

1 STATE OF OKLAHOMA

2 1st Session of the 52nd Legislature (2009)

3 SENATE BILL 885

By: Anderson

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5
6 AS INTRODUCED

7 An Act relating to corporations; creating the Revised
8 Uniform Unincorporated Nonprofit Association Act;
9 providing short title; defining terms; providing for
10 conflicts of law; specifying governing law;
11 specifying powers and duration of unincorporated
12 nonprofit associations; providing for the ownership
13 and transfer of property; specifying liability
14 parameters; providing for claims, venue and judgments
15 of unincorporated nonprofit associations; providing
16 for service agents and service of process; requiring
17 approval of members for certain actions; providing
18 procedures and requirements for meetings and members
19 of unincorporated nonprofit associations; providing
20 requirements and duties of managers of unincorporated
21 nonprofit associations; providing for compensation
22 and reimbursement of members and managers; providing
23 procedures for dissolution, termination and merger of
24 unincorporated nonprofit associations; providing for
interpretation and applicability of act; providing
for codification; and providing an effective date.

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

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

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

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

4 As used in the Revised Uniform Unincorporated Nonprofit
5 Association Act:

6 1. "Established practices" means the practices used by an
7 unincorporated nonprofit association without material change during
8 the most recent five (5) years of its existence, or if it has
9 existed for less than five (5) years, during its entire existence;

10 2. "Governing principles" means the agreements, whether oral,
11 in a record, or implied from its established practices, that govern
12 the purpose or operation of an unincorporated nonprofit association
13 and the rights and obligations of its members and managers. The
14 term includes any amendment or restatement of the agreements
15 constituting the governing principles;

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

19 4. "Member" means a person that, under the governing
20 principles, may participate in the selection of persons authorized
21 to manage the affairs of the unincorporated nonprofit association or
22 in the development of the policies and activities of the
23 association;

24 5. "Person" means an individual, corporation, business trust,

1 statutory entity trust, estate, trust, partnership, limited
2 liability company, cooperative, association, joint venture, public
3 corporation, government or governmental subdivision, agency, or
4 instrumentality, or any other legal or commercial entity;

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

8 7. "State" means a state of the United States, the District of
9 Columbia, Puerto Rico, United States Virgin Islands, or any
10 territory or insular possession subject to the jurisdiction of the
11 United States; and

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

- 17 a. a trust,
- 18 b. a marriage, domestic partnership, common law domestic
19 relationship, civil union, or other domestic living
20 arrangement,
- 21 c. an organization formed under any other statute that
22 governs the organization and operation of
23 unincorporated associations,

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- 1 d. a joint tenancy, tenancy in common, or tenancy by the
2 entireties even if the co-owners share use of the
3 property for a nonprofit purpose, or
4 e. a relationship under an agreement in a record that
5 expressly provides that the relationship between the
6 parties does not create an unincorporated nonprofit
7 association.

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

11 A. Principles of law and equity supplement the Revised Uniform
12 Unincorporated Nonprofit Association Act unless displaced by a
13 particular provision of it.

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

17 C. The Revised Uniform Unincorporated Nonprofit Association Act
18 supplements the law of this state that applies to nonprofit
19 associations operating in this state. If a conflict exists, the
20 state law applies.

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

1 A. Except as otherwise provided in subsection B of this
2 Section, the law of this state governs the operation in this state
3 of all unincorporated nonprofit associations formed or operating in
4 this state.

5 B. Unless the governing principles specify a different
6 jurisdiction, the law of the jurisdiction in which an unincorporated
7 nonprofit association has its main place of activities governs the
8 internal affairs of the association.

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

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

14 B. An unincorporated nonprofit association has perpetual
15 duration unless the governing principles specify otherwise.

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

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

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

1 A. An unincorporated nonprofit association may acquire, hold,
2 encumber, or transfer in its name an interest in real or personal
3 property.

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

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

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

12 B. An interest in real property held in the name of an
13 unincorporated nonprofit association may be transferred by a person
14 authorized to do so in a statement of authority filed by the
15 association in the office of the county clerk in which a transfer of
16 the property would be filed.

17 C. A statement of authority must set forth:

18 1. The name of the unincorporated nonprofit association;

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

22 3. That the association is an unincorporated nonprofit
23 association; and

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1 4. The name, title, or position of a person authorized to
2 transfer an estate or interest in real property held in the name of
3 the association.

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

7 E. A filing officer may collect a fee for filing a statement of
8 authority in the amount authorized for filing a transfer of real
9 property.

10 F. A document amending, revoking, or canceling a statement of
11 authority or stating that the statement is unauthorized or erroneous
12 must meet the requirements for executing and filing an original
13 statement.

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

17 H. If the record title to real property is in the name of an
18 unincorporated nonprofit association and the statement of authority
19 is filed in the office of the county clerk in which a transfer of
20 the property would be filed, the authority of the person named in
21 the statement to transfer is conclusive in favor of a person that
22 gives value without notice that the person lacks authority.

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

4 A. A debt, obligation, or other liability of an unincorporated
5 nonprofit association, whether arising in contract, tort, or
6 otherwise:

7 1. Is solely the debt, obligation, or other liability of the
8 association; and

9 2. Does not become a debt, obligation, or other liability of a
10 member or manager solely because the member acts as a member or the
11 manager acts as a manager.

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

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

19 A. An unincorporated nonprofit association may sue or be sued
20 in its own name.

21 B. A member or manager may assert a claim the member or manager
22 has against the unincorporated nonprofit association. An
23 association may assert a claim it has against a member or manager.

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

4 A judgment or order against an unincorporated nonprofit
5 association is not by itself a judgment or order against a member or
6 manager.

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

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

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

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

15 2. The name of the person in this state authorized to receive
16 service of process and the address, including the street address, of
17 the person in this state.

18 3. A statement appointing an agent must be signed and
19 acknowledged by a person authorized to manage the affairs of the
20 unincorporated nonprofit association and by the person appointed as
21 the agent. By signing and acknowledging the statement the person
22 becomes the agent.

23 4. An amendment to or cancellation of a statement appointing an
24 agent to receive service of process must meet the requirements for

1 executing of an original statement. An agent may resign by filing a
2 resignation in the office of the Secretary of State and giving
3 notice to the association.

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

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

11 In any action or proceeding against an unincorporated nonprofit
12 association, process may be served on an agent authorized by
13 appointment to receive service of process, on a manager of the
14 association, or in any other manner authorized by the law of this
15 state.

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

19 An action or proceeding against an unincorporated nonprofit
20 association does not abate merely because of a change in its members
21 or managers.

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

1 Unless otherwise provided by law other than the Revised Uniform
2 Unincorporated Nonprofit Association Act, venue of an action against
3 an unincorporated nonprofit association brought in this state is
4 determined under the statutes applicable to an action brought in
5 this state against a corporation.

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

9 A member is not an agent of the association solely by reason of
10 being a member.

11 SECTION 16. NEW LAW A new section of law to be codified
12 in the Oklahoma Statutes as Section 870.16 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 must have the approval of its
16 members to:

- 17 1. Admit, suspend, dismiss, or expel a member;
- 18 2. Select or dismiss a manager;
- 19 3. Adopt, amend, or repeal the governing principles;
- 20 4. Sell, lease, exchange, or otherwise dispose of all, or
21 substantially all, of the property of the association, with or
22 without the goodwill of the association, outside the ordinary course
23 of its activities;

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1 5. Dissolve under paragraph 2 of subsection A of Section 28 of
2 this act or merge under Section 30 of this act;

3 6. Undertake any other act outside the ordinary course of the
4 activities of the association; or

5 7. Determine the policy and purposes of the association.

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

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

12 A. Unless the governing principles provide otherwise:

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

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

17 B. Notice and quorum requirements for member meetings and the
18 conduct of meetings of members are determined by the governing
19 principles.

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

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

1 B. A member shall discharge the duties to the unincorporated
2 nonprofit association and the other members and exercise any rights
3 under the Revised Uniform Unincorporated Nonprofit Association Act
4 consistent with the governing principles and the obligation of good
5 faith and fair dealing.

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

9 A. A person becomes a member and may be suspended, dismissed,
10 or expelled in accordance with the governing principles of the
11 association. If there are no applicable governing principles, a
12 person may become a member or be suspended, dismissed, or expelled
13 from an association only by a vote of its members. A person may not
14 be admitted as a member without the consent of the person.

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

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

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1 A. A member may resign as a member in accordance with the
2 governing principles. In the absence of applicable governing
3 principles, a member may resign at any time.

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

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

11 Except as otherwise provided in the governing principles, the
12 interest of a member or any right under the governing principles is
13 not transferable.

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

17 Except as otherwise provided in the Revised Uniform
18 Unincorporated Nonprofit Association Act or the governing
19 principles:

- 20 1. Only the members may select a manager or managers;
- 21 2. A manager may be a member or a nonmember;
- 22 3. If a manager is not selected, all members are managers;
- 23 4. Each manager has equal rights in the management and conduct
24 of the activities of the association;

1 5. All matters relating to the activities of the association
2 are decided by its managers except for matters reserved for approval
3 by members in Section 16 of this act; and

4 6. A difference among managers is decided by a majority of the
5 managers.

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

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

11 B. A manager shall manage the unincorporated nonprofit
12 association in good faith, in a manner the manager reasonably
13 believes to be in the best interests of the association, and with
14 such care, including reasonable inquiry, as a prudent person would
15 reasonably exercise in a similar position and under similar
16 circumstances. A manager may rely in good faith upon any opinion,
17 report, statement, or other information provided by another person
18 that the manager reasonably believes is a competent and reliable
19 source for the information.

20 C. After full disclosure of all material facts, a specific act
21 or transaction that would otherwise violate the duty of loyalty by a
22 manager may be authorized or ratified by a majority of the members
23 that are not interested directly or indirectly in the act or
24 transaction.

1 D. A manager that makes a business judgment in good faith
2 satisfies the duties specified in subsection A of this section if
3 the manager:

4 1. Is not interested, directly or indirectly, in the subject of
5 the business judgment and is otherwise able to exercise independent
6 judgment;

7 2. Is informed with respect to the subject of the business
8 judgment to the extent the manager reasonably believes to be
9 appropriate under the circumstances; and

10 3. Believes that the business judgment is in the best interests
11 of the unincorporated nonprofit association and in accordance with
12 its purposes.

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

17 1. The amount of financial benefit improperly received by a
18 manager;

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

21 3. An intentional violation of criminal law;

22 4. Breach of the duty of loyalty; or

23 5. Improper distributions.
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1 SECTION 24. NEW LAW A new section of law to be codified
2 in the Oklahoma Statutes as Section 670.24 of Title 18, unless there
3 is created a duplication in numbering, reads as follows:

4 Notice and quorum requirements for meetings of managers and the
5 conduct of meetings of managers are determined by the governing
6 principles.

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

10 A. On reasonable notice, a member or manager of an
11 unincorporated nonprofit association may inspect and copy during the
12 regular operating hours of the unincorporated nonprofit association,
13 at a reasonable location specified by the association, any record
14 maintained by the association regarding its activities, financial
15 condition, and other circumstances, to the extent the information is
16 material to the rights and duties of the member or manager under the
17 governing principles.

18 B. An unincorporated nonprofit association may impose
19 reasonable restrictions on access to and use of information to be
20 furnished under this section, including designating the information
21 confidential and imposing obligations of nondisclosure and
22 safeguarding on the recipient.

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

4 D. A former member or manager is entitled to information to
5 which the member or manager was entitled while a member or manager
6 if the information pertains to the period during which the person
7 was a member or manager, the former member or manager seeks the
8 information in good faith, and the former member or manager
9 satisfies subsections A through C of this section.

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

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

16 B. An unincorporated nonprofit association may:

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

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

21 3. Repurchase a membership and repay a capital contribution
22 made by a member to the extent authorized by its governing
23 principles; or

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

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

6 A. Except as otherwise provided in the governing principles, an
7 unincorporated nonprofit association shall reimburse a member or
8 manager for authorized expenses reasonably incurred in the course of
9 the activities of the member or manager on behalf of the
10 association.

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

17 C. If a person is made or threatened to be made a party in an
18 action based on the activities of that person on behalf of an
19 unincorporated nonprofit association and the person makes a request
20 in a record to the association, a majority of the disinterested
21 managers may approve in a record advance payment, or reimbursement,
22 by the association, of all or a part of the reasonable expenses,
23 including attorney fees and costs, incurred by the person before the
24 final disposition of the proceeding. To be entitled to an advance

1 payment or reimbursement, the person must state in a record that the
2 person has a good faith belief that the criteria for indemnification
3 in subsection B of this section have been satisfied and that the
4 person will repay the amounts advanced or reimbursed if the criteria
5 for payment have not been satisfied. The governing principles in a
6 record may broaden or limit the advance payments or reimbursements.

7 D. An unincorporated nonprofit association may purchase
8 insurance on behalf of a member or manager for liability asserted
9 against or incurred by the member or manager in the capacity of a
10 member or manager, whether or not the association has authority
11 under the Revised Uniform Unincorporated Nonprofit Association Act
12 to reimburse, indemnify, or advance expenses to the member or
13 manager against the liability.

14 E. The rights of reimbursement, indemnification, and
15 advancement of expenses under this section apply to a former member
16 or manager for an activity undertaken on behalf of the
17 unincorporated nonprofit association while a member or manager.

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

21 A. An unincorporated nonprofit association may be dissolved as
22 follows:

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

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

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

7 4. By court order; or

8 5. Under law other than the Revised Uniform Unincorporated
9 Nonprofit Association Act.

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

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

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

18 1. All known debts and liabilities must be paid or adequately
19 provided for;

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

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

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

- 1 a. as required by law other than the Revised Uniform
2 Unincorporated Nonprofit Association Act that requires
3 assets of an association to be distributed to another
4 person with similar nonprofit purposes,
5 b. in accordance with the governing principles of the
6 association or in the absence of applicable governing
7 principles, to the members of the association per
8 capita or as the members direct, or
9 c. if neither subparagraph a nor b of this paragraph
10 applies, under the Uniform Unclaimed Property Act.

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

14 A. As used in this section:

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

18 2. "Nonsurviving organization" means a constituent organization
19 that is not the surviving organization;

20 3. "Organization" means an unincorporated nonprofit
21 association, a general partnership, including a limited liability
22 partnership, limited partnership, including a limited liability
23 limited partnership, limited liability company, business or
24 statutory trust, corporation, or any other legal or commercial

1 entity having a statute governing its formation and operation. The
2 term includes a for-profit or nonprofit organization; and

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

5 B. An unincorporated nonprofit association may merge with any
6 organization that is authorized by law to merge with an
7 unincorporated nonprofit association.

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

10 1. Each constituent organization shall comply with its
11 governing law;

12 2. Each party to the merger shall approve a plan of merger.
13 The plan, which must be in a record, must include the following
14 provisions:

15 a. the name and form of each organization that is a party
16 to the merger,

17 b. the name and form of the surviving organization and,
18 if the surviving organization is to be created by the
19 merger, a statement to that effect,

20 c. if the surviving organization is to be created by the
21 merger, the organizational documents of the surviving
22 organization that are proposed to be in a record,

23 d. if the surviving organization is not to be created by
24 the merger, any amendments to be made by the merger to

1 the organizational documents of the surviving
2 organization that are, or are proposed to be, in a
3 record; and

4 e. the terms and conditions of the merger, including the
5 manner and basis for converting the interests in each
6 constituent organization into any combination of
7 money, interests in the surviving organization, and
8 other consideration except that the plan of merger may
9 not permit members of an unincorporated nonprofit
10 association to receive merger consideration if a
11 distribution of such consideration would not be
12 permitted in the absence of a merger under Sections 26
13 and 29 of this act;

14 3. The plan of merger must be approved by the members of each
15 unincorporated nonprofit association that is a constituent
16 organization in the merger. If a plan of merger would impose
17 personal liability for an obligation of a constituent or surviving
18 organization on a member of an association that is a party to the
19 merger, the plan may not take effect unless it is approved in a
20 record by the member;

21 4. Subject to the contractual rights of third parties, after a
22 plan of merger is approved and at any time before the merger is
23 effective, a constituent organization may amend the plan or abandon
24 the merger as provided in the plan, or except as otherwise

1 prohibited in the plan, with the same consent as was required to
2 approve the plan; and

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

5 a. if a constituent organization is required to give
6 notice to or obtain the approval of a governmental
7 agency or officer in order to be a party to a merger,
8 when the notice has been given and the approval has
9 been obtained, and

10 b. if the surviving organization:

11 (1) is an unincorporated nonprofit association, as
12 specified in the plan of merger and upon
13 compliance by any constituent organization that
14 is not an association with any requirements,
15 including any required filings in the office of
16 the Secretary of State, of the governing statute
17 of the organization, or

18 (2) is not an unincorporated nonprofit association,
19 as provided by the statute governing the
20 surviving organization.

21 D. When a merger becomes effective:

22 1. The surviving organization continues or comes into
23 existence;

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- 1 2. Each constituent organization that merges into the surviving
2 organization ceases to exist as a separate entity;
- 3 3. All property owned by each constituent organization that
4 ceases to exist vests in the surviving organization;
- 5 4. All debts, obligations, or other liabilities of each
6 nonsurviving organization continue as debts, obligations, or other
7 liabilities of the surviving organization;
- 8 5. An action or proceeding pending by or against any
9 nonsurviving organization may be continued as if the merger had not
10 occurred;
- 11 6. Except as prohibited by law other than the Revised Uniform
12 Unincorporated Nonprofit Association Act, all of the rights,
13 privileges, immunities, powers, and purposes of each constituent
14 organization that ceases to exist vest in the surviving
15 organization;
- 16 7. Except as otherwise provided in the plan of merger, the
17 terms and conditions of the plan of merger take effect;
- 18 8. The merger does not affect the personal liability, if any,
19 of a member or manager of a constituent organization for a debt,
20 obligation, or other liability incurred before the merger is
21 effective; and
- 22 9. A surviving organization that is not organized in this state
23 is subject to the jurisdiction of the courts of this state to
24 enforce any debt, obligation, or other liability owed by a

1 constituent organization, if before the merger the constituent
2 organization was subject to suit in this state for the debt,
3 obligation, or other liability.

4 E. Property held for a charitable purpose under the law of this
5 state by a constituent organization immediately before a merger
6 under this section becomes effective may not, as a result of the
7 merger, be diverted from the objects for which it was given, unless,
8 to the extent required by or pursuant to the law of this state
9 concerning cy pres or other law dealing with nondiversion of
10 charitable assets, the organization obtains an appropriate order of
11 a district court specifying the disposition of the property.

12 F. A bequest, devise, gift, grant, or promise contained in a
13 will or other instrument of donation, subscription, or conveyance
14 that is made to a nonsurviving organization and that takes effect or
15 remains payable after the merger inures to the surviving
16 organization. A trust obligation that would govern property if
17 transferred to the nonsurviving organization applies to property
18 that is transferred to the surviving organization under this
19 section.

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

23 A. If, before the effective date of the Revised Uniform
24 Unincorporated Nonprofit Association Act, an interest in property

1 was by terms of a transfer purportedly transferred to an
2 unincorporated nonprofit association but under the law of this state
3 the interest did not vest in the association, or in one or more
4 persons on behalf of the association under subsection b of this
5 section, on the effective date of the Revised Uniform Unincorporated
6 Nonprofit Association Act the interest vests in the association,
7 unless the parties to the transfer have treated the transfer as
8 ineffective.

9 B. If, before the effective date of the Revised Uniform
10 Unincorporated Nonprofit Association Act, an interest in property
11 was by terms of a transfer purportedly transferred to an
12 unincorporated nonprofit association, but the interest was vested in
13 one or more persons to hold the interest for members of the
14 association, on or after the effective date of the Revised Uniform
15 Unincorporated Nonprofit Association Act the persons, or their
16 successors in interest, may transfer the interest to the association
17 in its name, or the association may require that the interest be
18 transferred to it in its name.

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

22 In applying and construing the Revised Uniform Unincorporated
23 Nonprofit Association Act, consideration must be given to the need
24

1 to promote uniformity of the law with respect to its subject matter
2 among states that enact it.

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

6 The Revised Uniform Unincorporated Nonprofit Association Act
7 modifies, limits, and supersedes the federal Electronic Signatures
8 in Global and National Commerce Act, 15 U.S.C. section 7001, et
9 seq., but does not modify, limit, or supersede section 101(c) of
10 that act, 15 U.S.C. section 7001(c), or authorize electronic
11 delivery of any of the notices described in section 103(b) of that
12 act, 15 U.S.C. section 7003(b).

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

16 The Revised Uniform Unincorporated Nonprofit Association Act
17 does not affect an action or proceeding commenced or right accrued
18 before the Revised Uniform Unincorporated Nonprofit Association Act
19 takes effect.

20 SECTION 35. This act shall become effective November 1, 2009.

21

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