

1 ENGROSSED SENATE  
2 BILL NO. 885

By: Anderson and Gumm of the  
Senate

3 and

4 Sherrer of the House

5  
6  
7 [ corporations - Revised Uniform Unincorporated  
8 Nonprofit Association Act - codification -  
9 effective date ]

10

11 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

12 SECTION 1. NEW LAW A new section of law to be codified  
13 in the Oklahoma Statutes as Section 870.1 of Title 18, unless there  
14 is created a duplication in numbering, reads as follows:

15 This act may be cited as the Revised Uniform Unincorporated  
16 Nonprofit Association Act.

17 SECTION 2. NEW LAW A new section of law to be codified  
18 in the Oklahoma Statutes as Section 870.2 of Title 18, unless there  
19 is created a duplication in numbering, reads as follows:

20 As used in the Revised Uniform Unincorporated Nonprofit  
21 Association Act:

22 1. "Established practices" means the practices used by an  
23 unincorporated nonprofit association without material change during

24

1 the most recent five (5) years of its existence, or if it has  
2 existed for less than five (5) years, during its entire existence;

3 2. "Governing principles" means the agreements, whether oral,  
4 in a record, or implied from its established practices, that govern  
5 the purpose or operation of an unincorporated nonprofit association  
6 and the rights and obligations of its members and managers. The  
7 term includes any amendment or restatement of the agreements  
8 constituting the governing principles;

9 3. "Manager" means a person that is responsible, alone or in  
10 concert with others, for the management of an unincorporated  
11 nonprofit association;

12 4. "Member" means a person that, under the governing  
13 principles, may participate in the selection of persons authorized  
14 to manage the affairs of the unincorporated nonprofit association or  
15 in the development of the policies and activities of the  
16 association;

17 5. "Person" means an individual, corporation, business trust,  
18 statutory entity trust, estate, trust, partnership, limited  
19 liability company, cooperative, association, joint venture, public  
20 corporation, government or governmental subdivision, agency, or  
21 instrumentality, or any other legal or commercial entity;

22 6. "Record" means information that is inscribed on a tangible  
23 medium or that is stored in an electronic or other medium and is  
24 retrievable in perceivable form;

1           7. "State" means a state of the United States, the District of  
2 Columbia, Puerto Rico, United States Virgin Islands, or any  
3 territory or insular possession subject to the jurisdiction of the  
4 United States; and

5           8. "Unincorporated nonprofit association" means an  
6 unincorporated organization consisting of two (2) or more members  
7 joined under an agreement that is oral, in a record, or implied from  
8 conduct, for one or more common, nonprofit purposes. The term does  
9 not include:

- 10           a. a trust,
- 11           b. a marriage, domestic partnership, common law domestic  
12           relationship, civil union, or other domestic living  
13           arrangement,
- 14           c. an organization formed under any other statute that  
15           governs the organization and operation of  
16           unincorporated associations,
- 17           d. a joint tenancy, tenancy in common, or tenancy by the  
18           entireties even if the co-owners share use of the  
19           property for a nonprofit purpose, or
- 20           e. a relationship under an agreement in a record that  
21           expressly provides that the relationship between the  
22           parties does not create an unincorporated nonprofit  
23           association.

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1           SECTION 3.           NEW LAW           A new section of law to be codified  
2 in the Oklahoma Statutes as Section 870.3 of Title 18, unless there  
3 is created a duplication in numbering, reads as follows:

4           A. Principles of law and equity supplement the Revised Uniform  
5 Unincorporated Nonprofit Association Act unless displaced by a  
6 particular provision of it.

7           B. A statute governing a specific type of unincorporated  
8 nonprofit association prevails over an inconsistent provision in the  
9 Revised Uniform Unincorporated Nonprofit Association Act.

10          C. The Revised Uniform Unincorporated Nonprofit Association Act  
11 supplements the law of this state that applies to nonprofit  
12 associations operating in this state. If a conflict exists, the  
13 state law applies.

14          SECTION 4.           NEW LAW           A new section of law to be codified  
15 in the Oklahoma Statutes as Section 870.4 of Title 18, unless there  
16 is created a duplication in numbering, reads as follows:

17          A. Except as otherwise provided in subsection B of this  
18 section, the law of this state governs the operation in this state  
19 of all unincorporated nonprofit associations formed or operating in  
20 this state.

21          B. Unless the governing principles specify a different  
22 jurisdiction, the law of the jurisdiction in which an unincorporated  
23 nonprofit association has its main place of activities governs the  
24 internal affairs of the association.

1           SECTION 5.           NEW LAW           A new section of law to be codified  
2 in the Oklahoma Statutes as Section 870.5 of Title 18, unless there  
3 is created a duplication in numbering, reads as follows:

4           A. An unincorporated nonprofit association is a legal entity  
5 distinct from its members and managers.

6           B. An unincorporated nonprofit association has perpetual  
7 duration unless the governing principles specify otherwise.

8           C. An unincorporated nonprofit association has the same powers  
9 as an individual to do all things necessary or convenient to carry  
10 on its purposes.

11           D. An unincorporated nonprofit association may engage in  
12 profit-making activities but profits from any such activities must  
13 be used or set aside for the nonprofit purposes of the association.

14           SECTION 6.           NEW LAW           A new section of law to be codified  
15 in the Oklahoma Statutes as Section 870.6 of Title 18, unless there  
16 is created a duplication in numbering, reads as follows:

17           A. An unincorporated nonprofit association may acquire, hold,  
18 encumber, or transfer in its name an interest in real or personal  
19 property.

20           B. An unincorporated nonprofit association may be a beneficiary  
21 of a trust or contract, a legatee or a devisee.

22           SECTION 7.           NEW LAW           A new section of law to be codified  
23 in the Oklahoma Statutes as Section 870.7 of Title 18, unless there  
24 is created a duplication in numbering, reads as follows:

1       A. In this section, "statement of authority" means a statement  
2 authorizing a person to transfer an interest in real property held  
3 in the name of an unincorporated nonprofit association.

4       B. An interest in real property held in the name of an  
5 unincorporated nonprofit association may be transferred by a person  
6 authorized to do so in a statement of authority filed by the  
7 association in the office of the county clerk in which a transfer of  
8 the property would be filed.

9       C. A statement of authority must set forth:

10       1. The name of the unincorporated nonprofit association;

11       2. The address in this state, including the street address, if  
12 any, of the association or, if the association does not have an  
13 address in this state, its out-of-state address;

14       3. That the association is an unincorporated nonprofit  
15 association; and

16       4. The name, title, or position of a person authorized to  
17 transfer an estate or interest in real property held in the name of  
18 the association.

19       D. A statement of authority must be executed in the same manner  
20 as a deed by a person other than the person authorized in the  
21 statement to transfer the interest.

22       E. A filing officer may collect a fee for filing a statement of  
23 authority in the amount authorized for filing a transfer of real  
24 property.

1 F. A document amending, revoking, or canceling a statement of  
2 authority or stating that the statement is unauthorized or erroneous  
3 must meet the requirements for executing and filing an original  
4 statement.

5 G. Unless canceled earlier, a filed statement of authority and  
6 its most recent amendment expire five (5) years after the date of  
7 the most recent filing.

8 H. If the record title to real property is in the name of an  
9 unincorporated nonprofit association and the statement of authority  
10 is filed in the office of the county clerk in which a transfer of  
11 the property would be filed, the authority of the person named in  
12 the statement to transfer is conclusive in favor of a person that  
13 gives value without notice that the person lacks authority.

14 SECTION 8. NEW LAW A new section of law to be codified  
15 in the Oklahoma Statutes as Section 870.8 of Title 18, unless there  
16 is created a duplication in numbering, reads as follows:

17 A. A debt, obligation, or other liability of an unincorporated  
18 nonprofit association, whether arising in contract, tort, or  
19 otherwise:

20 1. Is solely the debt, obligation, or other liability of the  
21 association; and

22 2. Does not become a debt, obligation, or other liability of a  
23 member or manager solely because the member acts as a member or the  
24 manager acts as a manager.

1 B. The status of a person as a member or manager does not  
2 prevent or restrict law other than the Revised Uniform  
3 Unincorporated Nonprofit Association Act from imposing liability on  
4 the person or the association because of the conduct of the person.

5 SECTION 9. NEW LAW A new section of law to be codified  
6 in the Oklahoma Statutes as Section 870.9 of Title 18, unless there  
7 is created a duplication in numbering, reads as follows:

8 A. An unincorporated nonprofit association may sue or be sued  
9 in its own name.

10 B. A member or manager may assert a claim the member or manager  
11 has against the unincorporated nonprofit association. An  
12 association may assert a claim it has against a member or manager.

13 SECTION 10. NEW LAW A new section of law to be codified  
14 in the Oklahoma Statutes as Section 870.10 of Title 18, unless there  
15 is created a duplication in numbering, reads as follows:

16 A judgment or order against an unincorporated nonprofit  
17 association is not by itself a judgment or order against a member or  
18 manager.

19 SECTION 11. NEW LAW A new section of law to be codified  
20 in the Oklahoma Statutes as Section 870.11 of Title 18, unless there  
21 is created a duplication in numbering, reads as follows:

22 A. An unincorporated nonprofit association may file in the  
23 office of the Secretary of State a statement appointing an agent  
24 authorized to receive service of process.

1 B. A statement appointing an agent must set forth:

2 1. The name of the unincorporated nonprofit association; and

3 2. The name of the person in this state authorized to receive  
4 service of process and the address, including the street address, of  
5 the person in this state.

6 3. A statement appointing an agent must be signed and  
7 acknowledged by a person authorized to manage the affairs of the  
8 unincorporated nonprofit association and by the person appointed as  
9 the agent. By signing and acknowledging the statement the person  
10 becomes the agent.

11 4. An amendment to or cancellation of a statement appointing an  
12 agent to receive service of process must meet the requirements for  
13 executing of an original statement. An agent may resign by filing a  
14 resignation in the office of the Secretary of State and giving  
15 notice to the association.

16 5. The Secretary of State may collect a fee for filing a  
17 statement appointing an agent to receive service of process, an  
18 amendment, a cancellation, or a resignation in the amount charged  
19 for filing similar documents.

20 SECTION 12. NEW LAW A new section of law to be codified  
21 in the Oklahoma Statutes as Section 870.12 of Title 18, unless there  
22 is created a duplication in numbering, reads as follows:

23 In any action or proceeding against an unincorporated nonprofit  
24 association, process may be served on an agent authorized by

1 appointment to receive service of process, on a manager of the  
2 association, or in any other manner authorized by the law of this  
3 state.

4 SECTION 13. NEW LAW A new section of law to be codified  
5 in the Oklahoma Statutes as Section 870.13 of Title 18, unless there  
6 is created a duplication in numbering, reads as follows:

7 An action or proceeding against an unincorporated nonprofit  
8 association does not abate merely because of a change in its members  
9 or managers.

10 SECTION 14. NEW LAW A new section of law to be codified  
11 in the Oklahoma Statutes as Section 870.14 of Title 18, unless there  
12 is created a duplication in numbering, reads as follows:

13 Unless otherwise provided by law other than the Revised Uniform  
14 Unincorporated Nonprofit Association Act, venue of an action against  
15 an unincorporated nonprofit association brought in this state is  
16 determined under the statutes applicable to an action brought in  
17 this state against a corporation.

18 SECTION 15. NEW LAW A new section of law to be codified  
19 in the Oklahoma Statutes as Section 870.15 of Title 18, unless there  
20 is created a duplication in numbering, reads as follows:

21 A member is not an agent of the association solely by reason of  
22 being a member.

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1 SECTION 16. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 870.16 of Title 18, unless there  
3 is created a duplication in numbering, reads as follows:

4 A. Except as otherwise provided in the governing principles, an  
5 unincorporated nonprofit association must have the approval of its  
6 members to:

- 7 1. Admit, suspend, dismiss, or expel a member;
- 8 2. Select or dismiss a manager;
- 9 3. Adopt, amend, or repeal the governing principles;
- 10 4. Sell, lease, exchange, or otherwise dispose of all, or  
11 substantially all, of the property of the association, with or  
12 without the goodwill of the association, outside the ordinary course  
13 of its activities;
- 14 5. Dissolve under paragraph 2 of subsection A of Section 28 of  
15 this act or merge under Section 30 of this act;
- 16 6. Undertake any other act outside the ordinary course of the  
17 activities of the association; or
- 18 7. Determine the policy and purposes of the association.

19 B. An unincorporated nonprofit association must have the  
20 approval of the members to do any other act or exercise a right that  
21 the governing principles require to be approved by members.

22 SECTION 17. NEW LAW A new section of law to be codified  
23 in the Oklahoma Statutes as Section 870.17 of Title 18, unless there  
24 is created a duplication in numbering, reads as follows:

1 A. Unless the governing principles provide otherwise:

2 1. Approval of a matter by members requires an affirmative  
3 majority of the votes cast at a meeting of members; and

4 2. Each member is entitled to one vote on each matter that is  
5 submitted for approval by members.

6 B. Notice and quorum requirements for member meetings and the  
7 conduct of meetings of members are determined by the governing  
8 principles.

9 SECTION 18. NEW LAW A new section of law to be codified  
10 in the Oklahoma Statutes as Section 870.18 of Title 18, unless there  
11 is created a duplication in numbering, reads as follows:

12 A. A member does not have a fiduciary duty to an unincorporated  
13 nonprofit association or to another member solely by being a member.

14 B. A member shall discharge the duties to the unincorporated  
15 nonprofit association and the other members and exercise any rights  
16 under the Revised Uniform Unincorporated Nonprofit Association Act  
17 consistent with the governing principles and the obligation of good  
18 faith and fair dealing.

19 SECTION 19. NEW LAW A new section of law to be codified  
20 in the Oklahoma Statutes as Section 870.19 of Title 18, unless there  
21 is created a duplication in numbering, reads as follows:

22 A. A person becomes a member and may be suspended, dismissed,  
23 or expelled in accordance with the governing principles of the  
24 association. If there are no applicable governing principles, a

1 person may become a member or be suspended, dismissed, or expelled  
2 from an association only by a vote of its members. A person may not  
3 be admitted as a member without the consent of the person.

4 B. Unless the governing principles provide otherwise, the  
5 suspension, dismissal, or expulsion of a member does not relieve the  
6 member from any unpaid capital contribution, dues, assessments,  
7 fees, or other obligation incurred or commitment made by the member  
8 before the suspension, dismissal, or expulsion.

9 SECTION 20. NEW LAW A new section of law to be codified  
10 in the Oklahoma Statutes as Section 870.20 of Title 18, unless there  
11 is created a duplication in numbering, reads as follows:

12 A. A member may resign as a member in accordance with the  
13 governing principles. In the absence of applicable governing  
14 principles, a member may resign at any time.

15 B. Unless the governing principles provide otherwise,  
16 resignation of a member does not relieve the member from any unpaid  
17 capital contribution, dues, assessments, fees, or other obligation  
18 incurred or commitment made by the member before resignation.

19 SECTION 21. NEW LAW A new section of law to be codified  
20 in the Oklahoma Statutes as Section 870.21 of Title 18, unless there  
21 is created a duplication in numbering, reads as follows:

22 Except as otherwise provided in the governing principles, the  
23 interest of a member or any right under the governing principles is  
24 not transferable.

1 SECTION 22. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 870.22 of Title 18, unless there  
3 is created a duplication in numbering, reads as follows:

4 Except as otherwise provided in the Revised Uniform  
5 Unincorporated Nonprofit Association Act or the governing  
6 principles:

- 7 1. Only the members may select a manager or managers;
- 8 2. A manager may be a member or a nonmember;
- 9 3. If a manager is not selected, all members are managers;
- 10 4. Each manager has equal rights in the management and conduct  
11 of the activities of the association;
- 12 5. All matters relating to the activities of the association  
13 are decided by its managers except for matters reserved for approval  
14 by members in Section 16 of this act; and
- 15 6. A difference among managers is decided by a majority of the  
16 managers.

17 SECTION 23. NEW LAW A new section of law to be codified  
18 in the Oklahoma Statutes as Section 870.23 of Title 18, unless there  
19 is created a duplication in numbering, reads as follows:

20 A. A manager owes to the unincorporated nonprofit association  
21 and to its members the fiduciary duties of loyalty and care.

22 B. A manager shall manage the unincorporated nonprofit  
23 association in good faith, in a manner the manager reasonably  
24 believes to be in the best interests of the association, and with

1 such care, including reasonable inquiry, as a prudent person would  
2 reasonably exercise in a similar position and under similar  
3 circumstances. A manager may rely in good faith upon any opinion,  
4 report, statement, or other information provided by another person  
5 that the manager reasonably believes is a competent and reliable  
6 source for the information.

7 C. After full disclosure of all material facts, a specific act  
8 or transaction that would otherwise violate the duty of loyalty by a  
9 manager may be authorized or ratified by a majority of the members  
10 that are not interested directly or indirectly in the act or  
11 transaction.

12 D. A manager that makes a business judgment in good faith  
13 satisfies the duties specified in subsection A of this section if  
14 the manager:

15 1. Is not interested, directly or indirectly, in the subject of  
16 the business judgment and is otherwise able to exercise independent  
17 judgment;

18 2. Is informed with respect to the subject of the business  
19 judgment to the extent the manager reasonably believes to be  
20 appropriate under the circumstances; and

21 3. Believes that the business judgment is in the best interests  
22 of the unincorporated nonprofit association and in accordance with  
23 its purposes.

24

1 E. The governing principles in a record may limit or eliminate  
2 the liability of a manager to the unincorporated nonprofit  
3 association or its members for damages for any action taken, or for  
4 failure to take any action, as a manager, except liability for:

5 1. The amount of financial benefit improperly received by a  
6 manager;

7 2. An intentional infliction of harm on the association or one  
8 or more of its members;

9 3. An intentional violation of criminal law;

10 4. Breach of the duty of loyalty; or

11 5. Improper distributions.

12 SECTION 24. NEW LAW A new section of law to be codified  
13 in the Oklahoma Statutes as Section 870.24 of Title 18, unless there  
14 is created a duplication in numbering, reads as follows:

15 Notice and quorum requirements for meetings of managers and the  
16 conduct of meetings of managers are determined by the governing  
17 principles.

18 SECTION 25. NEW LAW A new section of law to be codified  
19 in the Oklahoma Statutes as Section 870.25 of Title 18, unless there  
20 is created a duplication in numbering, reads as follows:

21 A. On reasonable notice, a member or manager of an  
22 unincorporated nonprofit association may inspect and copy during the  
23 regular operating hours of the unincorporated nonprofit association,  
24 at a reasonable location specified by the association, any record

1 maintained by the association regarding its activities, financial  
2 condition, and other circumstances, to the extent the information is  
3 material to the rights and duties of the member or manager under the  
4 governing principles.

5 B. An unincorporated nonprofit association may impose  
6 reasonable restrictions on access to and use of information to be  
7 furnished under this section, including designating the information  
8 confidential and imposing obligations of nondisclosure and  
9 safeguarding on the recipient.

10 C. An unincorporated nonprofit association may charge a person  
11 that makes a demand under this section reasonable copying costs,  
12 limited to the costs of labor and materials.

13 D. A former member or manager is entitled to information to  
14 which the member or manager was entitled while a member or manager  
15 if the information pertains to the period during which the person  
16 was a member or manager, the former member or manager seeks the  
17 information in good faith, and the former member or manager  
18 satisfies subsections A through C of this section.

19 SECTION 26. NEW LAW A new section of law to be codified  
20 in the Oklahoma Statutes as Section 870.26 of Title 18, unless there  
21 is created a duplication in numbering, reads as follows:

22 A. Except as otherwise provided in subsection B of this  
23 section, an unincorporated nonprofit association may not pay  
24 dividends or make distributions to a member or manager.

1 B. An unincorporated nonprofit association may:

2 1. Pay reasonable compensation or reimburse reasonable expenses  
3 to a member or manager for services rendered;

4 2. Confer benefits on a member or manager in conformity with  
5 its nonprofit purposes;

6 3. Repurchase a membership and repay a capital contribution  
7 made by a member to the extent authorized by its governing  
8 principles; or

9 4. Make distributions of property to members upon winding up  
10 and termination to the extent permitted by Section 29 of this act.

11 SECTION 27. NEW LAW A new section of law to be codified  
12 in the Oklahoma Statutes as Section 870.27 of Title 18, unless there  
13 is created a duplication in numbering, reads as follows:

14 A. Except as otherwise provided in the governing principles, an  
15 unincorporated nonprofit association shall reimburse a member or  
16 manager for authorized expenses reasonably incurred in the course of  
17 the activities of the member or manager on behalf of the  
18 association.

19 B. An unincorporated nonprofit association may indemnify a  
20 member or manager for any debt, obligation, or other liability  
21 incurred in the course of the activities of the member or manager on  
22 behalf of the association if the person seeking indemnification has  
23 complied with Sections 18 and 23 of this act. Governing principles  
24 in a record may broaden or limit indemnification.

1 C. If a person is made or threatened to be made a party in an  
2 action based on the activities of that person on behalf of an  
3 unincorporated nonprofit association and the person makes a request  
4 in a record to the association, a majority of the disinterested  
5 managers may approve in a record advance payment, or reimbursement,  
6 by the association, of all or a part of the reasonable expenses,  
7 including attorney fees and costs, incurred by the person before the  
8 final disposition of the proceeding. To be entitled to an advance  
9 payment or reimbursement, the person must state in a record that the  
10 person has a good faith belief that the criteria for indemnification  
11 in subsection B of this section have been satisfied and that the  
12 person will repay the amounts advanced or reimbursed if the criteria  
13 for payment have not been satisfied. The governing principles in a  
14 record may broaden or limit the advance payments or reimbursements.

15 D. An unincorporated nonprofit association may purchase  
16 insurance on behalf of a member or manager for liability asserted  
17 against or incurred by the member or manager in the capacity of a  
18 member or manager, whether or not the association has authority  
19 under the Revised Uniform Unincorporated Nonprofit Association Act  
20 to reimburse, indemnify, or advance expenses to the member or  
21 manager against the liability.

22 E. The rights of reimbursement, indemnification, and  
23 advancement of expenses under this section apply to a former member  
24

1 or manager for an activity undertaken on behalf of the  
2 unincorporated nonprofit association while a member or manager.

3 SECTION 28. NEW LAW A new section of law to be codified  
4 in the Oklahoma Statutes as Section 870.28 of Title 18, unless there  
5 is created a duplication in numbering, reads as follows:

6 A. An unincorporated nonprofit association may be dissolved as  
7 follows:

8 1. If the governing principles provide a time or method for  
9 dissolution, at that time or by that method;

10 2. If the governing principles do not provide a time or method  
11 for dissolution, upon approval by the members;

12 3. If no member can be located and the operations of the  
13 association have been discontinued for at least three (3) years, by  
14 the managers or, if the association has no current manager, by its  
15 last manager;

16 4. By court order; or

17 5. Under law other than the Revised Uniform Unincorporated  
18 Nonprofit Association Act.

19 B. After dissolution, an unincorporated nonprofit association  
20 continues in existence until its activities have been wound up and  
21 it is terminated pursuant to Section 29 of this act.

22 SECTION 29. NEW LAW A new section of law to be codified  
23 in the Oklahoma Statutes as Section 870.29 of Title 18, unless there  
24 is created a duplication in numbering, reads as follows:

1 Winding up and termination of an unincorporated nonprofit  
2 association must proceed in accordance with the following rules:

3 1. All known debts and liabilities must be paid or adequately  
4 provided for;

5 2. Any property subject to a condition requiring return to the  
6 person designated by the donor must be transferred to that person;

7 3. Any property subject to a trust must be distributed in  
8 accordance with the trust agreement; and

9 4. Any remaining property must be distributed as follows:

10 a. as required by law other than the Revised Uniform  
11 Unincorporated Nonprofit Association Act that requires  
12 assets of an association to be distributed to another  
13 person with similar nonprofit purposes,

14 b. in accordance with the governing principles of the  
15 association or in the absence of applicable governing  
16 principles, to the members of the association per  
17 capita or as the members direct, or

18 c. if neither subparagraph a nor b of this paragraph  
19 applies, under the Uniform Unclaimed Property Act.

20 SECTION 30. NEW LAW A new section of law to be codified  
21 in the Oklahoma Statutes as Section 870.30 of Title 18, unless there  
22 is created a duplication in numbering, reads as follows:

23 A. As used in this section:  
24

1        1. "Constituent organization" means an organization that is  
2 merged with one or more other organizations including the surviving  
3 organization;

4        2. "Nonsurviving organization" means a constituent organization  
5 that is not the surviving organization;

6        3. "Organization" means an unincorporated nonprofit  
7 association, a general partnership, including a limited liability  
8 partnership, limited partnership, including a limited liability  
9 limited partnership, limited liability company, business or  
10 statutory trust, corporation, or any other legal or commercial  
11 entity having a statute governing its formation and operation. The  
12 term includes a for-profit or nonprofit organization; and

13        4. "Surviving organization" means an organization into which  
14 one or more other organizations are merged.

15        B. An unincorporated nonprofit association may merge with any  
16 organization that is authorized by law to merge with an  
17 unincorporated nonprofit association.

18        C. A merger involving an unincorporated nonprofit association  
19 is subject to the following rules:

20        1. Each constituent organization shall comply with its  
21 governing law;

22        2. Each party to the merger shall approve a plan of merger.  
23 The plan, which must be in a record, must include the following  
24 provisions:

- 1 a. the name and form of each organization that is a party  
2 to the merger,
- 3 b. the name and form of the surviving organization and,  
4 if the surviving organization is to be created by the  
5 merger, a statement to that effect,
- 6 c. if the surviving organization is to be created by the  
7 merger, the organizational documents of the surviving  
8 organization that are proposed to be in a record,
- 9 d. if the surviving organization is not to be created by  
10 the merger, any amendments to be made by the merger to  
11 the organizational documents of the surviving  
12 organization that are, or are proposed to be, in a  
13 record; and
- 14 e. the terms and conditions of the merger, including the  
15 manner and basis for converting the interests in each  
16 constituent organization into any combination of  
17 money, interests in the surviving organization, and  
18 other consideration except that the plan of merger may  
19 not permit members of an unincorporated nonprofit  
20 association to receive merger consideration if a  
21 distribution of such consideration would not be  
22 permitted in the absence of a merger under Sections 26  
23 and 29 of this act;
- 24

1           3. The plan of merger must be approved by the members of each  
2 unincorporated nonprofit association that is a constituent  
3 organization in the merger. If a plan of merger would impose  
4 personal liability for an obligation of a constituent or surviving  
5 organization on a member of an association that is a party to the  
6 merger, the plan may not take effect unless it is approved in a  
7 record by the member;

8           4. Subject to the contractual rights of third parties, after a  
9 plan of merger is approved and at any time before the merger is  
10 effective, a constituent organization may amend the plan or abandon  
11 the merger as provided in the plan, or except as otherwise  
12 prohibited in the plan, with the same consent as was required to  
13 approve the plan; and

14           5. Following approval of the plan, a merger under this section  
15 is effective:

16           a. if a constituent organization is required to give  
17 notice to or obtain the approval of a governmental  
18 agency or officer in order to be a party to a merger,  
19 when the notice has been given and the approval has  
20 been obtained, and

21           b. if the surviving organization:

22           (1) is an unincorporated nonprofit association, as  
23 specified in the plan of merger and upon  
24 compliance by any constituent organization that

1 is not an association with any requirements,  
2 including any required filings in the office of  
3 the Secretary of State, of the governing statute  
4 of the organization, or

5 (2) is not an unincorporated nonprofit association,  
6 as provided by the statute governing the  
7 surviving organization.

8 D. When a merger becomes effective:

9 1. The surviving organization continues or comes into  
10 existence;

11 2. Each constituent organization that merges into the surviving  
12 organization ceases to exist as a separate entity;

13 3. All property owned by each constituent organization that  
14 ceases to exist vests in the surviving organization;

15 4. All debts, obligations, or other liabilities of each  
16 nonsurviving organization continue as debts, obligations, or other  
17 liabilities of the surviving organization;

18 5. An action or proceeding pending by or against any  
19 nonsurviving organization may be continued as if the merger had not  
20 occurred;

21 6. Except as prohibited by law other than the Revised Uniform  
22 Unincorporated Nonprofit Association Act, all of the rights,  
23 privileges, immunities, powers, and purposes of each constituent  
24

1 organization that ceases to exist vest in the surviving  
2 organization;

3 7. Except as otherwise provided in the plan of merger, the  
4 terms and conditions of the plan of merger take effect;

5 8. The merger does not affect the personal liability, if any,  
6 of a member or manager of a constituent organization for a debt,  
7 obligation, or other liability incurred before the merger is  
8 effective; and

9 9. A surviving organization that is not organized in this state  
10 is subject to the jurisdiction of the courts of this state to  
11 enforce any debt, obligation, or other liability owed by a  
12 constituent organization, if before the merger the constituent  
13 organization was subject to suit in this state for the debt,  
14 obligation, or other liability.

15 E. Property held for a charitable purpose under the law of this  
16 state by a constituent organization immediately before a merger  
17 under this section becomes effective may not, as a result of the  
18 merger, be diverted from the objects for which it was given, unless,  
19 to the extent required by or pursuant to the law of this state  
20 concerning cy pres or other law dealing with nondiversion of  
21 charitable assets, the organization obtains an appropriate order of  
22 a district court specifying the disposition of the property.

23 F. A bequest, devise, gift, grant, or promise contained in a  
24 will or other instrument of donation, subscription, or conveyance

1 that is made to a nonsurviving organization and that takes effect or  
2 remains payable after the merger inures to the surviving  
3 organization. A trust obligation that would govern property if  
4 transferred to the nonsurviving organization applies to property  
5 that is transferred to the surviving organization under this  
6 section.

7 SECTION 31. NEW LAW A new section of law to be codified  
8 in the Oklahoma Statutes as Section 870.31 of Title 18, unless there  
9 is created a duplication in numbering, reads as follows:

10 A. If, before the effective date of the Revised Uniform  
11 Unincorporated Nonprofit Association Act, an interest in property  
12 was by terms of a transfer purportedly transferred to an  
13 unincorporated nonprofit association but under the law of this state  
14 the interest did not vest in the association, or in one or more  
15 persons on behalf of the association under subsection B of this  
16 section, on the effective date of the Revised Uniform Unincorporated  
17 Nonprofit Association Act the interest vests in the association,  
18 unless the parties to the transfer have treated the transfer as  
19 ineffective.

20 B. If, before the effective date of the Revised Uniform  
21 Unincorporated Nonprofit Association Act, an interest in property  
22 was by terms of a transfer purportedly transferred to an  
23 unincorporated nonprofit association, but the interest was vested in  
24 one or more persons to hold the interest for members of the

1 association, on or after the effective date of the Revised Uniform  
2 Unincorporated Nonprofit Association Act the persons, or their  
3 successors in interest, may transfer the interest to the association  
4 in its name, or the association may require that the interest be  
5 transferred to it in its name.

6 SECTION 32. NEW LAW A new section of law to be codified  
7 in the Oklahoma Statutes as Section 870.32 of Title 18, unless there  
8 is created a duplication in numbering, reads as follows:

9 In applying and construing the Revised Uniform Unincorporated  
10 Nonprofit Association Act, consideration must be given to the need  
11 to promote uniformity of the law with respect to its subject matter  
12 among states that enact it.

13 SECTION 33. NEW LAW A new section of law to be codified  
14 in the Oklahoma Statutes as Section 870.33 of Title 18, unless there  
15 is created a duplication in numbering, reads as follows:

16 The Revised Uniform Unincorporated Nonprofit Association Act  
17 modifies, limits, and supersedes the federal Electronic Signatures  
18 in Global and National Commerce Act, 15 U.S.C. section 7001, et  
19 seq., but does not modify, limit, or supersede section 101(c) of  
20 that act, 15 U.S.C. section 7001(c), or authorize electronic  
21 delivery of any of the notices described in section 103(b) of that  
22 act, 15 U.S.C. section 7003(b).

23  
24

1 SECTION 34. NEW LAW A new section of law to be codified  
2 in the Oklahoma Statutes as Section 870.34 of Title 18, unless there  
3 is created a duplication in numbering, reads as follows:

4 The Revised Uniform Unincorporated Nonprofit Association Act  
5 does not affect an action or proceeding commenced or right accrued  
6 before the Revised Uniform Unincorporated Nonprofit Association Act  
7 takes effect.

8 SECTION 35. This act shall become effective November 1, 2009.  
9 Passed the Senate the 2nd day of March, 2009.

10  
11 \_\_\_\_\_  
12 Presiding Officer of the Senate

13 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
14 2009.

15  
16 \_\_\_\_\_  
17 Presiding Officer of the House  
18 of Representatives  
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