

12/821

#77

11/19/76

Memorandum 76-104

Subject: Study 77 - Nonprofit Corporations (Outline of Division 2)

Attached is a revised outline of Division 2 (Nonprofit Corporation Law). We expect that we will have to make some modifications in the outline when we actually redraft the division to make the changes required by the Commission decisions at the October and November meetings.

We do not plan to discuss the outline at the December meeting unless a Commissioner wishes to bring it up for discussion.

Respectfully submitted,

John H. DeMouilly  
Executive Secretary

PROPOSED OUTLINE FOR NONPROFIT CORPORATION LAW

CHAPTER 1. PRELIMINARY PROVISIONS AND DEFINITIONS

Article 1. Short Title and Rules of Construction

- § 5000. Short title
- § 5001. Construction of division
- § 5002. Financial statements and similar provisions
- § 5003. References to mailing
- § 5004. Reference to time notice is given or sent
- § 5005. Declaration under penalty of perjury in lieu of affidavit
- § 5050. Amendment or repeal; reservation of power; savings clause
- § 5051. Severability provision

Article 2. Definitions

- § 5100. Application of definitions
- § 5105. [First definition]  
[remainder of definitions arranged in alphabetical order]

CHAPTER 2. GENERAL PROVISIONS

Article 1. Applicability of Division

- § 5210. Applicability of division
- § 5211. Applicability to religious organizations
- § 5212. Effect on existence of corporations

Article 2. Applicability of General Corporation Law § 5220

[See First Supplement to Memorandum 76-100.]

Article 3. Evidentiary Effect of Corporate Documents and Instruments

- § 5230. Evidence of corporate formation and existence
- § 5231. Evidence of bylaws, resolution, meeting, or minutes
- § 5232. Evidentiary effect of certified copy of agreement of merger or consolidation
- § 5233. Evidence of record ownership in surviving or consolidated corporation
- § 5234. Evidentiary effect of certificate of amendment of articles  
[Additional sections with other evidentiary effect provisions]

Article 4. Enforcement by Attorney General

- § 5240. Enforcement of certain statutory provisions by Attorney General

CHAPTER 3. PURPOSES, POWERS, AND FORMATION

Article 1. Purposes and Powers

- § 5310. Any lawful purpose other than distribution of dividends
- § 5311. Powers of nonprofit corporation
- § 5312. Defense of ultra vires
- § 5313. Enjoining ultra vires act of nonprofit corporation holding assets on charitable trust
- § 5314. Power to engage in business activity
- § 5315. Distributions to members prohibited
- § 5316. Illegal distribution; derivative action against members

Article 2. Formation

- § 5320. Nonprofit corporation formed by executing and filing articles
- § 5321. Execution of articles
- § 5322. Filing of articles
- § 5323. Additional requirement for charitable corporation
- § 5324. Incorporation of unincorporated association or subordinate body

CHAPTER 4. ARTICLES AND BYLAWS § 5410

Article 1. Articles of Incorporation

Article 2. Amendment of Articles

Article 3. Restatement of Articles

Article 4. Bylaws

CHAPTER 5. MANAGEMENT § 5510

Article 1. General Provisions

Article 2. Selection and Removal of Directors

Article 3. Meetings of Board

Article 4. Provisional Directors

Article 5. Committees of Board

Article 6. Officers

Article 7. Standards of Conduct by Management

Article 8. Validity of Contracts and Instruments

[Note. Put corporate seal section at end of article]

Article 9. Indemnification of Corporate Agents

CHAPTER 6. MEMBERS § 5610

Article 1. General Provisions

Article 2. Issurance of Memberships

Article 3. Transfer and Termination

Article 4. Record Date for Determining Members

CHAPTER 7. MEMBERS' MEETINGS AND CONSENTS § 5710

Article 1. Meetings

Article 2. Notice of Meetings

Article 3. Consents

CHAPTER 8. VOTING OF MEMBERSHIPS § 5810

Article 1. General Provisions

Article 2. Exercise of Voting Rights

Article 3. Proxies

Article 4. Voting Agreements

Article 5. Inspectors of Election

Article 6. Contested Elections

CHAPTER 9. RECORDS AND REPORTS § 5910

Article 1. Books and Records Generally

Article 2. Annual Report; Financial Statements

CHAPTER 10. RIGHTS OF INSPECTION § 6010

Article 1. General Provisions

Article 2. Membership Records

Article 3. Financial Records and Minutes

Article 4. Articles and Bylaws

Article 5. Director's Right of Inspection

Article 6. Judicial Enforcement

CHAPTER 11. CORPORATE FINANCE § 6110

Article 1. General Provisions

Article 2. Payments to Members

Article 3. Debt

Article 4. Subventions

Article 5. Liability for Partly Paid Memberships

Article 6. Redemption Procedure

Article 7. Charitable Property

Article 8. Common Trust Funds

CHAPTER 12. SALE OF ASSETS § 6210

CHAPTER 13. MERGER AND CONSOLIDATION § 6310

Article 1. Agreement of Merger or Consolidation

Article 2. Approval or Amendment

Article 3. Abandonment

Article 4. Filing Agreement and Certificates

Article 5. Merger or Consolidation Involving Foreign Corporation

Article 6. Action Relating to Validity of Merger or Consolidation

CHAPTER 14. DIVISION § 6410

Article 1. Plan of Division

Article 2. Approval or Amendment

Article 3. Abandonment

Article 4. Filing Plan and Certificate

Article 5. Division Involving Foreign Corporation

Article 6. Action Relating to Validity of Division

CHAPTER 15. CONVERSION § 6510

CHAPTER 16. DISSOLUTION § 6610

Article 1. Involuntary Dissolution

Article 2. Voluntary Dissolution

Article 3. Powers of Court

Article 4. Avoidance of Dissolution by Purchase

Article 5. Corporate Activities During Winding Up

Article 6. Presentation of Claims

Article 7. Distribution of Assets

Article 8. Cessation of Corporate Existence

Article 9. Conditions for Dissolution of Regulated Corporations

CHAPTER 17. TRANSITIONAL PROVISIONS § 6710