or "nonqualified foreign
17 nonprofit corporation." A foreign corporation not-for-profit
18 [which] that is not a qualified foreign corporation, as defined
19 in this section.

20 * * *

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

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

30 (2) a convention or assembly of delegates of members

1 established pursuant to any provision of this subpart; or

2 (3) the board of directors.

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

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

9 * * *

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

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

18 "Unless otherwise provided" or "except as otherwise
19 provided." When used to introduce or modify a rule, the term
20 implies that the alternative provisions contemplated may either
21 relax or restrict the stated rule.

22 "Unless otherwise restricted" or "except as otherwise
23 restricted." When used to introduce or modify a rule, the term
24 implies that the alternative provisions contemplated may further
25 restrict, but may not relax, the stated rule.

26 "Voting" or "casting a vote." Includes the giving of consent
27 in lieu of voting. Whether or not the person entitled to vote
28 characterizes the conduct as voting or casting a vote, the term
29 does not include:

30 (1) recording the fact of abstention; or

1 (2) failing to vote for a candidate or for approval or
2 disapproval of a matter.

3 "Voting rights." The right of a person in a membership
4 corporation, other than in the capacity of a director or member
5 of an other body, to vote on the election or removal of
6 directors or members of an other body or on approval of an
7 amendment of the articles of incorporation, a plan or the
8 dissolution of the corporation.

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

13 "Act" or "action."

14 "Corporation for profit."

15 "Corporation not-for-profit."

16 "Court."

17 "Department."

18 "Domestic corporation for profit."

19 "Domestic corporation not-for-profit."

20 "Execute."

21 "Foreign corporation for profit."

22 "Foreign corporation not-for-profit."

23 "Internal Revenue Code of 1986."

24 "Obligation."

25 "Officially publish."

26 "Record form."

27 "Representative."

28 "Sign."

29 Section 26. Sections 5104, 5105, 5106, 5107, 5108, 5109,
30 5302, 5306(a) (6) introductory paragraph and (11) (ii), 5307,

1 5308, 5309, 5310, 5331 and 5501 of Title 15 are amended to read:

2 [§ 5104. Other general provisions.

3 The following provisions of this title are applicable to
4 corporations subject to this subpart:

5 Section 101 (relating to short title and application of
6 title).

7 Section 102 (relating to definitions).

8 Section 103 (relating to subordination of title to regulatory
9 laws).

10 Section 104 (relating to equitable remedies).

11 Section 105 (relating to fees).

12 Section 106 (relating to effect of filing papers required to
13 be filed).

14 Section 107 (relating to form of records).

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

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

19 Section 110 (relating to supplementary general principles of
20 law applicable).

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

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

23 Section 134 (relating to docketing statement).

24 Section 135 (relating to requirements to be met by filed
25 documents).

26 Section 136 (relating to processing of documents by
27 Department of State).

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

30 Section 138 (relating to statement of correction).

1 Section 139 (relating to tax clearance of certain fundamental
2 transactions).

3 Section 140 (relating to custody and management of orphan
4 corporate and business records).

5 Section 152 (relating to definitions).

6 Section 153 (relating to fee schedule).

7 Section 154 (relating to enforcement and collection).

8 Section 155 (relating to disposition of funds).

9 Section 162 (relating to contingent domestication of certain
10 foreign associations).

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

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

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

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

18 Section 2552 (relating to definitions) (definitions of
19 "affiliate" and "associate").]

20 § 5105. [Saving clause and restriction] Restriction on
21 equitable relief.

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

1 (b) Exception.--] A member of a nonprofit corporation shall
2 not have any right to claim the right to valuation [of] and
3 payment [for] of the fair value of his membership interest or
4 shares because of any proposed plan or amendment [of articles]
5 authorized under any provision of this subpart, or to obtain, in
6 the absence of fraud or fundamental unfairness, an injunction
7 against [any such] the plan or amendment.

8 § 5106. [Limited uniform] Uniform application of subpart.

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

17 (b) Exceptions.--

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

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

29 (3) [Nothing in subsection] Subsection (a) shall not
30 adversely affect the rights specifically provided for or

1 saved [by the general terms of section 5105 (relating to
2 saving clause and restriction on equitable relief)] in this
3 subpart, including, without limiting the generality of the
4 foregoing, the provisions of section 5952(d) (relating to
5 proposal and adoption of plan of division).

6 (4) Nothing in this subpart shall be deemed to repeal or
7 supersede any provision in section 7 of the act of April 26,
8 1855 (P.L.328, No.347), entitled "An act relating to
9 Corporations and to Estates held for Corporate, Religious and
10 Charitable uses."

11 § 5107. Subordination of subpart to canon law.

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

21 § 5108. Limitation on incorporation.

22 [No corporation which might] A corporation that can be
23 incorporated under this subpart shall [hereafter] not be
24 incorporated except under the provisions of this subpart.

25 § 5109. Execution of documents.

26 (a) General rule.--Any document filed in the [Department of
27 State] department under this title by a domestic or foreign
28 nonprofit corporation [or a foreign corporation not-for-profit]
29 subject to this subpart may be executed on behalf of the
30 corporation by any one duly authorized officer [thereof] of the

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

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

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

11 § 5302. Number and qualifications of incorporators.

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

15 § 5306. Articles of incorporation.

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

19 * * *

20 (6) [A] If the corporation is a membership corporation,
21 a statement whether the corporation is to be organized upon a
22 nonstock basis or a stock share basis, and, if it is to be
23 organized on a stock share basis:

24 * * *

25 (11) Any other provisions that the incorporators may
26 choose to insert if:

27 * * *

28 (ii) such provisions are not inconsistent with this
29 subpart and relate to the purpose or purposes of the
30 corporation, the management of its business or affairs or

1 the rights, powers or duties of its members, security
2 holders, directors, members of an other body or officers.

3 * * *

4 § 5307. Advertisement.

5 The incorporators or the corporation shall officially publish
6 a notice of intention to file or of the filing of articles of
7 incorporation. The notice may appear prior to or after the day
8 the articles of incorporation are filed in the [Department of
9 State,] department and shall set forth briefly:

10 (1) The name of the proposed corporation.

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

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

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

19 § 5308. Filing of articles.

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

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

26 § 5309. Effect of filing of articles of incorporation.

27 (a) Corporate existence.--Upon the filing of the articles of
28 incorporation in the [Department of State] department or upon
29 the effective date specified in the articles of incorporation,
30 whichever is later, the corporate existence shall begin.

1 (b) Evidence of incorporation.--Subject to the provisions of
2 section 503 (relating to actions to revoke corporate
3 franchises), the articles of incorporation filed in the
4 [Department of State, or approved by the court and] department,
5 or recorded in the office of the recorder of deeds under the
6 former provisions of law, shall be conclusive evidence of the
7 fact that the corporation has been incorporated.

8 § 5310. Organization meeting.

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

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

1 fact] attorney-in-fact.

2 (c) Death or incapacity of directors or incorporators.--If a
3 designated director or an incorporator dies or is for any reason
4 unable to act at the meeting, the other or others may act. If
5 there is no other designated director or incorporator able to
6 act, any person for whom [an] a director or incorporator was
7 acting as agent may act or appoint another to act in his stead.

8 § 5331. [Unincorporated] Incorporation of unincorporated
9 associations.

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

19 § 5501. Corporate capacity.

20 Except as provided in section 103 [of this title] (relating
21 to subordination of title to regulatory laws), a nonprofit
22 corporation shall have the legal capacity of natural persons to
23 act.

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

27 § 5504. Adoption, amendment and contents of bylaws.

28 * * *

29 (b) Exception.--Except as provided in section 5310(a)
30 (relating to organization meeting), the board of directors or

1 other body shall not have the authority to adopt or change a
2 bylaw on any subject that is committed expressly to the members
3 by any of the provisions of this subpart. See:

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

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

6 Section 5721 (relating to board of directors).

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

8 Section 5726(a) (relating to removal of directors by the
9 members).

10 Section 5726(b) (relating to removal of directors by the
11 board).

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

13 Section 5751(a) (relating to classes and qualifications of
14 membership).

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

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

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

18 Section 5756 (relating to quorum).

19 Section 5757 (relating to action by members).

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

21 Section 5759(a) (relating to voting and other action by
22 proxy).

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

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

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

28 Section [5767] 5770 (relating to voting powers and other
29 rights of certain [security holders] securityholders and other
30 entities).

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

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

9 (d) Amendment of voting provisions.--

10 (1) Unless otherwise restricted in a bylaw adopted by
11 the members, whenever the bylaws require for the taking of
12 any action by the members or a class of members a specific
13 number or percentage of votes, the provision of the bylaws
14 setting forth that requirement shall not be amended or
15 repealed by any lesser number or percentage of votes of the
16 members or of the class of members.

17 (2) Paragraph (1) shall not apply to a bylaw setting
18 forth the right of members to act by unanimous written
19 consent as provided in section 5766(a) (relating to consent
20 of members in lieu of meeting).

21 (e) Cross reference.--See section 6145 (relating to
22 applicability of certain safeguards to foreign domiciliary
23 corporations).

24 Section 28. Section 5509 of Title 15 is amended to read:
25 § 5509. Bylaws and other powers in emergency.

26 (a) General rule.--[The] Except as otherwise restricted in
27 the bylaws, the board of directors or other body of any
28 nonprofit corporation may adopt emergency bylaws, subject to
29 repeal or change by action of the members, which shall,
30 notwithstanding any different provisions of law or of the

1 articles or bylaws, be [operative] effective during any
2 emergency resulting from [warlike damage or] an attack on the
3 United States [or any], a nuclear [or atomic] disaster or
4 another catastrophe as a result of which a quorum of the board
5 cannot readily be assembled. The emergency bylaws may make any
6 provision that may be [practical and necessary] appropriate for
7 the circumstances of the emergency, including [provisions that]:

8 (1) [A meeting of the board of directors or other body
9 may be called by any officer or director or member of such
10 other body in such manner and under such conditions as shall
11 be prescribed in the emergency bylaws.] Procedures for
12 calling meetings of the board or other body.

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

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

29 (b) Lines of succession; head office.--The board of
30 directors or [such] other body, or the officers, if given

1 authorization by the board of directors or other body, either
2 before or during any [such] emergency, may [provide,]:

3 (1) provide, and from time to time modify, lines of
4 succession in the event that during [such an] the emergency
5 any or all officers or agents of the corporation shall for
6 any reason be rendered incapable of discharging their
7 duties[, and may,]; and

8 (2) effective in the emergency, change the head offices
9 or designate several alternative head offices or regional
10 offices of the corporation[, or authorize the officers so to
11 do].

12 (c) Personnel not liable.--[No officer, director, member of
13 such other body, or employee acting in accordance with any
14 emergency bylaws shall be liable except for wilful misconduct.]
15 A representative of the corporation:

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

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

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

27 (e) Procedure in absence of emergency bylaws.--Unless
28 otherwise provided in emergency bylaws, notice of any meeting of
29 the board of directors or [such] an other body during [such] an
30 emergency shall be given only to [such of the] those directors

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

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

12 § 5511. Establishment of subordinate units.

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

20 Section 30. Sections 5541, 5542, 5543, 5544, 5546, 5547(b),
21 5548(b) and 5550 of Title 15 are amended to read:

22 § 5541. Capital contributions of members.

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

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

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

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

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

29 (d) Transferability of interest.--Unless otherwise provided
30 in the bylaws, the capital contribution of a member shall not be

1 transferable.

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

14 § 5542. Subventions.

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

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

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

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

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

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

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

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

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

22 (f) Redemption at option of holders.--The resolution of the
23 board of directors or other body may provide that makers or
24 holders of all or some [subvention certificates] subventions
25 shall have the right to require the corporation after a
26 specified period of time to redeem [such certificates] the
27 subventions, in whole or in part, at a price or prices that do
28 not exceed the original amount or value of the subvention plus
29 any periodic payments due or accrued [thereon] on the
30 subvention, upon an affirmative showing that the financial

1 condition of the corporation will permit the required payment to
2 be made without impairment of its operations or injury to its
3 creditors. The right to require redemption may in addition be
4 conditioned upon the occurrence of a specified event. For the
5 purpose of enforcing their rights under this subsection, makers
6 or holders of [subvention certificates] subventions shall be
7 entitled to inspect the books and records of the corporation.

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

16 § 5543. Debt and security interests.

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

29 (b) Creation of lien on real or personal property.--The
30 board of directors or other body may authorize any mortgage or

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

8 § 5544. [Fees, dues] Dues and assessments.

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

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

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

1 dues or assessments, and for reinstatement of membership.
2 § 5546. Purchase, sale, mortgage and lease of real property.

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

30 § 5547. Authority to take and hold trust property.

1 * * *

2 (b) Nondiversion of certain property.--Property committed to
3 charitable purposes shall not, by any proceeding under Chapter
4 59 (relating to fundamental changes) or otherwise, be diverted
5 from the objects to which it was donated, granted or devised,
6 unless and until the board of directors or other body obtains
7 from the court an order under 20 Pa.C.S. Ch. 77 [Subch. D]
8 (relating to [creation, validity, modification and termination
9 of trust] trusts) specifying the disposition of the property.
10 § 5548. Investment of trust funds.

11 * * *

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

20 * * *

21 § 5550. Devises, bequests and gifts after certain fundamental
22 changes.

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

- 25 (1) changed its purposes;
- 26 (2) sold, leased away or exchanged all or substantially
27 all its property and assets;
- 28 (3) been converted into a business corporation;
- 29 (4) become a party to a consolidation or a division;
- 30 (5) become a party to a merger which it did not survive;

1 or
2 (6) been dissolved;
3 after the execution of the document containing [such] the
4 devise, bequest or gift and before the nonprofit corporation
5 acquires a vested interest in the devise, bequest or gift shall
6 be effective only as a court having jurisdiction over the assets
7 may order under [the Estates Act of 1947] 20 Pa.C.S. Ch. 77
8 (relating to trusts) or other applicable provisions of law.

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

10 § 5551. Dividends prohibited; compensation and certain payments
11 authorized.

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

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

22 (c) Certain payments authorized.--A nonprofit corporation
23 may confer benefits upon members or nonmembers in conformity
24 with its purposes, may repay capital contributions, and may
25 redeem its subvention certificates or evidences of indebtedness,
26 as authorized by this article, except when the corporation is
27 currently insolvent or would thereby be made insolvent or
28 rendered unable to carry on its corporate purposes, or when the
29 fair value of the assets of the corporation remaining after such
30 conferring of benefits, payment or redemption would be

1 insufficient to meet its liabilities. A nonprofit corporation
2 may make distributions of cash or property to members upon
3 dissolution or final liquidation as permitted by this article.

4 Section 32. Title 15 is amended by adding a section to read:

5 § 5552. (Reserved).

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

7 § [5552] 5553. Liabilities of members.

8 (a) General rule.--A member of a nonprofit corporation shall
9 not be liable, solely by reason of being a member, under an
10 order of a court or in any other manner for a debt, obligation
11 or liability of the corporation of any kind or for the acts of
12 any member or representative of the corporation.

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

21 (1) final judgment has been rendered against the
22 corporation in favor of the creditor and execution thereon
23 returned unsatisfied;

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

28 (3) a receiver has been appointed with power to collect
29 debts, and the receiver, on demand of a creditor to bring an
30 action thereon, has refused to sue for the unpaid amount, or

1 the corporation has been dissolved or ceased its activities
2 leaving debts unpaid.

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

7 Section 34. Section 5553 of Title 15 is renumbered and
8 amended to read:

9 § [5553] 5554. Annual report of directors or other body.

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

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

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

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

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

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

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

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

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

21 Section 35. Sections 5585, 5586, 5587, 5588, 5589, 5702(a),
22 5704(a) and (b), 5705(a), 5708, 5722(a), 5723, 5724, 5725, 5726,
23 5727, 5728(a) and (b), 5729(b) and 5730 of Title 15 are amended
24 to read:

25 § 5585. Establishment or use of common trust funds authorized.

26 (a) General rule.--Every nonprofit corporation may establish
27 and maintain one or more common trust funds, the assets of which
28 shall be held, invested and reinvested by the corporation itself
29 or by a corporate trustee to which the assets have been
30 transferred pursuant to section 5549 (relating to transfer of

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

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

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

29 § 5586. Restrictions on investments.

30 (a) Legal investments.--If the trust instrument [shall limit

1 or restrict] limits or restricts the investment of [such] the
2 assets to investments of the class authorized by law as legal
3 investments, [the] a nonprofit corporation may invest and
4 reinvest the assets of the trust or fund in any [such] common
5 trust fund maintained by the corporation[, provided] if the
6 investments composing [such] the fund consist solely of
7 investments of the class authorized by [the Fiduciaries
8 Investment Act of 1949] 20 Pa.C.S. Ch. 72 (relating to prudent
9 investor rule) to be held by fiduciaries.

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

19 § 5587. Determination of interests.

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

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

16 § 5588. Amortization of premiums on securities held.

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

28 § 5589. Records; ownership of assets.

29 The nonprofit corporation shall designate clearly upon its
30 records the names of the trusts or funds on behalf of which

1 [such] the corporation, as fiduciary or otherwise, owns a
2 participation in any common trust fund and the extent of the
3 interest of the trust or fund therein. [No such] The trust or
4 fund shall not be deemed to have individual ownership of any
5 asset in [such] the common trust fund, but shall be deemed to
6 have a proportionate undivided interest in the common trust
7 fund. The ownership of the individual assets comprising any
8 common trust fund shall be solely in the nonprofit corporation
9 as fiduciary or otherwise.

10 § 5702. Manner of giving notice.

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

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

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

1 Notice under this subparagraph shall be deemed to have
2 been given to the person entitled thereto when deposited
3 in the United States mail or with a courier service for
4 delivery to that person.

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

12 (2) A notice of meeting shall specify the [place,] day
13 [and], hour and geographic location, if any, of the meeting
14 and any other information required by any other provision of
15 this subpart.

16 * * *

17 § 5704. Place and notice of meetings of members.

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

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

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

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

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

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

15 * * *

16 § 5705. Waiver of notice.

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

28 * * *

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

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

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

18 § 5722. Qualifications of directors.

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

25 * * *

26 § 5723. Number of directors.

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

1 fixed, the number of directors shall be the same as that stated
2 in the articles or three if no number is so stated.

3 § 5724. Term of office of directors.

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

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

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

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

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

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

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

29 § 5725. Selection of directors.

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

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

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

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

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

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

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

1 been chosen and until a successor has been selected and
2 qualified or until the director's earlier death, resignation
3 or removal.

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

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

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

23 § 5726. Removal of directors.

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

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

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

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

23 (b) [By] Removal by the board.--Unless otherwise provided in
24 a bylaw adopted by the members, the board of directors may
25 declare vacant the office of a director [if he is declared] who
26 has been judicially declared of unsound mind [by an order of
27 court or is convicted of felony] or who has been convicted of an
28 offense punishable by imprisonment for a term of more than one
29 year, or for any other proper cause which the bylaws may
30 specify, or if, within 60 days, or [such] other time as the

1 bylaws may specify, after notice of [his] selection, [he] a
2 director does not accept [such] the office either in writing or
3 by attending a meeting of the board of directors[,] and fulfill
4 [such] the other requirements of qualification as the bylaws may
5 specify.

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

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

27 § 5727. Quorum of and action by directors.

28 (a) General rule.--Unless otherwise provided in the bylaws,
29 a majority of the directors in office of a nonprofit corporation
30 shall be necessary to constitute a quorum for the transaction of

1 business, and the acts of a majority of the directors present
2 and voting at a meeting at which a quorum is present shall be
3 the acts of the board of directors.

4 (b) Action by [written] consent.--Unless otherwise
5 restricted in the bylaws, any action [which may] required or
6 permitted to be [taken] approved at a meeting of the directors
7 may be [taken] approved without a meeting[,] if a consent or
8 consents [in writing setting forth the action so taken shall be
9 signed] to the action in record form are signed, before, on or
10 after the effective date of the action, by all of the directors
11 in office [and shall be] on the date the last consent is signed.
12 The consent or consents must be filed with the secretary of the
13 corporation.

14 § 5728. Interested [members,] directors or officers; quorum.

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

29 (1) the material facts as to the relationship or
30 interest and as to the contract or transaction are disclosed

1 or are known to the board of directors and the board [in good
2 faith] authorizes the contract or transaction by the
3 affirmative votes of a majority of the disinterested
4 directors even though the disinterested directors are less
5 than a quorum;

6 (2) the material facts as to [his] the director's or
7 officer's relationship or interest and as to the contract or
8 transaction are disclosed or are known to the members
9 entitled to vote thereon, if any, and the contract or
10 transaction is specifically approved in good faith by vote of
11 [such] those members; or

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

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

19 * * *

20 § 5729. Voting rights of directors.

21 * * *

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

28 § 5730. Compensation of directors.

29 Except as otherwise restricted in the bylaws, the board of
30 directors of a nonprofit corporation shall have the authority to

1 fix the compensation of directors for their services as [such]
2 directors, and a director may be a salaried officer of the
3 corporation.

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

6 § 5731. Executive and other committees of the board.

7 * * *

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

19 Section 37. Sections 5733, 5746(a), 5751, 5752, 5753, 5754,
20 5755, 5756(a)(1) and (3) and (b), 5757 and 5759 of Title 15 are
21 amended to read:

22 § 5733. Removal of officers and agents.

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

1 § 5746. Supplementary coverage.

2 (a) General rule.--The indemnification and advancement of
3 expenses provided by or granted pursuant to the other sections
4 of this subchapter shall not be deemed exclusive of any other
5 rights to which a person seeking indemnification or advancement
6 of expenses may be entitled under any bylaw, agreement, vote of
7 members or disinterested directors or otherwise, both as to
8 action in [his] an official capacity and as to action in another
9 capacity while holding that office. Section 5728 (relating to
10 interested [members,] directors or officers; quorum) shall be
11 applicable to any bylaw, contract or transaction authorized by
12 the directors under this section. A corporation may create a
13 fund of any nature, which may, but need not, be under the
14 control of a trustee, or otherwise secure or insure in any
15 manner its indemnification obligations, whether arising under or
16 pursuant to this section or otherwise.

17 * * *

18 § 5751. Classes and qualifications of membership.

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

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

30 (2) If there is only one class of members, the members

1 shall have all the rights of members generally in a nonprofit
2 corporation.

3 (b) Corporations without voting members.--Where the articles
4 provide that the corporation shall have no members, as such, or
5 where a nonprofit corporation has under its bylaws or in fact no
6 members entitled to vote on a matter, any provision of this
7 [article] subpart or any other provision of law requiring notice
8 to, the presence of, or the vote, consent or other action by
9 members of the corporation in connection with [such] the matter
10 shall be satisfied by notice to, the presence of, or the vote,
11 consent or other action by the board of directors or other body
12 of the corporation.

13 (c) Membership status.--Regardless of whether a nonprofit
14 corporation designates or refers to a person as a member of the
15 corporation, the person is not a member of the corporation for
16 purposes of this subpart unless the person satisfies the
17 definition of "member" in section 5103(a) (relating to
18 definitions).

19 § 5752. Organization on a stock share basis.

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

23 (b) Form of certificates; uncertificated shares.--The shares
24 of nonprofit corporations organized upon a stock share basis
25 shall be of [such] the denominations [as] provided in the bylaws
26 [shall provide] and shall be represented by share
27 certificates[.] unless the articles provide that any or all
28 classes and series of shares, or any part thereof, shall be
29 uncertificated shares. A provision of the articles providing for
30 uncertificated shares shall not apply to shares represented by a

1 certificate until the certificate is surrendered to the
2 corporation. Except as otherwise expressly provided by law, the
3 rights and obligations of the holders of shares represented by
4 certificates and the rights and obligations of the holders of
5 uncertificated shares of the same class and series shall be
6 identical. The fact that the corporation is a nonprofit
7 corporation shall be noted conspicuously on the face of each
8 certificate. Within a reasonable time after the issuance or
9 transfer of uncertificated shares, the corporation shall send to
10 the registered owner thereof a written notice stating:

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

13 (2) The name of the registered owner.

14 (3) The denomination and class of shares and the
15 designation of the series, if any, of the shares issued or
16 transferred.

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

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

28 (e) Power to cancel shares.--A nonprofit corporation shall
29 have power to exclude from further membership any shareholder
30 who fails to comply with the reasonable and lawful bylaws of the

1 corporation, and may cancel the shares of any [such] offending
2 member without liability for an accounting[,] except as may be
3 provided in the bylaws.

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

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

10 § 5753. Membership certificates.

11 A nonprofit corporation organized upon a nonstock basis shall
12 not issue shares of stock, but membership in [such] the
13 corporation may be evidenced by certificates of membership. The
14 fact that the corporation is a nonprofit corporation shall be
15 noted conspicuously on the face of each certificate.

16 § 5754. Members grouped in local units.

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

29 (b) Voting at meetings of delegates.--The requirements of
30 this [article] subpart for action by or the consent of a

1 specified number or percentage of the members shall be satisfied
2 by action by or the consent of [such] that number or percentage
3 of votes of delegates or representatives of members selected
4 pursuant to this section.

5 (c) Calling and holding meetings of delegates.--The
6 provisions of this [article] subpart relating to the manner of
7 the calling and holding of and the taking of action at meetings
8 of members shall be applicable to meetings of delegates or
9 representatives of members.

10 (d) Incorporation of local units.--A local unit of an
11 incorporated or unincorporated parent body [which] that is
12 incorporated or organized for a purpose or purposes not
13 involving pecuniary profit, incidental or otherwise, to its
14 members[,] may be incorporated under this [article] subpart by
15 an incorporated parent body or by the members of [such] the
16 local unit.

17 § 5755. Time of holding meetings of members.

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

1 time thereafter.

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

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

5 (2) members entitled to cast at least 10% of the votes
6 [which] that all members are entitled to cast at the
7 particular meeting[, or by such]; or

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

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

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

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

27 § 5756. Quorum.

28 (a) General rule.--A meeting of members of a nonprofit
29 corporation duly called shall not be organized for the
30 transaction of business unless a quorum is present. Unless

1 otherwise provided in a bylaw adopted by the members:

2 (1) The presence of members entitled to cast at least a
3 majority of the votes [which] that all members are entitled
4 to cast on [the matters] a particular matter to be acted upon
5 at the meeting shall constitute a quorum for the purposes of
6 consideration and action on the matter.

7 * * *

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

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

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

22 (2) [In the case of any meeting called for any other
23 purpose those who attend the second of such adjourned
24 meetings] that has been previously adjourned for one or more
25 periods aggregating at least 15 days because of an absence of
26 a quorum, although less than a quorum as fixed in this
27 section[,] or in the [articles or] bylaws, shall nevertheless
28 constitute a quorum for the purpose of acting upon any
29 [resolution or other] matter set forth in the notice of the
30 meeting[, if written notice of such second adjourned meeting,

1 stating] if the notice states that those members who attend
2 the adjourned meeting shall nevertheless constitute a quorum
3 for the purpose of acting upon [such resolution or other] the
4 matter[, is given to each member of record entitled to vote
5 at such second adjourned meeting at least ten days prior to
6 the day named for the second adjourned meeting].

7 § 5757. Action by members.

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

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

26 (b) Changes in required vote.--Whenever a provision of this
27 subpart requires a specified number or percentage of votes of
28 members or of a class of members for the taking of any action, a
29 nonprofit corporation may prescribe in a bylaw adopted by the
30 members that a higher number or percentage of votes shall be

1 required for the action. The number or percentage of members
2 necessary to call a special meeting of members or to petition
3 for the proposal of an amendment of articles under this subpart
4 may not be increased under this subsection. See sections 5504(d)
5 (relating to adoption, amendment and contents of bylaws) and
6 5914(d) (relating to adoption of amendments).

7 (c) Expenses.--Unless otherwise restricted in the articles,
8 the corporation shall pay the reasonable expenses of
9 solicitation of votes, proxies or consents of members by or on
10 behalf of the board of directors or its nominees for election to
11 the board, including solicitation by professional proxy
12 solicitors and otherwise, and may pay the reasonable expenses of
13 a solicitation by or on behalf of other persons.

14 § 5759. Voting and other action by proxy.

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

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

30 (2) Where two or more proxies of a member are present,

1 the corporation shall, unless otherwise expressly provided in
2 the proxy, accept as the vote or other action of all the
3 members or shares represented thereby the vote cast or other
4 action taken by a majority of them, and, if a majority of the
5 proxies cannot agree whether the memberships or shares
6 represented shall be voted or upon the manner of voting the
7 memberships or shares or taking the other action, the voting
8 of the memberships or shares or right to take other action
9 shall be divided equally among those persons.

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

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

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

29 (c) Revocation.--A proxy shall be revocable at will,
30 notwithstanding any other agreement or any provision in the

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

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

16 § 5760. (Reserved).

17 § 5761. (Reserved).

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

20 § [5760] 5762. Voting by corporations.

21 (a) Voting in nonprofit corporation matters.--Unless
22 otherwise provided in a bylaw of a nonprofit corporation adopted
23 by the members, any other [corporation which is a member of such
24 a nonprofit corporation may vote therein by any of its
25 officers,] domestic or foreign corporation for profit or not-
26 for-profit that is a member of the nonprofit corporation may
27 vote by any of its officers or agents, or by proxy appointed by
28 any officer or agent, unless some other person, by resolution of
29 the board of directors of [such] the other corporation[,] or a
30 provision of its articles or bylaws, a copy of which resolution

1 or provision certified to be correct by one of its officers
2 [shall have] has been filed with the secretary of the nonprofit
3 corporation, [shall be] is appointed its general or special
4 proxy[,] in which case [such] that person shall be entitled to
5 vote [therein] as the proxy.

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

19 § [5761] 5763. Determination of members of record.

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

1 fixed as [aforesaid] provided in this subsection. Unless
2 otherwise [restricted] provided in the bylaws, the board of
3 directors may similarly fix a record date for the determination
4 of members of record for any other purpose. When a determination
5 of members of record has been made as provided in this section
6 for purposes of a meeting, the determination shall apply to any
7 adjournment thereof unless otherwise restricted in the bylaws or
8 unless the board fixes a new record date for the adjourned
9 meeting.

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

13 (1) The record date for determining members entitled to
14 notice of or to vote at a meeting of members shall be at the
15 close of business on the day next preceding the day on which
16 notice is given, or, if notice is waived, at the close of
17 business on the day [next] immediately preceding the day on
18 which the meeting is held.

19 (2) The record date for determining members entitled to:
20 (i) express consent or dissent to corporate action
21 in writing without a meeting, when [no] prior action by
22 the board of directors or other body is not necessary[,];
23 (ii) call a special meeting of the members; or
24 (iii) propose an amendment of the articles;
25 shall be the close of business on the day on which the first
26 written consent or dissent, request for a special meeting or
27 petition proposing an amendment of the articles is
28 [expressed] filed with the secretary of the corporation.

29 (3) The record date for determining members for any
30 other purpose shall be at the close of business on the day on

1 which the board of directors or other body adopts the
2 resolution relating thereto.

3 Section 40. Title 15 is amended by adding a section to read:
4 § 5764. (Reserved).

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

7 § [5762] 5765. Judges of election.

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

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

20 (2) In case any person appointed as judge fails to
21 appear or fails or refuses to act, the vacancy may be filled
22 by appointment made by the board of directors or other body
23 in advance of the convening of the meeting, or at the meeting
24 by the presiding officer thereof.

25 (3) The judges of election shall determine the number of
26 members of record and the voting power of each, the members
27 present at the meeting, the existence of a quorum, the
28 authenticity, validity[,] and effect of proxies, if voting by
29 proxy is permitted under the bylaws, receive votes or
30 ballots, hear and determine all challenges and questions in

1 any way arising in connection with the right to vote, count
2 and tabulate all votes, determine the result[,] and [do such]
3 perform the acts as may be proper to conduct the election or
4 vote with fairness to all members. The judges of election
5 shall perform their duties impartially, in good faith, to the
6 best of their ability[,] and as expeditiously as is
7 practical. If there are three judges of election, the
8 decision, act or certificate of a majority shall be effective
9 in all respects as the decision, act or certificate of all.

10 (4) On request of the presiding officer of the meeting,
11 or of any member, the judges shall make a report in writing
12 of any challenge or question or matter determined by them,
13 and execute a certificate of any fact found by them. Any
14 report or certificate made by them shall be prima facie
15 evidence of the facts stated therein.

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

19 § [5763] 5766. Consent of members in lieu of meeting.

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

1 (b) Partial consent.--If the bylaws so provide, any action
2 required or permitted to be taken at a meeting of the members or
3 of a class of members may be taken without a meeting upon the
4 signed consent of members who would have been entitled to cast
5 the minimum number of votes that would be necessary to authorize
6 the action at a meeting at which all members entitled to vote
7 thereon were present and voting. The consents must be filed in
8 record form with the minutes of the proceedings of the members.

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

14 § [5764] 5767. Appointment of custodian of corporation on
15 deadlock or other cause.

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

20 (1) [that] at any meeting for the election of directors
21 or members of an other body, the members are so divided that
22 they have failed to elect successors to [directors] those
23 whose terms have expired or would have expired upon the
24 qualification of their successors; or

25 (2) [that] any of the conditions specified in section
26 5981 (relating to proceedings upon [petition of member, etc.]
27 exists] application of member or director), other than that
28 it is beneficial to the interest of the members that the
29 corporation be wound up and dissolved, exist with respect to
30 the corporation.

1 (a.1) Exception.--The court shall not appoint a custodian to
2 resolve a deadlock if the members by agreement or otherwise have
3 provided for the appointment of a provisional director or member
4 of an other body or other means for the resolution of the
5 deadlock, but the court shall enforce the remedy so provided, if
6 appropriate.

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

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

19 § [5765] 5768. Reduction of membership below stated number.

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

27 § [5766] 5769. Termination and transfer of membership.

28 (a) General rule.--Membership in a nonprofit corporation
29 shall be terminated in the manner provided in a bylaw adopted by
30 the members. If [the] membership in any such corporation is

1 limited to persons who are members in good standing in another
2 corporation, or in any lodge, church, club, society or other
3 entity or organization, the bylaws shall in each case define
4 [such] the limitations, and may provide that failure on the part
5 of [any such] a member to keep himself in good standing in
6 [such] the other entity or organization shall be sufficient
7 cause for [expelling the member from] terminating the membership
8 of the member in the corporation requiring such eligibility.

9 (b) Expulsion.--

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

13 (2) Paragraph (1) [of this subsection] shall not apply
14 to termination of membership pursuant to section 5544[(c)]
15 (relating to [enforcement of payment of fees,] dues and
16 assessments).

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

19 (c) Effect of termination of membership.--Unless otherwise
20 provided in the bylaws, the right of a member of a nonprofit
21 corporation to vote, and his right, title and interest in or to
22 the corporation or its property, shall cease [on the] upon
23 termination of [his] membership.

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

1 § [5767] 5770. Voting powers and other rights of certain
2 securityholders and other entities.

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

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

10 (2) The United States of America, the Commonwealth, a
11 state, or any political subdivision [thereof or other] of any
12 of the foregoing, or any entity prohibited by law from
13 becoming a member of a corporation.

14 Section 42. Sections 5791, 5792, 5793, 5911, 5913, 5914,
15 5921, 5923(a), 5924, 5925, 5926(2) and (4), 5928, 5930, 5951,
16 5956, 5957(b)(1)(ii) and (iv) and (h)(1) and (3), 5972(b),
17 5973(a), 5975(c), 5976(a), 5977(a) and 5978(b) of Title 15 are
18 amended to read:

19 § 5791. Corporate action subject to subchapter.

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

23 (1) The election, appointment, designation or other
24 selection and the suspension, removal or expulsion of
25 members, directors, members of an other body or officers of a
26 nonprofit corporation.

27 (2) The taking of any action on any matter [which] that
28 is required under this [article] subpart or under any other
29 provision of law to be, or [which] that under the bylaws may
30 be, submitted for action to the members, directors, members

1 of an other body or officers of a nonprofit corporation.

2 (b) Cross reference.--See section 6145 (relating to
3 applicability of certain safeguards to foreign domiciliary
4 corporations).

5 § 5792. Proceedings prior to corporate action.

6 (a) General rule.--Where under applicable law or the bylaws
7 of a nonprofit corporation there has been a failure to hold a
8 meeting to take corporate action and [such] the failure has
9 continued for 30 days after the [date] designated or appropriate
10 [therefor] date, the court may summarily order a meeting to be
11 held upon the application of any person entitled, either alone
12 or in conjunction with other persons similarly seeking relief
13 under this section, to call a meeting to consider the corporate
14 action in issue.

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

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

25 § 5793. Review of contested corporate action.

26 (a) General rule.--Upon [petition] application of any person
27 [whose status as, or whose rights or duties as, a member,
28 director, member of an other body, officer or otherwise of a
29 nonprofit corporation are or may be affected] aggrieved by any
30 corporate action, the court may hear and determine the validity

1 of [such] the corporate action.

2 (b) Powers and procedures.--[The court may make such orders
3 in any such case as may be just and proper, with power to] By
4 entering an appropriate order, the court may enforce the
5 production of any books, papers and records of the corporation
6 and other relevant evidence [which] that may relate to the
7 issue. The court shall provide for notice of the pendency of the
8 proceedings under this section to all persons affected thereby.
9 If it is determined that no valid corporate action has been
10 taken, the court may order a meeting to be held in accordance
11 with section 5792 (relating to proceedings prior to corporate
12 action).

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

16 § 5911. Amendment of articles authorized.

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

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

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

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

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

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

30 (b) Exceptions.--[No] An amendment adopted under this

1 section shall not amend articles in such a way that as so
2 amended they would not be authorized by this [article] subpart
3 as original articles of incorporation[,] except that:

4 (1) Restated articles shall, subject to section 109
5 (relating to name of commercial registered office provider in
6 lieu of registered address), state the address of the current
7 instead of the initial registered office of the corporation
8 in this Commonwealth[,] and need not state the names and
9 addresses [of the first directors or] of the incorporators.

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

14 § 5913. Notice of meeting of members.

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

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

26 § 5914. Adoption of amendments.

27 (a) General rule.--[The] Unless a bylaw adopted by the
28 members or a specific provision of this subpart requires a
29 greater vote, a proposed amendment of the articles of a
30 nonprofit corporation shall be adopted upon receiving the

1 affirmative vote of the members present entitled to cast at
2 least a majority of the votes [which] that all members present
3 are entitled to cast thereon, and if any class of members is
4 entitled to vote thereon as a class, the affirmative vote of the
5 members present of such class entitled to cast at least a
6 majority of the votes [which] that all members present of such
7 class are entitled to cast thereon. Any number of amendments may
8 be submitted to the members and voted upon by them at one
9 meeting.

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

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

15 (2) to the extent the amendment has not been approved by
16 the members, it restates without change all of the operative
17 provisions of the articles as theretofore amended or as
18 amended thereby; or

19 (3) the amendment accomplishes any combination of
20 purposes specified in this subsection.

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

1 adopted by the board of directors or other body in the manner
2 provided by subsection (b).

3 (b) Adoption in absence of voting members.--If the
4 corporation has no members entitled to vote thereon, or no
5 members entitled to vote thereon other than persons who also
6 constitute the board of directors or other body, the amendment
7 shall be deemed adopted by the corporation when it has been
8 adopted by the board of directors or other body pursuant to
9 section 5912 (relating to proposal of amendments).

10 (c) Termination of proposal.--[The resolution or petition
11 may contain a provision that at any time prior to the filing of
12 articles of amendment in the Department of State the proposal
13 may be terminated by the board of directors or other body
14 notwithstanding the adoption of the amendment by the
15 corporation.] Prior to the time when an amendment becomes
16 effective, the amendment may be terminated pursuant to
17 provisions for amendment, if any, set forth in the resolution or
18 petition. If articles of amendment have been filed in the
19 department prior to the termination, a statement under section
20 5902 (relating to statement of termination) shall be filed in
21 the department.

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

30 § 5921. Merger and consolidation authorized.

1 (a) Domestic surviving or new corporation.--Any two or more
2 domestic nonprofit corporations, or any two or more foreign
3 nonprofit corporations [not-for-profit], or any one or more
4 domestic nonprofit corporations[,] and any one or more foreign
5 nonprofit corporations [not-for-profit], may, in the manner
6 provided in this subchapter, be merged into one of [such] the
7 domestic nonprofit corporations, [hereinafter] designated in
8 this subchapter as the surviving corporation, or consolidated
9 into a new corporation to be formed under this [article, if
10 such] subpart, if the foreign corporations [not-for-profit] are
11 authorized by the [law or] laws of the jurisdiction under which
12 they are incorporated to effect [such] a merger or consolidation
13 with a corporation of another jurisdiction.

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

26 § 5923. Notice of meeting of members.

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

1 party to the merger or consolidation. [There shall be included
2 in, or enclosed with, the notice] The notice shall include or be
3 accompanied by a copy of the proposed plan or a summary thereof.
4 The notice shall [state] provide that a copy of the bylaws of
5 the surviving or new corporation will be furnished to any member
6 on request and without cost.

7 * * *

8 § 5924. Adoption of plan.

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

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

27 (c) Termination of plan.--[Any plan of merger or
28 consolidation may contain a provision that at any time prior to
29 the filing of articles of merger or consolidation in the
30 Department of State the plan may be terminated by the board of

1 directors or other body of any corporation which is a party to
2 the plan notwithstanding adoption of the plan by all or any of
3 the corporations which are parties to the plan.] Prior to the
4 time when a merger or consolidation becomes effective, the
5 merger or consolidation may be terminated pursuant to provisions
6 for termination, if any, set forth in the plan. If articles of
7 merger or consolidation have been filed in the department prior
8 to the termination, a statement under section 5902 (relating to
9 statement of termination) shall be filed in the department.

10 § 5925. Authorization by foreign corporations.

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

19 § 5926. Articles of merger or consolidation.

20 Upon the adoption of the plan of merger or consolidation by
21 the corporations desiring to merge or consolidate, as provided
22 in this subchapter, articles of merger or articles of
23 consolidation, as the case may be, shall be executed by each
24 corporation and shall, subject to section 109 (relating to name
25 of commercial registered office provider in lieu of registered
26 address), set forth:

27 * * *

28 (2) The name and address, including street and number,
29 if any, of the registered office of each other domestic
30 nonprofit corporation and qualified foreign nonprofit

1 corporation that is a party to the [plan] merger or
2 consolidation.

3 * * *

4 (4) The manner in which the plan was adopted by each
5 domestic corporation and, if one or more foreign corporations
6 are parties to the [plan] merger or consolidation, the fact
7 that the plan was authorized, adopted or approved, as the
8 case may be, by each of the foreign corporations in
9 accordance with the laws of the jurisdiction in which it is
10 incorporated.

11 * * *

12 § 5928. Effective date of merger or consolidation.

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

24 § 5930. Voluntary transfer of corporate assets.

25 (a) General rule.--[A nonprofit corporation shall not sell,
26 lease away or exchange all, or substantially all, its property
27 and assets, with or without good will, unless and until a plan
28 of sale, lease or exchange of assets with respect thereto shall
29 have been adopted by the corporation in the manner provided in
30 this subchapter with respect to the adoption of a plan of

1 merger.] A sale, lease, exchange or other disposition of all, or
2 substantially all, of the property and assets, with or without
3 goodwill, of a nonprofit corporation, if not made pursuant to
4 Subchapter D of Chapter 19 (relating to division), may be made
5 only pursuant to a plan of asset transfer. The property or
6 assets of a direct or indirect subsidiary corporation that is
7 controlled by a parent corporation shall also be deemed the
8 property or assets of the parent corporation for purposes of
9 this subsection. The plan of asset transfer shall set forth the
10 terms and consideration of the sale, lease, exchange or other
11 disposition or may authorize the board of directors or other
12 body to fix any or all of the terms and conditions, including
13 the consideration to be received by the corporation. Any of the
14 terms of the plan may be made dependent upon facts ascertainable
15 outside of the plan if the manner in which the facts will
16 operate upon the terms of the plan is set forth in the plan. The
17 plan of asset transfer shall be proposed and adopted, and may be
18 amended after its adoption and terminated, by a nonprofit
19 corporation in the manner provided in this subchapter for the
20 proposal, adoption, amendment and termination of a plan of
21 merger. A copy or summary of the plan shall be included in, or
22 enclosed with, the notice of the meeting at which members will
23 act on the plan. In order to make effective any plan [of sale,
24 lease or exchange of assets] so adopted, it shall not be
25 necessary to file any articles or other document in the
26 [Department of State] department, but the corporation shall
27 comply with the requirements of section 5547(b) (relating to
28 nondiversion of certain property).

29 (b) Exceptions.--Subsection (a) [of this section] shall not
30 apply to a sale, lease [away or], exchange or other disposition

1 of all, or substantially all, the property and assets of a
2 nonprofit corporation [when made in connection with the
3 dissolution or liquidation of the corporation. Such a
4 transaction shall be governed by the provisions of Subchapter F
5 (relating to voluntary dissolution and winding up) or Subchapter
6 G (relating to involuntary liquidation and dissolution), as the
7 case may be.]:

8 (1) that directly or indirectly owns all of the
9 outstanding shares or other ownership interest of another
10 corporation to the other corporation;

11 (2) if made in connection with the dissolution or
12 liquidation of the corporation, which transaction shall be
13 governed by the provisions of Subchapter F (relating to
14 voluntary dissolution and winding up) or G of Chapter 19
15 (relating to involuntary liquidation and dissolution), as
16 appropriate; or

17 (3) if made in connection with a transaction pursuant to
18 which all the assets sold, leased, exchanged or otherwise
19 disposed of are simultaneously leased back to the
20 corporation.

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

26 (d) Restrictions.--[Nothing in this] This section shall not
27 be construed to authorize the conversion or exchange of property
28 or assets in fraud of corporate creditors or in violation of
29 law.

30 § 5951. Division authorized.

1 (a) Division of domestic corporation.--Any domestic
2 nonprofit corporation may, in the manner provided in this
3 subchapter, be divided into two or more domestic nonprofit
4 corporations incorporated or to be incorporated under this
5 article, or into one or more [such] domestic nonprofit
6 corporations and one or more foreign nonprofit corporations
7 [not-for-profit] to be incorporated under the laws of another
8 jurisdiction or jurisdictions, or into two or more [of such]
9 foreign nonprofit corporations [not-for-profit], if the [law or]
10 laws of [such] the other jurisdictions [authorized such]
11 authorize the division.

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

23 (c) Surviving and new corporations.--The corporation
24 effecting a division, if it [shall survive] survives the
25 division, is [hereinafter] designated in this subchapter as the
26 surviving corporation. All corporations originally incorporated
27 by a division are [hereinafter] designated in this subchapter as
28 new corporations. The surviving corporation, if any, and the new
29 corporation or corporations are [hereinafter] collectively
30 designated in this subchapter as the resulting corporations.

1 § 5956. Effective date of division.

2 Upon the filing of articles of division in the [Department of
3 State,] department or upon the effective date specified in the
4 plan of division, whichever is later, the division shall become
5 effective. The division of a domestic nonprofit corporation into
6 one or more foreign nonprofit corporations [not-for-profit] or
7 the division of a foreign nonprofit corporation [not-for-profit]
8 shall be effective according to the laws of the jurisdictions
9 where [such] the foreign corporations are or are to be
10 incorporated and, in the case of a foreign domiciliary
11 corporation, the provisions of this subpart to the extent
12 provided by section 6145 (relating to applicability of certain
13 safeguards to foreign domiciliary corporations), but not until
14 articles of division have been adopted and filed[,] as provided
15 in this subchapter.

16 § 5957. Effect of division.

17 * * *

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

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

23 * * *

24 (ii) Upon the division becoming effective, the
25 resulting corporations shall each thenceforth be
26 responsible as separate and distinct corporations only
27 for such liabilities as each corporation may undertake or
28 incur in its own name, but shall be liable for the
29 liabilities of the dividing corporation in the manner and
30 on the basis provided in [paragraphs (4) and (5)]

1 subparagraphs (iv) and (v).

2 * * *

3 (iv) [To] Except as provided in section 5952(f)
4 (relating to proposal and adoption of plan of division),
5 to the extent allocations of liabilities are contemplated
6 by the plan of division, the liabilities of the dividing
7 corporation shall be deemed without further action to be
8 allocated to and become the liabilities of the resulting
9 corporations on such a manner and basis and with such
10 effect as is specified in the plan; and one or more, but
11 less than all, of the resulting corporations shall be
12 free of the liabilities of the dividing corporation to
13 the extent, if any, specified in the plan, if in either
14 case:

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

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

20 * * *

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

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

27 * * *

28 (3) The validity of any allocations of assets or
29 liabilities by a plan of division of a domestic [business]
30 nonprofit corporation, regardless of whether [or not] any of

1 the new corporations is a foreign [business] nonprofit
2 corporation, shall be governed solely by the laws of this
3 Commonwealth.

4 * * *

5 § 5972. Proposal of voluntary dissolution.

6 * * *

7 (b) Submission to members.--The board of directors or other
8 body or the petitioning members shall direct that the [question
9 of] resolution recommending dissolution be submitted to a vote
10 of the members of the corporation entitled to vote thereon at a
11 regular or special meeting of the members.

12 * * *

13 § 5973. Notice of meeting of members.

14 (a) General rule.--[Written notice] Notice in record form of
15 the meeting of members that will consider the [advisability of
16 voluntarily dissolving a] resolution recommending dissolution of
17 the nonprofit corporation shall be given to each member of
18 record entitled to vote thereon [and the purpose shall be
19 included]. The purpose of the meeting shall be stated in the
20 notice [of the meeting].

21 * * *

22 § 5975. Predissolution provision for liabilities.

23 * * *

24 (c) Winding up and distribution.--The corporation shall, as
25 speedily as possible, proceed to collect all sums due it,
26 convert into cash all corporate assets the conversion of which
27 into cash is required to discharge its liabilities and, out of
28 the assets of the corporation, discharge or make adequate
29 provision for the discharge of all liabilities of the
30 corporation, according to their respective priorities. Except as

1 otherwise provided in a bylaw adopted by the members or in this
2 subpart or by any other provision of law, any surplus remaining
3 after paying or providing for all liabilities of the corporation
4 shall be distributed to the shareholders, if any, pro rata, or
5 if there be no shareholders, among the members per capita. See
6 section [1972(a)] 5972(a) (relating to proposal of voluntary
7 dissolution).

8 § 5976. Judicial supervision of proceedings.

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

17 * * *

18 § 5977. Articles of dissolution.

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

23 (1) all liabilities of the nonprofit corporation have
24 been discharged, or adequate provision has been made
25 therefor, in accordance with section 5975 (relating to
26 predissolution provision for liabilities), and all of the
27 remaining assets of the corporation have been distributed as
28 provided in section 5975 or in case its assets are not
29 sufficient to discharge its liabilities, when all the assets
30 have been fairly and equitably applied, as far as they will

1 go, to the payment of such liabilities; or

2 (2) an election to proceed under Subchapter H (relating
3 to postdissolution provision for liabilities) has been made.

4 [See section 134 (relating to docketing statement).]

5 * * *

6 § 5978. Winding up of corporation after dissolution.

7 * * *

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

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

22 § 5979. Survival of remedies and rights after dissolution.

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

1 brought on behalf of:

2 (1) the corporation within the time otherwise limited by
3 law; or

4 (2) any other person before or within two years after
5 the date of the dissolution or within the time otherwise
6 limited by this subpart or other provision of law, whichever
7 is less. See sections 5987 (relating to proofs of claims),
8 5993 (relating to acceptance or rejection of matured claims)
9 and 5994 (relating to disposition of unmatured claims).

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

12 * * *

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

16 Section 44. Title 15 is amended by adding a section to read:
17 § 5980. Dissolution by domestication.

18 Whenever a domestic nonprofit corporation has domesticated
19 itself under the laws of another jurisdiction by action similar
20 to that provided under section 6161 (relating to domestication)
21 and has authorized that action by the vote required by this
22 subchapter for the approval of a proposal that the corporation
23 dissolve voluntarily, the corporation may surrender its charter
24 under the laws of this Commonwealth by filing in the department
25 articles of dissolution under this subchapter containing the
26 statements specified under section 5977(b) (1) through (4)
27 (relating to articles of dissolution). If the corporation as
28 domesticated in the other jurisdiction qualifies to do business
29 in this Commonwealth either prior to or simultaneously with the
30 filing of the articles of dissolution under this section, the

1 corporation shall not be required to file with the articles of
2 dissolution the tax clearance certificates that would otherwise
3 be required under section 139 (relating to tax clearance of
4 certain fundamental transactions).

5 Section 45. Sections 5981, 5982, 5983, 5984, 5986, 5987,
6 5988, 5992(c)(2), 5997(d) and 6101(c) of Title 15 are amended to
7 read:

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

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

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

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

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

27 (4) [That the] The directors or other body are
28 deadlocked in the direction of the management of the
29 [corporate] business and affairs of the corporation and the
30 members are unable to break the deadlock[, and that] and

1 irreparable injury to the corporation is being suffered or is
2 threatened by reason thereof. The court shall not appoint a
3 receiver or grant other similar relief under this paragraph
4 if the members by agreement or otherwise have provided for
5 appointment of a provisional director or member of an other
6 body or other means for the resolution of a deadlock, but the
7 court shall enforce the remedy provided by the members, if
8 appropriate.

9 § 5982. Proceedings upon [petition] application of creditor.

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

20 § 5983. Proceedings upon petition of superior religious
21 organization.

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

1 cause whatsoever, the corporation has ceased to support public
2 worship within the intent and meaning of its articles[,] and the
3 dissolution of the corporation may be effected without prejudice
4 to the public welfare and the interests of the members of the
5 corporation.

6 § 5984. Appointment of receiver pendente lite and other interim
7 powers.

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

16 § 5986. Qualifications of receivers.

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

25 § 5987. Proofs of claims.

26 (a) General rule.--In a proceeding under this subchapter,
27 the court may require all creditors of the nonprofit corporation
28 to file with the [prothonotary] office of the clerk of the court
29 of common pleas, or with the receiver, in such form as the court
30 may prescribe, verified proofs[, under oath,] of their

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

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

13 § 5988. Discontinuance of proceedings; reorganization.

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

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

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

1 assets.

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

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

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

30 § 5992. Notice to claimants.

1 * * *

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

3 * * *

4 (2) Concurrently with or preceding the publication, the
5 corporation or successor entity shall send a copy of the
6 notice by certified or registered mail, return receipt
7 requested, to each:

8 (i) known creditor or claimant;

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

10 and

11 (iii) municipal corporation in which [the registered
12 office or principal] a place of business of the
13 corporation in this Commonwealth was located at the time
14 of filing the articles of dissolution in the department.

15 * * *

16 § 5997. Payments and distributions.

17 * * *

18 [(d) Liability of directors.--Directors or members of an
19 other body of a dissolved corporation or governing persons of a
20 successor entity that has complied with this section shall not
21 be personally liable to the claimants of the dissolved
22 corporation.]

23 § 6101. Application of article.

24 * * *

25 (c) Admitted foreign fraternal benefit society exclusion.--
26 This article shall not apply to any foreign corporation not-for-
27 profit qualified to do business in this Commonwealth under
28 section [603 of the act of July 29, 1977 (P.L.105, No.38) known
29 as the Fraternal Benefit Society Code.] 2455 of the act of May
30 17, 1921 (P.L.682, No.284), known as The Insurance Company Law

1 of 1921.

2 Section 46. Title 15 is amended by adding sections to read:

3 § 6102. Foreign domiciliary corporations.

4 A foreign nonprofit corporation is a foreign domiciliary
5 corporation if it is a corporation:

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

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

15 § 6103. Acquisition of foreign domiciliary corporation status.

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

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

29 § 6104. Termination of foreign domiciliary corporation status.

30 A foreign domiciliary corporation shall cease to have that

1 status on the first day of the month following the month in
2 which the corporation first has knowledge that it no longer
3 meets either test under section 6102 (relating to foreign
4 domiciliary corporations) or upon entry of an order of any court
5 of competent jurisdiction declaring that the corporation no
6 longer meets either test.

7 Section 47. Sections 6122(b)(3), 6123(b), 6141, 6142, 6143,
8 6145 ~~and~~, 8911(a)(1) AND 8925(A) of Title 15 are amended to <--
9 read:

10 § 6122. Excluded activities.

11 * * *

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

15 * * *

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

19 § 6123. Requirements for foreign corporation names.

20 * * *

21 (b) Exceptions.--

22 (1) The provisions of section 5303(b) (relating to
23 duplicate use of names) shall not prevent the issuance of a
24 certificate of authority to a foreign nonprofit corporation
25 setting forth a name that is [confusingly similar to] not
26 distinguishable upon the records of the department from the
27 name of any other domestic or foreign corporation for profit
28 or [corporation] not-for-profit, [or of any domestic or
29 foreign limited partnership that has filed a certificate or
30 qualified under Chapter 85 (relating to limited partnerships)

1 or corresponding provisions of prior law,] or of any
2 corporation or other association then registered under 54
3 Pa.C.S. Ch. 5 (relating to corporate and other association
4 names) or to any name reserved or registered as provided in
5 this part, if the foreign nonprofit corporation applying for
6 a certificate of authority files in the department [one of
7 the following:

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

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

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

1 nonprofit corporation.

2 § 6141. Penalty for doing business without certificate of
3 authority.

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

19 (a.1) Contracts, property and defense against actions
20 unaffected.--The failure of a foreign nonprofit corporation to
21 obtain a certificate of authority to transact business in this
22 Commonwealth shall not impair the validity of any contract or
23 act of [such] the corporation [and], shall not prevent [such]
24 the corporation from defending any action in any court of this
25 Commonwealth and shall not render escheatable any of its real or
26 personal property.

27 [(b) Title to real property.--The title to any real estate
28 situate in this Commonwealth which is derived through any
29 nonqualified foreign corporation not authorized under the laws
30 of this Commonwealth to hold the same, and which has vested or

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

10 § 6142. General powers and duties of qualified foreign
11 corporations.

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

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

26 § 6143. General powers and duties of nonqualified foreign
27 corporations.

28 (a) Acquisition of real and personal property.--Every
29 nonqualified foreign nonprofit corporation[, the activities of
30 which in this Commonwealth do not constitute doing business in

1 this Commonwealth for the purposes of Subchapter B of this
2 chapter (relating to qualification),] may acquire, hold,
3 mortgage, lease and transfer real and personal property in this
4 Commonwealth, in the same manner and subject to the same
5 limitations as [domestic] a qualified foreign nonprofit
6 [corporations] corporation.

7 (b) Duties.--[A] Except as provided in section 6141(a)
8 (relating to penalty for doing business without certificate of
9 authority), a nonqualified foreign nonprofit corporation doing
10 business in this Commonwealth within the meaning of Subchapter B
11 [of this chapter] (relating to qualification) shall be subject
12 to the same liabilities, restrictions, duties and penalties now
13 or hereafter imposed upon a qualified foreign nonprofit
14 corporation.

15 § 6145. Applicability of certain safeguards to foreign
16 domiciliary corporations.

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

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

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

28 (b) Internal affairs doctrine not applicable.--The General
29 Assembly hereby finds and determines that [the] foreign
30 domiciliary corporations [to which this section applies]

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

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

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

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

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

30 [(4)] Section 5743 (relating to mandatory

1 indemnification).

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

4 [(6)] Section 5758(e) (relating to [voting lists] voting
5 rights of members).

6 [(7)] Section [5759(b) (relating to minimum
7 requirements)] 5759(c) (relating to voting and other action
8 by proxy).

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

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

13 [(10)] Section [5766(b)] 5769(b) (relating to
14 [expulsion] termination and transfer of membership).

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

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

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

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

30 § 8911. Purposes.

1 (a) General rule.--Limited liability companies may be
2 organized under this chapter for any lawful purpose, except for
3 the purpose of [banking or] insurance. Unless otherwise
4 restricted in its certificate of organization, every limited
5 liability company has as its purpose the engaging in all lawful
6 business for which limited liability companies may be organized
7 under this chapter. Nothing in this section shall prohibit the
8 following:

9 (1) A banking institution organized under this chapter
10 or a limited liability company organized by one or more
11 [banks or a banking organization for the sole purposes of]
12 banking institutions, savings associations or credit unions
13 from engaging in the marketing and [selling] sale of title
14 insurance.

15 * * *

16 § 8925. TAXATION OF LIMITED LIABILITY COMPANIES. <--

17 (A) GENERAL RULE.--FOR THE PURPOSES OF THE IMPOSITION BY THE
18 COMMONWEALTH OF ANY TAX OR LICENSE FEE ON OR WITH RESPECT TO ANY
19 INCOME, PROPERTY, PRIVILEGE, TRANSACTION, SUBJECT OR OCCUPATION,
20 A DOMESTIC OR FOREIGN LIMITED LIABILITY COMPANY THAT IS NOT A
21 DOMESTIC OR QUALIFIED FOREIGN RESTRICTED PROFESSIONAL COMPANY
22 SHALL BE DEEMED TO BE A CORPORATION ORGANIZED AND EXISTING UNDER
23 PART II (RELATING TO CORPORATIONS), AND A MEMBER OF SUCH A
24 COMPANY, AS SUCH, SHALL BE DEEMED TO BE A SHAREHOLDER OF A
25 CORPORATION. SUCH A COMPANY MAY ELECT TO BE TREATED AS A
26 PENNSYLVANIA S CORPORATION, AND ITS MEMBERS SHALL BE DEEMED
27 SHAREHOLDERS OF SUCH A CORPORATION, ONLY IF THE COMPANY
28 SATISFIES THE CONDITIONS FOR ELECTING THAT STATUS. FOR PURPOSES
29 OF THE CORPORATE NET INCOME TAX AND THE CAPITAL STOCK AND
30 FRANCHISE TAX, SUCH A COMPANY SHALL BE CONSIDERED A

1 "CORPORATION" AND AN "ENTITY" AS DEFINED IN ARTICLES IV AND VI
2 OF THE ACT OF MARCH 4, 1971 (P.L.6, NO.2), KNOWN AS THE TAX
3 REFORM CODE OF 1971, AND, IF SUCH A COMPANY IS NOT REQUIRED TO
4 FILE A FEDERAL CORPORATE INCOME TAX RETURN, THESE TAXES SHALL BE
5 COMPUTED AS IF SUCH A FEDERAL RETURN HAD BEEN FILED. FOR
6 PURPOSES OF THE BANK SHARES TAX AND THE MUTUAL THRIFT
7 INSTITUTIONS TAX, A BANK, BANK AND TRUST COMPANY, TRUST COMPANY,
8 SAVINGS BANK, BUILDING AND LOAN ASSOCIATION, SAVINGS AND LOAN
9 ASSOCIATION OR SAVINGS INSTITUTION THAT IS A DOMESTIC OR FOREIGN
10 LIMITED LIABILITY COMPANY SHALL BE CONSIDERED AN "INSTITUTION"
11 AS DEFINED BY ARTICLE VII OR ARTICLE XV OF THE TAX REFORM CODE
12 OF 1971. NOTHING IN THIS SUBSECTION SHALL IMPAIR OR PREEMPT THE
13 ABILITY OF A POLITICAL SUBDIVISION TO LEVY, ASSESS OR COLLECT
14 ANY APPLICABLE TAXES OR LICENSE FEES AUTHORIZED PURSUANT TO THE
15 ACT OF DECEMBER 31, 1965 (P.L.1257, NO.511), KNOWN AS THE LOCAL
16 TAX ENABLING ACT, ON ANY COMPANY WHICH ELECTS LIMITED LIABILITY
17 COMPANY STATUS IN ACCORDANCE WITH THE PROVISIONS OF THIS
18 CHAPTER.

19 * * *

20 Section 48. Chapter 91 heading of Title 15 is amended to
21 read:

22 CHAPTER 91

23 [UNINCORPORATED ASSOCIATIONS GENERALLY]

24 UNINCORPORATED NONPROFIT

25 ASSOCIATIONS

26 Section 49. Sections 9101, 9102 and 9103 of Title 15 are
27 repealed:

28 [§ 9101. Customary parliamentary law applicable.

29 Except as otherwise provided by statute or by the organic
30 documents under which an unincorporated association is

1 constituted, each unincorporated association shall be governed
2 by customary usages and principles of parliamentary law and
3 procedure.

4 § 9102. Funeral and similar benefits.

5 Members of unincorporated associations paying periodic or
6 funeral benefits shall not be individually liable for the
7 payment of periodic or funeral benefits or other similar
8 liabilities of the association. The liabilities shall be payable
9 only out of the treasury of the association.

10 § 9103. Nontransferable membership interests.

11 (a) General rule.--For the purpose of encouraging lawful
12 associational activity among agricultural and industrial workers
13 through the organization of unincorporated associations for
14 mutual benefit insurance, saving or other lawful objects where
15 the persons so organizing derive benefits from the preservation
16 and continuance of the membership and interest among persons
17 engaged in a common calling, labor or enterprise, the
18 unincorporated association may provide, in its organic
19 documents, that membership in the association or interest in its
20 funds or property shall be nontransferable without the consent
21 of the association.

22 (b) Assignments and pledges.--No attempted assignment,
23 transfer or pledge of a membership or interest made in violation
24 of a transfer restriction adopted pursuant to subsection (a)
25 shall pass any right or interest, legal or equitable, to the
26 person to whom it is attempted to be made if the transfer
27 restriction is brought to the knowledge of that person.

28 (c) Knowledge of nontransferability.--Whenever the interest
29 of a member in the funds or property of any unincorporated
30 association subject to subsection (a) is evidenced by a

1 certificate, an endorsement thereon that the certificate is
2 nontransferable shall be conclusive evidence that the person to
3 whom any attempted assignment, transfer or pledge of the
4 certificate is made has knowledge of the nontransferable
5 character of the interest of the member.]

6 Section 50. Title 15 is amended by adding sections to read:
7 § 9111. Short title and application of chapter.

8 (a) Short title.--This chapter shall be known and may be
9 cited as the Pennsylvania Uniform Unincorporated Nonprofit
10 Association Law.

11 (b) Transitional provisions concerning property.--

12 (1) 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 under the law of
16 this Commonwealth the interest did not vest in the nonprofit
17 association, or in one or more persons on behalf of the
18 nonprofit association under paragraph (2), on {the
19 Legislative Reference Bureau shall insert here the effective
20 date of this section}, the interest vests in the nonprofit
21 association, unless the parties to the transfer have treated
22 the transfer as ineffective.

23 (2) If, before {the Legislative Reference Bureau shall
24 insert here the effective date of this section}, an interest
25 in property was by the terms of a transfer purportedly
26 transferred to a nonprofit association but the interest was
27 vested in one or more persons to hold the interest for the
28 nonprofit association, its members or both, on or after {the
29 Legislative Reference Bureau shall insert here the effective
30 date of this section}, the persons, or their successors in

1 interest, may transfer the interest to the nonprofit
2 association in its name; or the nonprofit association may
3 require that the interest be transferred to it in its name.

4 (c) Savings provisions.--

5 (1) This chapter supplements the law of this
6 Commonwealth that applies to nonprofit associations operating
7 in this Commonwealth, but if a conflict exists between this
8 chapter and another statute, the other statute applies.

9 (2) Nothing in this chapter shall be deemed to repeal or
10 supersede any provision in section 7 of the act of April 26,
11 1855 (P.L.328, No.347), entitled "An act relating to
12 Corporations and to Estates held for Corporate, Religious and
13 Charitable uses."

14 (d) Cross reference.--See section 5331 (relating to
15 unincorporated associations).

16 § 9112. Definitions.

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

20 "Established practices." The practices used by a nonprofit
21 association without material change during:

22 (1) the most recent five years of its existence; or

23 (2) if it has existed for less than five years, its
24 entire existence.

25 "Governing principles." The agreements, whether oral, in
26 record form or implied from its established practices, that
27 govern the purpose or operation of a nonprofit association and
28 the rights and obligations of its members and managers. The term
29 includes any amendment or restatement of the agreements
30 constituting the governing principles.

1 "Manager." A person that is responsible, alone or in concert
2 with others, for the management of a nonprofit association.

3 "Member." A person that, under the governing principles, may
4 participate in the selection of persons authorized to manage the
5 affairs of the nonprofit association or in the development of
6 policies and activities of the nonprofit association.

7 "Nonprofit association." An unincorporated organization
8 consisting of two or more members joined together under an
9 agreement that is oral, in record form or implied from conduct
10 for one or more common, nonprofit purposes. The term does not
11 include:

12 (1) a trust;

13 (2) a marriage, domestic partnership, common law
14 domestic relationship, civil union or other domestic living
15 arrangement;

16 (3) an organization formed under any other statute that
17 governs the organization and operation of unincorporated
18 associations;

19 (4) a joint tenancy, tenancy in common or tenancy by the
20 entireties, even if the co-owners share use of the property
21 for a nonprofit purpose; or

22 (5) a relationship under an agreement in record form
23 that expressly provides that the relationship between the
24 parties does not create a nonprofit association.

25 "Property." Includes:

26 (1) real property;

27 (2) personal property which is tangible or intangible;

28 (3) mixed real and personal property; and

29 (4) a right or interest in property.

30 "Transfer." Includes:

- 1 (1) an assignment;
- 2 (2) a conveyance;
- 3 (3) a sale;
- 4 (4) a lease;
- 5 (5) an encumbrance, including a mortgage or security
- 6 interest;
- 7 (6) a gift; and
- 8 (7) a transfer by operation of law.

9 § 9113. Governing law.

10 (a) Operations.--Except as provided in subsection (b), the
11 law of this Commonwealth governs the operation in this
12 Commonwealth of a nonprofit association formed or operating in
13 this Commonwealth.

14 (b) Internal affairs.--Unless the governing principles
15 specify a different jurisdiction, the law of the jurisdiction in
16 which a nonprofit association has its main place of activities
17 governs the internal affairs of the nonprofit association.

18 § 9114. Entity status.

19 (a) Legal entity.--A nonprofit association is a legal entity
20 distinct from its members and managers.

21 (b) Perpetual duration.--A nonprofit association has
22 perpetual duration unless the governing principles specify
23 otherwise.

24 (c) Powers.--A nonprofit association has the same powers as
25 an individual to do all things necessary or convenient to carry
26 on its purposes.

27 (d) Profits.--A nonprofit association may engage in profit-
28 making activities, but profits from any activities must be used
29 or set aside for the nonprofit purposes of the nonprofit
30 association.

1 § 9115. Ownership and transfer of property.

2 (a) General rule.--A nonprofit association may acquire, hold
3 or transfer, in its name, an interest in property.

4 (b) Testamentary and fiduciary dispositions.--A nonprofit
5 association may be a beneficiary of a trust or contract, a
6 legatee or a devisee.

7 § 9116. Statement of authority as to real property.

8 (a) General rule.--An interest in real property held in the
9 name of a nonprofit association may be transferred by a person
10 authorized to do so in a statement of authority recorded by the
11 nonprofit association in the office of the recorder of deeds for
12 the county in which a transfer of the property would be
13 recorded.

14 (b) Contents of statement.--The statement of authority must
15 set forth:

16 (1) the name of the nonprofit association;

17 (2) the address in this Commonwealth, including the
18 street and number, if any, of the nonprofit association or,
19 if the nonprofit association does not have an address in this
20 Commonwealth, its address outside of this Commonwealth;

21 (3) that the association is a nonprofit association; and

22 (4) the name, title or position of a person authorized
23 to transfer an estate or interest in real property held in
24 the name of the nonprofit association.

25 (c) Execution.--A statement of authority must be executed in
26 the same manner as a deed by a person other than the person
27 authorized in the statement to transfer the interest.

28 (d) Recording fee.--The recorder of deeds may collect a fee
29 for recording a statement of authority in the amount authorized
30 for recording a transfer of real property, but the mere

1 recording of a statement of authority does not constitute a
2 transfer of an interest in the real property for the purpose of
3 the taxation of real property transfers.

4 (e) Changes.--A document amending, revoking or canceling a
5 statement of authority or stating that the statement is
6 unauthorized or erroneous must meet the requirements for
7 executing and recording an original statement.

8 (f) Cancellation by operation of law.--Unless canceled
9 earlier, a recorded statement of authority and its most recent
10 amendment expire five years after the date of the most recent
11 recording.

12 (g) Effect of filing.--If the record title to real property
13 is in the name of a nonprofit association and a statement of
14 authority is recorded in the office of the recorder of deeds for
15 the county in which a transfer of the property would be
16 recorded, the authority of the person named in the statement to
17 transfer is conclusive in favor of a person that gives value
18 without notice that the person lacks authority.

19 § 9117. Liability.

20 (a) Scope.--

21 (1) A debt, obligation or other liability of a nonprofit
22 association, whether arising in contract, tort or otherwise,
23 is solely the debt, obligation or other liability of the
24 nonprofit association.

25 (2) A member or manager is not personally liable,
26 directly or indirectly, by way of contribution or otherwise,
27 for a debt, obligation or other liability of the nonprofit
28 association solely by reason of being or acting as a member
29 or manager.

30 (3) This subsection applies regardless of the

1 dissolution of the nonprofit association.

2 (b) Liability for conduct.--A person's status as a member or
3 manager does not prevent or restrict law other than this chapter
4 from imposing liability on the person or the nonprofit
5 association because of the person's conduct.

6 (c) Agents.--A person that makes a contract or incurs an
7 obligation on behalf of a nonprofit association after {the
8 Legislative Reference Bureau shall insert here the effective
9 date of this section} is not liable for performance or breach of
10 the contract or other obligation if the fact that the person was
11 acting for the nonprofit association was disclosed to, was known
12 by or reasonably should have been known by the other party to
13 the contract or to the party owed performance.

14 (d) Observation of formalities.--The failure of a nonprofit
15 association to observe formalities relating to the exercise of
16 its powers or the management of its activities and affairs is
17 not a ground for imposing liability on a member or manager of
18 the nonprofit association for a debt, obligation or other
19 liability of the nonprofit association.

20 § 9118. Assertion and defense of claims.

21 (a) General rule.--A nonprofit association may sue or be
22 sued in its own name.

23 (b) Permissible claims.--A member or manager may assert a
24 claim the member or manager has against the nonprofit
25 association. A nonprofit association may assert a claim it has
26 against a member or manager.

27 (c) Representational status.--A nonprofit association may
28 assert a claim in its name on behalf of its members if one or
29 more members of the nonprofit association have standing to
30 assert a claim in their own right, the interests the nonprofit

1 association seeks to protect are germane to its purposes and
2 neither the claim asserted nor the relief requested requires the
3 participation of a member.

4 § 9119. Effect of judgment or order.

5 A judgment or order against a nonprofit association is not by
6 itself a judgment or order against a member or manager.

7 § 9120. Appointment of agent to receive service of process.

8 (a) Statement.--A nonprofit association may deliver to the
9 department for filing a statement appointing an agent to receive
10 service of process.

11 (b) Contents.--A statement appointing an agent to receive
12 service of process must state:

13 (1) the name of the nonprofit association;

14 (2) the address, if any, in this Commonwealth; and

15 (3) the name of the person in this Commonwealth
16 authorized to receive service of process and the person's
17 address, including street and number, in this Commonwealth.

18 (c) Signature and effect.--

19 (1) A statement appointing an agent to receive service
20 of process must be signed by:

21 (i) a person authorized to manage the affairs of the
22 nonprofit association; and

23 (ii) the person appointed as the agent.

24 (2) The signing of the statement is an affirmation:

25 (i) by the person authorized to manage the affairs
26 of the nonprofit association that the person has that
27 authority; and

28 (ii) by the person appointed as agent that the
29 person consents to act as agent.

30 (d) Amendment or cancellation.--An amendment to or

1 cancellation of a statement appointing an agent to receive
2 service of process must meet the requirements for signature of
3 an original statement. An agent may resign by delivering a
4 resignation to the department for filing and giving notice to
5 the nonprofit association.

6 (e) Rejection of statement.--A statement appointing an agent
7 to receive service of process may not be rejected for filing
8 because the name of the nonprofit association signing the
9 statement is not distinguishable on the records of the
10 department from the name of another association appearing in
11 those records. The filing of such a statement does not make the
12 name of the nonprofit association signing the statement
13 unavailable for use by another association.

14 (f) Effectiveness.--A statement appointing an agent to
15 receive service of process:

16 (1) takes effect on filing by the department; and
17 (2) is effective for five years after the date of filing
18 unless canceled or terminated earlier.

19 (g) Duty of agent.--The only duty under this chapter of an
20 agent to receive service of process is to forward to the
21 nonprofit association at the address most recently supplied to
22 the agent by the nonprofit association any process, notice or
23 demand pertaining to the nonprofit association which is served
24 or received by the agent.

25 (h) Cross references.--See section 135 (relating to
26 requirements to be met by filed documents).
27 § 9121. Action or proceeding not abated by change of members or
28 managers.

29 An action or proceeding against a nonprofit association does
30 not abate merely because of a change in its members or managers.

1 § 9122. Member not agent.

2 A member is not an agent of the nonprofit association solely
3 by reason of being a member.

4 § 9123. Approval by members.

5 (a) General rule.--Except as provided in the governing
6 principles, a nonprofit association must have the approval of
7 its members to:

8 (1) admit, suspend, dismiss or expel a member;

9 (2) select or dismiss a manager;

10 (3) adopt, amend or repeal the governing principles;

11 (4) transfer all, or substantially all, of the property
12 of the nonprofit association, with or without its goodwill,
13 outside the ordinary course of its activities;

14 (5) dissolve under section 9134 (relating to
15 dissolution);

16 (6) undertake any other act outside the ordinary course
17 of the activities of the nonprofit association; or

18 (7) determine the policy and purposes of the nonprofit
19 association.

20 (b) Other actions.--A nonprofit association must have the
21 approval of the members to do any other act or exercise a right
22 that the governing principles require to be approved by members.

23 § 9124. Action by members.

24 (a) General rule.--Except as provided in the governing
25 principles:

26 (1) approval of a matter by the members requires the
27 affirmative vote of at least a majority of the votes cast at
28 a meeting of members; and

29 (2) each member is entitled to one vote on each matter
30 that is submitted for approval by the members.

1 (b) Procedural matters.--The governing principles may
2 provide for the:

3 (1) calling, location and timing of member meetings;

4 (2) notice and quorum requirements for member meetings;

5 (3) conduct of member meetings;

6 (4) taking of action by the members by consent without a
7 meeting or by ballot;

8 (5) participation by members in a meeting of the members
9 by telephone or other means of electronic communication; and

10 (6) taking of action by members by proxy.

11 (c) Absence of governing principles.--If the governing
12 principles do not provide for a matter described in subsection
13 (b), customary usages and principles of parliamentary law and
14 procedure apply.

15 § 9125. Duties of member.

16 (a) No fiduciary duties generally.--A member does not have a
17 fiduciary duty to a nonprofit association or to another member
18 solely by being a member.

19 (b) Discharge of duties and exercise of rights.--A member
20 shall, consistent with the governing principles and the
21 contractual obligation of good faith and fair dealing:

22 (1) discharge duties under the governing principles to
23 the nonprofit association and the other members; and

24 (2) exercise any rights under the governing principles
25 and this chapter.

26 § 9126. Membership.

27 (a) Admission, suspension, dismissal and expulsion of
28 member.--

29 (1) A person becomes a member and may be suspended,
30 dismissed or expelled in accordance with the governing

1 principles. If there are no applicable governing principles,
2 a person may become a member or be suspended, dismissed or
3 expelled only with the approval of the members. A person may
4 not be admitted as a member without the person's consent.

5 (2) Except as provided in the governing principles, the
6 suspension, dismissal or expulsion of a member does not
7 relieve the member from any unpaid capital contribution,
8 dues, assessments, fees or other obligation incurred or
9 commitment made by the member before the suspension,
10 dismissal or expulsion.

11 (b) Resignation of member.--

12 (1) A member may resign as a member in accordance with
13 the governing principles. In the absence of applicable
14 governing principles, a member may resign at any time.

15 (2) Except as provided in the governing principles,
16 resignation of a member does not relieve the member from any
17 unpaid capital contribution, dues, assessments, fees or other
18 obligation incurred or commitment made by the member before
19 resignation.

20 § 9127. Member's interest not transferable.

21 (a) General rule.--Except as set forth in subsection (b) or
22 the governing principles, a member's interest or any right under
23 the governing principles is not transferable.

24 (b) Certain nonprofit associations formed prior to effective
25 date.--

26 (1) This subsection applies to a nonprofit association:

27 (i) which was formed before {the Legislative
28 Reference Bureau shall insert here the effective date of
29 this section};

30 (ii) which was formed for the purpose of encouraging

1 lawful associational activity among agricultural and
2 industrial workers through the organization of a
3 nonprofit association for mutual benefit insurance,
4 saving or other lawful objects; and

5 (iii) in which the persons that organized the
6 nonprofit association derive benefits from the
7 preservation and continuance of the membership and
8 interest among persons engaged in a common calling, labor
9 or enterprise.

10 (2) For a nonprofit association subject to paragraph
11 (1), the following apply:

12 (i) Except as set forth in subparagraph (ii), a
13 member's interest or any right under the governing
14 principles is transferable.

15 (ii) A member's interest or any right under the
16 governing principles is nontransferable if the governing
17 principles so provide.

18 (c) Assignments and pledges.--No legal or equitable right or
19 interest shall pass as a result of an attempted transfer in
20 violation of:

21 (1) subsection (a); or

22 (2) a transfer restriction under subsection (b)(2)(ii).

23 (d) Knowledge of nontransferability.--Whenever the interest
24 of a member in a nonprofit association is evidenced by a
25 certificate, an endorsement on the certificate that the
26 certificate is nontransferable shall be conclusive evidence that
27 the person to whom any attempted transfer of the certificate is
28 made has knowledge of the nontransferable character of the
29 interest of the member.

30 § 9128. Selection and management rights of managers.

1 Except as provided in this chapter or the governing
2 principles:

3 (1) if there is no manager selected and serving, all
4 members are managers;

5 (2) only the members may select a manager;

6 (3) a manager may be a member or a nonmember;

7 (4) each manager has equal rights in the management and
8 conduct of the activities of the nonprofit association;

9 (5) all matters relating to the activities of the
10 nonprofit association are decided by its managers except for
11 matters reserved for approval by the members in section 9123
12 (relating to approval by members); and

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

15 § 9129. Duties of managers.

16 (a) Duty of care.--

17 (1) A manager shall manage the nonprofit association:

18 (i) in good faith;

19 (ii) in a manner the manager reasonably believes to
20 be in the best interests of the nonprofit association;
21 and

22 (iii) with such care, including reasonable inquiry,
23 as a prudent person would reasonably exercise in a
24 similar position and under similar circumstances.

25 (2) A manager may rely in good faith on any opinion,
26 report, statement or other information provided by another
27 person that the manager reasonably believes is a competent
28 and reliable source for the information.

29 (b) Conflicts of interest.---

30 (1) A manager owes a fiduciary duty of loyalty to the

1 nonprofit association with respect to the responsibilities of
2 the manager.

3 (2) After full disclosure of all material facts, a
4 specific act or transaction that would otherwise violate the
5 duty of loyalty by a manager may be authorized or ratified by
6 a majority of the members that are not interested directly or
7 indirectly in the act or transaction.

8 (c) Presumption.--A manager that makes a judgment in good
9 faith satisfies the duties specified in subsection (a) if the
10 manager:

11 (1) is not interested, directly or indirectly, in the
12 subject of the judgment and is otherwise able to exercise
13 independent judgment;

14 (2) is informed with respect to the subject of the
15 judgment to the extent the manager reasonably believes to be
16 appropriate under the circumstances; and

17 (3) believes that the judgment is in, or not opposed to,
18 the best interests of the nonprofit association.

19 (d) Limitation of liability.--

20 (1) Except as set forth in paragraph (2), the governing
21 principles in record form may provide that a manager shall
22 not be personally liable, as a manager, for monetary damages
23 for any action taken unless:

24 (i) the manager has breached or failed to perform
25 the manager's duties under this chapter; and

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

28 (2) Paragraph (1) shall not apply to:

29 (i) the responsibility or liability of a manager
30 under a criminal statute; or

1 (ii) the liability of the manager for the payment of
2 taxes under Federal, State or local law.

3 § 9130. Action by managers.

4 (a) General rule.--Except as provided in the governing
5 principles:

6 (1) approval of a matter by the managers requires the
7 affirmative vote of at least a majority of the votes cast at
8 a meeting of managers; and

9 (2) each manager is entitled to one vote on each matter
10 that is submitted for approval by the managers.

11 (b) Procedural matters.--The governing principles may
12 provide for the:

13 (1) delegation to a manager of authority to act without
14 a meeting of the managers;

15 (2) creation and authority of committees of the
16 managers;

17 (3) calling, location and timing of meetings of the
18 managers or a committee of the managers;

19 (4) notice and quorum requirements for meetings of the
20 managers or a committee of the managers;

21 (5) conduct of meetings of the managers or a committee
22 of the managers;

23 (6) taking of action by the managers or a committee of
24 the managers by consent without a meeting or by ballot;

25 (7) participation by managers in a meeting of the
26 managers or a committee of the managers by telephone or other
27 means of electronic communication; and

28 (8) taking of action by a manager by proxy.

29 (c) Absence of governing principles.--If the governing
30 principles do not provide for a matter described in subsection

1 (b), customary usages and principles of parliamentary law and
2 procedure apply.

3 § 9131. Right of member or manager to information.

4 (a) Inspection.--On reasonable notice, a member or manager
5 of a nonprofit association may inspect and copy, at a reasonable
6 time and location specified by the nonprofit association, any
7 record maintained by the nonprofit association regarding its
8 activities, financial condition and other circumstances, to the
9 extent the information is material to the rights and duties of
10 the member or manager under the governing principles.

11 (b) Restrictions.--A nonprofit association may impose
12 reasonable restrictions on access to and use of information to
13 be furnished under this section, including designating the
14 information confidential and imposing on the recipient
15 obligations of nondisclosure and safeguarding.

16 (c) Costs.--A nonprofit association may charge a person that
17 makes a demand under this section reasonable copying costs.

18 (d) Former member or manager.--A former member or manager is
19 entitled to information to which the member or manager was
20 entitled while a member or manager if:

21 (1) the information pertains to the period during which
22 the person was a member or manager;

23 (2) the former member or manager seeks the information
24 in good faith; and

25 (3) the former member or manager satisfies subsections
26 (a), (b) and (c).

27 § 9132. Distributions prohibited; compensation and other
28 permitted payments.

29 (a) General rule.--Except as provided in subsection (b), a
30 nonprofit association may not pay dividends or make

1 distributions to a member or manager.

2 (b) Permitted payments.--A nonprofit association may:

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

5 (2) confer benefits on or make contributions to a member
6 or manager in conformity with its nonprofit purposes;

7 (3) repurchase a membership and repay a capital
8 contribution made by a member to the extent authorized by its
9 governing principles;

10 (4) repay indebtedness to a member or manager; and

11 (5) make distributions of property to members upon
12 winding up and termination to the extent permitted by section
13 9135 (relating to winding up).

14 § 9133. Reimbursement, indemnification and advancement of
15 expenses.

16 (a) Reimbursement.--Except as provided in the governing
17 principles, a nonprofit association shall reimburse a member or
18 manager for authorized expenses reasonably incurred in the
19 course of the activities of the member or manager on behalf of
20 the nonprofit association.

21 (b) Indemnification and advancement of expenses.--

22 (1) A nonprofit association is subject to Ch. 57 Subch.
23 D (relating to indemnification).

24 (2) For purposes of applying Ch. 57 Subch. D, references
25 to the "articles" or "bylaws," "directors" and "members"
26 shall mean the "governing principles," "managers" and
27 "members," respectively.

28 § 9134. Dissolution.

29 (a) General rule.--A nonprofit association may be dissolved
30 as follows:

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

3 (2) if the governing principles do not provide a time or
4 method for dissolution, upon approval by the members;

5 (3) if no member can be located and the operations of
6 the nonprofit association have been discontinued for at least
7 three years, by:

8 (i) the managers; or

9 (ii) if the nonprofit association has no current
10 manager, its last manager;

11 (4) by court order; or

12 (5) under law other than this chapter.

13 (b) Continuation during winding up.--After dissolution, a
14 nonprofit association continues in existence until its
15 activities have been wound up under section 9135 (relating to
16 winding up).

17 § 9135. Winding up.

18 Winding up of a nonprofit association must proceed in
19 accordance with the following rules:

20 (1) All known debts and liabilities shall be paid or
21 adequately provided for.

22 (2) Any property subject to a condition requiring return
23 to the person designated by the donor shall be transferred to
24 that person.

25 (3) Any property subject to a trust shall be distributed
26 in accordance with the trust agreement.

27 (4) Any property committed to a charitable purpose shall
28 be distributed in accordance with that purpose unless the
29 nonprofit ASSOCIATION obtains a court order under 20 Pa.C.S. <--
30 Ch. 77 (relating to trusts) specifying the disposition of the

1 property.

2 (5) Any remaining property shall be distributed as
3 follows:

4 (i) Distribution shall be made:

5 (A) in accordance with the governing principles
6 of the nonprofit association; or

7 (B) in the absence of applicable governing
8 principles, to the members of the nonprofit
9 association:

10 (I) per capita; or

11 (II) as the members direct.

12 (ii) If subparagraph (i) does not apply,
13 distribution shall be made under Article XIII.1 of the
14 act of April 9, 1929 (P.L.343, No.176), known as The
15 Fiscal Code.

16 § 9136. Subordination of chapter to canon law.

17 If and to the extent canon law or similar principles
18 applicable to a nonprofit association organized for religious
19 purposes sets forth provisions relating to the government and
20 regulation of the affairs of the nonprofit association that are
21 inconsistent with the provisions of this chapter on the same
22 subject, the provisions of canon law or similar principles shall
23 control except to the extent prohibited by the Constitution of
24 the United States or the Constitution of Pennsylvania.

25 Section 51. Section 9503(e) of Title 15 is amended and the
26 section is amended by adding a subsection to read:

27 § 9503. Documentation of trust.

28 * * *

29 (d.1) Bearer certificates prohibited.--A business trust may
30 not issue a certificate of beneficial interest in bearer form.

1 This subsection may not be varied by the instrument or other
2 documentation of the business trust.

3 (e) Cross [reference] references.--See [section] sections
4 134 (relating to docketing statement) and 135 (relating to
5 requirements to be met by filed documents).

6 Section 52. The definition of "domestic corporation not-for-
7 profit" in section 101 of Title 54 is amended to read:

8 § 101. Definitions.

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

14 * * *

15 "Domestic corporation not-for-profit." A domestic
16 corporation [not-for-profit as defined in 15 Pa.C.S. § 1103
17 (relating to definitions).] not incorporated for a purpose or
18 purposes involving pecuniary profit, incidental or otherwise.

19 * * *

20 Section 53. Section 501(a)(5) and (7) of Title 54 are
21 amended to read:

22 § 501. Register established.

23 (a) General rule.--A register is established by this chapter
24 which shall consist of such of the following names as are not
25 deleted therefrom by operation of section 504 (relating to
26 effect of failure to make filings) or 506 (relating to voluntary
27 termination of registration by corporations and other
28 associations):

29 * * *

30 (5) In the case of a business trust which exists subject

1 to 15 Pa.C.S. Ch. 95 (relating to business trusts), the name
2 of the trust as set forth in the:

3 (i) instrument filed in the department under 15
4 Pa.C.S. § 9503 (relating to documentation of trust); or

5 (ii) application for registration filed under 15
6 Pa.C.S. § 9507 (relating to foreign business trusts).

7 * * *

8 [(7) In the case of a business trust which exists
9 subject to 15 Pa.C.S. Ch. 95 (relating to business trusts),
10 the name of the trust as set forth in the instrument filed in
11 the department under 15 Pa.C.S. § 9503 (relating to
12 documentation of trust), or in the application for
13 registration filed pursuant to 15 Pa.C.S. § 9507 (relating to
14 foreign business trusts).]

15 * * *

16 Section 54. Repeals are as follows:

17 (1) The General Assembly declares as follows:

18 (i) The repeal under paragraph (2)(i) is necessary
19 because the material is supplied by 15 Pa.C.S. § 1511.

20 (ii) The repeal under paragraph (2)(ii) is necessary
21 to effectuate the amendment of 15 Pa.C.S. §§ 153(a) and
22 155(a).

23 (iii) The repeal under paragraph (2)(iii) is
24 necessary because the material is supplied by 40 Pa.C.S.
25 § 6322(f).

26 (iv) The repeal under paragraph (2)(iv) is necessary
27 because the material is supplied by 40 Pa.C.S. § 6301.

28 (v) The repeal under paragraph (2)(v) is necessary
29 because the material is supplied by 15 Pa.C.S. § 1106(b)

30 (2).

1 (vi) The repeal under paragraph (2)(vi) is necessary
2 because the material is supplied by 40 Pa.C.S. § 6322(f).

3 (vii) The repeal under paragraph (2)(vii) is
4 necessary because the material is supplied by 1 Pa.C.S. §
5 1978.

6 (2) The following acts and parts of acts are repealed:

7 (i) Act of April 27, 1855 (P.L.365, No.383),
8 entitled "An act extending the right of Trial by Jury to
9 certain cases."

10 (ii) Sections 618-A(2) and 814 of the act of April
11 9, 1929 (P.L.177, No.175), known as The Administrative
12 Code of 1929.

13 (iii) Act of April 18, 1949 (P.L.583, No.123),
14 entitled "An act to further amend the act, approved the
15 fifth day of May, one thousand nine hundred thirty-three
16 (Pamphlet Laws 289), entitled 'An act relating to
17 nonprofit corporations; defining and providing for the
18 organization, merger, consolidation, and dissolution of
19 such corporations; conferring certain rights, powers,
20 duties, and immunities upon them and their officers and
21 members; prescribing the conditions on which such
22 corporations may exercise their powers; providing for the
23 inclusion of certain existing corporations of the first
24 class within the provisions of this act; prescribing the
25 terms and conditions upon which foreign nonprofit
26 corporations may be admitted or may continue to do
27 business within the Commonwealth; conferring powers and
28 imposing duties on the courts of common pleas,
29 prothonotaries of such courts, recorders of deeds, and
30 certain State departments, commissions, and officers;

1 authorizing certain local public officers and State
2 departments to collect fees for services required to be
3 rendered by this act; imposing penalties; and repealing
4 certain acts and parts of acts relating to corporations,'
5 by making further provisions relating to nonprofit
6 medical service corporations; by extending the provisions
7 of said act relating to the furnishing of medical
8 services by nonprofit medical service corporations so as
9 to include the furnishing of osteopathic services by
10 doctors of osteopathy to subscribers and their
11 dependents, and by providing that the articles of
12 incorporation of existing nonprofit medical service
13 corporations are amended by the provisions of this act so
14 as to authorize the furnishing of such osteopathic
15 services by doctors of osteopathy."

16 (iv) Act of December 9, 1955 (P.L.818, No.238),
17 entitled "An act amending the act of May five, one
18 thousand nine hundred thirty-three (Pamphlet Laws 289),
19 entitled 'An act relating to nonprofit corporations;
20 defining and providing for the organization, merger,
21 consolidation, and dissolution of such corporations;
22 conferring certain rights, powers, duties, and immunities
23 upon them and their officers and members; prescribing the
24 conditions on which such corporations may exercise their
25 powers; providing for the inclusion of certain existing
26 corporations of the first class within the provisions of
27 this act; prescribing the terms and conditions upon which
28 foreign nonprofit corporations may be admitted or may
29 continue to do business within the Commonwealth;
30 conferring powers and imposing duties on the courts of

1 common pleas, prothonotaries of such courts, recorders of
2 deeds, and certain State departments, commissions, and
3 officers; authorizing certain local public officers and
4 State departments to collect fees for services required
5 to be rendered by this act; imposing penalties; and
6 repealing certain acts and parts of acts relating to
7 corporations,' providing for the incorporation and
8 regulation of nonprofit dental service corporations
9 furnishing dental services only to certain subscribers
10 and their dependents."

11 (v) Act of September 30, 1965 (P.L.570, No.294),
12 entitled "An act amending the act of May 5, 1933 (P.L.
13 289), entitled 'An act relating to nonprofit
14 corporations; defining and providing for the
15 organization, merger, consolidation, and dissolution of
16 such corporations; conferring certain rights, powers,
17 duties, and immunities upon them and their officers and
18 members; prescribing the conditions on which such
19 corporations may exercise their powers; providing for the
20 inclusion of certain existing corporations of the first
21 class within the provisions of this act; prescribing the
22 terms and conditions upon which foreign nonprofit
23 corporations may be admitted or may continue to do
24 business within the Commonwealth; conferring powers and
25 imposing duties on the courts of common pleas,
26 prothonotaries of such courts, recorders of deeds, and
27 certain State departments, commissions, and officers;
28 authorizing certain local public officers and State
29 departments to collect fees for services required to be
30 rendered by this act; imposing penalties; and repealing

1 certain acts and parts of acts relating to corporations,'
2 requiring approval by the State Registration Board for
3 Professional Engineers prior to the use of certain words
4 in corporate names."

5 (vi) Act of December 27, 1965 (P.L.1250, No.507),
6 entitled "An act amending the act of May 5, 1933 (P.L.
7 289), entitled 'An act relating to nonprofit
8 corporations; defining and providing for the
9 organization, merger, consolidation, and dissolution of
10 such corporations; conferring certain rights, powers,
11 duties, and immunities upon them and their officers and
12 members; prescribing the conditions on which such
13 corporations may exercise their powers; providing for the
14 inclusion of certain existing corporations of the first
15 class within the provisions of this act; prescribing the
16 terms and conditions upon which foreign nonprofit
17 corporations may be admitted or may continue to do
18 business within the Commonwealth; conferring powers and
19 imposing duties on the courts of common pleas,
20 prothonotaries of such courts, recorders of deeds, and
21 certain State departments, commissions, and officers;
22 authorizing certain local public officers and State
23 departments to collect fees for services required to be
24 rendered by this act; imposing penalties; and repealing
25 certain acts and parts of acts relating to corporations,'
26 making further provisions relating to nonprofit medical,
27 dental and osteopathic service corporations; extending
28 the provisions of said act relating to the furnishing of
29 medical, dental and osteopathic services by nonprofit
30 medical, dental and osteopathic service corporations so

1 as to include the furnishing of optometric services to
2 subscribers and their dependents, and providing that the
3 articles of incorporation of existing nonprofit medical,
4 dental and osteopathic service corporations are amended
5 by the provisions of this act so as to authorize the
6 furnishing of optometric services by doctors of
7 optometry."

8 (vii) Section 2 of the act of November 15, 1972
9 (P.L.1063, No.271), entitled "An act amending the act of
10 November 25, 1970 (No.230), entitled 'An act codifying
11 and compiling a part of the law of the Commonwealth,'
12 adding provisions relating to burial grounds,
13 corporations, including corporations not-for-profit,
14 educational institutions, private police, certain
15 charitable or eleemosynary institutions, certain
16 nonprofit insurers, service of process on certain
17 nonresident persons, names, prescribing penalties and
18 making repeals."

19 Section 55. When the Department of State is ready to provide
20 expedited services under the addition of 15 Pa.C.S. § 153(a)
21 (16), it shall transmit notice of that fact to the Legislative
22 Reference Bureau for publication as a notice in the Pennsylvania
23 Bulletin.

24 Section 56. Notwithstanding 1 Pa.C.S. § 1957, it is declared
25 to be the intent of the former act of December 21, 1988
26 (P.L.1444, No.177), known as the General Association Act of
27 1988, the act of December 19, 1990 (P.L.834, No.198), known as
28 the GAA Amendments Act of 1990, the act of December 18, 1992
29 (P.L.1333, No.169), known as the GAA Amendments Act of 1992, the
30 act of June 22, 2001 (P.L.418, No.34), known as the GAA

1 Amendments Act of 2001, and this act cumulatively to restore all
2 provisions of 15 Pa.C.S. added by the act of November 15, 1972
3 (P.L.1063, No.271), entitled "An act amending the act of
4 November 25, 1970 (No.230), entitled 'An act codifying and
5 compiling a part of the law of the Commonwealth,' adding
6 provisions relating to burial grounds, corporations, including
7 corporations not-for-profit, educational institutions, private
8 police, certain charitable or eleemosynary institutions, certain
9 nonprofit insurers, service of process on certain nonresident
10 persons, names, prescribing penalties and making repeals," to
11 their status prior to the partial repeal effected by section 905
12 of the former act of July 29, 1977 (P.L.105, No.38), known as
13 the Fraternal Benefit Society Code, except as otherwise
14 expressly provided by such provisions as reenacted and amended
15 by the former General Association Act of 1988, the GAA
16 Amendments Act of 1990, the GAA Amendments Act of 1992, the GAA
17 Amendments Act of 2001, and this act.

18 Section 57. Section 56 of this act shall apply retroactively
19 to January 30, 1978.

20 Section 58. This act shall take effect as follows:

21 (1) The following provisions shall take effect
22 immediately:

23 (i) Section 55 of this act.

24 (ii) This section.

25 (2) The addition of 15 Pa.C.S. § 153(a)(16) shall take
26 effect upon publication of the notice under section 55 of
27 this act.

28 (3) The remainder of this act shall take effect in 60
29 days.