

No. 1988-177

AN ACT

SB 1200

Relating to associations, including corporations, partnerships and unincorporated associations; revising and expanding certain provisions of Title 15 (Corporations and Unincorporated Associations); reconfirming and expanding the abolition of the doctrine of de facto mergers and other fundamental transactions; providing for the making, filing and enforcement of cooperative contracts; providing for incorporation of productive and distributive workers' cooperatives and for penalties; making related, conforming, redesignation, editorial and other changes to the Pennsylvania Consolidated Statutes; separately enacting certain related provisions of law; and repealing certain acts and parts of acts supplied by the act or otherwise obsolete.

TABLE OF CONTENTS

DIVISION I. ASSOCIATIONS GENERALLY

- Section 101. Short title of act.
- Section 102. Repeal of certain provisions of Title 15.
- Section 103. Amendment of Title 15.

PART I. PRELIMINARY PROVISIONS

Chapter 1. General Provisions

Subchapter A. Preliminary Provisions

- § 101. Short title and application of title.
- § 102. Definitions.
- § 103. Subordination of title to regulatory laws.
- § 104. Equitable remedies.
- § 105. Fees.
- § 106. Effect of filing papers required to be filed.
- § 107. Form of records.
- § 108. Change in location or status of registered office provided by agent.
- § 109. Name of commercial registered office provider in lieu of registered address.
- § 110. Supplementary general principles of law applicable.

Subchapter B. Functions and Powers of Department of State

- § 131. Application of subchapter.
- § 132. Functions of Department of State.
- § 133. Powers of Department of State.
- § 134. Docketing statement.
- § 135. Requirements to be met by filed documents.
- § 136. Processing of documents by Department of State.
- § 137. Court to pass upon rejection of documents by Department of State.

- § 138. Statement of correction.
- § 139. Tax clearance of certain fundamental transactions.

Subchapter C. Definitive and Contingent Domestication of Foreign Associations

- § 151. Domestication of certain foreign associations.
- § 152. Contingent domestication of certain foreign associations.

PART II. CORPORATIONS

SUBPART A. CORPORATIONS GENERALLY

Chapter 5. Corporations

Subchapter A. In General

- § 501. Reserved power of General Assembly.
- § 502. Application of chapter.
- § 503. Actions to revoke corporate franchises.
- § 504. Validation of certain defective corporations.
- § 505. Validation of certain defective corporate acts.
- § 506. Scope and duration of certain franchises.
- § 507. Validation of certain share authorizations.

Subchapter B. Indemnification and Corporate Directors' Liability

- § 511. Standard of care and justifiable reliance.
- § 512. Personal liability of directors.
- § 513. Nonexclusivity and supplementary coverage.

Subchapter C. Provisions Applicable to Particular Types of Corporations

- § 521. Pensions and allowances.
- § 522. Indemnification of authorized representatives.
- § 523. Actions by shareholders or members to enforce a secondary right.

SUBPART B. BUSINESS CORPORATIONS

ARTICLE A. PRELIMINARY PROVISIONS

Chapter 11. General Provisions

- § 1101. Short titles.
- § 1102. Application of subpart.
- § 1103. Definitions.
- § 1104. Other general provisions.
- § 1105. Restriction on equitable relief.
- § 1106. Uniform application of subpart.
- § 1107. Limitation on incorporation.
- § 1108. Execution of documents.

ARTICLE B. DOMESTIC BUSINESS CORPORATIONS
GENERALLY

Chapter 13. Incorporation

Subchapter A. Incorporation Generally

- § 1301. Purposes.
- § 1302. Number and qualifications of incorporators.
- § 1303. Corporate name.
- § 1304. Required name changes by senior corporations.
- § 1305. Reservation of corporate name.
- § 1306. Articles of incorporation.
- § 1307. Advertisement.
- § 1308. Filing of articles.
- § 1309. Effect of filing of articles of incorporation.
- § 1310. Organization meeting.
- § 1311. Filing of statement of summary of record by certain corporations.

Subchapter B. Revival

- § 1341. Statement of revival.

Chapter 15. Corporate Powers, Duties and Safeguards

Subchapter A. General Provisions

- § 1501. Corporate capacity.
- § 1502. General powers.
- § 1503. Defense of ultra vires.
- § 1504. Adoption, amendment and contents of bylaws.
- § 1505. Persons bound by bylaws.
- § 1506. Form of execution of instruments.
- § 1507. Registered office.
- § 1508. Corporate records; inspection.
- § 1509. Bylaws and other powers in emergency.
- § 1510. Usury not a defense.
- § 1511. Additional powers of certain public utility corporations.

Subchapter B. Shares and Other Securities

- § 1521. Authorized shares.
- § 1522. Issuance of shares in classes or series; board action.
- § 1523. Pricing and issuance of shares.
- § 1524. Payment for shares.
- § 1525. Stock rights and options.
- § 1526. Liability of subscribers and shareholders.
- § 1527. Issuance of fractional shares or scrip.
- § 1528. Shares represented by certificates and uncertificated shares.

- § 1529. Transfer of securities; restrictions.
- § 1530. Preemptive rights of shareholders.
- § 1531. Voting powers and other rights of certain securityholders and other entities.
- § 1532. Effect of failure to surrender securities converted by reorganization.

Subchapter C. Corporate Finance

- § 1551. Distributions to shareholders.
- § 1552. Power of corporation to acquire its own shares.
- § 1553. Liability for unlawful dividends and other distributions.
- § 1554. Financial reports to shareholders.

Subchapter D. Dissenters Rights

- § 1571. Application and effect of subchapter.
- § 1572. Definitions.
- § 1573. Record and beneficial holders and owners.
- § 1574. Notice of intention to dissent.
- § 1575. Notice to demand payment.
- § 1576. Failure to comply with notice to demand payment, etc.
- § 1577. Release of restrictions or payment for shares.
- § 1578. Estimate by dissenter of fair value of shares.
- § 1579. Valuation proceedings generally.
- § 1580. Costs and expenses of valuation proceedings.

Chapter 17. Officers, Directors and Shareholders

Subchapter A. Notice and Meetings Generally

- § 1701. Applicability of subchapter.
- § 1702. Manner of giving notice.
- § 1703. Place and notice of meetings of board of directors.
- § 1704. Place and notice of meetings of shareholders.
- § 1705. Waiver of notice.
- § 1706. Modification of proposal contained in notice.
- § 1707. Exception to requirement of notice.
- § 1708. Use of conference telephone and similar equipment.

Subchapter B. Directors and Officers

- § 1721. Board of directors.
- § 1722. Qualifications of directors.
- § 1723. Number of directors.
- § 1724. Term of office of directors.
- § 1725. Selection of directors.
- § 1726. Removal of directors.
- § 1727. Quorum of and action by directors.

- § 1728. Interested directors or officers; quorum.
- § 1729. Voting rights of directors.
- § 1730. Compensation of directors.
- § 1731. Executive and other committees of the board.
- § 1732. Officers.
- § 1733. Removal of officers and agents.

Subchapter C. Indemnification

- § 1741. Third-party actions.
- § 1742. Derivative actions.
- § 1743. Mandatory indemnification.
- § 1744. Procedure for effecting indemnification.
- § 1745. Advancing expenses.
- § 1746. Supplementary coverage.
- § 1747. Power to purchase insurance.
- § 1748. Application to surviving or new corporations.
- § 1749. Application to employee benefit plans.
- § 1750. Duration and extent of coverage.

Subchapter D. Shareholders

- § 1755. Time of holding meetings of shareholders.
- § 1756. Quorum.
- § 1757. Action by shareholders.
- § 1758. Voting rights of shareholders.
- § 1759. Voting and other action by proxy.
- § 1760. Voting by fiduciaries and pledgees.
- § 1761. Voting by joint holders of shares.
- § 1762. Voting by corporations.
- § 1763. Determination of shareholders of record.
- § 1764. Voting lists.
- § 1765. Judges of election.
- § 1766. Consent of shareholders in lieu of meeting.
- § 1767. Appointment of custodian of corporation on deadlock or other cause.
- § 1768. Voting trusts and other agreements among shareholders.
- § 1769. Minors as securityholders.
- § 1770. Interested shareholders.

Subchapter E. Derivative Actions

- § 1781. (Reserved).
- § 1782. Actions against directors and officers.

Subchapter F. Judicial Supervision of Corporate Action

- § 1791. Corporate action subject to subchapter.
- § 1792. Proceedings prior to corporate action.

§ 1793. Review of contested corporate action.

Chapter 19. Fundamental Changes

Subchapter A. Preliminary Provisions

§ 1901. Omission of certain provisions from filed plans.

§ 1902. Statement of termination.

§ 1903. Bankruptcy or insolvency proceedings.

§ 1904. De facto transaction doctrine abolished.

§ 1905. Proposal of fundamental transactions.

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

Subchapter B. Amendment of Articles

§ 1911. Amendment of articles authorized.

§ 1912. Proposal of amendments.

§ 1913. Notice of meeting of shareholders.

§ 1914. Adoption of amendments.

§ 1915. Articles of amendment.

§ 1916. Filing and effectiveness of articles of amendment.

Subchapter C. Merger, Consolidation, Share Exchanges and Sale of Assets

§ 1921. Merger and consolidation authorized.

§ 1922. Plan of merger or consolidation.

§ 1923. Notice of meeting of shareholders.

§ 1924. Adoption of plan.

§ 1925. Authorization by foreign corporations.

§ 1926. Articles of merger or consolidation.

§ 1927. Filing of articles of merger or consolidation.

§ 1928. Effective date of merger or consolidation.

§ 1929. Effect of merger or consolidation.

§ 1930. Dissenters rights.

§ 1931. Share exchanges.

§ 1932. Voluntary transfer of corporate assets.

Subchapter D. Division

§ 1951. Division authorized.

§ 1952. Proposal and adoption of plan of division.

§ 1953. Division without shareholder approval.

§ 1954. Articles of division.

§ 1955. Filing of articles of division.

§ 1956. Effective date of division.

§ 1957. Effect of division.

Subchapter E. Conversion

§ 1961. Conversion authorized.

§ 1962. Proposal and adoption of plan of conversion.

- § 1963. Articles of conversion.
- § 1964. Filing of articles of conversion.
- § 1965. Effective date of conversion.
- § 1966. Effect of conversion.

Subchapter F. Voluntary Dissolution and Winding Up

- § 1971. Voluntary dissolution by shareholders or incorporators.
- § 1972. Proposal of voluntary dissolution.
- § 1973. Notice of meeting of shareholders.
- § 1974. Adoption of proposal.
- § 1975. Winding up in voluntary dissolution proceedings.
- § 1976. Judicial supervision of proceedings.
- § 1977. Articles of dissolution.
- § 1978. Winding up of corporation upon the expiration of its period of duration.
- § 1979. Survival of remedies and rights after dissolution.
- § 1980. Dissolution by domestication.

Subchapter G. Involuntary Liquidation and Dissolution

- § 1981. Proceedings upon application of shareholder or director.
- § 1982. Proceedings upon application of creditor.
- § 1983. (Reserved).
- § 1984. Appointment of receiver pendente lite and other interim powers.
- § 1985. Liquidating receiver.
- § 1986. Qualifications of receivers.
- § 1987. Proof of claims.
- § 1988. Discontinuance of proceedings; reorganization.
- § 1989. Articles of involuntary dissolution.

Subchapter H. Postdissolution Claims

- § 1991. Definition of successor entity.
- § 1992. Notice to claimants.
- § 1993. Acceptance or rejection of matured claims.
- § 1994. Disposition of unmatured claims.
- § 1995. Court proceedings.
- § 1996. No revival or waiver.
- § 1997. Payments and distributions.
- § 1998. Liability of shareholders.

ARTICLE C. DOMESTIC BUSINESS CORPORATION ANCILLARIES

Chapter 21. Nonstock Corporations

Subchapter A. Preliminary Provisions

- § 2101. Application and effect of chapter.
- § 2102. Formation of nonstock corporations.
- § 2103. Contents of articles and other documents of nonstock corporations.
- § 2104. Election of an existing business corporation to become a nonstock corporation.
- § 2105. Termination of nonstock corporation status.

Subchapter B. Powers, Duties and Safeguards

- § 2121. Corporate name of nonstock corporations.
- § 2122. Classes of membership.
- § 2123. Evidence of membership; liability of members.
- § 2124. Voting rights of members.
- § 2125. Inapplicability of certain provisions to nonstock corporations.
- § 2126. Dissolution of nonstock corporations.

Chapter 23. Statutory Close Corporations

Subchapter A. Preliminary Provisions

- § 2301. Application and effect of chapter.
- § 2302. Definition of minimum vote.
- § 2303. Formation of statutory close corporations.
- § 2304. Additional contents of articles of statutory close corporations.
- § 2305. Election of an existing business corporation to become a statutory close corporation.
- § 2306. Limitations on continuation of statutory close corporation status.
- § 2307. Voluntary termination of statutory close corporation status by amendment of articles.
- § 2308. Issuance or transfer of shares of a statutory close corporation in breach of qualifying conditions.
- § 2309. Involuntary termination of statutory close corporation status; proceeding to prevent loss of status.

Subchapter B. Shares

- § 2321. Shares.
- § 2322. Share transfer restrictions.
- § 2323. Transfer of shares in breach of transfer restrictions.
- § 2324. Corporation option where a restriction on transfer of a security is held invalid.
- § 2325. Sale option of estate of shareholder.

Subchapter C. Powers, Duties and Safeguards

- § 2331. Directors.
- § 2332. Management by shareholders.
- § 2333. Appointment of custodian for statutory close corporation.

- § 2334. Appointment of provisional director in certain cases.
- § 2335. Operating corporation as partnership.
- § 2336. Fundamental changes.
- § 2337. Option of shareholder to dissolve corporation.

Chapter 25. Registered Corporations

Subchapter A. Preliminary Provisions

- § 2501. Application and effect of chapter.
- § 2502. Registered corporation status.
- § 2503. Acquisition of registered corporation status.
- § 2504. Termination of registered corporation status.

Subchapter B. Powers, Duties and Safeguards

- § 2511. Financial reports to shareholders.
- § 2512. Dissenters rights procedure.
- § 2513. Disparate treatment of certain persons.

Subchapter C. Directors and Shareholders

- § 2521. Call of special meetings of shareholders.
- § 2522. Adjournment of meetings of shareholders.
- § 2523. Quorum at shareholder meetings.
- § 2524. Consent of shareholders in lieu of meeting.

Subchapter D. Fundamental Changes Generally

- § 2535. Proposal of amendment to articles.
- § 2536. Application by director for involuntary dissolution.
- § 2537. Dissenters rights in asset transfers.

Subchapter E. Control Transactions

- § 2541. Application and effect of subchapter.
- § 2542. Definitions.
- § 2543. Controlling person or group.
- § 2544. Right of shareholders to receive payment for shares.
- § 2545. Notice to shareholders.
- § 2546. Shareholder demand for fair value.
- § 2547. Valuation procedures.
- § 2548. Coordination with control transaction.

Subchapter F. Business Combinations

- § 2551. Application and effect of subchapter.
- § 2552. Definitions.
- § 2553. Interested shareholder.
- § 2554. Business combination.
- § 2555. Requirements relating to certain business combinations.

§ 2556. Certain minimum conditions.

Chapter 27. Management Corporations

Subchapter A. Preliminary Provisions

§ 2701. Application and effect of chapter.

§ 2702. Election of an existing business corporation to become a management corporation.

§ 2703. Date and duration of election.

§ 2704. Dissenters rights upon election.

Subchapter B. Powers, Duties and Safeguards

§ 2711. Bylaw and fundamental change procedures.

§ 2712. Changes in authorized shares.

Subchapter C. Directors and Shareholders

§ 2721. Selection and removal of directors.

§ 2722. Shareholder meetings unnecessary.

Chapter 29. Professional Corporations

Subchapter A. Preliminary Provisions

§ 2901. Application and effect of chapter.

§ 2902. Definitions.

§ 2903. Formation of professional corporations.

§ 2904. Election of an existing business corporation to become a professional corporation.

§ 2905. Election of professional associations to become professional corporations.

§ 2906. Termination of professional corporation status.

§ 2907. Proceedings to terminate breach of qualifying conditions.

Subchapter B. Powers, Duties and Safeguards

§ 2921. Corporate name.

§ 2922. Stated purposes.

§ 2923. Issuance and retention of shares.

§ 2924. Rendering professional services.

§ 2925. Professional relationship retained.

ARTICLE D. FOREIGN BUSINESS CORPORATIONS

Chapter 41. Foreign Business Corporations

Subchapter A. Preliminary Provisions

§ 4101. Application of article.

§ 4102. Foreign domiciliary corporations.

§ 4103. Acquisition of foreign domiciliary corporation status.

§ 4104. Termination of foreign domiciliary corporation status.

Subchapter B. Qualification

§ 4121. Admission of foreign corporations.

§ 4122. Excluded activities.

§ 4123. Requirements for foreign corporation names.

§ 4124. Application for a certificate of authority.

§ 4125. Issuance of certificate of authority.

§ 4126. Amended certificate of authority.

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

§ 4128. Revocation of certificate of authority.

§ 4129. Application for termination of authority.

§ 4130. Change of address after withdrawal.

§ 4131. Registration of name.

Subchapter C. Powers, Duties and Liabilities

§ 4141. Penalty for doing business without certificate of authority.

§ 4142. General powers and duties of qualified foreign corporations.

§ 4143. General powers and duties of nonqualified foreign corporations.

§ 4144. Registered office of qualified foreign corporations.

§ 4145. Applicability of certain safeguards to foreign domiciliary corporations.

§ 4146. Provisions applicable to all foreign corporations.

Subchapter D. Domestication

§ 4161. Domestication.

§ 4162. Effect of domestication.

SUBPART C. NONPROFIT CORPORATIONS

ARTICLE A. PRELIMINARY PROVISIONS

Chapter 51. General Provisions

§ 5101. Short titles.

§ 5102. Application of subpart.

§ 5103. Definitions.

§ 5104. Other general provisions.

§ 5105. Saving clause and restriction on equitable relief.

§ 5106. Limited uniform application of subpart.

§ 5107. Subordination of subpart to canon law.

§ 5108. Limitation on incorporation.

§ 5109. Execution of documents.

**ARTICLE B. DOMESTIC NONPROFIT CORPORATIONS
GENERALLY**

Chapter 53. Incorporation

Subchapter A. Incorporation Generally

- § 5301. Purposes.
- § 5302. Number and qualifications of incorporators.
- § 5303. Corporate name.
- § 5304. Required name changes by senior corporations.
- § 5305. Reservation of corporate name.
- § 5306. Articles of incorporation.
- § 5307. Advertisement.
- § 5308. Filing of articles.
- § 5309. Effect of filing of articles of incorporation.
- § 5310. Organization meeting.
- § 5311. Filing of certificate of summary of record by certain corporations.

Subchapter B. Special Procedures Applicable to Certain Corporations

- § 5331. Unincorporated associations.

Subchapter C. Revival (Reserved)

Chapter 55. Corporate Powers, Duties and Safeguards

Subchapter A. General Provisions

- § 5501. Corporate capacity.
- § 5502. General powers.
- § 5503. Defense of ultra vires.
- § 5504. Adoption and contents of bylaws.
- § 5505. Persons bound by bylaws.
- § 5506. Form of execution of instruments.
- § 5507. Registered office.
- § 5508. Corporate records; inspection.
- § 5509. Bylaws and other powers in emergency.
- § 5510. (Reserved).
- § 5511. Establishment of subordinate units.

Subchapter B. Financial Matters

- § 5541. Capital contributions of members.
- § 5542. Subventions.
- § 5543. Debt and security interests.
- § 5543.1. Usury not a defense.
- § 5544. Fees, dues and assessments.
- § 5545. Income from corporate activities.

- § 5546. Purchase, sale, mortgage and lease of real property.
- § 5546.1. Insolvency or bankruptcy.
- § 5547. Authority to take and hold trust property.
- § 5548. Investment of trust funds.
- § 5549. Transfer of trust or other assets to institutional trustee.
- § 5550. Devises, bequests and gifts after certain fundamental changes.
- § 5551. Dividends prohibited; compensation and certain payments authorized.
- § 5552. Liabilities of members.
- § 5553. Annual report of directors or other body.

Subchapter C. Common Trust Funds

- § 5585. Establishment or use of common trust funds authorized.
- § 5586. Restrictions on investments.
- § 5587. Determination of interests.
- § 5588. Amortization of premiums on securities held.
- § 5589. Records; ownership of assets.

Chapter 57. Officers, Directors and Members

Subchapter A. Notice and Meetings Generally

- § 5701. Applicability of subchapter.
- § 5702. Manner of giving notice.
- § 5702.1. Optional procedures for giving of notice.
- § 5703. Place and notice of meetings of board of directors or other body.
- § 5704. Place and notice of meetings of members.
- § 5705. Waiver of notice.
- § 5706. Modification of proposal contained in notice.
- § 5707. Exception to requirement of notice.
- § 5708. Use of conference telephone and similar equipment.

Subchapter B. Directors, Officers and Members of An Other Body

- § 5721. Board of directors.
- § 5722. Qualifications of directors.
- § 5723. Number of directors.
- § 5724. Term of office of directors.
- § 5725. Selection of directors.
- § 5726. Removal of directors.
- § 5727. Quorum of and action by directors.
- § 5728. Interested members, directors or officers; quorum.
- § 5729. Voting rights of directors.
- § 5730. Compensation of directors.
- § 5731. Executive and other committees of the board.
- § 5732. Officers.
- § 5733. Removal of officers and agents.

§ 5734. Other body.

Subchapter C. Indemnification

§ 5741. Third-party actions.

§ 5742. Derivative actions.

§ 5743. Mandatory indemnification.

§ 5744. Procedure for effecting indemnification.

§ 5745. (Reserved).

§ 5746. Scope of subchapter.

§ 5747. Power to purchase insurance.

§ 5748. Application to surviving or new corporations.

Subchapter D. Members

§ 5751. Classes and qualifications of membership.

§ 5752. Organization on a stock share basis.

§ 5753. Membership certificates.

§ 5754. Members grouped in local units.

§ 5755. Time of holding meetings of members.

§ 5756. Quorum.

§ 5757. Action by members.

§ 5758. Voting rights of members.

§ 5759. Voting and other action by proxy.

§ 5760. Voting by corporations.

§ 5761. Determination of members of record.

§ 5762. Judges of election.

§ 5763. Consent of members in lieu of meeting.

§ 5764. Appointment of custodian of corporation on deadlock or other cause.

§ 5764.1. Actions by members to enforce a secondary right.

§ 5765. Reduction of membership below stated number.

§ 5766. Termination and transfer of membership.

§ 5767. Voting powers and other rights of certain securityholders and other entities.

Subchapter E. Derivative Actions (Reserved)

Subchapter F. Judicial Supervision of Corporate Action

§ 5791. Corporate action subject to subchapter.

§ 5792. Proceedings prior to corporate action.

§ 5793. Review of contested corporate action.

Chapter 59. Fundamental Changes

Subchapter A. Preliminary Provisions (Reserved)

Subchapter B. Amendment of Articles

- § 5911. Amendment of articles authorized.
- § 5912. Proposal of amendments.
- § 5913. Notice of meeting of members.
- § 5914. Adoption of amendments.
- § 5915. Articles of amendment.
- § 5916. Filing and effectiveness of articles of amendment.

Subchapter C. Merger, Consolidation and Sale of Assets

- § 5921. Merger and consolidation authorized.
- § 5922. Plan of merger or consolidation.
- § 5923. Notice of meeting of members.
- § 5924. Adoption of plan.
- § 5925. Authorization by foreign corporations.
- § 5926. Articles of merger or consolidation.
- § 5927. Filing of articles of merger or consolidation.
- § 5928. Effective date of merger or consolidation.
- § 5929. Effect of merger or consolidation.
- § 5930. Voluntary transfer of corporate assets.

Subchapter D. Division

- § 5951. Division authorized.
- § 5952. Proposal and adoption of plan of division.
- § 5953. (Reserved).
- § 5954. Articles of division.
- § 5955. Filing of articles of division.
- § 5956. Effective date of division.
- § 5957. Effect of division.

Subchapter E. Conversion

- § 5961. Conversion authorized.
- § 5962. Proposal and adoption of plan of conversion.
- § 5963. Articles of conversion.
- § 5964. Filing of articles of conversion.
- § 5965. Effective date of conversion.
- § 5966. Effect of conversion.

Subchapter F. Voluntary Dissolution and Winding Up

- § 5971. Voluntary dissolution by members or incorporators.
- § 5972. Proposal of voluntary dissolution.
- § 5973. Notice of meeting of members.
- § 5974. Adoption of proposal.
- § 5974.1. Articles of election to dissolve.
- § 5974.2. Articles rescinding election to dissolve.
- § 5975. Winding up in voluntary dissolution proceedings.
- § 5976. Judicial supervision of proceedings.

- § 5977. Articles of dissolution.
- § 5978. Winding up of corporation upon the expiration of its period of duration.
- § 5979. Survival of remedies and rights after dissolution.

Subchapter G. Involuntary Liquidation and Dissolution

- § 5981. Proceedings upon petition of member, etc.
- § 5982. Proceedings upon petition of creditor.
- § 5983. Proceedings upon petition of superior religious organization.
- § 5984. Appointment of receiver pendente lite and other interim powers.
- § 5985. Liquidating receiver.
- § 5986. Qualifications of receivers.
- § 5987. Proofs of claims.
- § 5988. Discontinuance of proceedings; reorganization.
- § 5989. Articles of involuntary dissolution.

Subchapter H. Postdissolution Claims (Reserved)

ARTICLE C. FOREIGN NONPROFIT CORPORATIONS

Chapter 61. Foreign Nonprofit Corporations

Subchapter A. Preliminary Provisions

- § 6101. Application of article.

Subchapter B. Qualification

- § 6121. Admission of foreign corporations.
- § 6122. Excluded activities.
- § 6123. Restriction on admission of foreign corporations.
- § 6124. Application for a certificate of authority.
- § 6125. Issuance of certificate of authority.
- § 6126. Amended certificate of authority.
- § 6127. Merger or consolidation of qualified foreign corporations.
- § 6128. Revocation of certificate of authority.
- § 6129. Application for termination of authority.
- § 6130. Change of address after withdrawal.

Subchapter C. Powers, Duties and Liabilities

- § 6141. Penalty for doing business without certificate of authority.
- § 6142. General powers and duties of qualified foreign corporations.
- § 6143. General powers and duties of nonqualified foreign corporations.
- § 6144. Registered office of qualified foreign corporations.
- § 6145. Applicability of certain safeguards to foreign corporations.

Subchapter D. Domestication (Reserved)

SUBPART D. COOPERATIVE CORPORATIONS

ARTICLE A. COOPERATIVE CORPORATIONS GENERALLY

Chapter 71. Cooperative Corporations Generally

Subchapter A. General Provisions

- § 7101. Short title of subpart.
- § 7102. Cooperative corporations generally.
- § 7103. Use of term "cooperative" in corporate name.

Subchapter B. Membership and Corporate Finance

- § 7111. Voting rights.
- § 7112. Distributions.

Subchapter C. Cooperative Contracts

- § 7121. Cooperative contracts generally.
- § 7122. Notice of cooperative contracts.
- § 7123. Filing procedures.
- § 7124. Relief against breach or threatened breach of contract; penalty for interference.
- § 7125. Action for civil penalty for inducing breach or spreading false reports.

ARTICLE B. DOMESTIC COOPERATIVE CORPORATION
ANCILLARIES

Chapter 73. Electric Cooperative Corporations

- § 7301. Existing law saved from repeal.

Chapter 75. Cooperative Agricultural Associations

- § 7501. Existing law saved from repeal.

Chapter 77. Workers' Cooperative Corporations

- § 7701. Definitions.
- § 7702. Corporations.
- § 7703. Articles of incorporation.
- § 7704. Content of articles.
- § 7705. Capital stock.
- § 7706. Internal capital accounts and net worth.
- § 7707. Voting.
- § 7708. Acceptance and termination of membership.
- § 7709. Power to buy, sell or trade.
- § 7710. Individual liability of members.
- § 7711. Corporate powers.
- § 7712. Investment of capital stock in other corporations.

- § 7713. Meetings.
- § 7714. Records.
- § 7715. Audit.
- § 7716. Directors and officers.
- § 7717. Patronage distributions.
- § 7718. Indemnity.
- § 7719. Unlawful dividends.
- § 7720. Amendments of articles.
- § 7721. Bylaws.
- § 7722. Benefits bestowed on associations by compliance with this chapter.
- § 7723. Dissolution.
- § 7724. Conversion to a corporation governed by the Business Corporation Law.
- § 7725. Savings provisions.
- § 7726. Applicability.

PART III. PARTNERSHIPS

Chapter 81. General Provisions

- § 8101. Short title of part.
- § 8102. Interchangeability of partnership and corporate forms of organization.

Chapter 83. General Partnerships

Subchapter A. Preliminary Provisions

- § 8301. Short title and application of chapter.
- § 8302. Definitions.
- § 8303. "Knowledge" and "notice."
- § 8304. Rules of construction.
- § 8305. Rules for cases not provided for in chapter.

Subchapter B. Nature of a Partnership

- § 8311. Partnership defined.
- § 8312. Rules for determining the existence of a partnership.
- § 8313. Partnership property.

Subchapter C. Relation of Partners to Persons Dealing with the Partnership

- § 8321. Partner agent of partnership as to partnership business.
- § 8322. Conveyance of real property of the partnership.
- § 8323. Admissions or representations by partner.
- § 8324. Partnership charged with knowledge of or notice to partner.
- § 8325. Wrongful act of partner.
- § 8326. Breach of trust by partner.
- § 8327. Nature of liability of partner.

- § 8328. Partner by estoppel.
- § 8329. Liability of incoming partner.

Subchapter D. Relations of Partners to One Another

- § 8331. Rules determining rights and duties of partners.
- § 8332. Partnership books.
- § 8333. Duty to render information.
- § 8334. Partner accountable as fiduciary.
- § 8335. Right of partner to an account.
- § 8336. Continuation of partnership beyond fixed term.

Subchapter E. Property Rights of a Partner

- § 8341. Extent of property rights of partner.
- § 8342. Nature of right of partner in specific partnership property.
- § 8343. Nature of interest of partner in partnership.
- § 8344. Assignment of interest of partner.
- § 8345. Interest of partner subject to charging order.

Subchapter F. Dissolution and Winding Up

- § 8351. "Dissolution" defined.
- § 8352. Partnership continued for winding up affairs.
- § 8353. Causes of dissolution.
- § 8354. Dissolution by decree of court.
- § 8355. Effect of dissolution on authority of partner.
- § 8356. Right of partner to contribution from copartners.
- § 8357. Power of partner to bind partnership to third persons.
- § 8358. Effect of dissolution on existing liability of partner.
- § 8359. Right to wind up affairs.
- § 8360. Rights of partners to application of partnership property.
- § 8361. Rights after dissolution for fraud or misrepresentation.
- § 8362. Rules for distribution.
- § 8363. Liability of persons continuing the business.
- § 8364. Rights of retiring partner or estate of deceased partner when business is continued.
- § 8365. Accrual of right to account.

Chapter 85. Limited Partnerships

Subchapter A. Preliminary Provisions

- § 8501. Short title of chapter.
- § 8502. Applicability of chapter to existing limited partnerships.
- § 8503. Definitions.
- § 8504. Rules for cases not provided for in this chapter.
- § 8505. Name.
- § 8506. Registered office.

- § 8507. Records to be kept.
- § 8508. Business that may be carried on.
- § 8509. Business transactions of partner with limited partnership.
- § 8510. Indemnification.

Subchapter B. Formation; Certificate of Limited Partnership

- § 8511. Certificate of limited partnership.
- § 8512. Amendment of certificate.
- § 8513. Cancellation of certificate.
- § 8514. Execution of certificates.
- § 8515. Execution by judicial act.
- § 8516. Liability for false statement in certificate.
- § 8517. Notice.
- § 8518. Delivery of filed documents to limited partners.
- § 8519. Filing of certificate of summary of record by limited partnerships formed prior to 1976.

Subchapter C. Limited Partners

- § 8521. Admission of limited partners.
- § 8522. Classes of limited partners.
- § 8523. Liability of limited partners to third parties.
- § 8524. Person erroneously believing himself limited partner.
- § 8525. Information.

Subchapter D. General Partners

- § 8531. Admission of additional general partners.
- § 8532. Events of withdrawal.
- § 8533. General powers and liabilities of general partners.
- § 8534. Contributions by a general partner.
- § 8535. Classes of general partners.

Subchapter E. Finance

- § 8541. Form of contribution.
- § 8542. Liability for contributions.
- § 8543. Sharing of profits and losses.
- § 8544. Sharing of distributions.

Subchapter F. Merger and Consolidation

- § 8545. Merger and consolidation of limited partnerships authorized.
- § 8546. Approval of merger or consolidation.
- § 8547. Certificate of merger or consolidation.
- § 8548. Effective date of merger or consolidation.
- § 8549. Effect of merger or consolidation.

Subchapter G. Distributions and Withdrawal

- § 8551. Interim distributions.
- § 8552. Voluntary withdrawal of general partner.
- § 8553. Voluntary withdrawal of limited partner.
- § 8554. Distribution upon withdrawal.
- § 8555. Distribution in kind.
- § 8556. Right to distribution.
- § 8557. Limitations on distribution.
- § 8558. Liability upon return of contribution.

Subchapter H. Assignment of Partnership Interests

- § 8561. Nature of partnership interest.
- § 8562. Assignment of partnership interest.
- § 8563. Rights of creditor.
- § 8564. Right of assignee to become limited partner.
- § 8565. Power of estate of deceased or incompetent partner.

Subchapter I. Dissolution

- § 8571. Nonjudicial dissolution.
- § 8572. Judicial dissolution.
- § 8573. Winding up.
- § 8574. Distribution of assets.
- § 8575. Survival of remedies and rights after dissolution.

Subchapter J. Foreign Limited Partnerships

- § 8581. Governing law.
- § 8582. Registration.
- § 8583. Effect of filing.
- § 8584. Name.
- § 8585. Changes and amendments.
- § 8586. Cancellation of registration.
- § 8587. Doing business without registration.
- § 8588. Action by Attorney General.
- § 8589. General powers and duties of qualified foreign limited partnerships.

Subchapter K. Derivative Actions

- § 8591. Right of action.
- § 8592. Proper plaintiff.
- § 8593. Pleading.
- § 8594. Expenses.

Chapter 87. Electing Partnerships

- § 8701. Scope and definition.
- § 8702. Centralized management.
- § 8703. Continuity of life.

- § 8704. Free transferability of interests.
- § 8705. Limited liability in certain cases.
- § 8706. One person as both partner and employee.
- § 8707. Modification by agreement.

PART IV. UNINCORPORATED ASSOCIATIONS

Chapter 91. Unincorporated Associations Generally

- § 9101. Customary parliamentary law applicable.
- § 9102. Funeral and similar benefits.
- § 9103. Nontransferable membership interests.

Chapter 93. Professional Associations

- § 9301. Short title of chapter.
- § 9302. Application of chapter.
- § 9303. Definitions.
- § 9304. Purpose of association.
- § 9305. Articles of association.
- § 9306. Board of governors.
- § 9307. Bylaws.
- § 9308. Employees.
- § 9309. Compensation.
- § 9310. Distribution of excess earnings.
- § 9311. Interests of associates.
- § 9312. Transfer of interests.
- § 9313. Redemption of interests.
- § 9314. Term of existence.
- § 9315. Name.
- § 9316. Voting of associates.
- § 9317. Liability of associates.
- § 9318. Professional disqualifications.
- § 9319. Dissolution.

PART V. BUSINESS TRUSTS

Chapter 95. Business Trusts

- § 9501. Application and effect of chapter.
 - § 9502. Creation of business trusts.
 - § 9503. Documentation of trust.
 - § 9504. Registered office.
 - § 9505. Succession of trustees.
 - § 9506. Liability of trustees and beneficiaries.
- Section 104. Legislative findings as to acceptance of Constitution of Pennsylvania.
- Section 105. Additional filing fee.
- Section 106. Taxation of electing partnerships.
- Section 107. Prior law transitional provision.

DIVISION II. CONFORMING AMENDMENTS

- Section 201. Conforming amendment to Title 13.
- Section 202. Conforming amendment to Title 20.
- Section 203. Conforming amendments to Title 42.
- Section 204. Conforming amendments to Title 54.
- Section 205. Conforming amendment to Title 66.
- Section 206. Conforming cross references in unconsolidated statutes.

DIVISION III. MISCELLANEOUS PROVISIONS

- Section 301. Transitional provisions.
- Section 302. Repeals.
- Section 303. Preparation of act for printing.
- Section 304. Effective date and applicability.

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

**DIVISION I
ASSOCIATIONS GENERALLY**

- Section 101. Short title of act.

This act shall be known and may be cited as the General Association Act of 1988.

- Section 102. Repeal of certain provisions of Title 15.

Title 15 of the Pennsylvania Consolidated Statutes, except sections 7101 (relating to short title of part) through 8145 (relating to applicability of certain safeguards to foreign corporations) and related major subdivision headings, is repealed.

- Section 103. Amendment of Title 15.

Title 15 of the Pennsylvania Consolidated Statutes is amended by adding provisions to read and by amending as much of sections 7101 through 8145 as is hereinafter set forth to read:

**TITLE 15
CORPORATIONS AND UNINCORPORATED ASSOCIATIONS****Part**

- I. Preliminary Provisions
- II. Corporations
- III. Partnerships
- IV. Unincorporated Associations
- V. Business Trusts

**PART I
PRELIMINARY PROVISIONS****Chapter**

- 1. General Provisions

CHAPTER 1
GENERAL PROVISIONS

Subchapter

- A. Preliminary Provisions
- B. Functions and Powers of Department of State
- C. Definitive and Contingent Domestication of Foreign Associations

SUBCHAPTER A
PRELIMINARY PROVISIONS

Sec.

- 101. Short title and application of title.
- 102. Definitions.
- 103. Subordination of title to regulatory laws.
- 104. Equitable remedies.
- 105. Fees.
- 106. Effect of filing papers required to be filed.
- 107. Form of records.
- 108. Change in location or status of registered office provided by agent.
- 109. Name of commercial registered office provider in lieu of registered address.
- 110. Supplementary general principles of law applicable.

§ 101. Short title and application of title.

(a) Short title of title.—This title shall be known and may be cited as the Associations Code.

(b) Application of title.—Except as otherwise provided in the scope provisions of subsequent provisions of this title, this title shall apply to every association heretofore or hereafter incorporated or otherwise organized.

(c) References to prior statutes.—A reference in the articles or bylaws or other organic documents of an association to any provision of law supplied or repealed by this title shall be deemed to be a reference to the superseding provision of this title.

§ 102. Definitions.

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

“Association.” A corporation, a partnership or two or more persons associated in a common enterprise or undertaking.

“Banking institution.” A banking institution as defined in section 1103 (relating to definitions).

“Cooperative corporation.” A corporation that is subject to Subpart D of Part II (relating to cooperative corporations).

“Court.” Subject to any inconsistent general rule prescribed by the Supreme Court of Pennsylvania:

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

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

“Credit union.” A credit union as defined in section 1103.

“Department.” The Department of State of the Commonwealth.

“Domestic corporation.” A corporation for profit or not-for-profit incorporated under the laws of this Commonwealth.

“Domestic corporation for profit.” A corporation for profit incorporated under the laws of this Commonwealth.

“Domestic corporation not-for-profit.” A corporation not-for-profit incorporated under the laws of this Commonwealth.

“Foreign corporation for profit.” A corporation for profit incorporated under any laws other than those of this Commonwealth.

“Foreign corporation not-for-profit.” A corporation not-for-profit incorporated under any laws other than those of this Commonwealth.

“Insurance corporation.” An insurance corporation as defined in section 1103.

“Savings association.” A savings association as defined in section 1103.

“Verified.” Includes an unsworn document containing a statement by the signatory that is made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

§ 103. Subordination of title to regulatory laws.

(a) Regulatory laws unaffected.—This title is not intended to authorize any corporation or other association to do any act prohibited by any statute regulating the business of the association or by any rule or regulation validly promulgated thereunder by any department, board or commission of this Commonwealth. Except as otherwise provided by the statutes and prescribed by the rules and regulations promulgated thereunder applicable to the business of the association, the issuance by the Department of State of any certificate evidencing the incorporation of a corporation or the filing of an instrument with respect to or the qualification of an association under this title or any amendment to its articles or other change in its status or other action under this title shall not be effective to exempt the association from any of the requirements of those statutes or rules and regulations.

(b) Compliance with regulatory laws condition precedent to effectiveness of corporate or other action.—Any document filed in the Department of State or any bylaw adopted or other corporate or other action taken under the authority of this title or other action pursuant thereto in violation of any statutes or rules or regulations regulating the business of the association shall be ineffective as against the Commonwealth, including the departments, boards and commissions thereof, unless and until the violation is cured.

(c) Structural provisions in regulatory statutes controlling.—If and to the extent that a statute regulating the business of a corporation or other association sets forth provisions relating to the government and regulation of the affairs of associations that are inconsistent with the provisions of this title on the same subject, the provisions of the other statute shall control.

§ 104. Equitable remedies.

Except to the extent otherwise provided in this title in cases where a statutory remedy is provided by this title, the court shall have the powers of a court of equity or chancery insofar as those powers relate to the supervision and control of corporations and other associations.

§ 105. Fees.

Any department, board, commission or officer of this Commonwealth shall be entitled to receive for services performed, as required by this title, such fees as are or may be lawfully charged for those or similar services.

§ 106. Effect of filing papers required to be filed.

The filing of articles or of any other papers or documents pursuant to the provisions of this title is required for the purpose of affording all persons the opportunity of acquiring knowledge of the contents thereof, but, except as otherwise provided by statute, no person shall be charged with constructive notice of the contents of any articles, papers or documents by reason of the filing.

§ 107. Form of records.

Any records maintained by a corporation or other association in the regular course of its business, including shareholder or membership records, books of account and minute books, may be kept on, or be in the form of, punch cards, magnetic storage media, photographs, microphotographs or any other information storage device if the records so kept can be converted into reasonably legible written form within a reasonable time. Any corporation or other association shall so convert any records so kept upon the request of any person entitled to inspect the records. Where records are kept in this manner, a reasonably legible written form produced from the information storage device that accurately portrays the record shall be admissible in evidence, and shall be accepted for all other purposes, to the same extent as an original written record of the same information would have been accepted.

§ 108. Change in location or status of registered office provided by agent.

(a) General rule.—Where the registered office of a corporation or other association is stated to be in care of or is in fact in care of an agent who maintains the registered office for the corporation or other association and the agent changes its name or the location of its office in a county from one address to another within the county or ceases to provide a registered office for one or more associations, the agent may, in the manner provided in this section, reflect such change of name or effect a corresponding change in the registered office address of or cease to provide a registered office for one or more or all of the associations represented by it. The agent shall execute and file in the Department of State with respect to each association represented by it a statement of change of registered office by agent, setting forth:

- (1) The name of the association represented.
- (2) The address, including street and number, if any, of its then registered office.
- (3) The address, including street and number, if any, of the new registered office of the association represented if the registered office of the association represented is to be changed.
- (4) The name of the person in care of the office and a statement that the person has been designated in fact as the agent in care of the registered office of the association represented in this Commonwealth and that the change in registered office reflects a change of name of the agent, the removal of the place of business of the agent to a new location within the county or a termination of the status of the agent as the provider of the registered office of the association represented, as the case may be.

If the status of an agent as a provider of a registered office is terminated under this section, the location of the registered office of the association represented shall not be affected, but the person formerly in care of the office shall thereafter not have any responsibility with respect to matters tendered to the office in the name of the association represented.

(b) Action by and notice to association.—It is not necessary for the association represented to take any action in order to effect a termination of status of agent or other change of registered office under this section, but the person representing the association shall promptly furnish the association represented with a copy of the statement of change of registered office by agent as filed in the Department of State.

§ 109. Name of commercial registered office provider in lieu of registered address.

(a) General rule.—Where any provision of this title authorizes or requires the inclusion of a registered office address in any document filed in the Department of State, the person filing the document may substitute in lieu thereof the term “c/o” followed by:

- (1) The name of an association or a division thereof that has filed in the department, and not withdrawn, a statement of address of commercial registered office.
- (2) The name of any county of this Commonwealth and a statement that the registered office of the association represented shall be deemed for venue and official publication purposes to be located in the county so named. For venue and official publication purposes, the county so named shall control over the address contained in the currently applicable statement filed under subsection (b).

(b) Statement of address of commercial registered office.—A domestic business corporation or qualified foreign business corporation, partnership or other association engaged in the business of maintaining registered offices in this Commonwealth for corporations or other associations may file in the department a statement of address of commercial registered office executed by the representing association or a division thereof and setting forth:

- (1) The name of the representing association.

(2) The form of organization of the representing association.

(3) A statement that it is in the business of maintaining registered offices in this Commonwealth for corporations or other associations.

(4) The address, including street and number, if any, of a place of business of the representing association in this Commonwealth to which communications and other matters directed to each person represented by it may be delivered.

(c) Change or withdrawal.—A representing association that has effected a filing in the department under subsection (b) may:

(1) Amend the filing by filing in the department a superseding statement of address of commercial registered office.

(2) Withdraw its filing under subsection (b) and cease to provide registered office service by filing in the department a statement of address of commercial registered office setting forth, in lieu of the information required by subsection (b)(3) and (4), a statement that it has ceased to be in the business of maintaining registered offices in this Commonwealth for corporations and other associations and the statements required by section 108 (relating to change in location or status of registered office provided by agent).

(d) Action by and notice to association.—It is not necessary for an association represented to take any action in connection with a change or withdrawal effected under subsection (c), but a representing association that has effected a filing under subsection (c) shall promptly furnish each affected association represented with a copy of the filing. If the status of an agent as a provider of a registered office is terminated under this section, the location of the registered office of the association represented shall not be affected, but the person formerly in care of the office shall thereafter not have any responsibility with respect to matters tendered to the office in the name of the association represented.

§ 110. Supplementary general principles of law applicable.

Unless displaced by the particular provisions of this title, the principles of law and equity, including, but not limited to, the law relating to principal and agent, estoppel, waiver, fraud, misrepresentation, duress, coercion, mistake, bankruptcy or other validating or invalidating cause, shall supplement its provisions.

SUBCHAPTER B FUNCTIONS AND POWERS OF DEPARTMENT OF STATE

Sec.

131. Application of subchapter.

132. Functions of Department of State.

133. Powers of Department of State.

134. Docketing statement.

135. Requirements to be met by filed documents.

136. Processing of documents by Department of State.

137. Court to pass upon rejection of documents by Department of State.

138. Statement of correction.

139. Tax clearance of certain fundamental transactions.

§ 131. Application of subchapter.

As used in this subchapter, the term "this title" includes Title 54 (relating to names) and any other provision of law that makes reference to the powers and procedures of this subchapter.

§ 132. Functions of Department of State.

(a) General rule.—The function of the Department of State under this title is to act in a manner comparable to the offices of recorder of deeds under former provisions of law as an office of public record wherein articles and other papers relating to association affairs may be filed to establish the permanent and definitive text thereof and to afford all persons the opportunity of acquiring knowledge of the contents thereof.

(b) Names and marks.—The department shall supervise and administer the provisions of this title and of Title 54 (relating to names) concerning names and marks.

(c) Collection of taxes and charges imposed by statute.—This subchapter shall not limit the power and duty of the department to assess and collect taxes and charges imposed or authorized by statute.

(d) Notice of decennial filings.—Whenever a decennial filing is required by Title 54 to be made in the department, the department shall, not earlier than the November 1 prior to the commencement of the decennial year whenever practicable, give notice by mail to the registrant or other party of the decennial filing requirement, which notice shall be accompanied by appropriate application blanks or forms. Failure by the department to give notice to any party, or failure by any party to receive notice, of a decennial filing requirement shall not relieve any party of the obligation to make the decennial filing.

§ 133. Powers of Department of State.

(a) General rule.—The Department of State shall have the power and authority reasonably necessary to enable it to administer this subchapter efficiently and to perform the functions specified in section 132 (relating to functions of Department of State).

(b) Language and content of documents.—Except to the extent required in order to determine whether a document complies with section 135 (relating to requirements to be met by filed documents), the department shall not examine articles and other documents authorized or required to be filed in the department under this title to determine whether the language or content thereof conforms to the provisions of this title.

(c) Meaning of term "conform to law".—A document delivered to the department for the purpose of filing in the department shall be deemed to be in accordance with law and to conform to law, as those terms are used in statutes relating to the powers and duties of the department, if the document conforms to section 135.

(d) Physical characteristics and copies of documents.—All articles and other documents authorized or required to be filed in the department under this title shall be in such format as to size, shape and other physical characteristics as shall be prescribed by regulations promulgated by the department. The regulations may require the submission of not to exceed three con-

formed copies of any document in addition to the original and any copies thereof otherwise required by law. All formats promulgated by the department for use under this title shall include a statement of the number of copies required to be filed and shall be published in the Pennsylvania Code.

(e) Engrossed certificate.—Whenever the department has taken any action under this title, the Secretary of the Commonwealth shall, upon request and payment of the fee or additional fee therefor fixed by regulation of the department, issue to any person entitled thereto an engrossed certificate evidencing the action, executed by the Secretary of the Commonwealth under the seal of the Commonwealth.

§ 134. Docketing statement.

(a) General rule.—The Department of State may prescribe by regulation one or more official docketing statement forms designed to elicit from a person effecting a filing under this title information that the department has found to be necessary or desirable in connection with the processing of a filing. A docketing statement submitted with the articles of incorporation or division of a proposed domestic corporation for profit or not-for-profit, the articles of domestication or application for a certificate of authority of a foreign corporation for profit or not-for-profit or the certificate of election of an electing partnership shall set forth, inter alia, the kind or kinds of business in which the association actually intends to engage in this Commonwealth within one year of the execution of the docketing statement. A docketing statement submitted with articles of incorporation, consolidation or division of a domestic corporation not-for-profit or an application for a certificate of authority of a foreign corporation not-for-profit shall set forth with respect to the new corporation or corporations resulting therefrom, inter alia, the statute by or under which it was incorporated, the date of incorporation, the names and residence addresses of its chief executive officer, secretary and treasurer, regardless of the names or titles by which they may be designated, the address of its principal place of business and the amount, if any, of its authorized and issued capital stock. A form of docketing statement prescribed under this subsection:

(1) Shall be published in the Pennsylvania Code.

(2) Shall not be integrated into a single document covering the requirements of the filing and its related docketing statement.

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

(4) Shall not be required to be submitted on department-furnished forms.

(5) Shall not constitute a document filed in, with or by the department for the purposes of this title or any other provision of law except 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

(b) Transmission to Department of Revenue.—The department shall note the fact and date of the filing of articles of incorporation, consolidation, merger, division, conversion or domestication or certificate of elec-

tion or issuance of the certificate of authority, as the case may be, upon the docketing statement and shall transmit a copy of it to the Department of Revenue.

(c) **Transmission to other agencies.**—If the docketing statement delivered to the Department of State sets forth any kind of business in which a corporation, partnership or other association may not engage without the approval of or a license from any department, board or commission of the Commonwealth, the Department of State shall, upon the filing of articles of incorporation, consolidation, division or domestication or certificate of election or issuance of the certificate of authority, promptly transmit a copy of the docketing statement to each such department, board or commission.

§ 135. Requirements to be met by filed documents.

(a) **General rule.**—A document shall be accepted for filing by the Department of State if it satisfies the following requirements:

(1) The document purports on its face to relate to matters authorized or required to be filed under this title or contains a caption indicating that relationship and, if no applicable statement has been prescribed under section 134 (relating to docketing statement), contains sufficient information to permit the department to prepare a docket record entry:

(i) Identifying the name of the association or other person to which the document relates.

(ii) Identifying the association or associations, if any, the existence of which is to be created, extended, limited or terminated by reason of the filing and the duration of existence of any such association.

(iii) Specifying the date upon which the creation or termination of existence, if any, of the association or associations effected by the filing will take effect.

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

(3) In the case of a document that creates a new association or effects or reflects a change in name:

(i) the document is accompanied by evidence that the proposed name has been reserved by or on behalf of the applicant; or

(ii) the proposed name is available for use under the applicable standard established by this title and any other applicable provision of law.

(4) In the case of any other document that sets forth a name or mark, the proposed name or mark is available for use under the applicable standard established by law.

(5) All fees, taxes and certificates or statements relating thereto required by section 139 (relating to tax clearance of certain fundamental transactions) or otherwise have been tendered therewith.

(6) All certificates and other instruments required by statute evidencing the consent or approval of any department, board, commission or other agency of this Commonwealth as a prerequisite to the filing of the

document in the Department of State have been incorporated into, attached to or otherwise tendered with the document.

(b) **Attorney-in-fact.**—Any person, other than an incorporator or officer of a corporation, as such, may sign a document by an attorney-in-fact or fiduciary. It shall not be necessary to present to or file in the department the original or a copy of any document evidencing the authority of an attorney-in-fact or fiduciary.

(c) **Addresses.**—Whenever any provision of this title or of Title 54 (relating to names) requires that any person set forth an address in any document, such provision shall be construed to require the submission of an actual street address or rural route box number, and the department shall refuse to receive or file any document that sets forth only a post office box address.

§ 136. Processing of documents by Department of State.

(a) **Filing of documents.**—If a document conforms to section 135 (relating to requirements to be met by filed documents) the Department of State shall forthwith or on such date as is requested by the person delivering the document, whichever is later, file the document, certify that the document has been filed by endorsing upon the document the fact and date of filing, make and retain a copy thereof and return the document or a copy thereof so endorsed to or upon the order of the person who delivered the document to the department.

(b) **Immediate certified copy.**—

(1) If a duplicate copy, which may be either a signed or conformed copy, of any articles or other document authorized or required by this title to be filed in the department is delivered to the department with the original signed document, the department shall compare the duplicate copy with the original signed document and, if it finds that they are identical, shall certify the duplicate copy by making upon it the same endorsement that is required to appear upon the original, together with a further endorsement that the duplicate copy is a true copy of the original signed document, and return the duplicate copy to the person who delivered it to the department. If the duplicate copy is delivered by hand to the office of the department at the seat of government at least four hours before the close of business on any day not a holiday and relates to a matter other than a label or other mark requiring examination under Title 54 (relating to names), the department before the close of business on that day shall either:

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

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

(2) In lieu of comparing the duplicate copy with the original signed document as provided in paragraph (1), the department may make a copy of the original signed document at the cost of the person who delivered it to the department.

(c) Effective date.—Except as otherwise provided in this title, a document shall become effective upon the filing thereof in the department.

(d) Copies.—The department may make a copy, on microfilm or otherwise, of any document filed in, with or by it pursuant to this title, or any statute hereby supplied or repealed, and thereafter destroy the document or return it to or upon the order of the person who delivered the document to the department.

§ 137. Court to pass upon rejection of documents by Department of State.

(a) General rule.—Whenever the Department of State rejects a document delivered for filing under this title or fails to make available a certified duplicate copy within the time provided by section 136(b) (relating to immediate certified copy):

(1) the original document or copies thereof;

(2) the statement, if any, of the department made under section 136(b)(1)(ii); and

(3) any other papers relating thereto;

may be delivered to the prothonotary or clerk of the court vested by or pursuant to Title 42 (relating to judiciary and judicial procedure) with jurisdiction of appeals from the department. Immediately the prothonotary or clerk shall transmit the papers to the court without formality or expense to the person who delivered the original document to the department. The question of the eligibility of the document for filing in the department shall thereupon, at the earliest possible time, be heard by a judge of the court, without jury, in the court or in chambers. The finding of the court, or any judge thereof, that the document is eligible for filing in the department shall be final and the department shall act in accordance therewith. The true intent of this section is to secure for applicants an immediate hearing in court and a determination by the court without delay or expense to the applicants.

(b) Further appellate review.—The corporation or any incorporator of a proposed corporation or other aggrieved applicant may within the time and in the manner provided by law seek judicial review of an adverse order of court entered pursuant to subsection (a). The department shall not have any right in the exercise of its functions under this title to seek judicial review of an adverse order entered pursuant to subsection (a) and any such right which the department might otherwise enjoy under the Constitution of Pennsylvania or otherwise is hereby waived, but any department, board or commission of the Commonwealth which contends that the document fails to comply with section 135(a)(6) (relating to requirements to be met by filed documents) may seek judicial review of the order.

(c) Exceptions.—

(1) This section shall not impair the right of any person to proceed under section 138 (relating to statement of correction) nor impair the right of the Attorney General to institute proceedings under section 503 (relating to actions to revoke corporate franchises).

(2) A determination by the department with respect to the registrability of a label or other mark under Title 54 (relating to names) or otherwise affecting the status of a label or other mark shall be subject to judicial

review under Title 2 (relating to administrative law and procedure) and not under this section.

§ 138. Statement of correction.

(a) Filing of statement.—Whenever any document authorized or required to be filed in the Department of State by any provision of this title has been so filed and is an inaccurate record of the corporate or other action therein referred to or was defectively or erroneously executed, the document may be corrected by filing in the department a statement of correction of the document. The statement of correction, except as provided in subsection (c), shall be executed by the association or other person that effected the defective or erroneous filing and shall set forth:

(1) The name of the association or other person and, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the location, including street and number, if any, of its registered or other office.

(2) The statute by or under which the corporation was incorporated, or the preceding filing was made, in the case of a filing that does not constitute a part of the articles of incorporation of a corporation.

(3) The inaccuracy or defect to be corrected.

(4) The portion of the document requiring correction in corrected form or, if the document was erroneously executed, a statement that the original document shall be deemed reexecuted or stricken from the records of the department, as the case may be.

(b) Effect of filing.—

(1) The corrected document shall be effective:

(i) Upon filing in the department, as to those persons who are substantially and adversely affected by the correction.

(ii) As of the date the original document was effective, as to all other persons.

(2) A filing under this section shall not have the effect of causing original articles of incorporation to be stricken from the records of the department but the articles may be corrected under this section.

(c) Filing pursuant to court order.—If the association or other person refuses to file an appropriate statement of correction under this section within ten business days after any person adversely affected has made a written demand therefor, the affected person may apply to the court for an order to compel the filing. If the court finds that a document on file in the department is inaccurate or defective, it may direct the association or other person who effected the defective or erroneous filing to file an appropriate statement of correction in the department, or it may order the clerk to execute the statement under the seal of the court and cause the statement to be filed in the department. In the absence of fraud, an application may not be made to a court under this subsection with respect to a document more than one year after the date on which it was originally filed in the department.

§ 139. Tax clearance of certain fundamental transactions.

A domestic association shall not file articles or a certificate of merger or consolidation effecting a merger or consolidation into a nonqualified foreign association or articles or a certificate of dissolution or a statement of revival, a qualified foreign association shall not file an application for termination of authority or similar document in the Department of State and a corporation shall not file articles of division dividing solely into nonqualified foreign corporations unless the articles, certificate, application or other document are accompanied by clearance certificates from the Department of Revenue and the Office of Employment Security of the Department of Labor and Industry, evidencing the payment by the association of all taxes and charges due the Commonwealth required by law.

SUBCHAPTER C
DEFINITIVE AND CONTINGENT DOMESTICATION OF
FOREIGN ASSOCIATIONS

Sec.

151. Domestication of certain foreign associations.

152. Contingent domestication of certain foreign associations.

§ 151. Domestication of certain foreign associations.

(a) General rule.—Except as restricted by subsection (e), any association as defined in subsection (f) may become a domestic association by filing in the Department of State a statement of domestication.

(b) Statement of domestication.—The statement of domestication shall be executed by the association and shall set forth in the English language:

(1) The name of the association. If the name is in a foreign language, it shall be set forth in Roman letters or characters or Arabic or Roman numerals.

(2) The name of the jurisdiction under the laws of which and the date on which it was first formed, incorporated or otherwise came into being.

(3) The name of the jurisdiction that constituted the seat, siege social or principal place of business or control administration of the association, or any equivalent under applicable law, immediately prior to the filing of the statement.

(4) A statement that upon domestication the association will be a domestic association under the laws of this Commonwealth.

(5) A statement that the filing of the statement of domestication and the renunciation of the prior domicile has been authorized (unless its charter or other organic documents require a greater vote) by a majority in interest of the shareholders, members or other proprietors of the association.

(c) Execution.—The statement shall be signed on behalf of the association by any authorized person.

(d) Effect of domestication.—Upon the filing of the statement of domestication, the association shall be domesticated in this Commonwealth and the association shall thereafter be subject to any applicable provisions of this

title, except Subpart B of Part II (relating to business corporations), and to any other provisions of law applicable to associations existing under the laws of this Commonwealth. The domestication of any association in this Commonwealth pursuant to this section shall not be deemed to affect any obligations or liabilities of the association incurred prior to its domestication.

(e) **Exclusion.**—An association that can be domesticated under section 4161 (relating to domestication) shall not be domesticated under this section.

(f) **Definition.**—As used in this section, the term “association,” except as restricted by subsection (e), includes any incorporated organization, private law corporation (whether or not organized for business purposes), public law corporation, partnership, proprietorship, joint venture, foundation, trust, association or similar organization or entity.

(g) **Cross reference.**—See section 134 (relating to docketing statement).

§ 152. Contingent domestication of certain foreign associations.

(a) **General rule.**—Any association as defined in subsection (i) may become a contingent domestic association by filing in the Department of State a statement of contingent domestication. The statement of contingent domestication and all papers and information relating thereto shall remain confidential and shall not be available for public inspection until and unless the association files a notice of consummation of domestication as provided in subsection (c).

(b) **Statement of contingent domestication.**—The statement of contingent domestication shall be executed by the association and shall set forth in the English language:

(1) In the case of a corporation subject to section 4161 (relating to domestication), the statements required to be set forth in articles of domestication (except the statement required by section 4161(b)(6)).

(2) In the case of any other association, the statements required by section 151(b) (relating to statement of domestication) to be set forth in a statement of domestication (except the statement required by section 151(b)(5)).

(3) A statement that the effectiveness of the statement is contingent upon the subsequent filing of a notice of consummation of domestication.

(4) A statement that the filing of the statement of contingent domestication and the delegation of authority to file a notice of consummation of domestication has been authorized (unless its charter or other organic documents require a greater vote):

(i) by a majority vote of the votes cast by all shareholders entitled to vote thereon and, if any class of shares is entitled to vote thereon as a class, a majority of the votes cast in each class vote, in the case of a corporation subject to section 4161; or

(ii) by a majority in interest of the shareholders, members or other proprietors of the association in any other case.

(c) **Notice of consummation of domestication.**—At any time after the filing of a statement of contingent domestication, the association may file in the department a notice of consummation of domestication which shall be executed by the association and shall set forth:

(1) The name of the association. If the name is in a foreign language, it shall be set forth in Roman letters or characters or Arabic or Roman numerals.

(2) A statement that either:

(i) an emergency condition exists in the jurisdiction the law of which governs the internal affairs of the association and that in the judgment of the management of the association a temporary transfer of the domicile of the association to this Commonwealth is warranted by the circumstances; or

(ii) an event has occurred that, under the law of the jurisdiction governing the internal affairs of the association, permits the association to transfer its domicile.

(d) Statement of termination of domestication.—At any time after the filing of a notice of consummation of domestication, the association may file in the department a statement of termination of domestication which shall be executed by the association and shall set forth:

(1) The name of the association in the form set forth in the prior filings under this section.

(2) A statement that the association elects to terminate its domicile in this Commonwealth.

(3) A statement that either:

(i) the statement of contingent domestication is reinstated pending the filing in the department of a new notice of consummation of domestication; or

(ii) the statement of contingent domestication is withdrawn.

(e) Method of filing.—Documents may be filed in the department under this section by electronic mail, telecopy, telex or other form of writing, but such filing shall expire if a duly executed duplicate is not filed in the usual format within 30 days after the initial filing. All documents filed under this section shall be signed on behalf of the association by any authorized person.

(f) Effect of filing notice of consummation of domestication.—Upon the filing of a notice of consummation of domestication, and until the filing of a notice of revocation of domestication, the association shall have the status under the law of this Commonwealth of:

(1) a business corporation domesticated under section 4161, in the case of a corporation subject to that section; or

(2) an association domesticated under section 151, in any other case.

(g) Effect of filing a statement of termination of domestication.—Upon the filing of a statement of termination of domestication, the association shall under the law of this Commonwealth revert to the status it held prior to the filing of:

(1) the notice of consummation of domestication, if the statement of termination of domestication states that the statement of contingent domestication is reinstated; or

(2) the statement of contingent domestication, if the statement of termination of domestication states that the statement of contingent domestication is withdrawn.

(h) Filing fee and annual renewal.—In addition to the filing fees otherwise provided by law, an additional fee of \$1,000 per year or portion thereof shall be payable annually by any association that has in effect any contingent or temporary domiciliary status under this section. A renewal application may be filed between October 1 and December 31 in each year and shall extend the applicability of this section for the following calendar year. Otherwise the association shall not be entitled to any of the benefits of this section.

(i) Definition.—As used in this section, the term “association” includes any incorporated organization, private law corporation (whether or not organized for business purposes), public law corporation, partnership, proprietorship, joint venture, foundation, trust, association or similar organization or entity if such association or entity immediately prior to effecting an initial filing under this section is an association or entity governed by the law of any jurisdiction other than the United States or any state, Puerto Rico or any possession or territory of the United States.

(j) Cross reference.—See section 134 (relating to docketing statement).

PART II CORPORATIONS

Subpart

- A. Corporations Generally
- B. Business Corporations
- C. Nonprofit Corporations
- D. Cooperative Corporations

SUBPART A CORPORATIONS GENERALLY

Chapter

- 5. Corporations

CHAPTER 5 CORPORATIONS

Subchapter

- A. In General
- B. Indemnification and Corporate Directors' Liability
- C. Provisions Applicable to Particular Types of Corporations

SUBCHAPTER A IN GENERAL

Sec.

- 501. Reserved power of General Assembly.
- 502. Application of chapter.
- 503. Actions to revoke corporate franchises.
- 504. Validation of certain defective corporations.
- 505. Validation of certain defective corporate acts.
- 506. Scope and duration of certain franchises.
- 507. Validation of certain share authorizations.

§ 501. Reserved power of General Assembly.

(a) *General rule.*—All charters of private corporations and all present and future common or statutory law with respect to the formation or regulation of private corporations or prescribing powers, rights, duties or liabilities of private corporations or their officers, directors, shareholders or members may be revoked, amended or repealed.

(b) *Scope.*—Subsection (a) is applicable to all corporations incorporated under the authority of the Commonwealth or of the late Proprietaries of the Province of Pennsylvania, the General Assembly having found in section 104 of the act of December 21, 1988 (P.L.1444, No.177), known as the General Association Act of 1988, that all corporations incorporated prior to October 14, 1857, which purported to register under the act of January 18, 1966 (1965 P.L.1443, No.521), referred to as the Registry Act of 1966, or companion statutes, either failed to register effectively or accepted the benefit of a law or laws passed by the General Assembly after 1873 governing the affairs of corporations.

§ 502. Application of chapter.

(a) *General rule.*—Except as otherwise provided in the scope provisions of subsequent provisions of this chapter, this chapter shall apply to and the word “corporation” in this chapter shall mean:

- (1) A domestic or foreign corporation for profit.
- (2) A domestic or foreign corporation not-for-profit.

(b) *Corporations claiming exemption from power of the General Assembly.*—Any provision of this chapter otherwise applicable to a corporation claiming exemption from the power of the General Assembly shall be inapplicable to such corporation to the extent, and only to the extent, required by the Constitution of the United States or the Constitution of Pennsylvania, or both.

§ 503. Actions to revoke corporate franchises.

(a) *General rule.*—The Attorney General may institute proceedings to revoke the articles and franchises of a corporation if it:

- (1) misused or failed to use its powers, privileges or franchises;
- (2) procured its articles by fraud; or
- (3) should not have been incorporated under the statutory authority relied upon.

(b) *Powers of court.*—In every action or proceeding instituted under subsection (a), the court shall have power to wind up the affairs of and to dissolve the corporation in the manner provided in this part or as otherwise provided by law.

§ 504. Validation of certain defective corporations.

Where heretofore or hereafter any act has been or may be done or any transfer or conveyance of any property has been or may be made to or by any corporation created or intended to be created under any statute supplied or repealed by this part, in good faith, after the approval of the articles or application for a charter or issuance of letters patent but without the actual recording of the original papers with the endorsements thereon, or a certified copy thereof, in the office of any recorder of deeds, as provided in such stat-

utes then in force, the acts, transfers and conveyances shall nevertheless be deemed and taken to be valid and effectual for all purposes, regardless of the omission to record the original papers with the endorsements thereon, or a certified copy thereof, as heretofore required by such statutes. Every such corporation shall be deemed and taken to have been incorporated ~~on the date~~ of approval of its articles or application for a charter or on the date of issuance of its letters patent, whichever event shall have last occurred.

§ 505. Validation of certain defective corporate acts.

Where any corporation governed by this part or created or intended to be created or governed by any statute ~~supplied or repealed by this part~~ has, in good faith, extended its territory or term of existence, changed its name, merged, consolidated or otherwise altered or amended its charter or articles under any statute ~~supplied or repealed by this part~~ but without the actual recording of a document or documents evidencing the corporate action in the office of any recorder of deeds, as provided in such statutes then in force, and a record of the corporate action is on file in the office of the clerk of any court of this Commonwealth or in the Department of State, the corporate action shall nevertheless be deemed and taken to be valid for all purposes, regardless of the omission to record the document or documents as heretofore required by such statutes, and every such corporate action shall be deemed and taken to have been effected upon the filing of the corporate action in the office of the clerk of any court or in the department, or upon the approval of the action, if required, by a court, or by the Governor, Secretary of the Commonwealth or other officer performing corresponding functions with respect to corporate affairs, whichever event has last occurred.

§ 506. Scope and duration of certain franchises.

(a) General rule.—Except as provided in subsection (b), whenever any corporation has sold, assigned, disposed of and conveyed all or any part of its franchises and all or any part of its property, real, personal and mixed, to any other corporation, and the franchises and property have vested in the vendee corporation, or whenever any corporation has heretofore merged or may hereafter merge with and into or consolidate into a surviving or new corporation, the vendee, surviving or new corporation or its successor corporation shall be deemed to possess as a constituent of its own charter, and not as a direct or indirect acquisition from the vendor or nonsurviving corporation, franchise rights of identical scope and character as those originally acquired by it and any of its predecessors in interest from every vendor or nonsurviving predecessor corporation regardless of the fact, if such is the case, that the franchises of any vendor or nonsurviving predecessor corporation, had they been separately existing, would have theretofore expired of their own limitations. The charter of any vendee, surviving, new or successor corporation to which this section may become applicable and all franchise rights thereof attributable under this section or otherwise to or acquired from any vendor or nonsurviving predecessor corporation shall expire upon the same date, which date shall be the later of the dates on which the charter or the most remotely limited of the franchise rights would otherwise expire, and every renewal, extension or change in the term of existence of the vendee, surviv-

ing, new or successor corporation by merger, consolidation or otherwise shall inure to the franchise rights attributable to or acquired from all such vendor or nonsurviving predecessor corporations.

(b) Exception.—This section shall not operate to revive any franchise rights heretofore or hereafter expressly surrendered by the affirmative action of any such vendee, surviving, new or successor corporation.

§ 507. Validation of certain share authorizations.

(a) General rule.—Where heretofore any domestic corporation for profit shall have redeemed and canceled any shares subject to redemption and cancellation, acquired its own shares on conversion thereof into or exchange thereof for other shares of the corporation, purchased or redeemed and canceled any shares, canceled any treasury shares, redeemed any shares or adopted any resolution of the board with respect to authorized but unissued shares reducing the number of shares that the corporation is authorized to issue without filing in the Department of State a statement of redemption and cancellation, a statement of cancellation of shares, a statement of reduction of authorized shares or similar document as then provided by any statute supplied or repealed by Subpart B (relating to business corporations), such action shall be deemed not to have had any effect on the authorized share structure of the corporation and the number and class of shares authorized to be issued by the corporation from time to time and at any time shall be deemed and taken to be the number and class of shares as set forth at the time in the most recently amended text of the charter or articles of the corporation as then on file in the department.

(b) Restriction on reissuance.—Subsection (a) shall not validate any shares reissued in violation of a provision of the charter or articles prohibiting the reissuance of redeemed or otherwise acquired shares. Except as otherwise expressly provided therein, such a provision shall not be interpreted as prohibiting the reissuance of redeemed or otherwise acquired shares as shares of a different class or series.

SUBCHAPTER B

INDEMNIFICATION AND CORPORATE DIRECTORS' LIABILITY

Sec.

511. Standard of care and justifiable reliance.

512. Personal liability of directors.

513. Nonexclusivity and supplementary coverage.

§ 511. Standard of care and justifiable reliance.

(a) Director as fiduciary.—A director of a domestic corporation shall stand in a fiduciary relation to the corporation and shall perform his duties as a director, including his duties as a member of any committee of the board upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the corporation and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his duties, a director shall be entitled to rely in good faith on information, opinions, reports or

statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(1) One or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented.

(2) Counsel, public accountants or other persons as to matters which the director reasonably believes to be within the professional or expert competence of such person.

(3) A committee of the board upon which he does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

A director shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

(b) **Consideration of factors.**—In discharging the duties of their respective positions, the board of directors, committees of the board and individual directors may, in considering the best interests of the corporation, consider the effects of any action upon employees, upon suppliers and customers of the corporation and upon communities in which offices or other establishments of the corporation are located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of subsection (a).

(c) **Presumption.**—Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a director or any failure to take any action shall be presumed to be in the best interests of the corporation.

§ 512. **Personal liability of directors.**

(a) **General rule.**—Whenever the bylaws of a corporation by a vote of the shareholders or members so provide, a director of a domestic corporation shall not be personally liable, as such, for monetary damages for any action taken, or any failure to take any action, unless:

(1) the director has breached or failed to perform the duties of his office under section 511 (relating to standard of care and justifiable reliance); and

(2) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(b) **Exception.**—The provisions of this section shall not apply to:

(1) the responsibility or liability of a director pursuant to any criminal statute; or

(2) the liability of a director for the payment of taxes pursuant to local, State or Federal law.

§ 513. **Nonexclusivity and supplementary coverage.**

(a) **General rule.**—The indemnification and advancement of expenses provided by or pursuant to sections 522 (relating to indemnification of authorized representatives), 1741 (relating to third-party actions), 1742 (relating to derivative actions), 1743 (relating to mandatory indemnification), 5741 (relating to third-party actions), 5742 (relating to derivative actions) and 5743 (relating to mandatory indemnification) or any other pro-

visions of law providing for indemnification or advancement of expenses applicable to any domestic corporation shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of shareholders, members or directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding that office. The provisions of sections 1728 (relating to interested directors or officers; quorum) and 5728 (relating to interested members, directors or officers; quorum) or corresponding provisions of law applicable to any domestic corporation shall be applicable to any bylaw, contract or transaction authorized by the directors under this section. Any domestic corporation may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this section or otherwise.

(b) When indemnification is not to be made.—Indemnification pursuant to subsection (a) shall not be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

(c) Grounds.—Indemnification pursuant to subsection (a) under any bylaw, agreement, vote of shareholders, members or directors or otherwise may be granted for any action taken or any failure to take any action and may be made whether or not the corporation would have the power to indemnify the person under any other provision of law except as provided in this section and whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the corporation. Such indemnification is declared to be consistent with the public policy of this Commonwealth.

(d) Payment of expenses.—Expenses incurred by an officer, director, employee or agent in defending any action or proceeding may be paid by the corporation in advance of the final disposition of such action, suit or proceeding against which indemnification may be made pursuant to this section upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the corporation.

(e) Rights to indemnification.—The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

SUBCHAPTER C PROVISIONS APPLICABLE TO PARTICULAR TYPES OF CORPORATIONS

Sec.

521. Pensions and allowances.

522. Indemnification of authorized representatives.

523. Actions by shareholders or members to enforce a secondary right.

§ 521. Pensions and allowances.

A banking institution, a credit union, an insurance corporation or a savings association may grant allowances or pensions to officers, directors and employees for faithful and long-continued services and, after the death of the officer, director or employee either while in the service of the corporation or after retirement, pensions or allowances may be granted or continued to their dependents. The allowances to dependents shall be reasonable in amount and paid only for a limited time and, unless part of an employee benefit plan or employment contract in effect at the time of retirement or death of the officer, director or employee, shall not exceed in total the amount of the compensation paid to the officer, director or employee during the 12 months preceding retirement or death.

§ 522. Indemnification of authorized representatives.

A banking institution, a credit union, an insurance corporation or a savings association shall be governed by the provisions of Subchapter C of Chapter 17 (relating to indemnification).

§ 523. Actions by shareholders or members to enforce a secondary right.

(a) General rule.—In any action brought to enforce a secondary right on the part of one or more shareholders or members against any officer or director or former officer or director of a banking institution, a credit union, an insurance corporation or a savings association, because the corporation refuses to enforce rights which may properly be asserted by it, the plaintiff or plaintiffs must aver and it must be made to appear that the plaintiff or each plaintiff was a shareholder or was a member of the corporation at the time of the transaction of which he complains or that his stock or membership devolved upon him by operation of law from a person who was a shareholder or member at that time.

(b) Security for costs.—In any such action instituted or maintained by a holder or holders of less than 5% of the outstanding shares of any class of the corporation or voting trust certificates therefor, or by a member or members of a corporation organized without capital stock which has outstanding contracts or accounts with its members if the value of the contracts or accounts held or owned by the member or members instituting or maintaining the suit is less than 5% of the value of all the contracts or accounts outstanding, the corporation in whose right the action is brought shall be entitled, at any stage of the proceedings, to require the plaintiff or plaintiffs to give security for the reasonable expenses, including attorneys' fees, which may be incurred by it in connection therewith and for which it may become liable pursuant to section 522 (relating to indemnification of authorized representatives) (but only insofar as relates to mandatory indemnification in actions by or in the right of the corporation) to which security the corporation shall have recourse in such amount as the court having jurisdiction shall determine upon the termination of the action. The amount of the security may, from time to time, be increased or decreased in the discretion of the court having jurisdiction of the action upon showing that the security provided has or may become inadequate or excessive.

(c) Definitions.—As used in this section, the following words and phrases shall have the meanings given to them in this subsection:

“Director.” Includes any individual performing the function of director, regardless of title.

“Member.” Includes depositors in a mutual banking institution.

SUBPART B BUSINESS CORPORATIONS

Article

- A. Preliminary Provisions
- B. Domestic Business Corporations Generally
- C. Domestic Business Corporation Ancillaries
- D. Foreign Business Corporations

ARTICLE A PRELIMINARY PROVISIONS

Chapter

- 11. General Provisions

CHAPTER 11 GENERAL PROVISIONS

Sec.

- 1101. Short titles.
- 1102. Application of subpart.
- 1103. Definitions.
- 1104. Other general provisions.
- 1105. Restriction on equitable relief.
- 1106. Uniform application of subpart.
- 1107. Limitation on incorporation.
- 1108. Execution of documents.

§ 1101. Short titles.

(a) Title of subpart.—This subpart shall be known and may be cited as the Business Corporation Law of 1988.

(b) Prior law.—The act of May 5, 1933 (P.L.364, No.106), shall be known and may be cited as the Business Corporation Law of 1933.

§ 1102. Application of subpart.

(a) General rule.—Except as otherwise provided in this section, in the scope provisions of subsequent provisions of this subpart or where the context clearly indicates otherwise, this subpart shall apply to and the words “corporation” or “business corporation” in this subpart shall mean a domestic corporation for profit. See section 101(b) (relating to application of title).

(b) Coordination with other laws.—Where any other provision of law contemplates notice to, the presence of or the vote, consent or other action by the shareholders, directors or officers of a business corporation, without specifying the applicable corporate standards and procedures, the standards and procedures specified by or pursuant to this subpart shall be applicable.

(c) Exclusions.—This subpart shall not apply to any of the following corporations, whether proposed or existing, except as otherwise expressly provided in this subpart or as otherwise provided by statute applicable to the corporation:

- (1) A banking institution.
- (2) A credit union.
- (3) A domestic or foreign insurance corporation.
- (4) A savings association.

(d) Cooperative corporations.—This subpart shall apply to a domestic corporation for profit organized on the cooperative principle only to the extent provided by Subpart D (relating to cooperative corporations).

(e) Business corporation ancillaries.—The domestic corporation provisions of this subpart shall apply to any of the following corporations, whether proposed or existing, except as otherwise expressly provided by statute applicable to the corporation:

- (1) A business development credit corporation.
- (2) Any other domestic corporation for profit incorporated under or subject to a statute that provides that the corporate affairs of the corporation shall be governed by the laws applicable to domestic business corporations.

§ 1103. Definitions.

Subject to additional definitions contained in subsequent provisions of this subpart that are applicable to specific provisions of this subpart, the following words and phrases when used in this subpart shall have the meanings given to them in this section unless the context clearly indicates otherwise:

“Amendment.” An amendment of the articles.

“Articles.” The original articles of incorporation, all amendments thereof and any other articles, statements or certificates permitted or required to be filed in the Department of State by sections 108 (relating to change in location or status of registered office provided by agent) and 138 (relating to statement of correction) or this subpart and including what have heretofore been designated by law as certificates of incorporation or charters. If an amendment of the articles or articles of merger or division made in the manner permitted by this subpart restates articles in their entirety or if there are articles of consolidation, conversion or domestication, thenceforth the “articles” shall not include any prior documents and any certificate issued by the department with respect thereto shall so state.

“Authorized shares.” The shares of all classes that the corporation is authorized to issue.

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

“Board of directors” or “board.” The persons selected under section 1725 (relating to selection of directors) irrespective of the name by which the group is designated in the articles. See section 1731(c) (relating to status of committee action).

“Business corporation” or “domestic business corporation.” A domestic corporation for profit that is not excluded from the scope of this subpart by section 1102 (relating to application of subpart).

“Business development credit corporation.” A domestic corporation for profit that is a corporation as defined in the act of December 1, 1959 (P.L.1647, No.606), known as the Business Development Credit Corporation Law.

“Bylaws.” See section 1504(c) (relating to bylaw provisions in articles).

“Closely held corporation.” A business corporation that:

- (1) has not more than 30 shareholders; or
- (2) is a statutory close corporation.

Shares that are held jointly or in common or in trust by two or more persons, as fiduciaries or otherwise, or that are held by spouses shall be deemed to be held by one shareholder for the purposes of this definition.

“Corporation for profit.” A corporation incorporated for a purpose or purposes involving pecuniary profit, incidental or otherwise, to its shareholders or members.

“Corporation not-for-profit.” A corporation not incorporated for a purpose or purposes involving pecuniary profit, incidental or otherwise.

“Court.” Subject to any inconsistent general rule prescribed by the Supreme Court of Pennsylvania:

- (1) the court of common pleas of the judicial district embracing the county where the registered office of the corporation is or is to be located; or
- (2) where a corporation results from a merger, consolidation, division or other transaction without establishing a registered office in this Commonwealth or withdraws as a foreign corporation, the court of common pleas in which venue would have been laid immediately prior to the transaction or withdrawal.

“Credit union” or “domestic credit union.” A domestic corporation for profit that is a credit union as defined in the act of September 20, 1961 (P.L.1548, No.658), known as the Credit Union Act.

“Department.” The Department of State of the Commonwealth.

“Directors.” The term, when used in relation to any power or duty requiring collective action, shall be construed to mean “board of directors.”

“Dissenters rights.” The rights and remedies provided by Subchapter D of Chapter 15 (relating to dissenters rights).

“Distribution.” A direct or indirect transfer of money or other property (except its own shares) or incurrance of indebtedness by a corporation to or for the benefit of any of its shareholders in respect of any of its shares whether by dividend or by purchase, redemption or other acquisition of its shares or otherwise.

“Domestic corporation for profit.” A corporation for profit incorporated under the laws of this Commonwealth.

“Domestic corporation not-for-profit.” A corporation not-for-profit incorporated under the laws of this Commonwealth.

“Employee.” Includes officers but not directors, as such. See section 1730 (relating to compensation of directors) as to acceptance by a director of duties that make him also an employee.

“Entitled to vote.” Those persons entitled at the time to vote on the matter under a plan or the terms of a fundamental transaction where dissenters rights are not available under section 1571(b)(2)(ii) (relating to exceptions) or under the articles or bylaws of the corporation or any applicable controlling provision of law.

“Fair value.” In the case of shares, fair value as determined under the standards and procedures provided by Subchapter D of Chapter 15 (relating to dissenters rights).

“Foreign business corporation.” A foreign corporation for profit subject to Chapter 41 (relating to foreign business corporations), whether or not required to qualify thereunder.

“Foreign corporation for profit.” A corporation for profit incorporated under any laws other than those of this Commonwealth.

“Foreign corporation not-for-profit.” A corporation not-for-profit incorporated under any laws other than those of this Commonwealth.

“Foreign domiciliary corporation.” A foreign business corporation defined in section 4102 (relating to foreign domiciliary corporations).

“Foreign insurance corporation.” A corporation for profit incorporated under any laws other than those of this Commonwealth that is qualified to do business in this Commonwealth under the act of May 17, 1921 (P.L.682, No.284), known as The Insurance Company Law of 1921.

“Full age.” Of the age of 18 years or older.

“Incorporator.” A signer of the original articles of incorporation.

“Insurance corporation” or “domestic insurance corporation.” A domestic corporation for profit that is incorporated under or subject to The Insurance Company Law of 1921 or any statute relating to the incorporation or reincorporation of limited life insurance companies.

“Issue.” Includes sale or other disposition of a security previously issued by the corporation and thereafter acquired by it.

“Management corporation.” A business corporation that has elected to become subject to Chapter 27 (relating to management corporations) and whose status as a management corporation has not been terminated as provided in Chapter 27.

“Nonprofit corporation.” A domestic corporation not-for-profit defined in section 5103 (relating to definitions).

“Nonqualified foreign business corporation.” A foreign business corporation that is not a qualified foreign business corporation as defined in this section.

“Nonregistered corporation.” A corporation that is not a registered corporation.

“Nonstock corporation.” A business corporation that has elected to become subject to Chapter 21 (relating to nonstock corporations) and whose status as a nonstock corporation has not been terminated as provided in Chapter 21.

“Obligation.” Includes a note or other form of indebtedness, whether secured or unsecured.

“Officer.” If a corporation is in the hands of a custodian, receiver, trustee or like official, the term includes that official or any person appointed by that official to act as an officer for any purpose under this subpart.

“Officially publish.” Publish in two newspapers of general circulation in the English language in the county in which the registered office of the corporation is located, or in the case of a proposed corporation is to be located, one of which shall be the legal newspaper, if any, designated by the rules of court for the publication of legal notices or, if there is no legal newspaper, in two newspapers of general circulation in the county. When there is but one newspaper of general circulation in any county, advertisement in that newspaper shall be sufficient. Where no other frequency is specified, the notice shall be published one time in the appropriate newspaper or newspapers. See section 109(a)(2) (relating to name of commercial registered office provider in lieu of registered address).

“Plan.” A plan of reclassification, merger, consolidation, exchange, asset transfer, division or conversion.

“Preference.” A right in one class or series of shares that is senior to any right in a junior class or series of shares:

- (1) as to the right to payment of dividends;
- (2) as to the right to distribution of assets upon redemption of shares or upon the voluntary or involuntary liquidation of the corporation; or
- (3) as to both dividends and assets.

“Professional corporation.” A business corporation that has elected to become subject to Chapter 29 (relating to professional corporations) and whose status as a professional corporation has not been terminated as provided in Chapter 29.

“Public utility corporation.” Any domestic or foreign corporation for profit that:

- (1) is subject to regulation as a public utility by the Pennsylvania Public Utility Commission or an officer or agency of the United States; or
- (2) was subject to such regulation on December 31, 1980, or would have been so subject if it had been then existing.

“Qualified foreign business corporation.” A foreign business corporation authorized under Chapter 41 (relating to foreign business corporations) to do business in this Commonwealth.

“Reclassification.” A change in the number, voting rights, designations, preferences, limitations, special rights or par value of shares, or a conversion or exchange of one class or series of shares into or for another class or series of shares of the same corporation, or the cancellation of shares. The term does not include a stock dividend or split effected by distribution of its own previously authorized shares pro rata to the holders of shares of the same or any other class or series pursuant to action solely of the board of directors.

“Registered corporation.” A corporation defined in section 2502 (relating to registered corporation status).

“Registered office.” That office maintained by a corporation in this Commonwealth, the address of which is filed with the Department of State. See section 109 (relating to name of commercial registered office provider in lieu of registered address).

“Representative.” When used with respect to an association, joint venture, trust or other enterprise, means a director, officer, employee or agent thereof. The term does not imply that a director, as such, is an agent of a corporation.

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

“Share certificate.” A written instrument signed on behalf of the corporation evidencing the fact that the person therein named is the record owner of the shares therein described.

“Shareholder.” A record holder or record owner of shares of a corporation, including a subscriber to shares. The term, when used in relation to the taking of corporate action, includes the proxy of a shareholder. If and to the extent the articles confer rights of shareholders upon holders of obligations of the corporation or governmental or other entities pursuant to any provision of this subpart or other provision of law, the term shall be construed to include those holders and governmental or other entities.

“Shares.” The units into which the rights of the shareholders to participate in the control of a corporation, in its profits or in the distribution of its assets are divided.

“Special treatment.” A provision of an amendment or plan permitted by section 1906 (relating to special treatment of holders of shares of same class or series).

“Statutory close corporation.” A business corporation that has elected to become subject to Chapter 23 (relating to statutory close corporations) and whose status as a statutory close corporation has not been terminated as provided in Chapter 23.

“Subscriber.” One who subscribes for or otherwise takes shares by agreement from the issuing corporation, whether before or after incorporation.

“Subscription.” The promise to pay a consideration or the agreement fixing the amount of the consideration paid or to be paid for shares by a subscriber.

“Unless otherwise provided” or “except as otherwise provided.” When used to introduce or modify a rule, implies that the alternative provisions contemplated may either relax or restrict the stated rule.

“Unless otherwise restricted” or “except as otherwise restricted.” When used to introduce or modify a rule, implies that the alternative provisions contemplated may further restrict, but may not relax, the stated rule.

“Voting” or “casting a vote.” Includes the giving of written consent. The term does not include either recording the fact of abstention or failing to vote for a candidate or for approval or disapproval of a matter, whether or

not the person entitled to vote characterizes the conduct as voting or casting a vote.

§ 1104. Other general provisions.

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

- Section 101 (relating to short title and application of title).
- Section 102 (relating to definitions).
- Section 103 (relating to subordination of title to regulatory laws).
- Section 104 (relating to equitable remedies).
- Section 105 (relating to fees).
- Section 106 (relating to effect of filing papers required to be filed).
- Section 107 (relating to form of records).
- Section 108 (relating to change in location or status of registered office provided by agent).
- Section 109 (relating to name of commercial registered office provider in lieu of registered address).
- Section 110 (relating to supplementary general principles of law applicable).
- Section 132 (relating to functions of Department of State).
- Section 133 (relating to powers of Department of State).
- Section 134 (relating to docketing statement).
- Section 135 (relating to requirements to be met by filed documents).
- Section 136 (relating to processing of documents by Department of State).
- Section 137 (relating to court to pass upon rejection of documents by Department of State).
- Section 138 (relating to statement of correction).
- Section 139 (relating to tax clearance of certain fundamental transactions).
- Section 152 (relating to contingent domestication of certain foreign associations).
- Section 501 (relating to reserved power of General Assembly).
- Section 503 (relating to actions to revoke corporate franchises).
- Section 504 (relating to validation of certain defective corporations).
- Section 505 (relating to validation of certain defective corporate acts).
- Section 506 (relating to scope and duration of certain franchises).
- Section 507 (relating to validation of certain share authorizations).
- Section 511 (relating to standard of care and justifiable reliance).
- Section 512 (relating to personal liability of directors).
- Section 513 (relating to nonexclusivity and supplementary coverage).

§ 1105. Restriction on equitable relief.

A shareholder of a business corporation shall not have any right to obtain, in the absence of fraud or fundamental unfairness, an injunction against any proposed plan or amendment of articles authorized under any provision of this subpart, nor any right to claim the right to valuation and payment of the fair value of his shares because of the plan or amendment, except that he may dissent and claim such payment if and to the extent provided in Sub-

chapter D of Chapter 15 (relating to dissenters rights) where this subpart expressly provides that dissenting shareholders shall have the rights and remedies provided in that subchapter. Absent fraud or fundamental unfairness, the rights and remedies so provided shall be exclusive. Structuring a plan or transaction for the purpose or with the effect of eliminating or avoiding the application of dissenters rights is not fraud or fundamental unfairness within the meaning of this section.

§ 1106. Uniform application of subpart.

(a) General rule.—Except as provided in subsection (b), this subpart and its amendments are intended to provide uniform rules for the government and regulation of the affairs of business corporations and of their officers, directors and shareholders regardless of the date or manner of incorporation or qualification, or of the issuance of any shares thereof.

(b) Exceptions.—

(1) Unless expressly provided otherwise in any amendment to this subpart, the amendment shall take effect only prospectively.

(2) An existing corporation lawfully using a name or, as part of its name, a word that could not be used as or included in the name of a corporation subsequently incorporated or qualified under this subpart may continue to use the name or word as part of its name if the use or inclusion of the word or name was lawful when first adopted by the corporation in this Commonwealth.

(3) Subsection (a) shall not adversely affect the rights specifically provided for or saved in this subpart. See:

The provisions of section 1521(b)(3) (relating to provisions specifically authorized).

The provisions of section 1524(e) (relating to transitional provision).

The preemptive rights set forth in section 1530(b) (relating to preexisting preemptive rights).

The provisions of section 1554(c) (relating to transitional provision).

The cumulative voting rights set forth in section 1758(c)(2) (relating to cumulative voting).

The class voting rights upon certain amendments of articles set forth in section 1914(b)(3) (relating to statutory voting rights).

The special voting requirements specified in section 1952(h) (relating to special requirements).

The provisions of section 2301(d) (relating to transitional provisions).

The provisions of section 2541(a)(2) and (3) and (c) (relating to application and effect of subchapter).

The provisions of section 2543(b)(1) and (2) (relating to exceptions generally).

The provisions of section 2551(b)(3)(i), (5) and (6) (relating to exceptions).

The provisions of section 2553(b)(2) (relating to exception).

§ 1107. Limitation on incorporation.

A corporation that can be incorporated under this subpart shall not be incorporated except under the provisions of this subpart.

§ 1108. Execution of documents.

(a) General rule.—Any document filed in the Department of State under this title by a domestic or foreign business corporation subject to this subpart may be executed on behalf of the corporation by any one duly authorized officer thereof. The corporate seal may be affixed and attested but the affixation or attestation of the corporate seal shall not be necessary for the due execution of any filing by a corporation under this title.

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

ARTICLE B
DOMESTIC BUSINESS CORPORATIONS GENERALLY

Chapter

- 13. Incorporation
- 15. Corporate Powers, Duties and Safeguards
- 17. Officers, Directors and Shareholders
- 19. Fundamental Changes

CHAPTER 13
INCORPORATION

Subchapter

- A. Incorporation Generally
- B. Revival

SUBCHAPTER A
INCORPORATION GENERALLY

Sec.

- 1301. Purposes.
- 1302. Number and qualifications of incorporators.
- 1303. Corporate name.
- 1304. Required name changes by senior corporations.
- 1305. Reservation of corporate name.
- 1306. Articles of incorporation.
- 1307. Advertisement.
- 1308. Filing of articles.
- 1309. Effect of filing of articles of incorporation.
- 1310. Organization meeting.
- 1311. Filing of statement of summary of record by certain corporations.

§ 1301. Purposes.

Corporations may be incorporated under this subpart for any lawful purpose or purposes. Unless otherwise restricted in its articles, every business corporation has as its corporate purpose the engaging in all lawful business for which corporations may be incorporated under this subpart.

§ 1302. Number and qualifications of incorporators.

One or more corporations for profit or not-for-profit or natural persons of full age may incorporate a business corporation under the provisions of this subpart.

§ 1303. Corporate name.

(a) General rule.—The corporate name may be in any language, but must be expressed in Roman letters or characters or Arabic or Roman numerals, and shall contain:

(1) the word “corporation,” “company,” “incorporated” or “limited” or an abbreviation of any of them;

(2) the word “association,” “fund” or “syndicate”; or

(3) words or abbreviations of like import in languages other than English.

(b) Duplicate use of names.—The corporate name shall not be the same as or confusingly similar to:

(1) The name of any other domestic corporation for profit or not-for-profit, or of any foreign corporation for profit or not-for-profit authorized to do business in this Commonwealth, or of any domestic or foreign limited partnership that has filed a certificate or qualified under Chapter 85 (relating to limited partnerships) or under corresponding provisions of prior law, or the name of any association registered at any time under 54 Pa.C.S. Ch. 5 (relating to corporate and other association names), unless:

(i) where the name is the same or confusingly similar, the other association:

(A) has stated that it is about to change its name, or to cease to do business, or is being wound up, or is a foreign association about to withdraw from doing business in this Commonwealth, and the statement and the written consent of the other association to the adoption of the name is filed in the Department of State;

(B) has filed with the Department of Revenue a certificate of out of existence, or has failed for a period of three successive years to file with the Department of State or the Department of Revenue a report or return required by law, and in the case of a failure to file with the Department of Revenue, the fact of such failure has been certified by the Department of Revenue to the Department of State;

(C) has abandoned its name under the laws of its jurisdiction of incorporation, by amendment, merger, consolidation, division, expiration, dissolution or otherwise, without its name being adopted by a successor in a merger, consolidation, division or otherwise, and an official record of that fact, certified as provided by 42 Pa.C.S. § 5328 (relating to proof of official records), is presented by any person to the department; or

(D) has had the registration of its name under 54 Pa.C.S. Ch. 5 terminated and, if the termination was effected by operation of 54 Pa.C.S. § 504 (relating to effect of failure to make decennial filings), the application for the use of the name is accompanied by a verified statement stating that at least 30 days' written notice of intention to

appropriate the name was given to the delinquent association at its registered office and that, after diligent search by the affiant, the affiant believes the association to be out of existence; or

(ii) where the name is confusingly similar, the consent of the other association to the adoption of the name is filed in the Department of State.

The consent of the association shall be evidenced by a certificate to that effect executed by the association.

(2) A name the exclusive right to which is at the time reserved by any other person whatsoever in the manner provided by statute. A name shall be rendered unavailable for corporate use by reason of the filing in the Department of State of any assumed or fictitious name required by 54 Pa.C.S. Ch. 3 (relating to fictitious names) to be filed in the department only if and to the extent expressly so provided in that chapter.

(c) Required approvals or conditions.—

(1) The corporate name shall not imply that the corporation is:

(i) A governmental agency of the Commonwealth or of the United States.

(ii) A bank, bank and trust company, savings bank, private bank or trust company, as defined in the act of November 30, 1965 (P.L.847, No.356), known as the Banking Code of 1965, unless the corporation or proposed corporation is a Pennsylvania bank holding company or is otherwise authorized by statute to use its proposed name.

(iii) An insurance company that could be incorporated under the act of May 17, 1921 (P.L.682, No.284), known as The Insurance Company Law of 1921.

(iv) A public utility corporation furnishing electric or gas service to the public, unless the corporation or proposed corporation has as an express corporate purpose the furnishing of service subject to the jurisdiction of the Pennsylvania Public Utility Commission or the Federal Energy Regulatory Commission.

(2) The corporate name shall not contain:

(i) The word "college," "university" or "seminary" when used in such a way as to imply that it is an educational institution conforming to the standards and qualifications prescribed by the State Board of Education, unless there is submitted a certificate from the Department of Education certifying that the corporation or proposed corporation is entitled to use that designation.

(ii) Words that constitute blasphemy, profane cursing or swearing or that profane the Lord's name.

(iii) The words "engineer" or "engineering" or "surveyor" or "surveying" or any other word implying that any form of the practice of engineering or surveying as defined in the act of May 23, 1945 (P.L.913, No.367), known as the Professional Engineers Registration Law, is provided unless at least one of the incorporators of a proposed corporation or the directors of the existing corporation has been properly registered with the State Registration Board for Professional Engi-

neers in the practice of engineering or surveying and there is submitted to the department a certificate from the board to that effect.

(iv) The words "architect" or "architecture" or any other word implying that any form of the practice of architecture as defined in the act of December 14, 1982 (P.L.1227, No.281), known as the Architects Licensure Law, is provided unless at least one of the incorporators of a proposed corporation or the directors of the existing corporation has been properly registered with the Architects Licensure Board in the practice of architecture and there is submitted to the department a certificate from the board to that effect.

(v) The word "cooperative" or an abbreviation thereof unless the corporation is a cooperative corporation.

(d) Other rights unaffected.—This section shall not abrogate or limit the law as to unfair competition or unfair practices nor derogate from the common law, the principles of equity or the provisions of Title 54 (relating to names) with respect to the right to acquire and protect trade names. Subsection (b) shall not apply if the applicant files in the department a certified copy of a final order of a court of competent jurisdiction establishing the prior right of the applicant to the use of a name in this Commonwealth.

(e) Remedies for violation of section.—The use of a name in violation of this section shall not vitiate or otherwise affect the corporate existence but any court having jurisdiction, upon the application of:

(1) the Attorney General, acting on his own motion or at the instance of any administrative department, board or commission of this Commonwealth; or

(2) any person adversely affected;

may enjoin the corporation from using or continuing to use a name in violation of this section.

§ 1304. Required name changes by senior corporations.

(a) Adoption of new name upon reactivation.—Where a corporate name is made available on the basis that the corporation or other association that formerly registered the name has failed to file in the Department of Revenue or in the Department of State a report or a return required by law or where the corporation or other association has filed in the Department of Revenue a certificate of out of existence, the corporation or other association shall cease to have by virtue of its prior registration any right to the use of the name. The corporation or other association, upon withdrawal of the certificate of out of existence or upon the removal of its delinquency in the filing of the required reports or returns, shall make inquiry with the Department of State with regard to the availability of its name and, if the name has been made available to another domestic or foreign corporation for profit or not-for-profit or other association by virtue of these conditions, shall adopt a new name in accordance with law before resuming its activities.

(b) Enforcement of undertaking to release name.—If a corporation has used a name the same as or confusingly similar to the name of another corporation or other association as permitted by section 1303(b)(1)(i) (relating to duplicate use of names) and the other corporation or other association con-

tinues to use its name in this Commonwealth and does not change its name, cease to do business, be wound up or withdraw as it proposed to do in its consent or change its name as required by subsection (a), any court having jurisdiction, upon the application of:

(1) the Attorney General, acting on his own motion or at the instance of any administrative department, board or commission of this Commonwealth; or

(2) any person adversely affected;

may enjoin the other corporation or other association from continuing to use its name or a confusingly similar name.

§ 1305. Reservation of corporate name.

(a) General rule.—The exclusive right to the use of a corporate name may be reserved by any person. The reservation shall be made by delivering to the Department of State an application to reserve a specified corporate name, executed by the applicant. If the department finds that the name is available for corporate use, it shall reserve the name for the exclusive use of the applicant for a period of 120 days.

(b) Transfer of reservation.—The right to exclusive use of a specified corporate name reserved under subsection (a) may be transferred to any other person by delivering to the department a notice of the transfer, executed by the person who reserved the name, and specifying the name and address of the transferee.

(c) Cross references.—See sections 134 (relating to docketing statement) and 4131 (relating to registration of name).

§ 1306. Articles of incorporation.

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

(1) The name of the corporation, unless the name is in a foreign language in which case it shall be set forth in Roman letters or characters or Arabic or Roman numerals.

(2) Subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its initial registered office in this Commonwealth.

(3) A statement that the corporation is incorporated under the provisions of the Business Corporation Law of 1988.

(4) A statement that the corporation is to be organized upon a non-stock basis, or if it is to be organized on a stock share basis:

(i) The aggregate number of shares that the corporation shall have authority to issue. It shall not be necessary to set forth in the articles the designations of the classes of shares of the corporation, or the maximum number of shares of each class that may be issued.

(ii) A statement of the voting rights, designations, preferences, limitations and special rights in respect of the shares of any class or any series of any class, to the extent that they have been determined.

(iii) A statement of any authority vested in the board of directors to divide the authorized and unissued shares into classes or series, or both, and to determine for any such class or series its voting rights, designations, preferences, limitations and special rights.

(5) The name and address, including street and number, if any, of each of the incorporators.

(6) The term for which the corporation is to exist, if not perpetual.

(7) If the articles are to be effective on a specified date, the hour, if any, and the month, day and year of the effective date.

(8) Any other provisions that the incorporators may choose to insert if:

(i) any provision of this subpart authorizes or requires provisions pertaining to the subject matter thereof to be set forth in the articles or bylaws of a business corporation or in an agreement or other instrument; or

(ii) the provisions, whether or not specifically authorized by this subpart, relate to the purpose or purposes of the corporation, the management of its business or affairs or the rights, powers or duties of its securityholders, directors or officers.

The articles may, but need not, set forth a par value for any authorized shares or class of shares.

(b) Written consent to naming directors.—The naming of directors in articles of incorporation shall constitute an affirmation that the directors have consented in writing to serve as such.

§ 1307. Advertisement.

The incorporators or the corporation shall officially publish a notice of intention to file or of the filing of articles of incorporation. The notice may appear prior to or after the day the articles of incorporation are filed in the Department of State and shall set forth briefly:

(1) The name of the proposed corporation.

(2) A statement that the corporation is to be or has been incorporated under the provisions of the Business Corporation Law of 1988.

§ 1308. Filing of articles.

(a) General rule.—The articles of incorporation shall be filed in the Department of State.

(b) Cross reference.—See section 134 (relating to docketing statement).

§ 1309. Effect of filing of articles of incorporation.

(a) Corporate existence.—Upon the filing of the articles of incorporation in the Department of State or upon the effective date specified in the articles of incorporation, whichever is later, the corporate existence shall begin.

(b) Evidence of incorporation.—Subject to the provisions of section 503 (relating to actions to revoke corporate franchises), the articles of incorporation filed in the department, or recorded in the office of the recorder of deeds under the former provisions of law, shall be conclusive evidence of the fact that the corporation has been incorporated.

§ 1310. Organization meeting.

(a) General rule.—After the corporate existence begins, an organization meeting of the initial directors or, if directors are not named in the articles, of the incorporator or incorporators shall be held, within or without this Commonwealth, for the purpose of adopting bylaws which they shall have authority to do at the meeting, of electing directors, if directors are not

named in the articles, and the transaction of such other business as may come before the meeting. A bylaw adopted at the organization meeting of directors or incorporators shall be deemed to be a bylaw adopted by the shareholders for the purposes of this subpart and of any other provision of law.

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

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

§ 1311. Filing of statement of summary of record by certain corporations.

(a) General rule.—Where any of the valid charter documents of a business corporation are not on file in the Department of State and the corporation desires to file any document in the department under any other provision of this subpart or the corporation desires to secure from the department any certificate to the effect that the corporation is a corporation duly incorporated and existing under the laws of this Commonwealth or a certified copy of the articles of the corporation, the corporation shall file in the department a statement of summary of record which shall be executed by the corporation and shall set forth:

(1) The name of the corporation and, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the location, including street and number, if any, of its registered office.

(2) The statute by or under which the corporation was incorporated.

(3) The name under which, the manner in which and the date on which the corporation was originally incorporated, including the date when and the place where the original articles were recorded.

(4) The place or places, including volume and page numbers or their equivalent, where the documents constituting the currently effective articles are filed or recorded, the date or dates of each filing or recording and the text of the currently effective articles. The information specified in this paragraph may be omitted in a statement of summary of record that is delivered to the department contemporaneously with amended and restated articles of the corporation filed under this subpart.

(5) Each name by which the corporation was known, if any, other than its original name and its current name, and the date or dates on which each change of name of the corporation became effective.

(6) In the case of any entity brought within the scope of Chapter 29 (relating to professional corporations) by or pursuant to section 2905 (relating to election of professional associations to become professional corporations), amended and restated articles of incorporation which shall

include all of the information required to be set forth in restated articles of a professional corporation.

A corporation shall be required to make only one filing under this subsection.

(b) Validation of prior defects in incorporation.—Upon the filing of a statement under this section, the corporation named in the statement shall be deemed to be a validly subsisting corporation to the same extent as if it had been duly incorporated and was existing under this subpart and the department shall so certify regardless of any absence of or defect in the prior proceedings relating to incorporation.

(c) Cross reference.—See section 134 (relating to docketing statement).

SUBCHAPTER B REVIVAL

Sec.

1341. Statement of revival.

§ 1341. Statement of revival.

(a) General rule.—Any business corporation whose charter or articles have been forfeited by proclamation of the Governor pursuant to section 1704 of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code, or otherwise, or whose corporate existence has expired by reason of any limitation contained in its charter or articles and the failure to effect a timely renewal or extension of its corporate existence, may at any time by filing a statement of revival procure a revival of its charter or articles, together with all the rights, franchises, privileges and immunities and subject to all of its duties, debts and liabilities that had been vested in and imposed upon the corporation by its charter or articles as last in effect.

(b) Contents of statement.—The statement of revival shall be executed in the name of the forfeited or expired corporation and shall, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), set forth:

(1) The name of the corporation at the time its charter or articles were forfeited or expired and the address, including street and number, if any, of its last registered office.

(2) The statute by or under which the corporation was incorporated and the date of incorporation.

(3) The name that the corporation adopts as its new name if the adoption of a new name is required by section 1304 (relating to required name changes by senior corporations).

(4) The address, including street and number, if any, of its registered office in this Commonwealth.

(5) A reference to the proclamation or other action by which its charter or articles were forfeited or a reference to the limitation contained in its expired charter or articles.

(6) A statement that the corporate existence of the corporation shall be revived.

(7) A statement that the filing of the statement of revival has been authorized by the corporation. Every forfeited or expired corporation may act by its last directors or may elect directors and officers in the manner provided by this subpart for the limited purpose of effecting a filing under this section.

(c) Filing and effect.—The statement of revival and, in the case of a forfeited corporation, the clearance certificates required by section 139 (relating to tax clearance of certain fundamental transactions) shall be filed in the Department of State. Upon the filing of the statement of revival, the corporation shall be revived with the same effect as if its charter or articles had not been forfeited or expired by limitation. The revival shall validate all contracts and other transactions made and effected within the scope of the articles of the corporation by its representatives during the time when its charter or articles were forfeited or expired to the same effect as if its charter or articles had not been forfeited or expired.

(d) Cross reference.—See section 134 (relating to docketing statement).

CHAPTER 15

CORPORATE POWERS, DUTIES AND SAFEGUARDS

Subchapter

- A. General Provisions
- B. Shares and Other Securities
- C. Corporate Finance
- D. Dissenters Rights

SUBCHAPTER A GENERAL PROVISIONS

Sec.

- 1501. Corporate capacity.
- 1502. General powers.
- 1503. Defense of ultra vires.
- 1504. Adoption, amendment and contents of bylaws.
- 1505. Persons bound by bylaws.
- 1506. Form of execution of instruments.
- 1507. Registered office.
- 1508. Corporate records; inspection.
- 1509. Bylaws and other powers in emergency.
- 1510. Usury not a defense.
- 1511. Additional powers of certain public utility corporations.

§ 1501. Corporate capacity.

Except as provided in section 103 (relating to subordination of title to regulatory laws), a business corporation shall have the legal capacity of natural persons to act.

§ 1502. General powers.

(a) General rule.—Subject to the limitations and restrictions imposed by statute or contained in its articles, every business corporation shall have power:

(1) To have perpetual succession by its corporate name unless a limited period of duration is specified in its articles, subject to the power of the Attorney General under section 503 (relating to actions to revoke corporate franchises) and to the power of the General Assembly under the Constitution of Pennsylvania.

(2) To sue and be sued, complain and defend and participate as a party or otherwise in any judicial, administrative, arbitratative or other proceeding in its corporate name.

(3) To have a corporate seal, which may be altered at pleasure, and to use the seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

(4) To acquire, own and utilize any real or personal property, or any interest therein, wherever situated.

(5) To sell, convey, mortgage, pledge, lease, exchange or otherwise dispose of all or any part of its property and assets, or any interest therein, wherever situated.

(6) To guarantee, become surety for, acquire, own and dispose of obligations, capital stock and other securities.

(7) To borrow money, issue or incur its obligations and secure any of its obligations by mortgage on or pledge of or security interest in all or any part of its property and assets, wherever situated, franchises or income, or any interest therein.

(8) To invest its funds, lend money and take and hold real and personal property as security for the repayment of funds so invested or loaned.

(9) To make contributions and donations.

(10) To use abbreviations, words, logos or symbols upon the records of the corporation, and in connection with the registration of, and inscription of ownership or entitlement on, certificates evidencing shares in or other securities or obligations of the corporation, or upon any notice such as the notice provided by section 1528(f) (relating to uncertificated shares), and upon checks, proxies, notices and other instruments and documents relating to the foregoing, which abbreviations, words, logos or symbols shall have the same force and effect as though the respective words and phrases for which they stand were set forth in full for the purposes of all statutes of this Commonwealth and all other purposes.

(11) To be a promoter, partner, member, associate or manager of any partnership, enterprise or venture or in any transaction, undertaking or arrangement that the corporation would have power to conduct itself, whether or not its participation involves sharing or delegation of control with or to others.

(12) To transact any lawful business that the board of directors finds will aid governmental policy.

(13) To continue the salaries of such of its employees as may be serving in the active or reserve armed forces of the United States, or in the National Guard or in any other organization established for the protection of the lives and property of citizens of this Commonwealth or the United

States, during the term of that service or during such part thereof as the employees, by reason of that service, may be unable to perform their duties as employees of the corporation.

(14) To pay pensions and establish pension plans, pension trusts, profit sharing plans, share bonus plans, share option plans, incentive and deferred compensation plans and other plans or trusts for any or all of its present or former representatives and, after their death, to grant allowances or pensions to their dependents or beneficiaries, whether or not the grant was made during their lifetime.

(15) To conduct its business, carry on its operations, have offices and exercise the powers granted by this subpart or any other provision of law in any jurisdiction within or without the United States.

(16) To elect or appoint and remove officers, employees and agents of the corporation, define their duties, fix their compensation and the compensation of directors, to lend any of the foregoing money and credit and to pay bonuses or other additional compensation to any of the foregoing for past services.

(17) To enter into any obligation appropriate for the transaction of its affairs, including contracts or other agreements with its shareholders.

(18) To accept, reject, respond to or take no action in respect of an actual or proposed acquisition, divestiture, tender offer, takeover or other fundamental change under Chapter 19 (relating to fundamental changes) or otherwise.

(19) To have and exercise all of the powers and means appropriate to effect the purpose or purposes for which the corporation is incorporated.

(20) To have and exercise all other powers enumerated elsewhere in this subpart or otherwise vested by law in the corporation.

(b) Enumeration unnecessary.—It shall not be necessary to set forth in the articles of the corporation the powers enumerated in subsection (a).

(c) Board to exercise.—See section 1721 (relating to board of directors).
§ 1503. Defense of ultra vires.

(a) General rule.—A limitation upon the business, purposes or powers of a business corporation, expressed or implied in its articles or bylaws or implied by law, shall not be asserted in order to defend any action at law or in equity between the corporation and a third person, or between a shareholder and a third person, involving any contract to which the corporation is a party or any right of property or any alleged liability of whatever nature, but the limitation may be asserted:

(1) In an action by a shareholder against the corporation to enjoin the doing of unauthorized acts or the transaction or continuation of unauthorized business. If the unauthorized acts or business sought to be enjoined are being transacted pursuant to any contract to which the corporation is a party, the court may, if all of the parties to the contract are parties to the action and if it deems the result to be equitable, set aside and enjoin the performance of the contract, and in so doing shall allow to the corporation, or to the other parties to the contract, as the case may be, such compensation as may be appropriate for the loss or damage sustained by any

of them from the action of the court in setting aside and enjoining the performance of the contract, but anticipated profits to be derived from the performance of the contract shall not be awarded by the court as a loss or damage sustained.

(2) In any action by or in the right of the corporation to procure a judgment in its favor against an incumbent or former officer or director of the corporation for loss or damage due to his unauthorized acts.

(3) In a proceeding by the Commonwealth under section 503 (relating to actions to revoke corporate franchises) or in a proceeding by the Commonwealth to enjoin the corporation from the doing of unauthorized or unlawful business.

(b) Conveyances of property by or to a corporation.—A conveyance or transfer by or to a business corporation of property, real or personal, of any kind or description, shall not be invalid or fail because in making the conveyance or transfer, or in acquiring the property, real or personal, any representative of the corporation acting within the scope of the actual or apparent authority given to him by the corporation has exceeded any of the purposes or powers of the corporation.

(c) Cross reference.—See section 4146 (relating to provisions applicable to all foreign corporations).

§ 1504. Adoption, amendment and contents of bylaws.

(a) General rule.—Except as otherwise provided in this subpart, the shareholders entitled to vote shall have the power to adopt, amend and repeal the bylaws of a business corporation. Except as provided in subsection (b), the authority to adopt, amend and repeal bylaws may be expressly vested by the bylaws in the board of directors, subject to the power of the shareholders to change such action. The bylaws may contain any provisions for managing the business and regulating the affairs of the corporation not inconsistent with law or the articles. In the case of a meeting of shareholders, written notice shall be given to each shareholder that the purpose, or one of the purposes, of a meeting is to consider the adoption, amendment or repeal of the bylaws. There shall be included in, or enclosed with, the notice a copy of the proposed amendment or a summary of the changes to be effected thereby. Any change in the bylaws shall take effect when adopted unless otherwise provided in the resolution effecting the change.

(b) Exception.—Except as provided in section 1310(a) (relating to organization meeting), the board of directors shall not have the authority to adopt or change a bylaw on any subject that is committed expressly to the shareholders by any of the provisions of this subpart. See:

Section 1521 (relating to authorized shares).

Section 1721 (relating to board of directors).

Section 1726 (relating to removal of directors).

Section 1729 (relating to voting rights of directors).

Section 1756 (relating to quorum).

Section 1757 (relating to action by shareholders).

Section 1765 (relating to judges of election).

Section 2105 (relating to termination of nonstock corporation status).

Section 2122 (relating to classes of membership).

Section 2124 (relating to voting rights of members).

Section 2302 (relating to definition of minimum vote).

Section 2321 (relating to shares).

Section 2322 (relating to share transfer restrictions).

Section 2325 (relating to sale option of estate of shareholder).

Section 2332 (relating to management by shareholders).

Section 2334 (relating to appointment of provisional director in certain cases).

Section 2337 (relating to option of shareholder to dissolve corporation).

Section 2923 (relating to issuance and retention of shares).

(c) Bylaw provisions in articles.—Where any provision of this subpart or any other provision of law refers to a rule as set forth in the bylaws of a corporation, the reference shall be construed to include and be satisfied by any rule on the same subject as set forth in the articles of the corporation.

(d) Amendment of voting provisions.—A provision in the bylaws that requires a specific number or percentage of votes for the taking of any action by the shareholders or a class of shareholders may, unless otherwise provided in a bylaw adopted by the shareholders, be amended or repealed in the same manner and by the same vote as is required to amend or repeal any other provision in the bylaws.

§ 1505. Persons bound by bylaws.

Except as otherwise provided by section 512 (relating to personal liability of directors) or 1721(e) (relating to personal liability of directors), or 42 Pa.C.S. § 8364 (relating to personal liability of directors) or any similar provision of law, the bylaws of a business corporation shall operate only as regulations among the shareholders of the corporation and shall not affect contracts or other dealings with other persons unless those persons have actual knowledge of the bylaws.

§ 1506. Form of execution of instruments.

(a) General rule.—Any form of execution provided in the articles or bylaws to the contrary notwithstanding, any note, mortgage, evidence of indebtedness, contract or other document, or any assignment or endorsement thereof, executed or entered into between any business corporation and any other person, when signed by one or more officers or agents having actual or apparent authority to sign it, or by the president or vice president and secretary or assistant secretary or treasurer or assistant treasurer of the corporation, shall be held to have been properly executed for and in behalf of the corporation.

(b) Seal unnecessary.—The affixation of the corporate seal shall not be necessary to the valid execution, assignment or endorsement by a corporation of any instrument or other document.

(c) Cross reference.—See section 4146 (relating to provisions applicable to all foreign corporations).

§ 1507. Registered office.

(a) **General rule.**—Every business corporation shall have and continuously maintain in this Commonwealth a registered office which may, but need not, be the same as its place of business.

(b) **Statement of change of registered office.**—After incorporation, a change of the location of the registered office may be authorized at any time by the board of directors. Before the change of location becomes effective, the corporation either shall amend its articles under the provisions of this subpart to reflect the change in location or shall file in the Department of State a statement of change of registered office executed by the corporation setting forth:

(1) The name of the corporation.

(2) The address, including street and number, if any, of its then registered office.

(3) The address, including street and number, if any, to which the registered office is to be changed.

(4) A statement that the change was authorized by the board of directors.

(c) **Alternative procedure.**—A corporation may satisfy the requirements of this subpart concerning the maintenance of a registered office in this Commonwealth by setting forth in any document filed in the department under any provision of this subpart that permits or requires the statement of the address of its then registered office, in lieu of that address, the statement authorized by section 109(a) (relating to name of commercial registered office provider in lieu of registered address).

(d) **Cross reference.**—See section 134 (relating to docketing statement).

§ 1508. Corporate records; inspection.

(a) **Required records.**—Every business corporation shall keep complete and accurate books and records of account, minutes of the proceedings of the incorporators, shareholders and directors and a share register giving the names and addresses of all shareholders and the number and class of shares held by each. The share register shall be kept at either the registered office of the corporation in this Commonwealth or at its principal place of business wherever situated or at the office of its registrar or transfer agent. Any books, minutes or other records may be in written form or any other form capable of being converted into written form within a reasonable time.

(b) **Right of inspection.**—Every shareholder shall, upon written verified demand stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the share register, books and records of account, and records of the proceedings of the incorporators, shareholders and directors and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to the interest of the person as a shareholder. In every instance where an attorney or other agent is the person who seeks the right of inspection, the demand shall be accompanied by a verified power of attorney or other writing that authorizes the attorney or other agent to so act on behalf of the shareholder. The demand shall be directed to the corporation at its

registered office in this Commonwealth or at its principal place of business wherever situated.

(c) Proceedings for the enforcement of inspection.—If the corporation, or an officer or agent thereof, refuses to permit an inspection sought by a shareholder or attorney or other agent acting for the shareholder pursuant to subsection (b) or does not reply to the demand within five business days after the demand has been made, the shareholder may apply to the court for an order to compel the inspection. The court shall determine whether or not the person seeking inspection is entitled to the inspection sought. The court may summarily order the corporation to permit the shareholder to inspect the share register and the other books and records of the corporation and to make copies or extracts therefrom, or the court may order the corporation to furnish to the shareholder a list of its shareholders as of a specific date on condition that the shareholder first pay to the corporation the reasonable cost of obtaining and furnishing the list and on such other conditions as the court deems appropriate. Where the shareholder seeks to inspect the books and records of the corporation, other than its share register or list of shareholders, he shall first establish:

(1) That he has complied with the provisions of this section respecting the form and manner of making demand for inspection of the document.

(2) That the inspection he seeks is for a proper purpose.

Where the shareholder seeks to inspect the share register or list of shareholders of the corporation and he has complied with the provisions of this section respecting the form and manner of making demand for inspection of the documents, the burden of proof shall be upon the corporation to establish that the inspection he seeks is for an improper purpose. The court may, in its discretion, prescribe any limitations or conditions with reference to the inspection or award such other or further relief as the court deems just and proper. The court may order books, documents and records, pertinent extracts therefrom, or duly authenticated copies thereof, to be brought into this Commonwealth and kept in this Commonwealth upon such terms and conditions as the order may prescribe.

(d) Cross reference.—See section 4145 (relating to applicability of certain safeguards to foreign domiciliary corporations).

§ 1509. Bylaws and other powers in emergency.

(a) General rule.—Except as otherwise restricted in the bylaws, the board of directors of any business corporation may adopt emergency bylaws, subject to repeal or change by action of the shareholders, which shall, notwithstanding any different provisions of law or of the articles or bylaws, be effective during any emergency resulting from an attack on the United States, a nuclear disaster or another catastrophe as a result of which a quorum of the board cannot readily be assembled. The emergency bylaws may make any provision that may be appropriate for the circumstances of the emergency, including:

(1) Procedures for calling meetings of the board.

(2) Quorum requirements for meetings.

(3) Procedures for designating additional or substitute directors.

(b) Lines of succession; head office.—The board of directors, either before or during any emergency, may provide, and from time to time modify, lines of succession in the event that during the emergency any or all officers or agents of the corporation shall for any reason be rendered incapable of discharging their duties and may, effective in the emergency, change the head offices or designate several alternative head offices or regional offices of the corporation or authorize the officers to do so.

(c) Personnel not liable.—A representative of the corporation:

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

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

(d) Effect on regular bylaws.—To the extent not inconsistent with any emergency bylaws so adopted, the bylaws of the corporation shall remain in effect during any emergency and, upon its termination, the emergency bylaws shall cease to be effective.

(e) Procedure in absence of emergency bylaws.—Unless otherwise provided in emergency bylaws, notice of any meeting of the board of directors during an emergency shall be given only to those directors it is feasible to reach at the time and by such means as are feasible at the time, including publication, radio or television. To the extent required to constitute a quorum at any meeting of the board of directors during any emergency, the officers of the corporation who are present shall, unless otherwise provided in emergency bylaws, be deemed, in order of rank and within the same rank in order of seniority, directors for the meeting.

§ 1510. Usury not a defense.

(a) General rule.—A business corporation shall not plead or set up usury, or the taking of more than the lawful rate of interest, or the taking of any finance, service or default charge in excess of any maximum rate therefor provided or prescribed by law, as a defense to any action or proceeding brought against it to recover damages on, or to enforce payment of, or to enforce any other remedy on, any obligation executed or effected by the corporation.

(b) Definition.—As used in this section, the term “obligation” includes an installment sale contract.

(c) Cross reference.—See section 4146 (relating to provisions applicable to all foreign corporations).

§ 1511. Additional powers of certain public utility corporations.

(a) General rule.—A public utility corporation shall, in addition to any other power of eminent domain conferred by any other statute, have the right to take, occupy and condemn property for one or more of the following principal purposes and ancillary purposes reasonably necessary or appropriate for the accomplishment of the principal purposes:

(1) The transportation of passengers or property or both as a common carrier by means of elevated street railway, ferry, inclined plane railway, railroad, street railway or underground street railway, trackless-trolley omnibus or by any combination of such means.

(2) The transportation of artificial or natural gas, electricity, petroleum or petroleum products or water or any combination of such substances for the public.

(3) The production, generation, manufacture, transmission, storage, distribution or furnishing of natural or artificial gas, electricity, steam, air conditioning or refrigerating service or any combination thereof to or for the public.

(4) The diverting, developing, pumping, impounding, distributing or furnishing of water from either surface or subsurface sources to or for the public.

(5) The collection, treatment or disposal of sewage for the public.

(6) The conveyance or transmission of messages or communications by telephone or telegraph for the public.

(7) The diverting, pumping or impounding of water for the development or furnishing of hydroelectric power to or for the public.

(8) The transportation of oxygen or nitrogen, or both, by pipeline or conduit for the public.

(b) Restrictions.—The powers conferred by subsection (a) shall not be exercised:

(1) To condemn for the purpose of constructing any street railway, trackless-trolley omnibus, petroleum or petroleum products transportation or aerial electric transmission, aerial telephone or aerial telegraph lines:

(i) Any dwelling house or, except in the case of any condemnation for petroleum or petroleum products transportation lines, any part of the reasonable curtilage of a dwelling house within 100 meters therefrom and not within the limits of any street, highway, water or other public way or place.

(ii) Any place of public worship or burying ground.

(2) To condemn any place of public worship or burying ground for the purpose of constructing any elevated street railway, sewer or underground street railway line.

(c) Public Utility Commission approval.—The powers conferred by subsection (a) may be exercised to condemn property outside the limits of any street, highway, water or other public way or place for the purpose of erecting poles or running wires or other aerial electric, intrastate aerial telephone or intrastate aerial telegraph facilities only after the Pennsylvania Public Utility Commission, upon application of the public utility corporation, has found and determined, after notice and opportunity for hearing, that the service to be furnished by the corporation through the exercise of those powers is necessary or proper for the service, accommodation, convenience or safety of the public. The power of the public utility corporation to condemn the subject property or the procedure followed by it shall not be an

issue in the commission proceedings held under this subsection, and no court shall entertain any proceeding questioning the jurisdiction of the commission under this subsection. A final order of the commission approving or denying an application under this subsection, including an order involving a question of jurisdiction under this subsection, may be made the subject of any appeal in the manner provided or prescribed by law.

(d) Estate in property condemned.—The estate in property condemned and taken by a public utility corporation shall be in fee simple absolute unless the resolution of condemnation specifies a lesser estate. Whenever it is necessary for any public utility corporation to condemn by authority of subsection (a) the freehold in the surface of any tract of property or the right to the exclusive possession for any indefinite period of the surface of any tract of property, the public utility corporation shall condemn a fee simple absolute and no less estate in the tract or the surface thereof.

(e) Streets and other public places.—A public utility corporation shall have the right to enter upon and occupy streets, highways, waters and other public ways and places for one or more of the principal purposes specified in subsection (a) and ancillary purposes reasonably necessary or appropriate for the accomplishment of the principal purposes, including the placement, maintenance and removal of aerial, surface and subsurface public utility facilities thereon or therein. Before entering upon any street, highway or other public way, the public utility corporation shall obtain such permits as may be required by law and shall comply with the lawful and reasonable regulations of the governmental authority having responsibility for the maintenance thereof.

(f) Effect on other statutes.—Subsections (a) through (e) shall not be construed to eliminate the exemption by statute of certain agricultural or historical lands from liability to condemnation or entry nor to affect or modify any of the provisions of the act of December 19, 1984 (P.L.1140, No.223), known as the Oil and Gas Act, or of 66 Pa.C.S. § 1104 (relating to certain appropriations by the right of eminent domain prohibited) or 2702 (relating to construction, relocation, suspension and abolition of crossings), nor to permit the acquisition of water rights, water or land underlying them by any public utility corporation that has not received from the Department of Environmental Resources a limited power permit, limited water supply permit, order of confirmation, permit for acquisition of water rights or gubernatorial easement, right-of-way, license or lease authorizing the acquisition or occupancy.

(g) Procedure.—

(1) The act of June 22, 1964 (Sp.Sess., P.L.84, No.6), known as the Eminent Domain Code, shall be applicable to proceedings for the condemnation and taking of property conducted pursuant to this section.

(2) Notwithstanding paragraph (1), a corporation having the power of eminent domain that condemns for occupation by electric, underground telephone or telegraph, gas, oil or petroleum products lines used directly or indirectly in furnishing service to the public an interest (other than a fee) for right-of-way purposes or an easement for such purposes may elect to

proceed as follows in lieu of the procedures specified in sections 402, 403, 405 and 406 of the Eminent Domain Code:

(i) If the corporation and any interested party cannot agree on the amount of damages sustained, or if any interested party is an unincorporated association, or is absent, unknown, not of full age or otherwise incompetent or unavailable to contract with the corporation, or in the case of disputed, doubtful or defective title, the corporation may make a verified application to the appropriate court for an order directing the filing of a bond to the Commonwealth, in an amount and with security to be approved by the court, for the use of the person or persons who may be found to be entitled to the damages sustained. The application shall be accompanied by the bond and a certified copy of the resolution of condemnation. The resolution shall describe the nature and extent of the taking.

(ii) If the address of such interested party is known to the corporation, written notice of the filing of the application under subparagraph (i) shall be sent to such party by mail, or otherwise, at least ten days prior to the consideration thereof by the court. Otherwise the corporation shall officially publish such notice in the county or counties where the property is situated twice a week for two weeks prior to consideration by the court and shall give such supplemental or alternative notice as the court may direct.

(iii) Upon entry by the court of an order approving the bond and directing that it be filed, the title that the corporation acquires in the right-of-way or easement described in the resolution of condemnation shall pass to the corporation and the corporation shall be entitled to possession.

(iv) The papers filed by the corporation with the court under this paragraph shall constitute the declaration of taking for the purposes of sections 404, 408 and 409 and Articles V through VIII of the Eminent Domain Code.

SUBCHAPTER B SHARES AND OTHER SECURITIES

Sec.

- 1521. Authorized shares.
- 1522. Issuance of shares in classes or series; board action.
- 1523. Pricing and issuance of shares.
- 1524. Payment for shares.
- 1525. Stock rights and options.
- 1526. Liability of subscribers and shareholders.
- 1527. Issuance of fractional shares or scrip.
- 1528. Shares represented by certificates and uncertificated shares.
- 1529. Transfer of securities; restrictions.
- 1530. Preemptive rights of shareholders.

1531. Voting powers and other rights of certain securityholders and other entities.

1532. Effect of failure to surrender securities converted by reorganization.

§ 1521. Authorized shares.

(a) General rule.—Every business corporation shall have power to create and issue the number of shares stated in its articles. The shares may consist of one class or be divided into two or more classes and one or more series within any class thereof, which classes or series may have full, limited, multiple or fractional or no voting rights and such designations, preferences, limitations and special rights as may be desired. Shares that are not entitled to a preference, even if identified by a class or other designation, shall not be designated as preference or preferred shares.

(b) Provisions specifically authorized.—

(1) Without limiting the authority contained in subsection (a), a corporation, when so authorized in its articles, may issue classes or series of shares:

(i) Subject to the right or obligation of the corporation to redeem any of the shares for the consideration, if any, fixed by or in the manner provided by the articles for the redemption thereof. Unless otherwise provided in the articles, any shares subject to redemption shall be redeemable only pro rata or by lot or by such other equitable method as may be selected by the corporation.

(ii) Entitling the holders thereof to cumulative, noncumulative or partially cumulative dividends.

(iii) Having preference over any other shares as to dividends or assets or both.

(iv) Convertible into shares of any other class or series, or into obligations of the corporation.

(2) Any of the terms of a class or series of shares may be made dependent upon:

(i) Facts ascertainable outside of the articles if the manner in which the facts will operate upon the terms of the class or series is set forth in the articles.

(ii) Terms incorporated by reference to an existing agreement between the corporation and one or more other parties, or to another document of independent significance, if the articles state that the full text of the agreement or other document is on file at the principal place of business of the corporation and state the address thereof. A corporation that takes advantage of this subparagraph shall furnish a copy of the full text of the agreement or other document, on request and without cost, to any shareholder and, unless it is a closely held corporation, on request and at cost, to any other person.

(3) The articles may expressly confer upon a shareholder a specifically enforceable right to the declaration and payment of dividends, the redemption of shares or the making of any other form of distribution if the distribution is at the time of enforcement then permitted by

section 1551 (relating to distributions to shareholders). Such a provision adopted on or after January 1, 1989, shall not be valid unless it shall make express reference to this section.

(c) Additional restrictions upon exercise of corporate powers.—Additional provisions regulating or restricting the exercise of corporate powers, including provisions requiring the votes of classes or series of shares as conditions to the exercise thereof, may be specified in a bylaw adopted by the shareholders.

(d) Status and rights.—Shares of a business corporation shall be deemed personal property. Except as otherwise provided by the articles or, when so permitted by subsection (c), by one or more bylaws adopted by the shareholders, each share shall be in all respects equal to every other share.

§ 1522. Issuance of shares in classes or series; board action.

(a) General rule.—The division of shares into classes and into series within any class, the determination of the designation and the number of shares of any class or series and the determination of the voting rights, preferences, limitations and special rights, if any, of the shares of any class or series of a business corporation may be accomplished by the original articles or by any amendment thereof. The amendment may be made by the board of directors as provided in subsection (b).

(b) Divisions and determinations by the board.—An amendment of articles described in subsection (a) may be made solely by action of the board if the articles authorize the board to make the divisions and determinations. Unless otherwise restricted in the articles, authority granted to the board to determine the number of shares of any class or series shall be deemed to include the power to increase the previously determined number of shares of the class or series to a number not greater than the aggregate number of shares of all classes and series that the corporation is authorized to issue by the articles and to decrease the previously determined number of shares of a class or series to a number not less than that then outstanding. Upon any such decrease under this section, the affected shares shall continue as part of the aggregate number of shares of all classes and series that the corporation is authorized to issue. Unless otherwise restricted in the articles, if no shares of a class or series are outstanding, the board of directors may amend the designations and the voting rights, preferences, limitations and special rights, if any, of the shares of the class or series.

(c) Statement with respect to shares.—Whenever the board acts under subsection (b), it shall adopt a resolution setting forth its actions. Before any business corporation issues any shares of any class or any series of any class with respect to which the board has acted under subsection (b), the corporation shall file in the Department of State a statement with respect to shares executed by the corporation, setting forth:

- (1) The name of the corporation.
- (2) The resolution of the board required by this subsection.
- (3) The aggregate number of shares of the class or series established and designated by:

- (i) The resolution.
- (ii) All prior statements, if any, filed under this section or corresponding provisions of prior law with respect thereto.
- (iii) Any other provision of the articles.
- (4) The date of the adoption of the resolution.
- (5) If the resolution is to be effective on a specified date, the hour, if any, and the month, day and year of the effective date.

(d) Effect of filing statement.—Upon the filing of the statement in the department or upon the effective date specified in the statement, whichever is later, the resolution shall become effective and shall operate as an amendment of the articles, except that neither the filing of the statement nor the integration of the substance of the resolution into the text of the articles by means of a restatement of the articles as permitted by this subpart or otherwise shall prohibit the board of directors from subsequently adopting resolutions authorized by this section.

(e) Termination of proposal.—Prior to the time when a resolution required by subsection (c) becomes effective, the amendment to be effected thereby may be terminated by the board or pursuant to the provisions therefor, if any, set forth in the resolution. If a statement with respect to shares has been filed in the department prior to the termination, a statement under section 1902 (relating to statement of termination) shall be filed in the department.

(f) Cross reference.—See section 134 (relating to docketing statement).

§ 1523. Pricing and issuance of shares.

Except as otherwise restricted in the bylaws, shares of a business corporation may be issued at a price determined by the board of directors, or the board may set a minimum price or establish a formula or method by which the price may be determined.

§ 1524. Payment for shares.

(a) General rule.—Consideration for shares, unless otherwise restricted in the bylaws:

(1) May consist of money, obligations (including an obligation of a shareholder), services performed whether or not contracted for, contracts for services to be performed or any other tangible or intangible property. If shares are issued for other than money, the value of the consideration shall be determined by or in the manner provided by the board of directors.

(2) Shall be paid to or as ordered by the business corporation.

(b) Issuance without consideration.—Except as otherwise restricted in the bylaws, upon authorization by the board of directors, the corporation may issue or distribute its own shares pro rata to its shareholders or the shareholders of one or more classes or series, if the relative rights of the holders of any class or series are not adversely affected thereby, to effectuate stock dividends or splits, and any such transaction shall not require payment of consideration.

(c) Status of issued shares.—All issued shares of a business corporation shall be deemed fully paid regardless of failure to pay in full the agreed con-

sideration therefor and, except as otherwise provided by a regulatory statute controlling under section 103(c) (relating to structural provisions in regulatory statutes controlling), shall be nonassessable. This subsection shall not affect the personal obligation of a subscriber for shares of a corporation to pay the agreed consideration for the shares.

(d) Rights of subscribing shareholder.—Notwithstanding any other provision of this subpart, the right to vote, to receive dividends and to have and exercise the other rights of a shareholder prior to payment in full of the agreed consideration for the shares of a shareholder who has acquired his shares by subscription may be denied or limited as provided in the subscription agreement. Any such denial or limitation of rights shall be noted conspicuously on the face or back of the share certificate, if any, or in the notice provided by section 1528(f) (relating to uncertificated shares). Unless so noted, such denial or limitation (even though permitted by this section) shall be ineffective except against a person with actual knowledge of the denial or limitation.

(e) Transitional provision.—A corporation may enforce calls on partly paid shares outstanding on January 1, 1989, in the same manner and to the same extent as if this subpart had not been enacted.

§ 1525. Stock rights and options.

(a) General rule.—Except as otherwise provided in its articles prior to the creation and issuance thereof, a business corporation may create and issue (whether or not in connection with the issuance of any of its shares or other securities) option rights or securities having conversion or option rights entitling the holders thereof to purchase or acquire shares, option rights, securities having conversion or option rights, or obligations, of any class or series, or assets of the corporation, or to purchase or acquire from the corporation shares, option rights, securities having conversion or option rights, or obligations, of any class or series, owned by the corporation and issued by any other person. Except as otherwise provided in section 1530(b) (relating to preexisting preemptive rights) or in its articles, the shares, option rights, securities having conversion or option rights, or obligations shall be evidenced in such manner as the corporation may determine and may be offered without first offering them to shareholders of any class or classes.

(b) Specifically authorized provisions.—The securities, contracts, warrants or other instruments evidencing any shares, option rights, securities having conversion or option rights, or obligations of a corporation may contain such terms as are fixed by the board of directors, including, without limiting the generality of such authority:

(1) Restrictions upon the authorization or issuance of additional shares, option rights, securities having conversion or option rights, or obligations.

(2) Provisions for the adjustment of the conversion or option rights price.

(3) Provisions concerning rights or adjustments in the event of reorganization, merger, consolidation, sale of assets, exchange of shares or other fundamental changes.

(4) Provisions for the reservation of authorized but unissued shares or other securities.

(5) Restrictions upon the declaration or payment of dividends or distributions or related party transactions.

(6) Conditions relating to the exercise, conversion, transfer or receipt of such shares, option rights, securities having conversion or option rights, or obligations.

There shall be no authority under this subsection to include a provision authorized by section 2513 (relating to disparate treatment of certain persons).

(c) Standard of care unaffected.—The provisions of subsections (a) and (b) and section 2513 shall not be construed to effect a change in the fiduciary relationship between a director and a business corporation or to change the standard of care of a director provided for in section 1721 (relating to board of directors).

(d) Pricing and payment.—The provisions of this subchapter applicable to the pricing of and payment for shares shall be applicable to the pricing of and payment for rights and options except that the rights and options may be issued to representatives of the corporation or any of its affiliates as an incentive to service or continued service with the corporation and its affiliates or for such other purpose and upon such other terms as its directors, who may benefit by their action, deem advantageous to the corporation.

(e) Shares subject to preemptive rights.—Authorized but unissued shares subject to preemptive rights may be issued and sold to holders of rights or options entitling the holders thereof to purchase shares of the same class or series as the shares subject to such preemptive rights upon the exercise of such rights or options only with the written consent or affirmative vote of shareholders entitled to cast at least a majority of the votes that all shareholders entitled to exercise preemptive rights with respect thereto are entitled to cast.

§ 1526. Liability of subscribers and shareholders.

A subscriber to, or holder or owner of, shares of a business corporation shall not be under any liability to the corporation or any creditor thereof with respect to the shares other than the personal obligation of a shareholder who has acquired his shares by subscription to comply with the terms of the subscription.

§ 1527. Issuance of fractional shares or scrip.

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

(1) arrange for the disposition of fractional interests by those entitled thereto;

(2) pay in money the fair value of fractions of a share determined at the time and in the manner provided in the plan, amendment or resolution of the board providing for the creation of the fractional interests; or

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

(b) Elimination of shares or scrip.—The scrip or other evidence of ownership may be issued subject to the condition that it shall become void if not exchanged for full shares before a specified date, or subject to the condition that the shares for which the scrip or evidence of ownership is exchangeable may be sold and the proceeds thereof distributed to the holders of the scrip or evidence of ownership, or subject to any other conditions that the corporation deems advisable.

§ 1528. Shares represented by certificates and uncertificated shares.

(a) General rule.—The shares of a business corporation shall be represented by certificates or shall be uncertificated shares.

(b) Issue of certificates.—Every shareholder shall, except as otherwise provided in a bylaw adopted pursuant to subsection (f) or in the terms of a subscription that has not been fully performed by the subscriber, be entitled to a share certificate representing the shares owned by him.

(c) Form of certificate.—Share certificates shall state:

(1) That the corporation is incorporated under the laws of this Commonwealth.

(2) The name of the person to whom issued.

(3) The number and class of shares and the designation of the series, if any, that the certificate represents.

(d) Notice of variations in rights.—Every certificate representing shares issued by a business corporation that is authorized to issue shares of more than one class or series shall set forth upon the face or back of the certificate (or shall state on the face or back of the certificate that the corporation will furnish to any shareholder upon request and without charge) a full or summary statement of the designations, voting rights, preferences, limitations and special rights of the shares of each class or series authorized to be issued so far as they have been fixed and determined and the authority of the board of directors to fix and determine the designations, voting rights, preferences, limitations and special rights of the classes and series of shares of the corporation. See also sections 1529(f) (relating to notice to transferee) and 2321(c) (relating to notice of statutory close corporation status).

(e) Execution.—Every share certificate shall be executed, by facsimile or otherwise, by or on behalf of the corporation issuing the shares in such manner as it may determine.

(f) Uncertificated shares.—The bylaws may provide that any or all classes and series of shares, or any part thereof, shall be uncertificated shares except that such a provision shall not apply to shares represented by a certifi-

cate until the certificate is surrendered to the corporation. Within a reasonable time after the issuance or transfer of uncertificated shares, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates by subsections (c) and (d). Except as otherwise expressly provided by law, the rights and obligations of the holders of shares represented by certificates and the rights and obligations of the holders of uncertificated shares of the same class and series shall be identical.

§ 1529. Transfer of securities; restrictions.

(a) General rule.—The transfer of securities of a business corporation may be regulated by any provisions of the bylaws that are not inconsistent with 13 Pa.C.S. Div. 8 (relating to investment securities) and other provisions of law.

(b) Transfer restrictions generally.—A restriction on the transfer or registration of transfer of securities of a business corporation may be imposed by the bylaws or by an agreement among any number of securityholders or among them and the corporation. A restriction so imposed shall not be binding with respect to securities issued prior to the adoption of the restriction unless the holders of the securities are parties to the agreement or voted in favor of the restriction.

(c) Restrictions specifically authorized.—A restriction on the transfer of securities of a business corporation is permitted by this section if it:

(1) obligates the holder of the restricted securities to offer to the corporation or to any other holders of securities of the corporation or to any other person or to any combination of the foregoing a prior opportunity, to be exercised within a reasonable time, to acquire the restricted securities;

(2) obligates the corporation or any holder of securities of the corporation or any other person or any combination of the foregoing, to purchase the securities that are the subject of an agreement respecting the purchase and sale of the restricted securities;

(3) requires the corporation or the holders of any class of securities of the corporation to consent to any proposed transfer of the restricted securities or to approve the proposed transferee of the restricted securities; or

(4) prohibits the transfer of the restricted securities to designated persons or classes of persons and the designation is not manifestly unreasonable.

(d) Subchapter S restrictions.—Any restriction on the transfer of the shares of a business corporation for the purpose of maintaining its status as an electing small business corporation under Subchapter S of the Internal Revenue Code of 1986 or a comparable provision under state law shall be conclusively presumed to be for a reasonable purpose.

(e) Other restrictions.—Any other lawful restriction on transfer or registration of transfer of securities is permitted by this section.

(f) Notice to transferee.—A written restriction on the transfer or registration of transfer of a share or other security of a business corporation, if permitted by this section and noted conspicuously on the face or back of the

security or in the notice provided by section 1528(f) (relating to uncertificated shares) or in an equivalent notice with respect to another uncertificated security, may be enforced against the holder of the restricted security or any successor or transferee of the holder, including an executor, administrator, trustee, guardian or other fiduciary entrusted with like responsibility for the person or estate of the holder. Unless noted conspicuously on the security or in the notice provided by section 1528(f) or in an equivalent notice with respect to another uncertificated security, a restriction, even though permitted by this section, is ineffective except against a person with actual knowledge of the restriction.

§ 1530. Preemptive rights of shareholders.

(a) General rule.—Except as otherwise provided in the articles or in subsection (b), a business corporation may issue shares, option rights or securities having conversion or option rights, or obligations without first offering them to shareholders of any class or classes.

(b) Preexisting preemptive rights.—Unless otherwise provided in its articles, the shareholders of a nonregistered corporation shall have a preemptive right to subscribe for shares, option rights, or securities having option rights, issued for cash by the corporation, if the corporation was not incorporated hereunder or under the Business Corporation Law of 1933 and its shareholders were entitled to preemptive rights at the date the corporation became subject to this subpart, but this subsection shall apply neither to the holders of shares of a class issued after the date such corporation became subject to the Business Corporation Law of 1933 or this subpart nor to the issue of securities having conversion rights.

(c) Release of shares subject to preemptive rights.—Except as otherwise provided in the articles, shares (or any option rights or securities having conversion or option rights with respect to such shares) that have been offered to shareholders having a preemptive right thereto, at a price and upon terms duly fixed, and that have not been subscribed for by them within the time duly fixed by the articles or the board of directors, may be thereafter offered for subscription to any person or persons at a price and upon terms not more favorable than those at which they were offered to such shareholders.

§ 1531. Voting powers and other rights of certain securityholders and other entities.

The power to vote in respect to the corporate affairs and management of a business corporation and other shareholder rights as may be provided in the articles may be conferred upon:

(1) Registered holders of obligations issued or to be issued by the corporation.

(2) The United States of America, the Commonwealth, a state, or any political subdivision of any of the foregoing, or any entity prohibited by law from becoming a shareholder of a corporation.

§ 1532. Effect of failure to surrender securities converted by reorganization.

Whenever any outstanding securities of a business corporation are converted into new shares or other securities or property by any merger, consoli-

dation, reclassification, amendment of articles, division or otherwise, the plan or other instrument effecting the conversion may fix a period of not less than two years within which the outstanding securities must be surrendered for exchange. The plan or other instrument may provide that, in the event any outstanding securities are not surrendered for exchange within that time period, the shares, securities or property that would otherwise have been issued or delivered in exchange for the unsurrendered outstanding securities shall be sold and the net proceeds of the sale shall be held for the holders of the unsurrendered outstanding securities to be paid to them upon surrender of their outstanding securities. From and after the sale, the sole right of the holders of the unsurrendered outstanding securities shall be the right to collect the net sales proceeds held for their account.

SUBCHAPTER C CORPORATE FINANCE

Sec.

1551. Distributions to shareholders.

1552. Power of corporation to acquire its own shares.

1553. Liability for unlawful dividends and other distributions.

1554. Financial reports to shareholders.

§ 1551. Distributions to shareholders.

(a) General rule.—Unless otherwise restricted in the bylaws, the board of directors may authorize and a business corporation may make distributions.

(b) Limitation.—A distribution may not be made if, after giving effect thereto:

(1) the corporation would be unable to pay its debts as they become due in the usual course of its business; or

(2) the total assets of the corporation would be less than the sum of its total liabilities plus (unless otherwise provided in the articles) the amount that would be needed, if the corporation were to be dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of shareholders whose preferential rights are superior to those receiving the distribution. For purposes of this paragraph, total assets and liabilities shall be determined by the board of directors, which may base its determination on such factors as it considers relevant, including without limitation:

(i) the values of the assets and liabilities of the corporation, as reflected on its books and records; and

(ii) unrealized appreciation and depreciation of the assets of the corporation.

See section 1721(b) (relating to standard of care; justifiable reliance).

(c) Date of distribution.—In the case of a purchase, redemption or other acquisition of its own shares by a corporation, the effect of a distribution shall be measured as of the date money or other property is transferred or debt is incurred by the corporation or as of the date the shareholder ceases to be a shareholder of the corporation with respect to the shares, whichever is

earlier. In all other cases, the effect of a distribution shall be measured as of the date of its authorization if payment occurs 120 days or less following the date of authorization or as of the date of payment if payment occurs more than 120 days following the date of authorization.

(d) Redemption related and similar debt.—Indebtedness of a corporation incurred or issued to a shareholder in a distribution in accordance with this section shall be on a parity with the indebtedness of the corporation to its general unsecured creditors except to the extent subordinated by agreement.

(e) Certain subordinated debt.—Indebtedness of a corporation, including indebtedness issued as a distribution, shall not be considered a liability for purposes of determinations under subsection (b) if its terms provide that payment of principal and interest are made only if and to the extent that payment of a distribution to shareholders could then be made under this section. If the subordinated indebtedness is issued as a distribution, each payment of principal or interest shall be treated as a distribution, the effect of which shall be measured on the date the payment is actually made.

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

(a) General rule.—A business corporation shall have the power to acquire its own shares. If the articles provide that shares acquired by the corporation shall not be reissued, the authorized shares of the class shall be reduced by the number of shares acquired. In any other case the shares acquired shall be deemed to be issued but not outstanding, except that, unless otherwise provided in the bylaws, the board may, by resolution, restore any or all of the previously issued shares of the corporation owned by it to the status of authorized but unissued shares.

(b) Cross reference.—See section 1914(c)(2) (relating to adoption by board of directors).

§ 1553. Liability for unlawful dividends and other distributions.

(a) Directors.—Except as otherwise provided pursuant to section 1721(e) (relating to personal liability of directors), a director who votes for or assents to any dividend or other distribution contrary to the provisions of this subpart or contrary to any restrictions contained in the bylaws shall, if he has not complied with the standard provided in or pursuant to section 1721(b) (relating to standard of care; justifiable reliance), be liable to the corporation, jointly and severally with all other directors so voting or assenting, for the amount of the dividend that is paid or the value of the other distribution in excess of the amount of the dividend or other distribution that could have been made without a violation of the provisions of this subpart or the restrictions in the bylaws.

(b) Contribution by shareholders.—Any director against whom a claim is asserted under or pursuant to this section for the making of a distribution and who is held liable thereon shall be entitled to contribution from the shareholders who accepted or received any such distribution, knowing the distribution to have been made in violation of this subpart, in proportion to the amounts received by them.

(c) Contribution by other directors.—Any director against whom a claim is asserted under or pursuant to this section shall be entitled to contribution

from any other director who voted for or assented to the action upon which the claim is asserted and who did not comply with the standard provided by or pursuant to this subpart for the performance of the duties of directors.

(d) Limitation of actions.—See 42 Pa.C.S. § 5524(5) (relating to two year limitation).

§ 1554. Financial reports to shareholders.

(a) General rule.—Unless otherwise agreed between a business corporation and a shareholder, every corporation shall furnish to its shareholders annual financial statements, including at least a balance sheet as of the end of each fiscal year and a statement of income and expenses for the fiscal year. The financial statements shall be prepared on the basis of generally accepted accounting principles, if the corporation prepares financial statements for the fiscal year on that basis for any purpose, and may be consolidated statements of the corporation and one or more of its subsidiaries. The financial statements shall be mailed by the corporation to each of its shareholders entitled thereto within 120 days after the close of each fiscal year and, after the mailing and upon written request, shall be mailed by the corporation to any shareholder or beneficial owner entitled thereto to whom a copy of the most recent annual financial statements has not previously been mailed. Statements that are audited or reviewed by a public accountant shall be accompanied by the report of the accountant; in other cases, each copy shall be accompanied by a statement of the person in charge of the financial records of the corporation:

(1) Stating his reasonable belief as to whether or not the financial statements were prepared in accordance with generally accepted accounting principles and, if not, describing the basis of presentation.

(2) Describing any material respects in which the financial statements were not prepared on a basis consistent with those prepared for the previous year.

(b) Contrary agreement.—An agreement restricting the rights specified in subsection (a) shall be set forth in a writing that, except as provided in subsection (c), is separate from the articles, bylaws and share certificate or notice provided pursuant to section 1528(f) (relating to uncertificated shares). The agreement may provide that it is binding on the shareholder and all persons who are shareholders in the corporation solely by reason of acquiring shares directly or indirectly from the shareholder in one or more transactions that, if the corporation were a statutory close corporation, would be described in section 2322(b)(2), (4), (5) or (6) (relating to exception).

(c) Transitional provision.—A bylaw adopted on or before December 31, 1989, shall be deemed a separate written agreement between the corporation and each holder of shares outstanding on the date of adoption of the bylaw for the purposes of subsection (b).

(d) Cross references.—See sections 2511 (relating to financial reports to shareholders) and 4145 (relating to applicability of certain safeguards to foreign domiciliary corporations) and 42 Pa.C.S. § 2503(7) (relating to right of participants to receive counsel fees).

SUBCHAPTER D
DISSENTERS RIGHTS

Sec.

- 1571. Application and effect of subchapter.
- 1572. Definitions.
- 1573. Record and beneficial holders and owners.
- 1574. Notice of intention to dissent.
- 1575. Notice to demand payment.
- 1576. Failure to comply with notice to demand payment, etc.
- 1577. Release of restrictions or payment for shares.
- 1578. Estimate by dissenter of fair value of shares.
- 1579. Valuation proceedings generally.
- 1580. Costs and expenses of valuation proceedings.

§ 1571. Application and effect of subchapter.

(a) General rule.—Except as otherwise provided in subsection (b), any shareholder of a business corporation shall have the right to dissent from, and to obtain payment of the fair value of his shares in the event of, any corporate action, or to otherwise obtain fair value for his shares, where this subpart expressly provides that a shareholder shall have the rights and remedies provided in this subchapter. See:

Section 1906(c) (relating to dissenters rights upon special treatment).

Section 1930 (relating to dissenters rights).

Section 1931(d) (relating to dissenters rights in share exchanges).

Section 1932(c) (relating to dissenters rights in asset transfers).

Section 1952(d) (relating to dissenters rights in division).

Section 1962(c) (relating to dissenters rights in conversion).

Section 2104(b) (relating to procedure).

Section 2324 (relating to corporation option where a restriction on transfer of a security is held invalid).

Section 2325(b) (relating to minimum vote requirement).

Section 2704 (relating to dissenters rights upon election).

Section 2907(a) (relating to proceedings to terminate breach of qualifying conditions).

(b) Exceptions.—

(1) Except as otherwise provided in paragraph (2), the holders of the shares of any class or series of shares that, at the record date fixed to determine the shareholders entitled to notice of and to vote at the meeting at which a plan specified in any of section 1930, 1931(d), 1932(c) or 1952(d) is to be voted on, are either:

(i) listed on a national securities exchange; or

(ii) held of record by more than 2,000 shareholders;

shall not have the right to obtain payment of the fair value of any such shares under this subchapter.

(2) Paragraph (1) shall not apply to and dissenters rights shall be available without exception in the case of:

(i) Shares converted by a plan if the shares are not converted solely into shares of the acquiring, surviving, new or other corporation or solely into such shares and money in lieu of fractional shares.

(ii) Shares of any preferred or special class unless the articles, the plan or the terms of the transaction entitle all shareholders of the class to vote thereon and require for the adoption of the plan or the effectuation of the transaction the affirmative vote of a majority of the votes cast by all shareholders of the class.

(3) The shareholders of a corporation that acquires by purchase, lease, exchange or other disposition all or substantially all of the shares, property or assets of another corporation by the issuance of shares, obligations or otherwise, with or without assuming the liabilities of the other corporation and *with or without* the intervention of another corporation or other person, shall not be entitled to the rights and remedies of dissenting shareholders provided in this subchapter regardless of the fact, if it be the case, that the acquisition was accomplished by the issuance of voting shares of the corporation to be outstanding immediately after the acquisition sufficient to elect a majority or more of the directors of the corporation.

(c) Grant of optional dissenters rights.—The bylaws or a resolution of the board of directors may direct that all or a part of the shareholders shall have dissenters rights in connection with any corporate action or other transaction that would otherwise not entitle such shareholders to dissenters rights.

(d) Notice of dissenters rights.—Unless otherwise provided by statute, if a proposed corporate action that would give rise to dissenters rights under this subpart is submitted to a vote at a meeting of shareholders, there shall be included in or enclosed with the notice of meeting:

(1) a statement of the proposed action and a statement that the shareholders have a right to dissent and obtain payment of the fair value of their shares by complying with the terms of this subchapter; and

(2) a copy of this subchapter.

(e) Other statutes.—The procedures of this subchapter shall also be applicable to any transaction described in any statute *other than this subpart* that makes reference to this subchapter for the purpose of granting dissenters rights.

(f) Cross references.—See sections 1105 (relating to restriction on equitable relief), 1904 (relating to de facto transaction doctrine abolished) and 2512 (relating to dissenters rights procedure).

§ 1572. Definitions.

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

“Corporation.” The issuer of the shares held or owned by the dissenter before the corporate action or the successor by merger, consolidation, division, conversion or otherwise of that issuer.

“Dissenter.” A shareholder or beneficial owner who is entitled to and does assert dissenters rights under this subchapter and who has performed every act required up to the time involved for the assertion of those rights.

“Fair value.” The fair value of shares immediately before the effectuation of the corporate action to which the dissenter objects, taking into account all relevant factors, but excluding any appreciation or depreciation in anticipation of the corporate action.

“Interest.” Interest from the effective date of the corporate action until the date of payment at such rate as is fair and equitable under all the circumstances, taking into account all relevant factors, including the average rate currently paid by the corporation on its principal bank loans.

§ 1573. Record and beneficial holders and owners.

(a) Record holders of shares.—A record holder of shares of a business corporation may assert dissenters rights as to fewer than all of the shares registered in his name only if he dissents with respect to all the shares beneficially owned by any one person and discloses the name and address of the person or persons on whose behalf he dissents. In that event, his rights shall be determined as if the shares as to which he has dissented and his other shares were registered in the names of different shareholders.

(b) Beneficial owners of shares.—A beneficial owner of shares of a business corporation who is not the record holder may assert dissenters rights with respect to shares held on his behalf and shall be treated as a dissenting shareholder under the terms of this subchapter if he submits to the corporation not later than the time of the assertion of dissenters rights a written consent of the record holder. A beneficial owner may not dissent with respect to some but less than all shares of the same class or series owned by the owner, whether or not the shares so owned by him are registered in his name.

§ 1574. Notice of intention to dissent.

If the proposed corporate action is submitted to a vote at a meeting of shareholders of a business corporation, any person who wishes to dissent and obtain payment of the fair value of his shares must file with the corporation, prior to the vote, a written notice of intention to demand that he be paid the fair value for his shares if the proposed action is effectuated, must effect no change in the beneficial ownership of his shares from the date of such filing continuously through the effective date of the proposed action and must refrain from voting his shares in approval of such action. A dissenter who fails in any respect shall not acquire any right to payment of the fair value of his shares under this subchapter. Neither a proxy nor a vote against the proposed corporate action shall constitute the written notice required by this section.

§ 1575. Notice to demand payment.

(a) General rule.—If the proposed corporate action is approved by the required vote at a meeting of shareholders of a business corporation, the corporation shall mail a further notice to all dissenters who gave due notice of intention to demand payment of the fair value of their shares and who refrained from voting in favor of the proposed action. If the proposed corporate action is to be taken without a vote of shareholders, the corporation shall send to all shareholders who are entitled to dissent and demand payment of the fair value of their shares a notice of the adoption of the plan or other corporate action. In either case, the notice shall:

(1) State where and when a demand for payment must be sent and certificates for certificated shares must be deposited in order to obtain payment.

(2) Inform holders of uncertificated shares to what extent transfer of shares will be restricted from the time that demand for payment is received.

(3) Supply a form for demanding payment that includes a request for certification of the date on which the shareholder, or the person on whose behalf the shareholder dissents, acquired beneficial ownership of the shares.

(4) Be accompanied by a copy of this subchapter.

(b) Time for receipt of demand for payment.—The time set for receipt of the demand and deposit of certificated shares shall be not less than 30 days from the mailing of the notice.

§ 1576. Failure to comply with notice to demand payment, etc.

(a) Effect of failure of shareholder to act.—A shareholder who fails to demand payment, or fails (in the case of certificated shares) to deposit certificates, as required by a notice pursuant to section 1575 (relating to notice to demand payment) shall not have any right under this subchapter to receive payment of the fair value of his shares.

(b) Restriction on uncertificated shares.—If the shares are not represented by certificates, the business corporation may restrict their transfer from the time of receipt of demand for payment until effectuation of the proposed corporate action or the release of restrictions under the terms of section 1577(a) (relating to failure to effectuate corporate action).

(c) Rights retained by shareholder.—The dissenter shall retain all other rights of a shareholder until those rights are modified by effectuation of the proposed corporate action.

§ 1577. Release of restrictions or payment for shares.

(a) Failure to effectuate corporate action.—Within 60 days after the date set for demanding payment and depositing certificates, if the business corporation has not effectuated the proposed corporate action, it shall return any certificates that have been deposited and release uncertificated shares from any transfer restrictions imposed by reason of the demand for payment.

(b) Renewal of notice to demand payment.—When uncertificated shares have been released from transfer restrictions and deposited certificates have been returned, the corporation may at any later time send a new notice conforming to the requirements of section 1575 (relating to notice to demand payment), with like effect.

(c) Payment of fair value of shares.—Promptly after effectuation of the proposed corporate action, or upon timely receipt of demand for payment if the corporate action has already been effectuated, the corporation shall either remit to dissenters who have made demand and (if their shares are certificated) have deposited their certificates the amount that the corporation estimates to be the fair value of the shares, or give written notice that no remittance under this section will be made. The remittance or notice shall be accompanied by:

(1) The closing balance sheet and statement of income of the issuer of the shares held or owned by the dissenter for a fiscal year ending not more than 16 months before the date of remittance together with the latest available interim financial statements.

(2) A statement of the corporation's estimate of the fair value of the shares.

(3) A notice of the right of the dissenter to demand supplemental payment accompanied by a copy of this subchapter.

(d) Failure to make payment.—If the corporation does not remit the amount of its estimate of the fair value of the shares as provided by subsection (c), it shall return any certificates that have been deposited and release uncertificated shares from any transfer restrictions imposed by reason of the demand for payment. The corporation may make a notation on any such certificate or on the records of the corporation relating to any uncertificated shares that such demand has been made. If shares with respect to which notation has been so made shall be transferred, each new certificate issued therefor or the records relating to any transferred uncertificated shares shall bear a similar notation, together with the name of the original dissenting holder or owner of such shares. A transferee of such shares shall not acquire by such transfer any rights in the corporation other than those that the original dissenter had after making demand for payment of their fair value.

§ 1578. Estimate by dissenter of fair value of shares.

(a) General rule.—If the business corporation gives notice of its estimate of the fair value of the shares, without remitting such amount, or remits payment of its estimate of the fair value of a dissenter's shares as permitted by section 1577(c) (relating to payment of fair value of shares) and the dissenter believes that the amount stated or remitted is less than the fair value of his shares, he may send to the corporation his own estimate of the fair value of the shares, which shall be deemed a demand for payment of the amount or the deficiency.

(b) Effect of failure to file estimate.—Where a corporation has remitted payment of its estimated value of a dissenter's shares, and the dissenter does not file his own estimate within 30 days after the mailing by the corporation of its remittance, the dissenter shall be entitled to no more than the amount remitted to him by the corporation.

§ 1579. Valuation proceedings generally.

(a) General rule.—Within 60 days after the latest of:

- (1) effectuation of the proposed corporate action;
- (2) timely receipt of any demands for payment under section 1575 (relating to notice to demand payment); or
- (3) timely receipt of any estimates pursuant to section 1578 (relating to estimate by dissenter of fair value of shares);

if any demands for payment remain unsettled, the business corporation may file in court an application for relief requesting that the fair value of the shares be determined by the court.

(b) Mandatory joinder of dissenters.—All dissenters, wherever residing, whose demands have not been settled shall be made parties to the proceeding

as in an action against their shares. A copy of the application shall be served on each such dissenter. If a dissenter is a nonresident, the copy may be served on him in the manner provided or prescribed by or pursuant to 42 Pa.C.S. Ch. 53 (relating to bases of jurisdiction and interstate and international procedure).

(c) Jurisdiction of the court.—The jurisdiction of the court shall be plenary and exclusive. The court may appoint an appraiser to receive evidence and recommend a decision on the issue of fair value. The appraiser shall have such power and authority as may be specified in the order of appointment or in any amendment thereof.

(d) Measure of recovery.—Each dissenter who is made a party shall be entitled to recover the amount by which the fair value of his shares is found to exceed the amount, if any, previously remitted, plus interest.

(e) Effect of corporation's failure to file application.—If the corporation fails to file an application as provided in subsection (a), any dissenter who made a demand and who has not already settled his claim against the corporation may do so in the name of the corporation at any time within 30 days after the expiration of the 60-day period. If a dissenter does not file an application within the 30-day period, each dissenter entitled to file an application shall be paid the corporation's estimate of the fair value of the shares and no more, and may bring an action to recover any amount not previously remitted.

§ 1580. Costs and expenses of valuation proceedings.

(a) General rule.—The costs and expenses of any proceeding under section 1579 (relating to valuation proceedings generally), including the reasonable compensation and expenses of the appraiser appointed by the court, shall be determined by the court and assessed against the business corporation except that any part of the costs and expenses may be apportioned and assessed as the court deems appropriate against all or some of the dissenters who are parties and whose action in demanding supplemental payment under section 1578 (relating to estimate by dissenter of fair value of shares) the court finds to be dilatory, obdurate, arbitrary, vexatious or in bad faith.

(b) Assessment of counsel fees and expert fees where lack of good faith appears.—Fees and expenses of counsel and of experts for the respective parties may be assessed as the court deems appropriate against the corporation and in favor of any or all dissenters if the corporation failed to comply substantially with the requirements of this subchapter and may be assessed against either the corporation or a dissenter, in favor of any other party, if the court finds that the party against whom the fees and expenses are assessed acted in bad faith or in a dilatory, obdurate, arbitrary or vexatious manner in respect to the rights provided by this subchapter.

(c) Award of fees for benefits to other dissenters.—If the court finds that the services of counsel for any dissenter were of substantial benefit to other dissenters similarly situated and should not be assessed against the corporation, it may award to those counsel reasonable fees to be paid out of the amounts awarded to the dissenters who were benefited.

CHAPTER 17
OFFICERS, DIRECTORS AND SHAREHOLDERS

Subchapter

- A. Notice and Meetings Generally
- B. Directors and Officers
- C. Indemnification
- D. Shareholders
- E. Derivative actions
- F. Judicial Supervision of Corporate Action

SUBCHAPTER A
NOTICE AND MEETINGS GENERALLY

Sec.

- 1701. Applicability of subchapter.
- 1702. Manner of giving notice.
- 1703. Place and notice of meetings of board of directors.
- 1704. Place and notice of meetings of shareholders.
- 1705. Waiver of notice.
- 1706. Modification of proposal contained in notice.
- 1707. Exception to requirement of notice.
- 1708. Use of conference telephone and similar equipment.

§ 1701. Applicability of subchapter.

The provisions of this subchapter shall apply to every business corporation unless otherwise restricted:

- (1) by any other provision of this subpart; or
- (2) except with respect to section 1707(a) (relating to exception to requirement of notice), in the bylaws.

§ 1702. Manner of giving notice.

(a) General rule.—Whenever written notice is required to be given to any person under the provisions of this subpart or by the articles or bylaws of any business corporation, it may be given to the person either personally or by sending a copy thereof by first class or express mail, postage prepaid, or by telegram (with messenger service specified), telex or TWX (with answerback received) or courier service, charges prepaid, or by telecopier, to his address (or to his telex, TWX, telecopier or telephone number) appearing on the books of the corporation or, in the case of directors, supplied by him to the corporation for the purpose of notice. If the notice is sent by mail, telegraph or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a telegraph office or courier service for delivery to that person or, in the case of telex or TWX, when dispatched. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by any other provision of this subpart.

(b) Adjourned shareholder meetings.—When a meeting of shareholders is adjourned, it shall not be necessary to give any notice of the adjourned meeting or of the business to be transacted at an adjourned meeting, other

than by announcement at the meeting at which the adjournment is taken, unless the board fixes a new record date for the adjourned meeting.

§ 1703. Place and notice of meetings of board of directors.

(a) Place.—Meetings of the board of directors may be held at such place within or without this Commonwealth as the board of directors may from time to time appoint or as may be designated in the notice of the meeting.

(b) Notice.—Meetings of the board of directors may be held upon such notice, if any, as the bylaws may prescribe. Unless otherwise provided in the bylaws, written notice of every meeting of the board of directors shall be given to each director at least five days before the day named for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board need be specified in the notice of the meeting.

§ 1704. Place and notice of meetings of shareholders.

(a) Place.—Meetings of shareholders may be held at such place within or without this Commonwealth as may be provided in or fixed pursuant to the bylaws. Unless otherwise provided in or pursuant to the bylaws, all meetings of the shareholders shall be held in this Commonwealth at the registered office of the corporation.

(b) Notice.—Written notice of every meeting of the shareholders shall be given by, or at the direction of, the secretary or other authorized person to each shareholder of record entitled to vote at the meeting at least:

(1) ten days prior to the day named for a meeting called to consider a fundamental change under Chapter 19 (relating to fundamental changes);
or

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

If the secretary or other authorized person neglects or refuses to give notice of a meeting, the person or persons calling the meeting may do so. In the case of a special meeting of shareholders, the notice shall specify the general nature of the business to be transacted.

§ 1705. Waiver of notice.

(a) Written waiver.—Whenever any written notice is required to be given under the provisions of this subpart or the articles or bylaws of any business corporation, a waiver thereof in writing, signed by the person or persons entitled to the notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of the notice. Except as otherwise required by this subsection, neither the business to be transacted at, nor the purpose of, a meeting need be specified in the waiver of notice of the meeting. In the case of a special meeting of shareholders, the waiver of notice shall specify the general nature of the business to be transacted.

(b) Waiver by attendance.—Attendance of a person at any meeting shall constitute a waiver of notice of the meeting except where a person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting was not lawfully called or convened.

§ 1706. Modification of proposal contained in notice.

Whenever the language of a proposed resolution is included in a written notice of a meeting required to be given under the provisions of this subpart or the articles or bylaws of any business corporation, the meeting considering the resolution may without further notice adopt it with such clarifying or other amendments as do not enlarge its original purpose.

§ 1707. Exception to requirement of notice.

(a) General rule.—Whenever any notice or communication is required to be given to any person under the provisions of this subpart or by the articles or bylaws of any business corporation or by the terms of any agreement or other instrument or as a condition precedent to taking any corporate action and communication with that person is then unlawful, the giving of the notice or communication to that person shall not be required, and there shall not be any duty to apply for a license or other permission to do so. Any action or meeting that is taken or held without notice or communication to that person shall have the same validity as if the notice or communication had been duly given. If the action taken is such as to require the filing of any document with respect thereto under any provision of law or any agreement or other instrument, it shall be sufficient, if such is the fact and if notice or communication is required, to state therein that notice or communication was given to all persons entitled to receive notice or communication except persons with whom communication was unlawful. See section 1701 (relating to applicability of subchapter).

(b) Shareholders without forwarding addresses.—Subsection (a) shall also be applicable to any shareholder with whom the corporation has been unable to communicate for more than 24 consecutive months because communications to the shareholder are returned unclaimed or the shareholder has otherwise failed to provide the corporation with a current address. Whenever the shareholder provides the corporation with a current address, subsection (a) shall cease to be applicable to the shareholder under this subsection.

§ 1708. Use of conference telephone and similar equipment.

One or more persons may participate in a meeting of the incorporators, the board of directors or the shareholders of a business corporation by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section shall constitute presence in person at the meeting.

SUBCHAPTER B DIRECTORS AND OFFICERS

Sec.

- 1721. Board of directors.
- 1722. Qualifications of directors.
- 1723. Number of directors.
- 1724. Term of office of directors.
- 1725. Selection of directors.
- 1726. Removal of directors.

- 1727. Quorum of and action by directors.
- 1728. Interested directors or officers; quorum.
- 1729. Voting rights of directors.
- 1730. Compensation of directors.
- 1731. Executive and other committees of the board.
- 1732. Officers.
- 1733. Removal of officers and agents.

§ 1721. Board of directors.

(a) General rule.—Unless otherwise provided by statute or in a bylaw adopted by the shareholders, all powers enumerated in section 1502 (relating to general powers) and elsewhere in this subpart or otherwise vested by law in a business corporation shall be exercised by or under the authority of, and the business and affairs of every business corporation shall be managed under the direction of, a board of directors. If any such provision is made in the bylaws, the powers and duties conferred or imposed upon the board of directors by this subpart shall be exercised or performed to such extent and by such person or persons as shall be provided in the bylaws.

(b) Standard of care; justifiable reliance.—A director shall stand in a fiduciary relation to the corporation and shall perform his duties as a director, including his duties as a member of any committee of the board upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the corporation and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. In performing his duties, a director shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(1) One or more officers or employees of the corporation whom the director reasonably believes to be reliable and competent in the matters presented.

(2) Counsel, public accountants or other persons as to matters which the director reasonably believes to be within the professional or expert competence of such person.

(3) A committee of the board upon which he does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

A director shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause his reliance to be unwarranted.

(c) Consideration of factors.—In discharging the duties of their respective positions, the board of directors, committees of the board and individual directors may, in considering the best interests of the corporation, consider the effects of any action upon employees, upon suppliers and customers of the corporation and upon communities in which offices or other establishments of the corporation are located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of subsection (b).

(d) **Presumption.**—Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a director or any failure to take any action shall be presumed to be in the best interests of the corporation.

(e) **Personal liability of directors.**—

(1) If a bylaw adopted by the shareholders so provides, a director shall not be personally liable, as such, for monetary damages for any action taken, or any failure to take any action, unless:

(i) the director has breached or failed to perform the duties of his office under this section; and

(ii) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(2) The provisions of paragraph (1) shall not apply to:

(i) the responsibility or liability of a director pursuant to any criminal statute; or

(ii) the liability of a director for the payment of taxes pursuant to local, State or Federal law.

(f) **Notation of dissent.**—A director of a corporation who is present at a meeting of its board of directors, or of a committee of the board, at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent is entered in the minutes of the meeting or unless he files his written dissent to the action with the secretary of the meeting before the adjournment thereof or transmits the dissent in writing to the secretary of the corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a director who voted in favor of the action. Nothing in this section shall bar a director from asserting that minutes of the meeting incorrectly omitted his dissent if, promptly upon receipt of a copy of such minutes, he notified the secretary, in writing, of the asserted omission or inaccuracy.

(g) **Cross references.**—See Subchapter B of Chapter 5 (relating to indemnification and corporate directors' liability) and 42 Pa.C.S. Ch. 83 Subch. F (relating to corporate directors' liability).

§ 1722. Qualifications of directors.

Each director of a business corporation shall be a natural person of full age who, unless otherwise restricted in the bylaws, need not be a resident of this Commonwealth or a shareholder of the corporation. Except as otherwise provided in this section, the qualifications of directors may be prescribed in the bylaws.

§ 1723. Number of directors.

The board of directors of a business corporation shall consist of one or more members. The number of directors shall be fixed by, or in the manner provided in, the bylaws. If not so fixed, the number of directors shall be the same as that stated in the articles or three if no number is so stated.

§ 1724. Term of office of directors.

(a) **General rule.**—Each director of a business corporation shall hold office until the expiration of the term for which he was selected and until his successor has been selected and qualified or until his earlier death, resignation or removal. Any director may resign at any time upon written notice to

the corporation. The resignation shall be effective upon receipt thereof by the corporation or at such subsequent time as shall be specified in the notice of resignation. Each director shall be selected for the term of office provided in the bylaws, which shall be one year and until his successor has been selected and qualified or until his earlier death, resignation or removal, unless the board is classified as provided by subsection (b). A decrease in the number of directors shall not have the effect of shortening the term of any incumbent director.

(b) Classified board of directors.—If the directors are classified in respect of the time for which they shall severally hold office:

- (1) Each class shall be as nearly equal in number as possible.
- (2) The term of office of at least one class shall expire in each year.
- (3) The members of a class shall not be elected for a longer period than four years.

§ 1725. Selection of directors.

(a) General rule.—Except as otherwise provided in this section, directors of a business corporation, other than those constituting the first board of directors, shall be elected by the shareholders.

(b) Vacancies.—

(1) Except as otherwise provided in the bylaws:

(i) Vacancies in the board of directors, including vacancies resulting from an increase in the number of directors, may be filled by a majority vote of the remaining members of the board though less than a quorum, or by a sole remaining director, and each person so selected shall be a director to serve for the balance of the unexpired term unless otherwise restricted in the bylaws.

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

(2) In the case of a corporation having a classified board of directors, any director chosen to fill a vacancy, including a vacancy resulting from an increase in the number of directors, shall hold office until the next selection of the class for which such director has been chosen, and until his successor has been selected and qualified or until his earlier death, resignation or removal.

(c) Alternate directors.—If the bylaws so provide, a shareholder or group of shareholders entitled to elect, appoint, designate or otherwise select one or more directors may select an alternate for each director. In the absence of a director from a meeting of the board, his alternate may, in the manner and upon such notice, if any, as may be provided in the bylaws, attend the meeting or execute a written consent and exercise at the meeting or in such consent such of the powers of the absent director as may be specified by, or in the manner provided in, the bylaws. When so exercising the powers of the absent director, the alternate shall be subject in all respects to the provisions of this subpart relating to directors.

(d) Cross reference.—See the definition of “shareholder” in section 1103 (relating to definitions).

§ 1726. Removal of directors.

(a) Removal by the shareholders.—

(1) Unless otherwise provided in a bylaw adopted by the shareholders, the entire board of directors, or a class of the board where the board is classified with respect to the power to select directors, or any individual director of a business corporation may be removed from office without assigning any cause by the vote of shareholders, or of the holders of a class or series of shares, entitled to elect directors, or the class of directors. In case the board or a class of the board or any one or more directors are so removed, new directors may be elected at the same meeting. Notwithstanding the first sentence of this paragraph, unless otherwise provided in the articles, the entire board of directors, or any class of the board, or any individual director of a corporation having a board classified as permitted by section 1724(b) (relating to classified board of directors), may be removed from office by vote of the shareholders entitled to vote thereon only for cause, if such classification has been effected by a bylaw adopted by the shareholders.

(2) The repeal of a provision of the articles or bylaws prohibiting, or the addition of a provision to the articles or bylaws permitting, the removal by the shareholders of the board, a class of the board or a director without assigning any cause shall not apply to any incumbent director during the balance of the term for which he was selected.

(3) An individual director shall not be removed (unless the entire board or class of the board is removed) from the board of a corporation in which shareholders are entitled to vote cumulatively for the board or a class of the board if sufficient votes are cast against the resolution for his removal which, if cumulatively voted at an annual or other regular election of directors, would be sufficient to elect one or more directors to the board or to the class.

(4) The board of directors may be removed at any time with or without cause by the unanimous vote or consent of shareholders entitled to vote thereon.

(b) Removal by the board.—Unless otherwise provided in a bylaw adopted by the shareholders, the board of directors may declare vacant the office of a director who has been judicially declared of unsound mind or who has been convicted of an offense punishable by imprisonment for a term of more than one year or for any other proper cause which the bylaws may specify or if, within 60 days or such other time as the bylaws may specify after notice of his selection, he does not accept the office either in writing or by attending a meeting of the board of directors and fulfill such other requirements of qualification as the bylaws may specify.

(c) Removal by the court.—Upon application of any shareholder or director, the court may remove from office any director in case of fraudulent or dishonest acts, or gross abuse of authority or discretion with reference to the corporation, or for any other proper cause, and may bar from office any

director so removed for a period prescribed by the court. The corporation shall be made a party to the action and as a prerequisite to the maintenance of an action under this subsection a shareholder shall comply with Subchapter E (relating to derivative actions).

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

§ 1727. Quorum of and action by directors.

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

(b) Action by written consent.—Unless otherwise restricted in the bylaws, any action required or permitted to be taken at a meeting of the directors may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the directors in office is filed with the secretary of the corporation.

§ 1728. Interested directors or officers; quorum.

(a) General rule.—A contract or transaction between a business corporation and one or more of its directors or officers or between a business corporation and another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise in which one or more of its directors or officers are directors or officers or have a financial or other interest, shall not be void or voidable solely for that reason, or solely because the director or officer is present at or participates in the meeting of the board of directors that authorizes the contract or transaction, or solely because his or their votes are counted for that purpose, if:

(1) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors and the board authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors even though the disinterested directors are less than a quorum;

(2) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon and the contract or transaction is specifically approved in good faith by vote of those shareholders; or

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

(b) Quorum.—Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board that authorizes a contract or transaction specified in subsection (a).

(c) Applicability.—The provisions of this section shall be applicable except as otherwise restricted in the bylaws.

§ 1729. Voting rights of directors.

(a) General rule.—Unless otherwise provided in a bylaw adopted by the shareholders, every director of a business corporation shall be entitled to one vote.

(b) Multiple and fractional voting.—Any requirement of this subpart for the presence of or vote or other action by a specified percentage of directors shall be satisfied by the presence of or vote or other action by directors entitled to cast the specified percentage of the votes that all voting directors in office are entitled to cast.

§ 1730. Compensation of directors.

Except as otherwise restricted in the bylaws, the board of directors of a business corporation shall have the authority to fix the compensation of directors for their services as directors and a director may be a salaried officer of the corporation.

§ 1731. Executive and other committees of the board.

(a) Establishment and powers.—Unless otherwise restricted in the bylaws:

(1) The board of directors of a business corporation may, by resolution adopted by a majority of the directors in office, establish one or more committees to consist of one or more directors of the corporation. Any committee, to the extent provided in the resolution of the board of directors or in the bylaws, shall have and may exercise all of the powers and authority of the board of directors except that a committee shall not have any power or authority as to the following:

(i) The submission to shareholders of any action requiring approval of shareholders under this subpart.

(ii) The creation or filling of vacancies in the board of directors.

(iii) The adoption, amendment or repeal of the bylaws.

(iv) The amendment or repeal of any resolution of the board that by its terms is amendable or repealable only by the board.

(v) Action on matters committed by the bylaws or resolution of the board of directors to another committee of the board.

(2) The board may designate one or more directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of the committee or for the purposes of any written action by the committee. In the absence or disqualification of a member and alternate member or members of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another director to act at the meeting in the place of the absent or disqualified member.

(b) Term.—Each committee of the board shall serve at the pleasure of the board.

(c) Status of committee action.—The term “board of directors” or “board,” when used in any provision of this subpart relating to the organization or procedures of or the manner of taking action by the board of directors, shall be construed to include and refer to any executive or other com-

mittee of the board. Any provision of this subpart relating or referring to action to be taken by the board of directors or the procedure required therefor shall be satisfied by the taking of corresponding action by a committee of the board of directors to the extent authority to take the action has been delegated to the committee pursuant to this section.

§ 1732. Officers.

(a) General rule.—Every business corporation shall have a president, a secretary and a treasurer, or persons who shall act as such, regardless of the name or title by which they may be designated, elected or appointed and may have such other officers and assistant officers as it may authorize from time to time. The bylaws may prescribe special qualifications for the officers. The president and secretary shall be natural persons of full age. The treasurer may be a corporation, but if a natural person shall be of full age. Unless otherwise restricted in the bylaws, it shall not be necessary for the officers to be directors. Any number of offices may be held by the same person. The officers and assistant officers shall be elected or appointed at such time, in such manner and for such terms as may be fixed by or pursuant to the bylaws. Unless otherwise provided by or pursuant to the bylaws, each officer shall hold office for a term of one year and until his successor has been selected and qualified or until his earlier death, resignation or removal. Any officer may resign at any time upon written notice to the corporation. The resignation shall be effective upon receipt thereof by the corporation or at such subsequent time as may be specified in the notice of resignation. The corporation may secure the fidelity of any or all of the officers by bond or otherwise.

(b) Authority.—Unless otherwise provided in the bylaws, all officers of the corporation, as between themselves and the corporation, shall have such authority and perform such duties in the management of the corporation as may be provided by or pursuant to the bylaws or, in the absence of controlling provisions in the bylaws, as may be determined by or pursuant to resolutions or orders of the board of directors.

(c) Standard of care.—Except as otherwise provided in the articles, an officer shall perform his duties as an officer in good faith, in a manner he reasonably believes to be in the best interests of the corporation and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. A person who so performs his duties shall not be liable by reason of having been an officer of the corporation.

§ 1733. Removal of officers and agents.

Any officer or agent of a business corporation may be removed by the board of directors with or without cause. The removal shall be without prejudice to the contract rights, if any, of any person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

SUBCHAPTER C
INDEMNIFICATION

Sec.

1741. Third-party actions.

1742. Derivative actions.

- 1743. Mandatory indemnification.
- 1744. Procedure for effecting indemnification.
- 1745. Advancing expenses.
- 1746. Supplementary coverage.
- 1747. Power to purchase insurance.
- 1748. Application to surviving or new corporations.
- 1749. Application to employee benefit plans.
- 1750. Duration and extent of coverage.

§ 1741. Third-party actions.

Unless otherwise restricted in its bylaws, a business corporation shall have power to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), by reason of the fact that he is or was a representative of the corporation, or is or was serving at the request of the corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action or proceeding by judgment, order, settlement or conviction or upon a plea of nolo contendere or its equivalent shall not of itself create a presumption that the person did not act in good faith and in a manner that he reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal proceeding, had reasonable cause to believe that his conduct was unlawful.

§ 1742. Derivative actions.

Unless otherwise restricted in its bylaws, a business corporation shall have power to indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a representative of the corporation or is or was serving at the request of the corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of the action if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation. Indemnification shall not be made under this section in respect of any claim, issue or matter as to which the person has been adjudged to be liable to the corporation unless and only to the extent that the court of common pleas of the judicial district embracing the county in which the registered office of the corporation is located or the court in which the action was brought determines

upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the person is fairly and reasonably entitled to indemnity for the expenses that the court of common pleas or other court deems proper.

§ 1743. Mandatory indemnification.

To the extent that a representative of a business corporation has been successful on the merits or otherwise in defense of any action or proceeding referred to in section 1741 (relating to third-party actions) or 1742 (relating to derivative actions) or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

§ 1744. Procedure for effecting indemnification.

Unless ordered by a court, any indemnification under section 1741 (relating to third-party actions) or 1742 (relating to derivative actions) shall be made by the business corporation only as authorized in the specific case upon a determination that indemnification of the representative is proper in the circumstances because he has met the applicable standard of conduct set forth in those sections. The determination shall be made:

- (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to the action or proceeding;
- (2) if such a quorum is not obtainable or if obtainable and a majority vote of a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or
- (3) by the shareholders.

§ 1745. Advancing expenses.

Expenses (including attorneys' fees) incurred in defending any action or proceeding referred to in this subchapter may be paid by a business corporation in advance of the final disposition of the action or proceeding upon receipt of an undertaking by or on behalf of the representative to repay the amount if it is ultimately determined that he is not entitled to be indemnified by the corporation as authorized in this subchapter or otherwise.

§ 1746. Supplementary coverage.

(a) *General rule.*—The indemnification and advancement of expenses provided by, or granted pursuant to, the other sections of this subchapter shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding that office. Sections 1728 (relating to interested directors or officers; quorum) and 1770 (relating to interested shareholders) shall be applicable to any bylaw, contract or transaction authorized by the directors under this section. A corporation may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this section or otherwise.

(b) *When indemnification is not to be made.*—Indemnification pursuant to subsection (a) shall not be made in any case where the act or failure to act

giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

(c) Grounds.—Indemnification pursuant to subsection (a) under any bylaw, agreement, vote of shareholders or directors or otherwise may be granted for any action taken or any failure to take any action and may be made whether or not the corporation would have the power to indemnify the person under any other provision of law except as provided in this section and whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the corporation. Such indemnification is declared to be consistent with the public policy of this Commonwealth.

(d) Cross references.—See section 513 (relating to nonexclusivity and supplementary coverage) and 42 Pa.C.S. § 8365 (relating to nonexclusivity and supplementary coverage).

§ 1747. Power to purchase insurance.

(a) General rule.—Unless otherwise restricted in its bylaws, a business corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a representative of the corporation or is or was serving at the request of the corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against that liability under the provisions of this subchapter. Such insurance is declared to be consistent with the public policy of this Commonwealth.

(b) Cross references.—See section 513 (relating to nonexclusivity and supplementary coverage) and 42 Pa.C.S. § 8365 (relating to nonexclusivity and supplementary coverage).

§ 1748. Application to surviving or new corporations.

For the purposes of this subchapter, references to “the corporation” include all constituent corporations absorbed in a consolidation, merger or division, as well as the surviving or new corporations surviving or resulting therefrom, so that any person who is or was a representative of the constituent, surviving or new corporation, or is or was serving at the request of the constituent, surviving or new corporation as a representative of another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this subchapter with respect to the surviving or new corporation as he would if he had served the surviving or new corporation in the same capacity.

§ 1749. Application to employee benefit plans.

For purposes of this subchapter:

(1) References to “other enterprises” shall include employee benefit plans and references to “serving at the request of the corporation” shall include any service as a representative of the business corporation that imposes duties on, or involves services by, the representative with respect to an employee benefit plan, its participants or beneficiaries.

(2) Excise taxes assessed on a person with respect to an employee benefit plan pursuant to applicable law shall be deemed "fines."

(3) Action with respect to an employee benefit plan taken or omitted in good faith by a representative of the corporation in a manner he reasonably believed to be in the interest of the participants and beneficiaries of the plan shall be deemed to be action in a manner that is not opposed to the best interests of the corporation.

§ 1750. Duration and extent of coverage.

The indemnification and advancement of expenses provided by, or granted pursuant to, this subchapter shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a representative of the corporation and shall inure to the benefit of the heirs and personal representative of that person.

SUBCHAPTER D
SHAREHOLDERS

Sec.

1755. Time of holding meetings of shareholders.

1756. Quorum.

1757. Action by shareholders.

1758. Voting rights of shareholders.

1759. Voting and other action by proxy.

1760. Voting by fiduciaries and pledgees.

1761. Voting by joint holders of shares.

1762. Voting by corporations.

1763. Determination of shareholders of record.

1764. Voting lists.

1765. Judges of election.

1766. Consent of shareholders in lieu of meeting.

1767. Appointment of custodian of corporation on deadlock or other cause.

1768. Voting trusts and other agreements among shareholders.

1769. Minors as securityholders.

1770. Interested shareholders.

§ 1755. Time of holding meetings of shareholders.

(a) Regular meetings.—The bylaws of a business corporation may provide for the number and the time of meetings of shareholders, but at least one meeting of the shareholders shall be held in each calendar year for the election of directors at such time as shall be provided in or fixed pursuant to authority granted by the bylaws. Failure to hold the annual or other regular meeting at the designated time shall not work a dissolution of the corporation or affect otherwise valid corporate acts. If the annual or other regular meeting is not called and held within six months after the designated time, any shareholder may call the meeting at any time thereafter.

(b) Special meetings.—Special meetings of the shareholders may be called at any time:

- (1) by the board of directors;
 - (2) unless otherwise provided in the articles, by shareholders entitled to cast at least 20% of the votes that all shareholders are entitled to cast at the particular meeting; or
 - (3) by such officers or other persons as may be provided in the bylaws.
- At any time, upon written request of any person who has called a special meeting, it shall be the duty of the secretary to fix the time of the meeting which, if the meeting is called pursuant to a statutory right, shall be held not more than 60 days after the receipt of the request. If the secretary neglects or refuses to fix the time of the meeting, the person or persons calling the meeting may do so. See section 2521 (relating to call of special meetings of shareholders).

(c) **Adjournments.**—Adjournments of any regular or special meeting may be taken but any meeting at which directors are to be elected shall be adjourned only from day to day, or for such longer periods not exceeding 15 days each as the shareholders present and entitled to vote shall direct, until the directors have been elected. See section 2522 (relating to adjournment of meetings of shareholders).

§ 1756. **Quorum.**

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

- (1) The presence of shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast on a particular matter to be acted upon at the meeting shall constitute a quorum for the purposes of consideration and action on the matter.
- (2) The shareholders present at a duly organized meeting can continue to do business until adjournment notwithstanding the withdrawal of enough shareholders to leave less than a quorum.
- (3) If a meeting cannot be organized because a quorum has not attended, those present may, except as otherwise provided in this subpart, adjourn the meeting to such time and place as they may determine.

(b) **Exceptions.**—Unless otherwise provided in a bylaw adopted by the shareholders:

- (1) Those shareholders entitled to vote who attend a meeting called for the election of directors that has been previously adjourned for lack of a quorum, although less than a quorum as fixed in this section or in the bylaws, shall nevertheless constitute a quorum for the purpose of electing directors.
- (2) Those shareholders entitled to vote who attend a meeting of shareholders that has been previously adjourned for one or more periods aggregating at least 15 days because of an absence of a quorum, although less than a quorum as fixed in this section or in the bylaws, shall nevertheless constitute a quorum for the purpose of acting upon any matter set forth in the notice of the meeting if the notice states that those shareholders who attend the adjourned meeting shall nevertheless constitute a quorum for the purpose of acting upon the matter.

(c) Cross reference.—See section 2523 (relating to quorum at shareholder meetings).

§ 1757. Action by shareholders.

(a) General rule.—Except as otherwise provided in this subpart or in a bylaw adopted by the shareholders, whenever any corporate action is to be taken by vote of the shareholders of a business corporation, it shall be authorized by a majority of the votes cast at a duly organized meeting of shareholders by the holders of shares entitled to vote thereon.

(b) Changes in required vote.—Whenever a provision of this subpart requires a specified number or percentage of votes of shareholders or of a class of shareholders for the taking of any action, a business corporation may prescribe in a bylaw adopted by the shareholders that a higher number or percentage of votes shall be required for the action. See sections 1504(d) (relating to amendment of voting provisions) and 1914(e) (relating to amendment of voting provisions).

(c) Expenses.—Unless otherwise restricted in the articles, the corporation shall pay the reasonable expenses of solicitation of votes, proxies or consents of shareholders by or on behalf of the board of directors or its nominees for election to the board, including solicitation by professional proxy solicitors and otherwise, and may pay the reasonable expenses of a solicitation by or on behalf of other persons.

§ 1758. Voting rights of shareholders.

(a) General rule.—Unless otherwise provided in the articles, every shareholder of a business corporation shall be entitled to one vote for every share standing in his name on the books of the corporation. The articles may restrict the number of votes that a single holder or beneficial owner, or such a group of holders or owners as the bylaws may define, of shares of any class or series may directly or indirectly cast in the aggregate for the election of directors or on any other matter coming before the shareholders.

(b) Procedures.—If the bylaws provide a fair and reasonable procedure for the nomination of candidates for any office, only candidates who have been duly nominated in accordance therewith shall be eligible for election. Unless otherwise restricted in the bylaws, in elections for directors, voting need not be by ballot, except upon demand made by a shareholder entitled to vote at the election and before the voting begins. The candidates receiving the highest number of votes from each class or group of classes, if any, entitled to elect directors separately up to the number of directors to be elected by the class or group of classes shall be elected. If at any meeting of shareholders, directors of more than one class are to be elected, each class of directors shall be elected in a separate election.

(c) Cumulative voting.—

(1) Except as otherwise provided in paragraph (2) or in the articles, in each election of directors every shareholder entitled to vote shall have the right to multiply the number of votes to which he may be entitled by the total number of directors to be elected in the same election by the holders of the class or classes of shares of which his shares are a part and he may cast the whole number of his votes for one candidate or he may distribute them among any two or more candidates.

(2) The shareholders of a corporation not incorporated under the Business Corporation Law of 1933 or this subpart, the shareholders of which were not entitled to cumulate their votes for the election of directors at the date the corporation became subject to the provisions of the Business Corporation Law of 1933 or became or becomes subject to the provisions of this subpart, shall be entitled so to cumulate their votes only if and to the extent its articles so provide.

(d) Redeemable shares.—Unless otherwise provided in the articles, redeemable shares that have been called for redemption shall not be entitled to vote on any matter and shall not be deemed outstanding shares after written notice has been mailed to holders thereof that the shares have been called for redemption and that a sum sufficient to redeem the shares has been deposited with a specified financial institution with irrevocable instruction and authority to pay the redemption price to the holders of the shares on the redemption date, in the case of uncertificated shares, or upon surrender of certificates therefor in the case of certificated shares, and the sum has been so deposited.

§ 1759. Voting and other action by proxy.

(a) General rule.—

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

(2) The presence of, or vote or other action at a meeting of shareholders, or the expression of consent or dissent to corporate action in writing, by a proxy of a shareholder shall constitute the presence of, or vote or action by, or written consent or dissent of the shareholder for the purposes of this subpart.

(3) Where two or more proxies of a shareholder are present, the corporation shall, unless otherwise expressly provided in the proxy, accept as the vote of all shares represented thereby the vote cast by a majority of them and, if a majority of the proxies cannot agree whether the shares represented shall be voted or upon the manner of voting the shares, the voting of the shares shall be divided equally among those persons.

(b) Minimum requirements.—Every proxy shall be executed in writing by the shareholder or by his duly authorized attorney-in-fact and filed with the secretary of the corporation. A proxy, unless coupled with an interest, shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until written notice thereof has been given to the secretary of the corporation. An unrevoked proxy shall not be valid after three years from the date of its execution unless a longer time is expressly provided therein. A proxy shall not be revoked by the death or incapacity of the maker unless, before the vote is counted or the authority is exercised, written notice of the death or incapacity is given to the secretary of the corporation.

(c) Proxy coupled with an interest.—As used in this section, the term “proxy coupled with an interest” includes:

- (1) a vote pooling or similar arrangement among shareholders;
- (2) an agreement permitted by section 1768(b) (relating to other agreements); and
- (3) an unrevoked proxy in favor of an existing or potential creditor of a shareholder.

A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the share itself or an interest in the corporation generally.

§ 1760. Voting by fiduciaries and pledgees.

Shares of a business corporation standing in the name of a trustee or other fiduciary and shares held by an assignee for the benefit of creditors or by a receiver may be voted by the trustee, fiduciary, assignee or receiver. A shareholder whose shares are pledged shall be entitled to vote the shares until the shares have been transferred into the name of the pledgee, or a nominee of the pledgee, but nothing in this section shall affect the validity of a proxy given to a pledgee or nominee.

§ 1761. Voting by joint holders of shares.

(a) General rule.—Where shares of a business corporation are held jointly or as tenants in common by two or more persons, as fiduciaries or otherwise:

- (1) if only one or more of such persons is present in person or by proxy, all of the shares standing in the names of such persons shall be deemed to be represented for the purpose of determining a quorum and the corporation shall accept as the vote of all the shares the vote cast by him or a majority of them; and
- (2) if the persons are equally divided upon whether the shares held by them shall be voted or upon the manner of voting the shares, the voting of the shares shall be divided equally among the persons without prejudice to the rights of the joint owners or the beneficial owners thereof among themselves.

(b) Exception.—If there has been filed with the secretary of the corporation a copy, certified by an attorney at law to be correct, of the relevant portions of the agreement under which the shares are held or the instrument by which the trust or estate was created or the order of court appointing them or of an order of court directing the voting of the shares, the persons specified as having such voting power in the latest document so filed, and only those persons, shall be entitled to vote the shares but only in accordance therewith.

§ 1762. Voting by corporations.

(a) Voting in business corporation matters.—Any other domestic or foreign corporation for profit or not-for-profit that is a shareholder of a business corporation may vote by any of its officers or agents, or by proxy appointed by any officer or agent, unless some other person, by resolution of the board of directors of the other corporation or a provision of its articles or bylaws, a copy of which resolution or provision certified to be correct by one of its officers has been filed with the secretary of the business corporation, is appointed its general or special proxy in which case that person shall be entitled to vote the shares.

(b) Voting by business corporations.—Shares of or memberships in a domestic or foreign corporation for profit or not-for-profit other than a business corporation, standing in the name of a shareholder or member that is a business corporation, may be voted by the persons and in the manner provided for in the case of business corporations by subsection (a) unless the laws of the jurisdiction in which the issuer of the shares or memberships is incorporated require the shares or memberships to be voted by some other person or persons or in some other manner in which case, to the extent that those laws are inconsistent herewith, this subsection shall not apply.

(c) Controlled shares.—Shares of a business corporation owned, directly or indirectly, by it and controlled, directly or indirectly, by the board of directors of the corporation, as such, shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares for voting purposes at any given time.

§ 1763. Determination of shareholders of record.

(a) Fixing record date.—Unless otherwise restricted in the bylaws, the board of directors of a business corporation may fix a time prior to the date of any meeting of shareholders as a record date for the determination of the shareholders entitled to notice of, or to vote at, the meeting, which time, except in the case of an adjourned meeting, shall be not more than 90 days prior to the date of the meeting of shareholders. Only shareholders of record on the date fixed shall be so entitled notwithstanding any transfer of shares on the books of the corporation after any record date fixed as provided in this subsection. Unless otherwise provided in the bylaws, the board of directors may similarly fix a record date for the determination of shareholders of record for any other purpose. When a determination of shareholders of record has been made as provided in this section for purposes of a meeting, the determination shall apply to any adjournment thereof unless otherwise restricted in the bylaws or unless the board fixes a new record date for the adjourned meeting.

(b) Determination when a record date is not fixed.—Unless otherwise provided in the bylaws, if a record date is not fixed:

(1) The record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day immediately preceding the day on which the meeting is held.

(2) The record date for determining shareholders entitled to express consent or dissent to corporate action in writing without a meeting, when prior action by the board of directors is not necessary, shall be at the close of business on the day on which the first written consent or dissent is filed with the secretary of the corporation.

(3) The record date for determining shareholders for any other purpose shall be at the close of business on the day on which the board of directors adopts the resolution relating thereto.

(c) Certification by nominee.—If the bylaws so provide, the board of directors may adopt a procedure whereby a shareholder of the corporation

may certify in writing to the corporation that all or a portion of the shares registered in the name of the shareholder are held for the account of a specified person or persons. The resolution of the board may set forth:

- (1) The classification of shareholder who may certify.
- (2) The purpose or purposes for which the certification may be made.
- (3) The form of certification and information to be contained therein.
- (4) If the certification is with respect to a record date, the time after the record date within which the certification must be received by the corporation.
- (5) Such other provisions with respect to the procedure as are deemed necessary or desirable.

Upon receipt by the corporation of a certification complying with the procedure, the persons specified in the certification shall be deemed, for the purposes set forth in the certification, to be the holders of record of the number of shares specified in place of the shareholder making the certification.

§ 1764. Voting lists.

(a) General rule.—The officer or agent having charge of the transfer books for shares of a business corporation shall make a complete list of the shareholders entitled to vote at any meeting of shareholders, arranged in alphabetical order, with the address of and the number of shares held by each. The list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof except that, if a business corporation has 5,000 or more shareholders, in lieu of the making of the list the corporation may make the information therein available at the meeting by any other means.

(b) Effect of list.—Failure to comply with the requirements of this section shall not affect the validity of any action taken at a meeting prior to a demand at the meeting by any shareholder entitled to vote thereat to examine the list. The original share register or transfer book, or a duplicate thereof kept in this Commonwealth, shall be prima facie evidence as to who are the shareholders entitled to examine the list or share register or transfer book or to vote at any meeting of shareholders.

§ 1765. Judges of election.

Unless otherwise provided in a bylaw adopted by the shareholders:

(1) Appointment.—In advance of any meeting of shareholders of a business corporation, the board of directors may appoint judges of election, who need not be shareholders, to act at the meeting or any adjournment thereof. If judges of election are not so appointed, the presiding officer of the meeting may, and on the request of any shareholder shall, appoint judges of election at the meeting. The number of judges shall be one or three. A person who is a candidate for office to be filled at the meeting shall not act as a judge.

(2) Vacancies.—In case any person appointed as a judge fails to appear or fails or refuses to act, the vacancy may be filled by appointment made by the board of directors in advance of the convening of the meeting or at the meeting by the presiding officer thereof.

(3) Duties.—The judges of election shall determine the number of shares outstanding and the voting power of each, the shares represented at the meeting, the existence of a quorum, the authenticity, validity and effect of proxies, receive votes or ballots, hear and determine all challenges and questions in any way arising in connection with the right to vote, count and tabulate all votes, determine the result and do such acts as may be proper to conduct the election or vote with fairness to all shareholders. The judges of election shall perform their duties impartially, in good faith, to the best of their ability and as expeditiously as is practical. If there are three judges of election, the decision, act or certificate of a majority shall be effective in all respects as the decision, act or certificate of all.

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

§ 1766. Consent of shareholders in lieu of meeting.

(a) Unanimous consent.—Unless otherwise restricted in the bylaws, any action required or permitted to be taken at a meeting of the shareholders or of a class of shareholders of a business corporation may be taken without a meeting if, prior or subsequent to the action, a consent or consents thereto by all of the shareholders who would be entitled to vote at a meeting for such purpose shall be filed with the secretary of the corporation.

(b) Partial written consent.—If the articles (or, in the case of a nonregistered corporation, the bylaws) so provide, any action required or permitted to be taken at a meeting of the shareholders or of a class of shareholders may be taken without a meeting upon the written consent of shareholders who would have been entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all shareholders entitled to vote thereon were present and voting. The consents shall be filed with the secretary of the corporation. The action shall not become effective until after at least ten days' written notice of the action has been given to each shareholder entitled to vote thereon who has not consented thereto. See section 2524 (relating to consent of shareholders in lieu of meeting).

§ 1767. Appointment of custodian of corporation on deadlock or other cause.

(a) General rule.—Upon application of any shareholder, the court may appoint one or more persons to be custodians of and for any business corporation when it is made to appear that:

(1) at any meeting for the election of directors, the shareholders are so divided that they have failed to elect successors to directors whose terms have expired or would have expired upon the qualification of their successors;

(2) in the case of a closely held corporation, the directors or those in control of the corporation have acted illegally, oppressively or fraudulently toward one or more holders or owners of 5% or more of the outstanding shares of any class of the corporation in their capacities as shareholders, directors, officers or employees; or

(3) the conditions specified in section 1981(1), (2) or (3) (relating to proceedings upon application of shareholder or director), other than that it is beneficial to the interests of the shareholders that the corporation be wound up and dissolved, exist with respect to the corporation.

(b) Exception.—The court shall not appoint a custodian to resolve a deadlock if the shareholders by agreement or otherwise have provided for the appointment of a provisional director or other means for the resolution of the deadlock, but the court shall enforce the remedy so provided if appropriate.

(c) Power and title of custodian.—A custodian appointed under this section shall have all the power and title of a receiver appointed under Subchapter G of Chapter 19 (relating to involuntary liquidation and dissolution), but the authority of the custodian shall be to continue the business of the corporation and not to liquidate its affairs and distribute its assets except when the court shall otherwise order.

§ 1768. Voting trusts and other agreements among shareholders.

(a) Voting trusts.—One or more shareholders of any business corporation may, by agreement in writing, transfer all or part of their shares to any person for the purpose of vesting in the transferee voting or other rights pertaining to the shares upon the terms and conditions and for the period stated in the agreement.

(b) Other agreements.—Agreements among shareholders, or among or between the corporation and one or more shareholders, regarding the voting of their shares shall be valid and enforceable in accordance with their terms.

§ 1769. Minors as securityholders.

(a) General rule.—A business corporation may treat a minor who holds shares or obligations of the corporation as having capacity to receive and to empower others to receive dividends, interest, principal and other payments or distributions, to vote or express consent or dissent and to make elections and exercise rights relating to such shares or obligations unless, in the case of payments or distributions on shares, the corporate officer responsible for maintaining the list of shareholders or the transfer agent of the corporation or, in the case of payments or distributions on obligations, the treasurer or paying officer or agent has received written notice that the holder is a minor.

(b) Disaffirmance limited.—A minor who holds shares or obligations of a corporation and who has received or who has empowered others to receive dividends, interest, principal and other payments or distributions, voted or expressed consent or dissent or made an election or exercised a right relating to the shares or obligations shall have no right thereafter to disaffirm or avoid, as against the corporation, any such act on his part.

(c) Other statutes unaffected.—This section does not limit any other statute that authorizes any corporation to deal with a minor or limits the right of a minor to disaffirm his acts.

§ 1770. Interested shareholders.

(a) General rule.—Any transaction authorized under Subchapter C of Chapter 19 (relating to merger, consolidation, share exchanges and sale of assets) between a business corporation or subsidiary thereof and a share-

holder of the business corporation, or any transaction authorized under Subchapter F of Chapter 19 (relating to voluntary dissolution and winding up) in which a shareholder is treated differently from other shareholders of the same class (other than any dissenting shareholders under Subchapter D of Chapter 15 (relating to dissenters rights)), shall require the affirmative vote of the shareholders entitled to cast at least a majority of the votes that all shareholders other than the interested shareholder are entitled to cast with respect to the transaction, without counting the vote of the interested shareholder. For the purposes of the preceding sentence, interested shareholder shall include the shareholder who is a party to the transaction or who is treated differently from other shareholders and any person, or group of persons, that is acting jointly or in concert with the interested shareholder and any person who, directly or indirectly, controls, is controlled by or is under common control with the interested shareholder. An interested shareholder shall not include any person who, in good faith and not for the purpose of circumventing this section, is an agent, bank, broker, nominee or trustee for one or more other persons, to the extent that the other person or persons are not interested shareholders.

(b) Exceptions.—Subsection (a) shall not apply to a transaction:

(1) that has been approved by a majority vote of the board of directors without counting the vote of directors who:

(i) are directors or officers of, or have a material equity interest in, the interested shareholder; or

(ii) were nominated for election as a director by the interested shareholder, and first elected as a director, within 24 months of the date of the vote on the proposed transaction; or

(2) in which the consideration to be received by the shareholders for shares of any class of which shares are owned by the interested shareholder is not less than the highest amount paid by the interested shareholder in acquiring shares of the same class.

(c) Additional approvals.—The approvals required by this section shall be in addition to, and not in lieu of, any other approval required by this subpart, the articles of the corporation, the bylaws of the corporation, or otherwise.

SUBCHAPTER E DERIVATIVE ACTIONS

Sec.

1781. (Reserved).

1782. Actions against directors and officers.

§ 1781. (Reserved).

§ 1782. Actions against directors and officers.

(a) General rule.—Except as provided in subsection (b), in any action or proceeding brought to enforce a secondary right on the part of one or more shareholders of a business corporation against any present or former officer or director of the corporation because the corporation refuses to enforce

rights that may properly be asserted by it, each plaintiff must aver and it must be made to appear that each plaintiff was a shareholder of the corporation or owner of a beneficial interest in the shares at the time of the transaction of which he complains, or that his shares or beneficial interest in the shares devolved upon him by operation of law from a person who was a shareholder or owner of a beneficial interest in the shares at that time.

(b) Exception.—Any shareholder or person beneficially interested in shares of the corporation who, except for the provisions of subsection (a), would be entitled to maintain the action or proceeding and who does not meet such requirements may, nevertheless in the discretion of the court, be allowed to maintain the action or proceeding on preliminary showing to the court, by application and upon such verified statements and depositions as may be required by the court, that there is a strong prima facie case in favor of the claim asserted on behalf of the corporation and that without the action serious injustice will result.

(c) Security for costs.—In any action or proceeding instituted or maintained by holders or owners of less than 5% of the outstanding shares of any class of the corporation, unless the shares held or owned by the holders or owners have an aggregate fair market value in excess of \$200,000, the corporation in whose right the action or proceeding is brought shall be entitled at any stage of the proceedings to require the plaintiffs to give security for the reasonable expenses, including attorneys' fees, that may be incurred by it in connection therewith or for which it may become liable pursuant to section 1743 (relating to mandatory indemnification) (but only insofar as relates to actions by or in the right of the corporation) to which security the corporation shall have recourse in such amount as the court determines upon the termination of the action or proceeding. The amount of security may, from time to time, be increased or decreased in the discretion of the court upon showing that the security provided has or may become inadequate or excessive. The security may be denied or limited in the discretion of the court upon preliminary showing to the court, by application and upon such verified statements and depositions as may be required by the court, establishing prima facie that the requirement of full or partial security would impose undue hardship on plaintiffs and serious injustice would result.

(d) Cross reference.—See section 4146 (relating to provisions applicable to all foreign corporations).

SUBCHAPTER F JUDICIAL SUPERVISION OF CORPORATE ACTION

Sec.

1791. Corporate action subject to subchapter.

1792. Proceedings prior to corporate action.

1793. Review of contested corporate action.

§ 1791. Corporate action subject to subchapter.

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

(1) The election, appointment, designation or other selection and the suspension or removal of directors or officers of a business corporation.

(2) The taking of any action on any matter that is required under this subpart or under any other provision of law to be, or that under the bylaws may be, submitted for action to the shareholders, directors or officers of a business corporation.

(b) Cross reference.—See section 4145 (relating to applicability of certain safeguards to foreign domiciliary corporations).

§ 1792. Proceedings prior to corporate action.

(a) General rule.—Where under applicable law or the bylaws of a business corporation there has been a failure to hold a meeting to take corporate action and the failure has continued for 30 days after the date designated or appropriate therefor, the court may summarily order a meeting to be held upon the application of any person entitled, either alone or in conjunction with other persons similarly seeking relief under this section, to call a meeting to consider the corporate action in issue.

(b) Conduct of meeting.—The court may determine the right to vote at the meeting of persons claiming that right, may appoint a master to hold the meeting under such orders and powers as the court deems proper and may take such action as may be required to give due notice of the meeting and to convene and conduct the meeting in the interests of justice.

(c) Cross reference.—See section 4145 (relating to applicability of certain safeguards to foreign domiciliary corporations).

§ 1793. Review of contested corporate action.

(a) General rule.—Upon application of any person aggrieved by any corporate action, the court may hear and determine the validity of the corporate action.

(b) Powers and procedures.—The court may make such orders in any such case as may be just and proper, with power to enforce the production of any books, papers and records of the corporation and other relevant evidence that may relate to the issue. The court shall provide for notice of the pendency of the proceedings under this section to all persons affected thereby. If it is determined that no valid corporate action has been taken, the court may order a meeting to be held in accordance with section 1792 (relating to proceedings prior to corporate action).

(c) Cross reference.—See section 4145 (relating to applicability of certain safeguards to foreign domiciliary corporations).

CHAPTER 19 FUNDAMENTAL CHANGES

Subchapter

- A. Preliminary Provisions
- B. Amendment of Articles
- C. Merger, Consolidation, Share Exchanges and Sale of Assets
- D. Division
- E. Conversion
- F. Voluntary Dissolution and Winding Up

- G. Involuntary Liquidation and Dissolution
- H. Postdissolution Claims

SUBCHAPTER A
PRELIMINARY PROVISIONS

Sec.

- 1901. Omission of certain provisions from filed plans.
- 1902. Statement of termination.
- 1903. Bankruptcy or insolvency proceedings.
- 1904. De facto transaction doctrine abolished.
- 1905. Proposal of fundamental transactions.
- 1906. Special treatment of holders of shares of same class or series.

§ 1901. Omission of certain provisions from filed plans.

A plan as filed in the Department of State under any provision of this chapter may omit all provisions of the plan except provisions, if any, that are intended to amend or constitute the operative provisions of the articles of a corporation as in effect subsequent to the effective date of the plan, if the articles of amendment, merger, consolidation, exchange, division or conversion state that the full text of the plan is on file at the principal place of business of the reclassifying, surviving or new or a resulting corporation and state the address thereof. A corporation that takes advantage of this section shall furnish a copy of the full text of the plan, on request and without cost, to any shareholder of any corporation that was a party to the plan and, unless all parties to the plan were closely held corporations, on request and at cost to any other person.

§ 1902. Statement of termination.

(a) General rule.—If a statement with respect to shares, articles of amendment or articles of merger, consolidation, exchange, division or conversion of a business corporation or to which it is a party have been filed in the Department of State prior to the termination of the amendment or plan pursuant to provisions therefor set forth in the resolution or petition relating to the amendment or in the plan, the termination shall not be effective unless the corporation shall, prior to the time the amendment or plan is to become effective, file in the department a statement of termination. The statement of termination shall be executed by the corporation that filed the amendment or by each corporation that is a party to the plan, unless the plan permits termination by less than all of the corporations, in which case the statement shall be executed on behalf of the corporation or corporations exercising the right to terminate, and shall set forth:

(1) A copy of the statement with respect to shares, articles of amendment or articles of merger, consolidation, exchange, division or conversion relating to the amendment or plan that is terminated.

(2) A statement that the amendment or plan has been terminated in accordance with the provisions therefor set forth therein.

(b) Cross references.—See sections 134 (relating to docketing statement) and 138 (relating to statement of correction).

§ 1903. Bankruptcy or insolvency proceedings.

(a) General rule.—Whenever a business corporation is insolvent or in financial difficulty, the board of directors may, by resolution and without the consent of the shareholders, authorize and designate the officers of the corporation to execute a deed of assignment for the benefit of creditors, or file a voluntary petition in bankruptcy, or file an answer consenting to the appointment of a receiver upon a complaint in the nature of an equity action filed by creditors or shareholders, or, if insolvent, file an answer to an involuntary petition in bankruptcy admitting the insolvency of the corporation and its willingness to be adjudged a bankrupt on that ground.

(b) Bankruptcy proceedings.—A business corporation may participate in proceedings under and in the manner provided by the Bankruptcy Code (11 U.S.C. § 101 et seq.) notwithstanding any contrary provision of this subpart or of its articles or bylaws.

§ 1904. De facto transaction doctrine abolished.

The doctrine of de facto mergers, consolidations and other fundamental transactions is abolished and the rules laid down by *Bloch v. Baldwin Locomotive Works*, 75 Pa. D. & C. 24 (C.P. Del. Cty. 1950), and *Marks v. The Autocar Co.*, 153 F.Supp. 768 (E.D. Pa. 1954), and similar cases are overruled. A transaction that in form satisfies the requirements of this subpart may be challenged by reason of its substance only to the extent permitted by section 1105 (relating to restriction on equitable relief).

§ 1905. Proposal of fundamental transactions.

Where any provision of this chapter requires that an amendment of the articles or a plan be proposed by action of the board of directors, that requirement shall be construed to authorize and be satisfied by the written agreement of all of the shareholders of a business corporation.

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

(a) General rule.—An amendment or plan may contain a provision classifying the holders of shares of a class or series into one or more separate groups by reference to any facts or circumstances that are not manifestly unreasonable and providing mandatory treatment for shares of the class or series held by particular shareholders or groups of shareholders that differs materially from the treatment accorded other shareholders or groups of shareholders holding shares of the same class or series (including a provision modifying or rescinding rights previously created under this section) if:

(1) (i) such provision is specifically authorized by a majority of the votes cast by all shareholders entitled to vote on the amendment or plan, as well as by a majority of the votes cast by any class or series of shares whose rights are diminished thereby, whether or not such class or series would otherwise be entitled to vote on the amendment or plan; and

(ii) the provision voted on specifically enumerates the type and extent of the special treatment authorized; or

(2) under all the facts and circumstances, a court of competent jurisdiction finds such special treatment is undertaken in good faith, after reasonable deliberation and is in the best interest of the corporation.

(b) Statutory voting rights upon special treatment.—Except as provided in subsection (c), if an amendment or plan contains a provision for special treatment, each subgroup of the holders of any outstanding shares of a class or series who are to receive the same special treatment under the amendment or plan shall be entitled to vote as a special class in respect to the plan regardless of any limitations stated in the articles or bylaws on the voting rights of any class or series.

(c) Dissenters rights upon special treatment.—If any amendment or plan contains a provision for special treatment without requiring for the adoption of the amendment or plan the statutory class vote required by subsection (b), the holder of any outstanding shares the statutory class voting rights of which are so denied, who objects to the amendment or plan and complies with Subchapter D of Chapter 15 (relating to dissenters rights), shall be entitled to the rights and remedies of dissenting shareholders provided in that subchapter.

(d) Exception.—This section shall not apply to the creation or issuance of securities, contracts, warrants or other instruments evidencing any shares, option rights, securities having conversion or option rights or obligations authorized by section 2513 (relating to disparate treatment of certain persons).

SUBCHAPTER B AMENDMENT OF ARTICLES

Sec.

- 1911. Amendment of articles authorized.
- 1912. Proposal of amendments.
- 1913. Notice of meeting of shareholders.
- 1914. Adoption of amendments.
- 1915. Articles of amendment.
- 1916. Filing and effectiveness of articles of amendment.

§ 1911. Amendment of articles authorized.

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

- (1) To adopt a new name, subject to the restrictions provided in this subpart.
- (2) To modify any provision of the articles relating to its term of existence.
- (3) To change, add to or diminish its purposes or to set forth different or additional purposes.
- (4) To cancel or otherwise affect the right of holders of the shares of any class or series to receive dividends that have accrued but have not been declared or to otherwise effect a reclassification of or otherwise affect the substantial rights of the holders of any shares.
- (5) To restate the articles in their entirety.

(6) In any and as many other respects as desired.

(b) Exceptions.—An amendment adopted under this section shall not amend articles in such a way that as so amended they would not be authorized by this subpart as original articles of incorporation except that:

(1) Restated articles shall, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), state the address of the current instead of the initial registered office of the corporation in this Commonwealth and need not state the names and addresses of the incorporators.

(2) The corporation shall not be required to revise any other provision of its articles if the provision is valid and operative immediately prior to the filing of the amendment in the Department of State.

§ 1912. Proposal of amendments.

(a) General rule.—Every amendment of the articles of a business corporation shall be proposed:

(1) by the adoption by the board of directors of a resolution setting forth the proposed amendment; or

(2) unless otherwise provided in the articles, by petition of shareholders entitled to cast at least 10% of the votes that all shareholders are entitled to cast thereon, setting forth the proposed amendment, which petition shall be directed to the board of directors and filed with the secretary of the corporation.

Except where the approval of the shareholders is unnecessary under this subchapter, the board of directors shall direct that the proposed amendment be submitted to a vote of the shareholders entitled to vote thereon. An amendment proposed pursuant to paragraph (2) shall be submitted to a vote either at the next annual meeting held not earlier than 120 days after the amendment is proposed or at a special meeting of the shareholders called for that purpose by the shareholders. See section 2535 (relating to proposal of amendment to articles).

(b) Form of amendment.—The resolution or petition shall contain the language of the proposed amendment of the articles:

(1) by setting forth the existing text of the articles or the provision thereof that is proposed to be amended, with brackets around language that is to be deleted and underscoring under language that is to be added; or

(2) by providing that the articles shall be amended so as to read as therein set forth in full, or that any provision thereof be amended so as to read as therein set forth in full, or that the matter stated in the resolution or petition be added to or stricken from the articles.

The resolution or petition may set forth the manner and basis of reclassifying the shares of the corporation. Any of the terms of a plan of reclassification or other action contained in an amendment may be made dependent upon facts ascertainable outside of the amendment if the manner in which the facts will operate upon the terms of the amendment is set forth in the amendment.

§ 1913. Notice of meeting of shareholders.

(a) General rule.—Written notice of the meeting of shareholders of a business corporation called for the purpose of considering the proposed amendment shall be given to each shareholder entitled to vote thereon. There shall be included in, or enclosed with, the notice a copy of the proposed amendment or a summary of the changes to be effected thereby and, if Subchapter D of Chapter 15 (relating to dissenters rights) is applicable, a copy of that subchapter.

(b) Cross reference.—See Subchapter A of Chapter 17 (relating to notice and meetings generally).

§ 1914. Adoption of amendments.

(a) General rule.—A vote of the shareholders entitled to vote on a proposed amendment shall be taken at the next annual or special meeting of which notice for that purpose has been duly given. Unless the articles or a specific provision of this subpart requires a greater vote, a proposed amendment of the articles of a business corporation shall be adopted upon receiving the affirmative vote of a majority of the votes cast by all shareholders entitled to vote thereon and, if any class or series of shares is entitled to vote thereon as a class, the affirmative vote of a majority of the votes cast in each such class vote. Any number of amendments may be submitted to the shareholders and voted upon by them at one meeting. Except as provided in section 1912(a)(2) (relating to proposal of amendments), a proposed amendment of the articles shall not be deemed to have been adopted by the corporation unless it has also been approved by the board of directors, regardless of the fact that the board has directed or suffered the submission of the amendment to the shareholders for action.

(b) Statutory voting rights.—Except as provided in subsection (c), if a proposed amendment would:

(1) authorize the board of directors to fix and determine the relative rights and preferences, as between series, of any preferred or special class;

(2) make any change in the preferences, limitations or special rights of the shares of a class or series adverse to the class or series;

(3) increase the number of authorized shares of a class or series unless otherwise provided in original articles of incorporation filed after January 1, 1969, or in an amendment to the articles which created the class or series filed after January 1, 1969, or in any amendment to the articles which was adopted by a majority of the votes cast by all shareholders of the class or series;

(4) authorize a new class or series of shares having a preference as to dividends or assets which is senior to the shares of a class or series; or

(5) increase the number of authorized shares of any class or series having a preference as to dividends or assets which is senior in any respect to the shares of a class or series;

then the holders of the outstanding shares of the class or series shall be entitled to vote as a class in respect to the amendment regardless of any limitations stated in the articles or bylaws on the voting rights of any class.

(c) Adoption by board of directors.—Unless otherwise restricted in the articles, an amendment of articles shall not require the approval of the shareholders of the corporation if:

- (1) shares have not been issued;
- (2) the amendment is restricted to a change in the corporate name or to provide for perpetual existence or to reflect a reduction in authorized shares effected by operation of section 1552(a) (relating to power of corporation to acquire its own shares) and, if appropriate, the deletion of all references to a class or series of shares that is no longer outstanding;
- (3) the corporation has only one class of shares outstanding and the amendment is effective solely to:
 - (i) increase the number of authorized shares to the extent necessary to permit the board of directors to effectuate a stock dividend in the shares of the corporation; or
 - (ii) effectuate a split and, if desired, increase the number of shares or change the par value of the authorized shares, or both, in proportion thereto;
- (4) to the extent the amendment has not been approved by the shareholders, it restates without change all of the operative provisions of the articles as theretofore amended or as amended thereby; or
- (5) the amendment accomplishes any combination of purposes specified in this subsection.

Whenever a provision of this subpart authorizes the board of directors to take any action without the approval of the shareholders and provides that a statement, certificate, plan or other document relating to such action shall be filed in the Department of State and shall operate as an amendment of the articles, the board upon taking such action may, in lieu of filing the statement, certificate, plan or other document, amend the articles under this subsection without the approval of the shareholders to reflect the taking of such action. An amendment of articles under this subsection shall be deemed adopted by the corporation when it has been adopted by the board of directors pursuant to section 1912 (relating to proposal of amendments).

(d) Termination of proposal.—Prior to the time when an amendment becomes effective, the amendment may be terminated pursuant to provisions therefor, if any, set forth in the resolution or petition. If articles of amendment have been filed in the department prior to the termination, a statement under section 1902 (relating to statement of termination) shall be filed in the department.

(e) Amendment of voting provisions.—Unless otherwise provided in a bylaw adopted by the shareholders, whenever the articles require for the taking of any action by the shareholders or a class of shareholders a specific number or percentage of votes, the provision of the articles setting forth that requirement shall not be amended or repealed by any lesser number or percentage of votes of the shareholders or of the class of shareholders.

§ 1915. Articles of amendment.

Upon the adoption of an amendment by a business corporation, as provided in this subchapter, articles of amendment shall be executed by the corporation and shall set forth:

(1) The name of the corporation and, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its registered office.

(2) The statute under which the corporation was incorporated and the date of incorporation.

(3) If the amendment is to be effective on a specified date, the hour, if any, and the month, day and year of the effective date.

(4) The manner in which the amendment was adopted by the corporation.

(5) The amendment adopted by the corporation, which shall be set forth in full.

(6) If the amendment effects a restatement of the articles, a statement that the restated articles supersede the original articles and all amendments thereto.

§ 1916. Filing and effectiveness of articles of amendment.

(a) Filing.—The articles of amendment of a business corporation shall be filed in the Department of State. See section 134 (relating to docketing statement).

(b) Effectiveness.—Upon the filing of the articles of amendment in the department or upon the effective date specified in the articles of amendment, whichever is later, the amendment shall become effective and the articles of incorporation shall be deemed to be amended accordingly. An amendment shall not affect any existing cause of action in favor of or against the corporation, or any pending action or proceeding to which the corporation is a party, or the existing rights of persons other than shareholders. If the corporate name is changed by the amendment, an action brought by or against the corporation under its former name shall not be abated for that reason.

SUBCHAPTER C
MERGER, CONSOLIDATION, SHARE EXCHANGES AND
SALE OF ASSETS

Sec.

1921. Merger and consolidation authorized.

1922. Plan of merger or consolidation.

1923. Notice of meeting of shareholders.

1924. Adoption of plan.

1925. Authorization by foreign corporations.

1926. Articles of merger or consolidation.

1927. Filing of articles of merger or consolidation.

1928. Effective date of merger or consolidation.

1929. Effect of merger or consolidation.

1930. Dissenters rights.

1931. Share exchanges.

1932. Voluntary transfer of corporate assets.

§ 1921. Merger and consolidation authorized.

(a) Domestic surviving or new corporation.—Any two or more domestic business corporations, or any two or more foreign business corporations, or any one or more domestic business corporations and any one or more foreign business corporations, may, in the manner provided in this subchapter, be merged into one of the domestic business corporations, designated in this subchapter as the surviving corporation, or consolidated into a new corporation to be formed under this subpart, if the foreign business corporations are authorized by the laws of the jurisdiction under which they are incorporated to effect a merger or consolidation with a corporation of another jurisdiction.

(b) Foreign surviving or new corporation.—Any one or more domestic business corporations, and any one or more foreign business corporations, may, in the manner provided in this subchapter, be merged into one of the foreign business corporations, designated in this subchapter as the surviving corporation, or consolidated into a new corporation to be incorporated under the laws of the jurisdiction under which one of the foreign business corporations is incorporated, if the laws of that jurisdiction authorize a merger with or consolidation into a corporation of another jurisdiction.

(c) Business trusts and other associations.—The provisions of this subchapter applicable to domestic and foreign business corporations shall also be applicable to a merger or consolidation with or into a domestic or foreign partnership, business trust or other association. The surviving or resulting entity in such a merger or consolidation may be a corporation, partnership or other association. Subject to the provisions of Subchapter F of Chapter 85 (relating to merger and consolidation), the powers and duties vested in and imposed upon the board of directors and shareholders in this subchapter shall be exercised and performed by the group of persons under the direction of whom the business and affairs of the partnership, trust or other association are managed and the holders or owners of beneficial or other interests in the association, respectively, irrespective of the names by which the managing group and the holders or owners of beneficial or other interests are designated.

§ 1922. Plan of merger or consolidation.

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

(1) The terms and conditions of the merger or consolidation.

(2) If the surviving or new corporation is or is to be a domestic business corporation:

(i) any changes desired to be made in the articles, which may include a restatement of the articles in the case of a merger; or

(ii) in the case of a consolidation, all of the statements required by this subpart to be set forth in restated articles.

(3) The manner and basis of converting the shares of each corporation into shares or other securities or obligations of the surviving or new corporation, as the case may be, and, if any of the shares of any of the corporations that are parties to the plan are not to be converted solely into shares

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

(4) Any provisions desired providing special treatment of shares held by any shareholder or group of shareholders.

(5) Such other provisions as are deemed desirable.

Any of the terms of the plan may be made dependent upon facts ascertainable outside of the plan if the manner in which the facts will operate upon the terms of the plan is set forth in the plan.

(b) Post-adoption amendment.—A plan of merger or consolidation may contain a provision that the boards of directors of the constituent corporations may amend the plan at any time prior to its effective date, except that an amendment made subsequent to the adoption of the plan by the shareholders of any constituent corporation shall not change:

(1) The amount or kind of shares, obligations, cash, property or rights to be received in exchange for or on conversion of all or any of the shares of the constituent corporation.

(2) Any term of the articles of the surviving or new corporation to be effected by the merger or consolidation.

(3) Any of the terms and conditions of the plan if the change would adversely affect the holders of any shares of the constituent corporation.

(c) Proposal.—Every merger or consolidation shall be proposed in the case of each domestic business corporation by the adoption by the board of directors of a resolution approving the plan of merger or consolidation. Except where the approval of the shareholders is unnecessary under this subchapter, the board of directors shall direct that the plan be submitted to a vote of the shareholders entitled to vote thereon at a regular or special meeting of the shareholders.

(d) Party to plan.—A corporation that approves a plan in its capacity as a shareholder or creditor of a merging or consolidating corporation, or that furnishes all or a part of the consideration contemplated by a plan, does not thereby become a party to the plan for the purposes of this subchapter.

§ 1923. Notice of meeting of shareholders.

(a) General rule.—Written notice of the meeting of shareholders called for the purpose of considering the proposed plan shall be given to each shareholder of record, whether or not entitled to vote thereon, of each domestic business corporation that is a party to the plan. There shall be included in, or enclosed with, the notice a copy of the proposed plan or a summary thereof and, if Subchapter D of Chapter 15 (relating to dissenters rights) is applicable, a copy of that subchapter and of section 1930 (relating to dissenters rights).

(b) Cross references.—See Subchapter A of Chapter 17 (relating to notice and meetings generally) and section 2512 (relating to dissenters rights procedure).

§ 1924. Adoption of plan.

(a) General rule.—The plan of merger or consolidation shall be adopted upon receiving a majority of the votes cast by all shareholders entitled to vote thereon of each of the domestic business corporations that is a party to the plan and, if any class or series of shares is entitled to vote thereon as a class, a majority of the votes cast in each class vote. The holders of any class or series of shares of a domestic corporation that is a party to a plan that effects any change in the articles of the corporation shall be entitled to vote as a class on the plan if they would have been entitled to a class vote under the provisions of section 1914 (relating to adoption of amendments) had the change been accomplished under Subchapter B (relating to amendment of articles). A proposed plan of merger or consolidation shall not be deemed to have been adopted by the corporation unless it has also been approved by the board of directors, regardless of the fact that the board has directed or suffered the submission of the plan to the shareholders for action.

(b) Adoption by board of directors.—

(1) Unless otherwise required by its bylaws, a plan of merger or consolidation shall not require the approval of the shareholders of a corporation if:

(i) (A) the plan, whether or not the corporation is the surviving corporation, does not alter the status of the corporation as a domestic business corporation or alter in any respect the provisions of its articles, except changes that under section 1914(c) (relating to adoption by board of directors) may be made without shareholder action; and

(B) each share of the corporation outstanding immediately prior to the effective date of the merger or consolidation is to continue as or to be converted into, except as may be otherwise agreed by the holder thereof, an identical share of the surviving or new corporation after the effective date of the merger or consolidation;

(ii) immediately prior to the adoption of the plan and at all times thereafter prior to its effective date, another corporation that is a party to the plan owns directly or indirectly 90% or more of the outstanding shares of each class of the corporation; or

(iii) no shares of the corporation have been issued prior to the adoption of the plan of merger or consolidation by the board of directors pursuant to section 1922 (relating to plan of merger or consolidation).

(2) If a merger or consolidation is effected pursuant to paragraph (1)(i) or (iii), the plan of merger or consolidation shall be deemed adopted by the corporation when it has been adopted by the board of directors pursuant to section 1922.

(3) If a merger or consolidation of a subsidiary corporation with a parent corporation is effected pursuant to paragraph (1)(ii), the plan of

merger or consolidation shall be deemed adopted by the subsidiary corporation when it has been adopted by the board of the parent corporation and execution of articles of merger or consolidation by the subsidiary corporation shall not be necessary.

(c) Termination of plan.—Prior to the time when a merger or consolidation becomes effective, the merger or consolidation may be terminated pursuant to provisions therefor, if any, set forth in the plan. If articles of merger or consolidation have been filed in the Department of State prior to the termination, a statement under section 1902 (relating to statement of termination) shall be filed in the department.

§ 1925. Authorization by foreign corporations.

The plan of merger or consolidation shall be authorized, adopted or approved by each foreign business corporation that desires to merge or consolidate in accordance with the laws of the jurisdiction in which it is incorporated.

§ 1926. Articles of merger or consolidation.

Upon the adoption of the plan of merger or consolidation by the corporations desiring to merge or consolidate, as provided in this subchapter, articles of merger or articles of consolidation, as the case may be, shall, except as provided by section 1924(b)(3) (relating to adoption by board of directors), be executed by each corporation and shall, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), set forth:

(1) The name and the location of the registered office, including street and number, if any, of the domestic surviving or new corporation or, in the case of a foreign surviving or new corporation, the name of the corporation and its jurisdiction of incorporation, together with either:

(i) If a qualified foreign business corporation, the address, including street and number, if any, of its registered office in this Commonwealth.

(ii) If a nonqualified foreign business corporation, the address, including street and number, if any, of its principal office under the laws of the jurisdiction in which it is incorporated.

(2) The name and address, including street and number, if any, of the registered office of each other domestic business corporation and qualified foreign business corporation that is a party to the plan.

(3) If the plan is to be effective on a specified date, the hour, if any, and the month, day and year of the effective date.

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

(5) Except as provided in section 1901 (relating to omission of certain provisions from filed plans), the plan of merger or consolidation.

§ 1927. Filing of articles of merger or consolidation.

(a) General rule.—The articles of merger or articles of consolidation, as the case may be, and the certificates or statement, if any, required by section 139 (relating to tax clearance of certain fundamental transactions) shall be filed in the Department of State.

(b) Cross reference.—See section 134 (relating to docketing statement).

§ 1928. Effective date of merger or consolidation.

Upon the filing of the articles of merger or the articles of consolidation in the Department of State or upon the effective date specified in the plan of merger or consolidation, whichever is later, the merger or consolidation shall be effective. The merger or consolidation of one or more domestic business corporations into a foreign business corporation shall be effective according to the provisions of law of the jurisdiction in which the foreign corporation is incorporated, but not until articles of merger or articles of consolidation have been adopted and filed, as provided in this subchapter.

§ 1929. Effect of merger or consolidation.

(a) Single surviving or new corporation.—Upon the merger or consolidation becoming effective, the several corporations parties to the plan of merger or consolidation shall be a single corporation which, in the case of a merger, shall be the corporation designated in the plan of merger as the surviving corporation and, in the case of a consolidation, shall be the new corporation provided for in the plan of consolidation. The separate existence of all corporations parties to the plan of merger or consolidation shall cease, except that of the surviving corporation, in the case of a merger. The surviving or new corporation, as the case may be, if it is a domestic business corporation, shall not thereby acquire authority to engage in any business or exercise any right that a corporation may not be incorporated under this subpart to engage in or exercise.

(b) Property rights.—All the property, real, personal and mixed, and franchises of each of the corporations parties to the plan of merger or consolidation, and all debts due on whatever account to any of them, including subscriptions for shares and other choses in action belonging to any of them, shall be deemed to be transferred to and vested in the surviving or new corporation, as the case may be, without further action, and the title to any real estate, or any interest therein, vested in any of the corporations shall not revert or be in any way impaired by reason of the merger or consolidation. The surviving or new corporation shall thenceforth be responsible for all the liabilities of each of the corporations so merged or consolidated. Liens upon the property of the merging or consolidating corporations shall not be impaired by the merger or consolidation and any claim existing or action or proceeding pending by or against any of the corporations may be prosecuted to judgment as if the merger or consolidation had not taken place or the surviving or new corporation may be proceeded against or substituted in its place.

(c) Taxes.—Any taxes, penalties and public accounts of the Commonwealth, claimed against any of the merging or consolidating corporations but not settled, assessed or determined prior to the merger or consolidation, shall

be settled, assessed or determined against the surviving or new corporation and, together with interest thereon, shall be a lien against the franchises and property, both real and personal, of the surviving or new corporation.

(d) Articles of incorporation.—In the case of a merger, the articles of incorporation of the surviving domestic business corporation, if any, shall be deemed to be amended to the extent, if any, that changes in its articles are stated in the plan of merger. In the case of a consolidation into a domestic business corporation, the statements that are set forth in the plan of consolidation, or articles of incorporation set forth therein, shall be deemed to be the articles of incorporation of the new corporation.

§ 1930. Dissenters rights.

(a) General rule.—If any shareholder of a domestic business corporation that becomes a party to a plan of merger or consolidation objects to the plan of merger or consolidation and complies with the provisions of Subchapter D of Chapter 15 (relating to dissenters rights), the shareholder shall be entitled to the rights and remedies of dissenting shareholders therein provided, if any. See also section 1906(c) (relating to dissenters right upon special treatment).

(b) Plans adopted by directors only.—Except as otherwise provided pursuant to section 1571(c) (relating to grant of optional dissenters rights), Subchapter D of Chapter 15 shall not apply to any of the shares of a corporation that is a party to a plan of merger or consolidation pursuant to section 1924(b)(1)(i) (relating to adoption by board of directors).

(c) Cross references.—See sections 1571(b) (relating to exceptions) and 1904 (relating to de facto transaction doctrine abolished).

§ 1931. Share exchanges.

(a) General rule.—All the outstanding shares of one or more classes or series of a domestic business corporation, designated in this section as the exchanging corporation, may, in the manner provided in this section, be acquired by any person, designated in this section as the acquiring person, through an exchange of all the shares pursuant to a plan of exchange. The procedure authorized by this section shall not be deemed to limit the power of any person to acquire all or part of the shares or other securities of any class or series of a corporation through a voluntary exchange or otherwise by agreement with the holders of the shares or other securities.

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

(1) The terms and conditions of the exchange.

(2) The manner and basis of converting the shares of the exchanging corporation into shares or other securities or obligations of the acquiring person. If any of the shares of the exchanging corporation are not to be converted solely into shares or other securities or obligations of the acquiring person, the shares or other securities or obligations of any other person or cash, property or rights that the holders of the shares of the exchanging corporation are to receive in exchange for, or upon conversion of, the shares and the surrender of any certificates or instruments evidencing them, which securities or obligations, if any, of any other person or cash,

property and rights may be in addition to or in lieu of the shares or other securities or obligations of the acquiring person.

(3) Any changes desired to be made in the articles of the exchanging corporation, which may include a restatement of the articles.

(4) Any provisions desired providing special treatment of shares held by any shareholder or group of shareholders.

(5) Such other provisions as are deemed desirable.

Any of the terms of the plan may be made dependent upon facts ascertainable outside of the plan if the manner in which the facts will operate upon the terms of the plan is set forth in the plan.

(c) Proposal and adoption.—The plan of exchange shall be proposed and adopted and may be terminated by the exchanging corporation in the manner provided by this subchapter for the proposal, adoption and termination of a plan of merger except section 1924(b) (relating to adoption by board of directors). There shall be included in, or enclosed with, the notice of the meeting of shareholders to act on the plan a copy or a summary of the plan and, if Subchapter D of Chapter 15 (relating to dissenters rights) is applicable, a copy of the subchapter and of subsection (d). The holders of any class of shares to be acquired pursuant to the plan of exchange shall be entitled to vote as a class on the plan if they would have been entitled to vote on a plan of merger that affects the class in substantially the same manner as the plan of exchange.

(d) Dissenters rights in share exchanges.—Any holder of shares that are to be acquired pursuant to a plan of exchange who objects to the plan and complies with the provisions of Subchapter D of Chapter 15 shall be entitled to the rights and remedies of dissenting shareholders therein provided, if any. See section 1906(c) (relating to dissenter rights upon special treatment).

(e) Articles of exchange.—Upon adoption of a plan of exchange, as provided in this section, articles of exchange shall be executed by the exchanging corporation and shall set forth:

(1) The name and, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the location of the registered office, including street and number, if any, of the exchanging corporation.

(2) If the plan is to be effective on a specified date, the hour, if any, and the month, day and year of the effective date.

(3) The manner in which the plan was adopted by the exchanging corporation.

(4) Except as provided in section 1901 (relating to omission of certain provisions from filed plans), the plan of exchange.

The articles of exchange shall be filed in the Department of State. See section 134 (relating to docketing statement).

(f) Effective date.—Upon the filing of articles of exchange in the department or upon the effective date specified in the plan of exchange, whichever is later, the plan shall become effective.

(g) Effect of plan.—Upon the plan of exchange becoming effective, the shares of the exchanging corporation that are, under the terms of the plan, to

be converted or exchanged shall cease to exist or shall be exchanged. The former holders of the shares shall thereafter be entitled only to the shares, other securities or obligations or cash, property or rights into which they have been converted or for which they have been exchanged in accordance with the plan, and the acquiring person shall be the holder of the shares of the exchanging corporation stated in the plan to be acquired by such person. The articles of incorporation of the exchanging corporation shall be deemed to be amended to the extent, if any, that changes in its articles are stated in the plan of exchange.

§ 1932. Voluntary transfer of corporate assets.

(a) Shareholder approval not required.—The sale, lease, exchange or other disposition of all, or substantially all, the property and assets of a business corporation, when made in the usual and regular course of the business of the corporation, or for the purpose of relocating all, or substantially all, of the business of the corporation, may be made upon such terms and conditions, and for such consideration, as shall be authorized by its board of directors. Except as otherwise restricted by the bylaws, authorization or consent of the shareholders shall not be required for such a transaction.

(b) Shareholder approval required.—A sale, lease, exchange or other disposition of all, or substantially all, the property and assets, with or without the goodwill, of a business corporation, if not made pursuant to subsection (a) or (d) or to section 1551 (relating to distributions to shareholders) or Subchapter D (relating to division), may be made only pursuant to a plan of asset transfer. The property or assets of a direct or indirect subsidiary corporation that is controlled by a parent corporation shall be deemed the property or assets of the parent corporation for the purposes of this subsection and of subsection (c). The plan of asset transfer shall set forth the terms and conditions of the sale, lease, exchange or other disposition or may authorize the board of directors to fix any or all of the terms and conditions, including the consideration to be received by the corporation therefor. Any of the terms of the plan may be made dependent upon facts ascertainable outside of the plan in the manner in which the facts will operate upon the terms of the plan set forth in the plan. The plan of asset transfer shall be proposed and adopted, and may be terminated, by a business corporation in the manner provided in this subchapter for the proposal, adoption and termination of a plan of merger, except section 1924(b) (relating to adoption by board of directors). There shall be included in, or enclosed with, the notice of the meeting of the shareholders to act on the plan a copy or a summary of the plan and, if Subchapter D of Chapter 15 (relating to dissenters rights) is applicable, a copy of the subchapter and of subsection (c). In order to make effective the plan of asset transfer so adopted, it shall not be necessary to file any articles or other documents in the Department of State.

(c) Dissenters rights in asset transfers.—

(1) If a shareholder of a corporation that adopts a plan of asset transfer objects to the plan and complies with Subchapter D of Chapter 15, the shareholder shall be entitled to the rights and remedies of dissenting shareholders therein provided, if any.

(2) Paragraph (1) shall not apply to a sale pursuant to an order of a court having jurisdiction in the premises or a sale for money on terms requiring that all or substantially all of the net proceeds of sale be distributed to the shareholders in accordance with their respective interests within one year after the date of sale.

(3) See sections 1905(c) (relating to dissenters rights upon special treatment) and 2537 (relating to dissenters rights in asset transfers).

(d) Exceptions.—Subsections (b) and (c)(1) shall not apply to a sale, lease, exchange or other disposition of all, or substantially all, of the property and assets of a business corporation:

(1) that directly or indirectly owns all of the outstanding shares of another corporation to the other corporation if the voting rights, preferences, limitations or relative rights, granted to or imposed upon the shares of any class of the parent corporation are not altered by the sale, lease, exchange or other disposition;

(2) when made in connection with the dissolution or liquidation of the corporation, which transaction shall be governed by the provisions of Subchapter F (relating to voluntary dissolution and winding up) or G (relating to involuntary liquidation and dissolution), as the case may be; or

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

(e) Mortgage.—A mortgage, pledge, grant of a security interest or dedication of property to the repayment of indebtedness (with or without recourse) shall not be deemed a sale, lease, exchange or other disposition for the purposes of this section.

(f) Restrictions.—This section shall not be construed to authorize the conversion or exchange of property or assets in fraud of corporate creditors or in violation of law.

SUBCHAPTER D DIVISION

Sec.

1951. Division authorized.

1952. Proposal and adoption of plan of division.

1953. Division without shareholder approval.

1954. Articles of division.

1955. Filing of articles of division.

1956. Effective date of division.

1957. Effect of division.

§ 1951. Division authorized.

(a) Division of domestic corporation.—Any domestic business corporation may, in the manner provided in this subchapter, be divided into two or more domestic business corporations incorporated or to be incorporated under this article, or into one or more domestic business corporations and one or more foreign business corporations to be incorporated under the laws

of another jurisdiction or *jurisdictions*, or into two or more foreign business corporations, if the laws of the other jurisdictions authorize the division.

(b) *Division of foreign corporation.*—Any foreign business corporation may, in the manner provided in this subchapter, be divided into one or more domestic business corporations to be incorporated under this subpart and one or more foreign business corporations incorporated or to be incorporated under the laws of another jurisdiction or jurisdictions, or into two or more domestic business corporations, if the foreign business corporation is authorized under the laws of the jurisdiction under which it is incorporated to effect a division.

(c) *Surviving and new corporations.*—The corporation effecting a division, if it survives the division, is designated in this subchapter as the surviving corporation. All corporations originally incorporated by a division are designated in this subchapter as new corporations. The surviving corporation, if any, and the new corporation or corporations are collectively designated in this subchapter as the resulting corporations.

§ 1952. Proposal and adoption of plan of division.

(a) *Preparation of plan.*—A plan of division shall be prepared, setting forth:

(1) The terms and conditions of the division, including the manner and basis of:

(i) The reclassification of the shares of the surviving corporation, if there be one, and, if any of the shares of the dividing corporation are not to be converted solely into shares or other securities or obligations of one or more of the resulting corporations, the shares or other securities or obligations of any other person, or cash, property or rights that the holders of such shares are to receive in exchange for or upon conversion of such shares, and the surrender of any certificates evidencing them, which securities or obligations, if any, of any other person or cash, property or rights may be in addition to or in lieu of shares or other securities or obligations of one or more of the resulting corporations.

(ii) The disposition of the shares and other securities or obligations, if any, of the new corporation or corporations resulting from the division.

(2) A statement that the dividing corporation will, or will not, survive the division.

(3) Any changes desired to be made in the articles of the surviving corporation, if there be one, including a restatement of the articles.

(4) The articles of incorporation required by subsection (b).

(5) Any provisions desired providing special treatment of shares held by any shareholder or group of shareholders.

(6) Such other provisions as are deemed desirable.

Any of the terms of the plan may be made dependent upon facts ascertainable outside of the plan if the manner in which the facts will operate upon the terms of the plan is set forth in the plan.

(b) Articles of new corporations.—There shall be included in or annexed to the plan of division:

(1) Articles of incorporation, which shall contain all of the statements required by this subpart to be set forth in restated articles, for each of the new domestic business corporations, if any, resulting from the division.

(2) Articles of incorporation, certificates of incorporation or other charter documents for each of the new foreign business corporations, if any, resulting from the division.

(c) Proposal and adoption.—Except as otherwise provided in section 1953 (relating to division without shareholder approval), the plan of division shall be proposed and adopted, and may be terminated, by a domestic business corporation in the manner provided for the proposal, adoption and termination of a plan of merger in Subchapter C (relating to merger, consolidation, share exchanges and sale of assets), except section 1924(b) (relating to adoption by board of directors), or, if the dividing corporation is a foreign business corporation, in accordance with the laws of the jurisdiction in which it is incorporated. There shall be included in, or enclosed with, the notice of the meeting of shareholders to act on the plan a copy or a summary of the plan and, if Subchapter D of Chapter 15 (relating to dissenters rights) is applicable, a copy of the subchapter and of subsection (d).

(d) Dissenters rights in division.—

(1) Except as otherwise provided in paragraph (2), any shareholder of a business corporation that adopts a plan of division who objects to the plan and complies with the provisions of Subchapter D of Chapter 15 shall be entitled to the rights and remedies of dissenting shareholders therein provided, if any. See section 1906(c) (relating to dissenters rights upon special treatment).

(2) Except as otherwise provided pursuant to section 1571(c) (relating to grant of optional dissenters rights), Subchapter D of Chapter 15 shall not apply to any of the shares of a corporation that is a party to a plan of division pursuant to section 1953 (relating to division without shareholder approval).

(e) Restrictions on certain distributions.—A plan of division may not be made effective if the effect of the plan is to make a distribution to the holders of any class or series of shares of the dividing corporation unless the distribution is permitted by section 1551 (relating to distributions to shareholders).

(f) Action by holders of preferred or special shares.—If the dividing corporation has outstanding any shares of any preferred or special class or series, the holders of the outstanding shares of the class or series shall be entitled to vote as a class on the plan regardless of any limitations stated in the articles or bylaws on the voting rights of the class or series if the plan of division:

(1) provides that the dividing corporation will not survive the division;
or

(2) amends the articles or bylaws of the surviving corporation in a manner that would entitle the holders of such preferred or special shares to a class vote thereon under the articles, bylaws or section 1914(b) (relating to statutory voting rights).

(g) Action by holders of indebtedness.—Unless otherwise provided by an indenture or other contract by which the dividing corporation is bound, a plan of division shall not require the approval of the holders of any debt securities or other obligations of the dividing corporation or of any representative of the holders, if the transfer of assets effected by the division, if effected by means of a sale, lease, exchange or other disposition, and any related distribution, would not require the approval of the holders or representatives thereof.

(h) Special requirements.—If any provision of the articles or bylaws of a dividing domestic business corporation adopted before January 1, 1989, requires for the adoption of a plan of merger, consolidation or asset transfer a specific number or percentage of votes of directors or shareholders or other special procedures, the plan of division shall not be adopted by the directors or (if adoption by the shareholders is otherwise required by this subchapter) by the shareholders without that number or percentage of votes or compliance with the other special procedures.

§ 1953. Division without shareholder approval.

Unless otherwise restricted by its bylaws or required by section 1952(f) (relating to action by holders of preferred or special shares), a plan of division that does not alter the state of incorporation of a business corporation, provide for special treatment nor amend in any respect the provisions of its articles (except amendments which under section 1914(c) (relating to adoption by board of directors) may be made without shareholder action) shall not require the approval of the shareholders of the corporation if:

(1) the dividing corporation has only one class of shares outstanding and the shares and other securities, if any, of each corporation resulting from the plan are distributed pro rata to the shareholders of the dividing corporation;

(2) the dividing corporation survives the division and all the shares and other securities and obligations, if any, of all new corporations resulting from the plan are owned solely by the surviving corporation; or

(3) the transfers of assets effected by the division, if effected by means of a sale, lease, exchange or other disposition, would not require the approval of shareholders under section 1932(b) (relating to shareholder approval required).

§ 1954. Articles of division.

Upon the adoption of a plan of division by the corporation desiring to divide, as provided in this subchapter, articles of division shall be executed by the corporation and shall, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), set forth:

(1) The name and the location of the registered office, including street and number, if any, of the dividing domestic business corporation or, in the case of a dividing foreign business corporation, the name of the corporation and the jurisdiction in which it is incorporated, together with either:

(i) If a qualified foreign business corporation, the address, including street and number, if any, of its registered office in this Commonwealth.

- (ii) If a nonqualified foreign business corporation, the address, including street and number, if any, of its principal office under the laws of that jurisdiction.
- (2) The statute under which the dividing corporation was incorporated and the date of incorporation.
- (3) A statement that the dividing corporation will, or will not, survive the division.
- (4) The name and the address, including street and number, if any, of:
 - (i) the registered office of each new domestic business corporation or qualified foreign business corporation resulting from the division; and
 - (ii) the principal office under the laws of the jurisdiction in which it is incorporated of each new nonqualified foreign business corporation resulting from the division.
- (5) If the plan is to be effective on a specific date, the hour, if any, and the month, day and year of the effective date.
- (6) The manner in which the plan was adopted by the corporation.
- (7) Except as provided in section 1901 (relating to omission of certain provisions from filed plans), the plan of division.

§ 1955. Filing of articles of division.

(a) General rule.—The articles of division, and the certificates or statement, if any, required by section 139 (relating to tax clearance of certain fundamental transactions) shall be filed in the Department of State.

(b) Cross reference.—See section 134 (relating to docketing statement).

§ 1956. Effective date of division.

Upon the filing of articles of division in the Department of State or upon the effective date specified in the plan of division, whichever is later, the division shall become effective. The division of a domestic business corporation into one or more foreign business corporations or the division of a foreign business corporation shall be effective according to the laws of the jurisdictions where the foreign corporations are or are to be incorporated, but not until articles of division have been adopted and filed as provided in this subchapter.

§ 1957. Effect of division.

(a) Multiple resulting corporations.—Upon the division becoming effective, the dividing corporation shall be subdivided into the distinct and independent resulting corporations named in the plan of division and, if the dividing corporation is not to survive the division, the existence of the dividing corporation shall cease. The resulting corporations, if they are domestic business corporations, shall not thereby acquire authority to engage in any business or exercise any right that a corporation may not be incorporated under this subpart to engage in or exercise. Any resulting foreign business corporation that is stated in the articles of division to be a qualified foreign business corporation shall be a qualified foreign business corporation under Article D (relating to foreign business corporations), and the articles of division shall be deemed to be the application for a certificate of authority and the certificate of authority issued thereon of the corporation.

(b) Property rights.—

(1) All the property, real, personal and mixed, and franchises of the dividing corporation, and all debts due on whatever account to it, including subscriptions for shares and other choses in action belonging to it, shall (except as otherwise provided in paragraph (2)), to the extent transfers of assets are contemplated by the plan of division, be deemed without further action to be transferred to and vested in the resulting corporations on such a manner and basis and with such effect as is specified in the plan, or per capita among the resulting corporations, as tenants in common, if no specification is made in the plan, and the title to any real estate, or interest therein, vested in any of the corporations shall not revert or be in any way impaired by reason of the division. The resulting corporations shall each thenceforth be responsible as separate and distinct corporations only for such liabilities as each corporation may undertake or incur in its own name but shall be liable inter se for the liabilities of the dividing corporation in the manner and on the basis specified in the plan of division. Liens upon the property of the dividing corporation shall not be impaired by the division. One or more, but less than all, of the resulting corporations shall be free of the liabilities of the dividing corporation to the extent, if any, specified in the plan, if no fraud of corporate creditors, or of minority shareholders or shareholders without voting rights or violation of law shall be effected thereby, and if all applicable provisions of 13 Pa.C.S. Div. 6 (relating to bulk transfers) and all other applicable provisions of law are complied with. Otherwise, the liability of the dividing corporation shall not be affected by the division nor shall the rights of creditors thereof or of any person dealing with the corporation be impaired by the division and, except as otherwise provided in this section, any claim existing or action or proceeding pending by or against the corporation may be prosecuted to judgment as if the division had not taken place, or the resulting corporations may be proceeded against or substituted in its place as joint and several obligors on such liability, regardless of any provision of the plan of division apportioning the liabilities of the dividing corporation.

(2) (i) The transfer of any fee or freehold interest or leasehold having a remaining term of 30 years or more in any tract or parcel of real property situate in this Commonwealth owned by a dividing corporation (including property owned by a foreign business corporation dividing solely under the law of another jurisdiction) to a new corporation resulting from the division shall not be effective until one of the following documents is filed in the office for the recording of deeds of the county, or each of them, in which the tract or parcel is situated:

(A) A deed, lease or other instrument of confirmation describing the tract or parcel.

(B) A duly executed duplicate original copy of the articles of division.

(C) A copy of the articles of division certified by the Department of State.

(D) A declaration of acquisition setting forth the value of real estate holdings in such county of the corporation as an acquired company.

(ii) The provisions of 75 Pa.C.S. § 1114 (relating to transfer of vehicle by operation of law) shall not be applicable to a transfer of ownership of any motor vehicle, trailer or semitrailer from a dividing corporation to a new corporation under this section or under a similar law of any other jurisdiction but any such transfer shall be effective only upon compliance with the requirements of 75 Pa.C.S. § 1116 (relating to issuance of new certificate following transfer).

(c) Taxes.—Any taxes, penalties and public accounts of the Commonwealth, claimed against the dividing corporation but not settled, assessed or determined prior to the division, shall be settled, assessed or determined against any of the resulting corporations and, together with interest thereon, shall be a lien against the franchises and property, both real and personal, of all the corporations. Upon the application of the dividing corporation, the Department of Revenue, with the concurrence of the Office of Employment Security of the Department of Labor and Industry, shall release one or more, but less than all, of the resulting corporations from liability and liens for all taxes, penalties and public accounts of the dividing corporation due the Commonwealth for periods prior to the effective date of the division if those departments are satisfied that the public revenues will be adequately secured.

(d) Articles of surviving corporation.—The articles of incorporation of the surviving corporation, if there be one, shall be deemed to be amended to the extent, if any, that changes in its articles are stated in the plan of division.

(e) Articles of new corporations.—The statements that are set forth in the plan of division with respect to each new domestic business corporation and that are required or permitted to be set forth in restated articles of incorporation of corporations incorporated under this subpart, or the articles of incorporation of each new corporation set forth therein, shall be deemed to be the articles of incorporation of each new corporation.

(f) Directors and officers.—Unless otherwise provided in the plan, the directors and officers of the dividing corporation shall be the initial directors and officers of each of the resulting corporations.

SUBCHAPTER E CONVERSION

Sec.

- 1961. Conversion authorized.
- 1962. Proposal and adoption of plan of conversion.
- 1963. Articles of conversion.
- 1964. Filing of articles of conversion.
- 1965. Effective date of conversion.
- 1966. Effect of conversion.

§ 1961. Conversion authorized.

(a) General rule.—Any business corporation may, in the manner provided in this subchapter, be converted into a nonprofit corporation, designated in this subchapter as the resulting corporation.

(b) Exceptions.—This subchapter shall not authorize any conversion involving:

(1) Beneficial, benevolent, fraternal or fraternal benefit societies having a lodge system and a representative form of government, or transacting any type of insurance whatsoever.

(2) Any corporation that by the laws of this Commonwealth is subject to the supervision of the Department of Banking, the Insurance Department or the Pennsylvania Public Utility Commission, unless the agency expressly approves the transaction in writing.

§ 1962. Proposal and adoption of plan of conversion.

(a) Preparation of plan.—A plan of conversion shall be prepared, setting forth:

(1) The terms and conditions of the conversion.

(2) A restatement of the articles of the resulting corporation, which articles shall comply with the requirements of this part relating to nonprofit corporations.

(3) Any provisions desired providing special treatment of shares held by any shareholder or group of shareholders.

(4) Such other provisions as are deemed desirable.

Any of the terms of the plan may be made dependent upon facts ascertainable outside of the plan if the manner in which the facts will operate upon the terms of the plan is set forth in the plan.

(b) Proposal and adoption.—The plan of conversion shall be proposed and adopted, and may be terminated, by the business corporation in the manner provided for the proposal, adoption and termination of a plan of merger in Subchapter C (relating to merger, consolidation, share exchanges and sale of assets), except section 1924(b) (relating to adoption by board of directors). There shall be included in, or enclosed with, the notice of meeting of shareholders of the business corporation called to act upon the plan a copy or a summary of the plan and of Subchapter D of Chapter 15 (relating to dissenters rights) and of subsection (c).

(c) Dissenters rights in conversion.—Any shareholder of a business corporation that adopts a plan of conversion into a nonprofit corporation who objects to the plan of conversion and complies with the provisions of Subchapter D of Chapter 15 shall be entitled to the rights and remedies of dissenting shareholders therein provided.

§ 1963. Articles of conversion.

Upon the adoption of a plan of conversion by the business corporation desiring to convert, as provided in this subchapter, articles of conversion shall be executed by the corporation and shall set forth:

(1) The name of the corporation and, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its registered office.

(2) The statute under which the corporation was incorporated and the date of incorporation.

(3) If the plan is to be effective on a specified date, the hour, if any, and the month, day and year of the effective date.

(4) The manner in which the plan was adopted by the corporation.

(5) Except as provided in section 1901 (relating to omission of certain provisions from filed plans), the plan of conversion.

§ 1964. Filing of articles of conversion.

(a) General rule.—The articles of conversion shall be filed in the Department of State.

(b) Cross reference.—See section 134 (relating to docketing statement).

§ 1965. Effective date of conversion.

Upon the filing of articles of conversion in the Department of State or upon the effective date specified in the plan of conversion, whichever is later, the conversion shall become effective.

§ 1966. Effect of conversion.

Upon the conversion becoming effective, the converting business corporation shall be deemed to be a nonprofit corporation subject to the provisions of this part relating to nonprofit corporations for all purposes, shall cease to be a business corporation and shall not thereafter operate in any manner resulting in pecuniary profit, incidental or otherwise, to its members or shareholders. The corporation shall remain liable for all existing obligations, public or private, and taxes due the Commonwealth or any other taxing authority for periods prior to the effective date of the conversion and, as a nonprofit corporation, it shall continue to be entitled to all assets theretofore pertaining to it as a business corporation.

SUBCHAPTER F VOLUNTARY DISSOLUTION AND WINDING UP

Sec.

1971. Voluntary dissolution by shareholders or incorporators.

1972. Proposal of voluntary dissolution.

1973. Notice of meeting of shareholders.

1974. Adoption of proposal.

1975. Winding up in voluntary dissolution proceedings.

1976. Judicial supervision of proceedings.

1977. Articles of dissolution.

1978. Winding up of corporation upon the expiration of its period of duration.

1979. Survival of remedies and rights after dissolution.

1980. Dissolution by domestication.

§ 1971. Voluntary dissolution by shareholders or incorporators.

(a) General rule.—The shareholders or incorporators of a business corporation that has not commenced business may effect the dissolution of the corporation by filing articles of dissolution in the Department of State. The articles of dissolution shall be executed in the name of the corporation by a

majority of the incorporators or a majority in interest of the shareholders and shall set forth:

(1) The name of the corporation and, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its registered office.

(2) The statute under which the corporation was incorporated and the date of incorporation.

(3) That the corporation has not commenced business.

(4) That the amount, if any, actually paid in on subscriptions for its shares, less any part thereof disbursed for necessary expenses, has been returned to those entitled thereto.

(5) That all liabilities of the corporation have been discharged or that adequate provision has been made therefor.

(6) That a majority of the incorporators or a majority in interest of the shareholders elect that the corporation be dissolved.

(b) Filing.—The articles of dissolution shall be filed in the Department of State. See section 134 (relating to docketing statement).

(c) Effect.—Upon the filing of the articles of dissolution, the existence of the corporation shall cease.

§ 1972. Proposal of voluntary dissolution.

Any business corporation that has commenced business may elect to dissolve voluntarily and wind up its affairs in the manner provided in this subchapter. Voluntary dissolution shall be proposed by the adoption by the board of directors of a resolution recommending that the corporation be dissolved voluntarily. The board of directors shall direct that the question of dissolution be submitted to a vote of the shareholders of the corporation entitled to vote thereon at a regular or special meeting of the shareholders.

§ 1973. Notice of meeting of shareholders.

(a) General rule.—Written notice of the meeting of shareholders called for the purpose of considering the advisability of voluntarily dissolving a business corporation shall be given to each shareholder of record entitled to vote thereon and the purpose shall be included in the notice of the meeting.

(b) Cross reference.—See Subchapter A of Chapter 17 (relating to notice and meetings generally).

§ 1974. Adoption of proposal.

(a) General rule.—The resolution shall be adopted upon receiving a majority of the votes cast by all shareholders of the business corporation entitled to vote thereon and, if any class of shares is entitled to vote thereon as a class, a majority of the votes cast in each class vote. A proposal for the voluntary dissolution of a corporation shall not be deemed to have been adopted by the corporation unless it has also been recommended by resolution of the board of directors, regardless of the fact that the board has directed or suffered the submission of such a proposal to the shareholders for action.

(b) Termination of proposal.—Prior to the time when articles of dissolution are filed in the Department of State, the proposal may be terminated pursuant to provisions therefor, if any, set forth in the resolution.

(c) Action rescinding election to dissolve.—Prior to the time when articles of dissolution are filed in the department, any business corporation may rescind its election to dissolve in the same manner and by the same procedure as that provided in this subchapter for the election of a corporation to dissolve voluntarily.

§ 1975. Winding up in voluntary dissolution proceedings.

(a) Powers of board.—The board of directors of a business corporation shall have full power to wind up and settle the affairs of a business corporation in the event of a voluntary dissolution proceeding.

(b) Notice to creditors and taxing authorities.—After the approval by the shareholders of the proposal that the corporation dissolve voluntarily, the corporation shall immediately cause notice of the winding up proceedings to be officially published and to be mailed by certified or registered mail to each known creditor and claimant and to each municipal corporation in which its registered office or principal place of business in this Commonwealth is located.

(c) Winding up and distribution.—The corporation shall, as speedily as possible, proceed to collect all sums due it, convert into cash all corporate assets the conversion of which into cash is required to discharge its liabilities and, out of the assets of the corporation, discharge or make adequate provision for the discharge of all liabilities of the corporation, according to their respective priorities. Any surplus remaining after paying or providing for all liabilities of the corporation shall be distributed to the shareholders according to their respective rights and preferences.

§ 1976. Judicial supervision of proceedings.

A business corporation, at any time during the winding up proceedings, may apply to the court to have the proceedings continued under the supervision of the court and thereafter the proceedings shall continue under the supervision of the court as provided in Subchapter G (relating to involuntary liquidation and dissolution).

§ 1977. Articles of dissolution.

(a) Preparation of articles.—When all liabilities of the business corporation have been discharged, or adequate provision has been made therefor, and all of the remaining assets of the corporation have been distributed as provided in this subchapter, or in case its assets are not sufficient to discharge its liabilities, when all the assets have been fairly and equitably applied, as far as they will go, to the payment of such liabilities, articles of dissolution shall be executed by the corporation and shall set forth:

(1) The name of the corporation and, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its registered office.

(2) The statute under which the corporation was incorporated and the date of incorporation.

(3) The names and respective addresses, including street and number, if any, of its directors and officers.

(4) The manner in which the proposal to dissolve voluntarily was adopted by the corporation.

(5) A statement:

(i) that all liabilities of the corporation have been discharged or that adequate provision has been made therefor; or

(ii) that the assets of the corporation are not sufficient to discharge its liabilities, and that all the assets of the corporation have been fairly and equitably applied, as far as they will go, to the payment of such liabilities.

An election by the corporation to proceed under Subchapter H (relating to postdissolution claims) shall constitute the making of adequate provision for the liabilities of the corporation.

(6) A statement:

(i) that all the remaining assets of the corporation, if any, have been distributed as provided in the Business Corporation Law of 1988; or

(ii) that the corporation has elected to proceed under Subchapter H and that any remaining assets of the corporation will be distributed as provided in that subchapter.

(7) A statement that no actions or proceedings are pending against the corporation in any court, or that adequate provision has been made for the satisfaction of any judgment or decree that may be obtained against the corporation in each pending action or proceeding.

(8) A statement that notice of the winding-up proceedings of the corporation was mailed by certified or registered mail to each known creditor and claimant and to each municipal corporation in which the registered office or principal place of business of the corporation in this Commonwealth is located.

(b) Filing.—The articles of dissolution and the certificates or statement required by section 139 (relating to tax clearance of certain fundamental transactions) shall be filed in the Department of State. See section 134 (relating to docketing statement).

(c) Effect.—Upon the filing of the articles of dissolution in the department, the existence of the corporation shall cease.

§ 1978. Winding up of corporation upon the expiration of its period of duration.

Every business corporation that is dissolved by expiration of its period of duration shall, nevertheless, continue to exist for the purpose of winding up its affairs, prosecuting and defending actions or proceedings by or against it, collecting and discharging obligations, disposing of and conveying its property and collecting and dividing its assets, but not for the purpose of continuing business except insofar as necessary for the winding up of the corporation. The board of directors of the corporation shall continue as such and shall have full power to wind up the affairs of the corporation.

§ 1979. Survival of remedies and rights after dissolution.

(a) General rule.—The dissolution of a business corporation, either under this subchapter or under Subchapter G (relating to involuntary liquidation and dissolution) or by expiration of its period of duration or other-

wise, shall not eliminate nor impair any remedy available to or against the corporation or its directors, officers or shareholders for any right or claim existing, or liability incurred, prior to the dissolution, if an action or proceeding thereon is brought on behalf of:

- (1) the corporation within the time otherwise limited by law; or
- (2) any other person before or within two years after the date of the dissolution or within the time otherwise limited by this subpart or other provision of law, whichever is less. See sections 1987 (relating to proof of claims), 1993 (relating to acceptance or rejection of matured claims) and 1994 (relating to disposition of unmatured claims).

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

(b) Rights and assets.—The dissolution of a business corporation shall not affect the limited liability of a shareholder of the corporation theretofore existing with respect to transactions occurring or acts or omissions done or omitted in the name of or by the corporation except that, subject to section 1998 (relating to liability of shareholders), if applicable, each shareholder shall be liable for his pro rata portion of the unpaid liabilities of the corporation up to the amount of the net assets of the corporation distributed to the shareholder in connection with the dissolution. Should any property right of a corporation be discovered after the dissolution of the corporation, the surviving member or members of the board of directors that wound up the affairs of the corporation, or a receiver appointed by the court, shall have authority to enforce the property right and to collect and divide the assets so discovered among the persons entitled thereto and to prosecute actions or proceedings in the corporate name of the corporation. Any assets so collected shall be distributed and disposed of in accordance with the applicable order of court, if any, and otherwise in accordance with this subchapter.

§ 1980. Dissolution by domestication.

Whenever a domestic business corporation has domesticated itself under the laws of another jurisdiction by action similar to that provided by section 4161 (relating to domestication) and has authorized that action by the vote required by this subchapter for the approval of a proposal that the corporation dissolve voluntarily, the corporation may surrender its charter under the laws of this Commonwealth by filing in the Department of State articles of dissolution under this subchapter containing the statements specified by section 1977(a)(1) through (4) (relating to preparation of articles).

SUBCHAPTER G INVOLUNTARY LIQUIDATION AND DISSOLUTION

Sec.

1981. Proceedings upon application of shareholder or director.
1982. Proceedings upon application of creditor.
1983. (Reserved).
1984. Appointment of receiver pendente lite and other interim powers.
1985. Liquidating receiver.
1986. Qualifications of receivers.

1987. Proof of claims.

1988. Discontinuance of proceedings; reorganization.

1989. Articles of involuntary dissolution.

§ 1981. Proceedings upon application of shareholder or director.

(a) General rule.—Upon application filed by a shareholder or director of a business corporation, the court may entertain proceedings for the involuntary winding up and dissolution of the corporation when any one of the following is made to appear:

(1) The acts of the directors, or those in control of the corporation, are illegal, oppressive or fraudulent and that it is beneficial to the interests of the shareholders that the corporation be wound up and dissolved.

(2) The corporate assets are being misapplied or wasted and that it is beneficial to the interests of the shareholders that the corporation be wound up and dissolved.

(3) The directors are deadlocked in the direction of the management of the business and affairs of the corporation and the shareholders are unable to break the deadlock and that irreparable injury to the corporation is being suffered or is threatened by reason thereof. The court shall not appoint a receiver or grant other similar relief under this paragraph if the shareholders by agreement or otherwise have provided for the appointment of a provisional director or other means for the resolution of a deadlock but the court shall enforce the remedy so provided if appropriate.

(b) Cross reference.—See section 2536 (relating to application by director for involuntary dissolution).

§ 1982. Proceedings upon application of creditor.

Upon application filed by a creditor of a business corporation whose claim has either been reduced to judgment and an execution thereon returned unsatisfied or whose claim is admitted by the corporation, the court may entertain proceedings for the involuntary winding up and dissolution of the corporation when, in either case, it is made to appear that the corporation is unable to discharge its liabilities in the regular course of business, as they mature, or is unable to afford reasonable security to those who may deal with it.

§ 1983. (Reserved).

§ 1984. Appointment of receiver pendente lite and other interim powers.

Upon the filing of an application under this subchapter, the court may issue injunctions, appoint a receiver pendente lite with such powers and duties as the court from time to time may direct and proceed as may be requisite to preserve the corporate assets wherever situated and to carry on the business of the corporation until a full hearing can be had.

§ 1985. Liquidating receiver.

Upon a hearing, after such notice as the court may direct to be given to all parties to the proceeding and to any other parties in interest designated by the court, the court may appoint a liquidating receiver with authority to collect the assets of the corporation. The liquidating receiver shall have authority, subject to the order of the court, to dispose of all or any part of

the assets of the corporation wherever situated, either at public or private sale. The assets of the corporation, or the proceeds resulting from a disposition thereof, shall be applied to the expenses of the liquidation and to the payment of the liabilities of the corporation and any remaining assets or proceeds shall be distributed by the court in the manner provided by section 1975(c) (relating to winding up and distribution). The court may direct that any or all of the provisions of Subchapter H (relating to post-dissolution claims) shall apply. The order appointing the liquidating receiver shall state his powers and duties. The powers and duties may be increased or diminished at any time during the proceedings. A receiver of a corporation appointed under this section shall have authority to sue and defend in all courts in his own name as receiver of the corporation. The court appointing the receiver shall have exclusive jurisdiction of the corporation and its property wherever situated.

§ 1986. Qualifications of receivers.

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

§ 1987. Proof of claims.

(a) General rule.—In a proceeding under this subchapter, the court may require all creditors of the business corporation to file with the office of the clerk of the court of common pleas or with the receiver, in such form as the court may prescribe, verified proofs of their respective claims. If the court requires the filing of claims, it shall fix a date, which shall not be less than 120 days from the date of the order, as the last day for filing of claims and shall prescribe the notice that shall be given to creditors and claimants of the date so fixed. Prior to or after the date so fixed, the court may extend the time for the filing of claims. Creditors and claimants who do not file proofs of claim on or before the date so fixed may be barred, by order of court, from participating in the distribution of the assets of the corporation.

(b) Cross reference.—See section 1979 (relating to survival of remedies and rights after dissolution).

§ 1988. Discontinuance of proceedings; reorganization.

The proceedings under this subchapter may be discontinued at any time when it is established that cause for liquidation no longer exists. In that event, the court shall dismiss the proceedings and direct the receiver to redeliver to the business corporation all its remaining property and assets.

§ 1989. Articles of involuntary dissolution.

(a) General rule.—In a proceeding under this subchapter, the court shall enter an order dissolving the business corporation when the costs and expenses of the proceeding and all liabilities of the corporation have been discharged, and all of its remaining assets have been distributed to its shareholders or, in case its assets are not sufficient to discharge such costs, expenses and liabilities, when all the assets have been applied, as far as they will go, to the payment of such costs, expenses and liabilities.

(b) **Filing.**—After entry of an order of dissolution, the office of the clerk of the court of common pleas shall prepare and execute articles of dissolution substantially in the form provided by section 1977 (relating to articles of dissolution), attach thereto a certified copy of the order and transmit the articles and attached order to the Department of State. A certificate or statement provided for by section 139 (relating to tax clearance of certain fundamental transactions) shall not be required, and the department shall not charge a fee in connection with the filing of articles of dissolution under this section. See section 134 (relating to docketing statement).

(c) **Effect.**—Upon the filing of the articles of dissolution in the department, the existence of the corporation shall cease.

SUBCHAPTER H POSTDISSOLUTION CLAIMS

Sec.

- 1991. Definition of successor entity.
- 1992. Notice to claimants.
- 1993. Acceptance or rejection of matured claims.
- 1994. Disposition of unmatured claims.
- 1995. Court proceedings.
- 1996. No revival or waiver.
- 1997. Payments and distributions.
- 1998. Liability of shareholders.

§ 1991. Definition of successor entity.

As used in this subchapter, the term “successor entity” includes any trust, receivership or other legal entity governed by the laws of this Commonwealth or any other jurisdiction to which the remaining assets of a dissolved business corporation are transferred subject to its liabilities and which exists solely for the purposes of prosecuting and defending actions, by or against the corporation, enabling the corporation to settle and close its business, to dispose of and convey the property of the corporation, to discharge the liabilities of the corporation, and to distribute to the shareholders of the corporation any remaining assets, but not for the purpose of continuing the business for which the corporation was incorporated.

§ 1992. Notice to claimants.

(a) **General rule.**—After a business corporation has been dissolved in accordance with the procedures set forth in this chapter, the corporation or any successor entity may give notice of the dissolution requesting all persons having a claim against the corporation to present their claims against the corporation in accordance with the notice. The notice shall state:

- (1) That all claims must be presented in writing and must contain sufficient information reasonably to inform the corporation or successor entity of the identity of the claimant and the substance of the claim.
- (2) The mailing address to which a claim must be sent.
- (3) The date by which a claim must be received by the corporation or successor entity, which date shall be not less than 60 days after the date the notice is given.

(4) That the corporation or a successor entity may make distribution to other claimants and the shareholders of the corporation or persons interested as having been such without further notice to the claimant.

(b) Unmatured claims.—The corporation or successor entity electing to follow the procedures specified in subsection (a) shall also give notice of the dissolution of the corporation to persons with claims contingent upon the occurrence or nonoccurrence of future events or otherwise conditional or unmatured, and shall request that such persons present their claims in accordance with the terms of the notice. The notice shall be in substantially the form specified in subsection (a).

(c) Publication and service of notices.—The notices required by this section shall be officially published at least once a week for two consecutive weeks and, in the case of a corporation having \$10,000,000 or more in total assets at the time of its dissolution, at least once in all editions of a daily newspaper with a national circulation. Concurrently with or preceding the publication, the corporation or successor entity shall mail a copy of the notice by registered or certified mail, return receipt requested, to each known claimant of the corporation.

§ 1993. Acceptance or rejection of matured claims.

A dissolved business corporation or successor entity may reject, in whole or in part, any matured claim made by a claimant pursuant to section 1992 (relating to notice to claimants) by mailing notice of the rejection by registered or certified mail, return receipt requested, to the claimant within 90 days after receipt of the claim and, in all events, at least 30 days before the expiration of the two-year period specified in section 1979(a)(2) (relating to survival of remedies and rights after dissolution). A notice sent pursuant to this section shall include or be accompanied by a copy of this subchapter and of section 1979.

§ 1994. Disposition of unmatured claims.

The dissolved business corporation or successor entity shall offer any claimant whose claim made pursuant to section 1992 (relating to notice to claimants) is contingent, conditional or unmatured, such security as the corporation or successor entity determines is sufficient to provide compensation to the claimant if the claim matures. The corporation or successor entity shall mail the offer to the claimant by registered or certified mail, return receipt requested, within 90 days after receipt of the claim and, in all events, at least 30 days before the expiration of the two-year period specified in section 1979(a)(2) (relating to survival of remedies and rights after dissolution). A notice sent pursuant to this section shall include or be accompanied by a copy of this subchapter and of section 1979. If the claimant offered the security does not deliver to the corporation or successor entity a written notice rejecting the offer within 60 days after mailing of the offer for security, the claimant shall be deemed to have accepted the security as the sole source from which to satisfy his claim against the corporation.

§ 1995. Court proceedings.

(a) General rule.—A dissolved business corporation or successor entity that has given notice in accordance with section 1992 (relating to notice to

claimants) shall file an application with the court for a determination of the amount and form of security that will be sufficient to provide compensation to:

(1) Claimants whose matured claims are known to the corporation or successor entity but whose identities are unknown.

(2) Any claimant who has rejected the offer for security made pursuant to section 1994 (relating to disposition of unmatured claims).

(b) *Guardian ad litem*.—The court shall appoint a guardian ad litem to represent all claimants whose identities are unknown in any proceeding brought under this subchapter. The reasonable fees and expenses of the guardian, including all reasonable expert witness fees, shall be paid by the applicant in the proceeding unless otherwise ordered by the court.

§ 1996. No revival or waiver.

The giving of any notice or making of any offer under this subchapter shall not revive any claim then barred or constitute acknowledgment by the dissolved business corporation or successor entity that any person to whom the notice is sent is a proper claimant and shall not operate as a waiver of any defense or counterclaim in respect of any claim asserted by any person to whom the notice is sent.

§ 1997. Payments and distributions.

(a) *General rule*.—A dissolved business corporation or successor entity that has elected to proceed under the preceding provisions of this subchapter shall:

(1) Pay the claims made and not rejected under section 1993 (relating to acceptance or rejection of matured claims).

(2) Post the security offered and not rejected under section 1994 (relating to disposition of unmatured claims).

(3) Post security ordered by the court in any proceeding under section 1995 (relating to court proceedings).

(4) Pay or make provision for all other liabilities of the corporation or the successor entity.

(b) *Disposition*.—The claims and liabilities shall be paid in full and any provision for payment shall be made in full if there are sufficient assets. If there are insufficient assets, the claims and liabilities shall be paid or provided for in order of their priority, and, among claims of equal priority, ratably to the extent of funds legally available therefor. Any remaining assets shall be distributed to the shareholders of the corporation, except that the distribution shall not be made less than 60 days after the last notice of rejection, if any, was given under section 1993 (relating to acceptance or rejection of matured claims).

(c) *Evaluation of other liabilities*.—In the absence of actual fraud, the judgment of the board of directors of the dissolved corporation or the governing persons of the successor entity as to the provision made for the payment of all liabilities under subsection (a)(4) shall be conclusive.

(d) *Disposition in absence of claims procedure*.—A dissolved corporation or successor entity that has not followed the procedures in the preceding provisions of this subchapter shall pay or make reasonable provision to pay

all claims and liabilities, including all contingent, conditional or unmatured claims known to the corporation or the successor entity and all claims that are known to the corporation or the successor entity but for which the identity of the claimant is unknown. The claims shall be paid in full and any such provision for payment made shall be made in full if there are sufficient assets. If there are insufficient assets, the claims and liabilities shall be paid or provided for according to their priority and, among claims of equal priority, ratably to the extent of funds legally available therefor. Any remaining assets shall be distributed to the shareholders of the dissolved corporation.

(e) **Liability of directors.**—Directors of a dissolved corporation or governing persons of a successor entity that has complied with this section shall not be personally liable to the claimants of the dissolved corporation.

§ 1998. **Liability of shareholders.**

(a) **General rule.**—A shareholder of a dissolved business corporation, the assets of which were distributed pursuant to section 1997 (relating to payments and distributions), shall not be liable for any claim against the corporation in an amount in excess of the shareholder's pro rata share of the claim or the amount so distributed to the shareholder, whichever is less.

(b) **Limitation of actions.**—A shareholder of a dissolved corporation, the assets of which were distributed pursuant to subsection 1997(a) through (c), shall not be liable for any claim against the corporation on which an action is not commenced prior to the expiration of the period specified in section 1979(a)(2) (relating to survival of remedies and rights after dissolution).

(c) **Limitation of liability.**—The aggregate liability of any shareholder of a dissolved corporation for claims against the dissolved corporation shall not exceed the amount distributed to the shareholder in dissolution.

ARTICLE C

DOMESTIC BUSINESS CORPORATION ANCILLARIES

Chapter

- 21. Nonstock Corporations
- 23. Statutory Close Corporations
- 25. Registered Corporations
- 27. Management Corporations
- 29. Professional Corporations

CHAPTER 21

NONSTOCK CORPORATIONS

Subchapter

- A. Preliminary Provisions
- B. Powers, Duties and Safeguards

SUBCHAPTER A

PRELIMINARY PROVISIONS

Sec.

- 2101. Application and effect of chapter.
- 2102. Formation of nonstock corporations.

2103. Contents of articles and other documents of nonstock corporations.
2104. Election of an existing business corporation to become a nonstock corporation.
2105. Termination of nonstock corporation status.

§ 2101. Application and effect of chapter.

(a) General rule.—This chapter shall be applicable to:

(1) A business corporation that elects to become a nonstock corporation in the manner provided by this chapter.

(2) A domestic corporation for profit subject to Subpart D (relating to cooperative corporations) organized on a nonstock basis.

(b) Application to business corporations generally.—The existence of a provision of this chapter shall not of itself create any implication that a contrary or different rule of law is or would be applicable to a business corporation that is not a nonstock corporation. This chapter shall not affect any statute or rule of law that is or would be applicable to a business corporation that is not a nonstock corporation.

(c) Laws applicable to nonstock corporations.—Except as otherwise provided in this chapter, this subpart shall be generally applicable to all nonstock corporations. The specific provisions of this chapter shall control over the general provisions of this subpart. In the case of a nonstock corporation, references in this part to “shares,” “shareholder,” “share register,” “share ledger,” “transfer book for shares,” “number of shares entitled to vote” or “class of shares” shall mean memberships, member, membership register, membership ledger, membership transfer book, number of votes entitled to be cast or class of members, respectively. Except as otherwise provided in this article, a nonstock corporation may be simultaneously subject to this chapter and one or more other chapters of this article.

§ 2102. Formation of nonstock corporations.

(a) General rule.—A nonstock corporation shall be formed in accordance with Article B (relating to domestic business corporations generally) except that its articles shall contain:

(1) A heading stating the name of the corporation and that it is a nonstock corporation.

(2) The provisions required by section 2103 (relating to contents of articles and other documents of nonstock corporations).

(b) Initial members.—Upon the filing of articles of a nonstock corporation, the subscribers to the minimum guaranteed capital of the corporation, if any, and the incorporators shall be the initial members of the corporation.

§ 2103. Contents of articles and other documents of nonstock corporations.

In lieu of required statements relating to shares or share structure, a nonstock corporation shall set forth in any document permitted or required to be filed under this subpart the fact that the corporation is organized on a nonstock basis. A nonstock corporation may, but need not, have a minimum guaranteed capital which shall be furnished by the subscribers thereto in such proportions as they may agree.

§ 2104. Election of an existing business corporation to become a nonstock corporation.

(a) General rule.—Any business corporation may become a nonstock corporation under this chapter by:

(1) Adopting a plan of conversion providing for the redemption by the corporation of all of its shares whether or not redeemable by the terms of its articles and adjusting its affairs so as to comply with the requirements of this chapter applicable to nonstock corporations.

(2) Filing articles of amendment which shall contain, in addition to the requirements of section 1915 (relating to articles of amendment):

(i) A heading stating the name of the corporation and that it is a nonstock corporation.

(ii) A statement that it elects to become a nonstock corporation.

(iii) A statement that the corporation is organized on a nonstock basis.

(iv) Such other changes, if any, that may be desired in the articles.

(b) Procedure.—The plan of conversion of the corporation into a nonstock corporation (which plan shall include the amendment of the articles required by subsection (a)) shall be adopted in accordance with the requirements of Subchapter B of Chapter 19 (relating to amendment of articles) except that:

(1) The holders of shares of every class shall be entitled to vote on the plan regardless of any limitations stated in the articles or bylaws on the voting rights of any class.

(2) The plan may be approved by two-thirds of the votes cast by all shares of each class.

(3) If any shareholder of a business corporation that adopts a plan of conversion into a nonstock corporation objects to the plan of conversion and complies with the provisions of Subchapter D of Chapter 15 (relating to dissenters rights), the shareholder shall be entitled to the rights and remedies of dissenting shareholders therein provided. There shall be included in, or enclosed with, the notice of the meeting of shareholders called to act upon the plan of conversion a copy or a summary of the plan and a copy of Subchapter D of Chapter 15 and of this subsection.

(4) The plan shall not impose any additional liability upon any existing patron of the business of the corporation, whether or not that person becomes a member of the corporation pursuant to the plan, unless the patron expressly assumes such liability.

§ 2105. Termination of nonstock corporation status.

(a) General rule.—A nonstock corporation may terminate its status as such and cease to be subject to this chapter by:

(1) Adopting a plan of conversion providing for the issue of appropriate shares to its members and adjusting its affairs so as to comply with the requirements of this subpart applicable to business corporations that are not nonstock corporations.

(2) Amending its articles to delete therefrom the additional provisions required or permitted by sections 2102(a)(1) (relating to formation of non-

stock corporations) and 2103 (relating to contents of articles and other documents of nonstock corporations) to be stated in the articles of a nonstock corporation. The plan of conversion (which plan shall include the amendment of the articles required by this section) shall be adopted in accordance with Subchapter B of Chapter 19 (relating to amendment of articles) except that:

(i) The members of every class shall be entitled to vote on the plan regardless of any limitations stated in the articles or bylaws, or in a document evidencing membership, on the voting rights of any class.

(ii) The plan must be approved by a majority of the votes cast by the members of each class.

(b) Increased vote requirements.—The bylaws of a nonstock corporation adopted by the members may provide that on any amendment to terminate its status as a nonstock corporation, a vote greater than that specified in subsection (a) shall be required. If the bylaws contain such a provision, that provision shall not be amended, repealed or modified by any vote less than that required to terminate the status of the corporation as a nonstock corporation.

SUBCHAPTER B POWERS, DUTIES AND SAFEGUARDS

Sec.

2121. Corporate name of nonstock corporations.

2122. Classes of membership.

2123. Evidence of membership; liability of members.

2124. Voting rights of members.

2125. Inapplicability of certain provisions to nonstock corporations.

2126. Dissolution of nonstock corporations.

§ 2121. Corporate name of nonstock corporations.

(a) General rule.—The corporate name of a nonstock corporation may contain the word “mutual.”

(b) Insurance names.—A nonstock corporation shall not use a name containing any of the words “annuity,” “assurance,” “beneficial,” “bond,” “casualty,” “endowment,” “fidelity,” “fraternal,” “guaranty,” “indemnity,” “insurance,” “surety” or “title” when used in such a way as to imply that the corporation is engaged in the business of writing insurance as principal, or any other words of like purport, unless there is submitted a certificate from the Insurance Department certifying that the department has no objection to the use by the corporation or proposed corporation of such designation.

§ 2122. Classes of membership.

The bylaws of a nonstock corporation adopted by the members may vest in the board of directors the power to establish *classes of membership* and to fix the *several rights and liabilities* thereof.

§ 2123. Evidence of membership; liability of members.

(a) General rule.—Every member of record of a nonstock corporation shall be entitled to a written document evidencing his membership in the corporation. The document shall set forth the rights and liabilities of membership or shall state that the corporation will furnish to any member, upon request and without charge, a full or summary statement of the rights and liabilities of membership and, if the membership of the corporation is divided into classes, the variations in the rights and liabilities of membership between classes. If a membership is not fully paid or if the member is otherwise liable to assessment, the document evidencing the membership shall so state.

(b) Liability.—A subscriber to the minimum guaranteed capital of or member of a nonstock corporation shall not be under any liability to the corporation or any creditor thereof other than the obligations of complying with the terms of the subscription to the minimum guaranteed capital, if any, and with the terms of the document evidencing his membership. Otherwise, the members of a nonstock corporation shall not be personally liable for the debts, liabilities or obligations of the corporation.

(c) Dissenters rights.—The document evidencing membership shall constitute a share certificate for the purposes of Subchapter D of Chapter 15 (relating to dissenters rights).

§ 2124. Voting rights of members.

Except as otherwise provided in a bylaw adopted by the members or in a written document evidencing membership, every member of record of a nonstock corporation shall have the right, at every meeting of members, to one vote.

§ 2125. Inapplicability of certain provisions to nonstock corporations.

(a) Share structure.—The provisions of Subchapter B of Chapter 15 (relating to shares and other securities) shall not be applicable to a nonstock corporation. A nonstock corporation shall not create or issue shares.

(b) Corporate finance.—A patronage rebate or dividend that is, or is equivalent to, a reduction in the charge made by a nonstock corporation to a member for goods or services shall not constitute a dividend or distribution within the meaning of section 1551 (relating to distributions to shareholders).

§ 2126. Dissolution of nonstock corporations.

If at the time of dissolution of a nonstock corporation the articles, bylaws and documents evidencing membership fail to define the respective rights and preferences of the members upon dissolution, the surplus of cash or property remaining after discharging all liabilities of the corporation shall be paid to or distributed among the members according to such a plan of distribution as the members may adopt. The plan shall be adopted in accordance with Subchapter F of Chapter 19 (relating to voluntary dissolution and winding up) except that:

(1) The members of every class shall be entitled to vote on the plan regardless of any limitations stated in the articles or bylaws, or in a document evidencing membership, on the voting rights of any class.

- (2) The plan must be approved by a majority of the votes cast by the members of each class.

CHAPTER 23
STATUTORY CLOSE CORPORATIONS

Subchapter

- A. Preliminary Provisions
B. Shares
C. Powers, Duties and Safeguards

SUBCHAPTER A
PRELIMINARY PROVISIONS

Sec.

2301. Application and effect of chapter.
2302. Definition of minimum vote.
2303. Formation of statutory close corporations.
2304. Additional contents of articles of statutory close corporations.
2305. Election of an existing business corporation to become a statutory close corporation.
2306. Limitations on continuation of statutory close corporation status.
2307. Voluntary termination of statutory close corporation status by amendment of articles.
2308. Issuance or transfer of shares of a statutory close corporation in breach of qualifying conditions.
2309. Involuntary termination of statutory close corporation status; proceeding to prevent loss of status.

§ 2301. Application and effect of chapter.

(a) General rule.—This chapter shall be applicable to a business corporation, other than a management corporation, that:

(1) had elected to become a close corporation subject to Chapter B of Article III of the act of May 5, 1933 (P.L.364, No.106), known as the Business Corporation Law of 1933 (relating to close corporations), and that, as of the effective date of this chapter, had not terminated that election in the manner prescribed by statute; or

(2) elects to become a statutory close corporation in the manner provided by this chapter.

(b) Application of business corporation law generally.—The existence of a provision of this chapter shall not of itself create any implication that a contrary or different rule of law is or would be applicable to a business corporation that is not a statutory close corporation. This chapter shall not affect any statute or rule of law that is or would be applicable to a business corporation that is not a statutory close corporation.

(c) Laws applicable to statutory close corporations.—Except as otherwise provided in this chapter, this subpart shall be generally applicable to all statutory close corporations. The specific provisions of this chapter shall control over the general provisions of this subpart. Except as otherwise pro-

vided in this article, a statutory close corporation may be simultaneously subject to this chapter and one or more other chapters of this article.

(d) **Transitional provisions.**—The following provisions of this chapter shall not apply to a statutory close corporation existing on January 1, 1989, unless otherwise provided in a bylaw adopted in the manner provided by section 2332(b) (relating to procedure):

Section 2321(b) (relating to preemptive rights) insofar as such provision authorizes the shareholders to adopt a bylaw eliminating or limiting the preemptive rights provided in that subsection.

Section 2322 (relating to share transfer restrictions).

Section 2323 (relating to transfer of shares in breach of transfer restrictions). If section 2323 is not applicable to the corporation, transfer restrictions (including a restriction that is held not to be authorized by section 1529 (relating to transfer of securities; restrictions)) shall be enforced in the same manner as if this article had not been enacted.

Section 2325 (relating to sale option of estate of shareholder).

Section 2336 (relating to fundamental changes).

(e) **Cross reference.**—See the definition of “closely held corporation” in section 1103 (relating to definitions).

§ 2302. **Definition of minimum vote.**

(a) **General rule.**—As used in this chapter, the term “minimum vote” as applied to corporate action means that:

(1) The holders of shares of every class shall be entitled to vote on the corporate action regardless of any limitations stated in the articles or bylaws on the voting rights of any class.

(2) The corporate action must be approved by vote of the shareholders of each class entitled to cast at least two-thirds of the votes that all shareholders of the class are entitled to cast thereon.

(b) **Increased vote requirements.**—The bylaws of a statutory close corporation adopted by the shareholders may provide that on any corporate action subject to the minimum vote requirement of subsection (a) a vote greater than two-thirds or a vote of all shares of any class shall be required. If the bylaws contain such a provision, that provision shall not be amended, repealed or modified by any vote less than that required to effect such corporation action.

§ 2303. **Formation of statutory close corporations.**

A statutory close corporation shall be formed in accordance with Article B (relating to domestic business corporations generally) except that its articles shall contain:

(1) A heading stating the name of the corporation and that it is a statutory close corporation.

(2) The provision required by section 2304(a) (relating to additional contents of articles of statutory close corporations).

§ 2304. **Additional contents of articles of statutory close corporations.**

(a) **General rule.**—In addition to the provisions otherwise required by this subpart, the articles of a statutory close corporation shall provide that neither the corporation nor any shareholder shall make an offering of any of

its shares of any class that would constitute a "public offering" within the meaning of the Securities Act of 1933 (15 U.S.C. § 77a et seq.).

(b) Number or qualifications of shareholders.—The articles of a statutory close corporation may set forth:

(1) The maximum number of persons who are entitled to be record holders or beneficial owners of its shares.

(2) The qualifications of shareholders, either by specifying classes of persons who shall be entitled to be holders of record of shares of any class or by specifying classes of persons who shall not be entitled to be holders of shares of any class or both.

(c) Aggregation of holdings.—Except as otherwise provided in the articles, for purposes of determining the number of holders of record or beneficial owners of the shares of a statutory close corporation, shares that are held jointly or in common or in a trust, by two or more persons, as fiduciaries or otherwise, or that are held by spouses, shall be treated as held by one shareholder.

§ 2305. Election of an existing business corporation to become a statutory close corporation.

(a) General rule.—A business corporation may become a statutory close corporation under this chapter by amending its articles so that they shall contain, in addition to the requirements of section 1911(b) (relating to exceptions):

(1) A heading stating the name of the corporation and that it is a statutory close corporation.

(2) A statement that it elects to become a statutory close corporation.

(3) The provision required by section 2304(a) (relating to additional contents of articles of statutory close corporations).

(b) Procedure.—The amendment shall not be effective unless it is adopted by the affirmative vote of all shareholders of the corporation whether or not otherwise entitled to vote thereon.

§ 2306. Limitations on continuation of statutory close corporation status.

A statutory close corporation continues to be such and to be subject to this chapter until:

(1) it terminates its status as a statutory close corporation pursuant to section 2307 (relating to voluntary termination of statutory close corporation status by amendment of articles); or

(2) the provisions required or permitted by section 2304 (relating to additional contents of articles of statutory close corporations) to be stated in the articles to qualify a business corporation as a statutory close corporation have in fact been breached and neither the corporation nor any of its shareholders takes the steps required by section 2309 (relating to involuntary termination of statutory close corporation status; proceeding to prevent loss of status) to prevent such loss of status or to remedy such breach.

§ 2307. Voluntary termination of statutory close corporation status by amendment of articles.

(a) **General rule.**—A statutory close corporation may voluntarily terminate its status as such and cease to be subject to this chapter by amending its articles to delete therefrom the additional provision required by section 2303(1) (relating to formation of statutory close corporations) to be stated in the articles of a statutory close corporation.

(b) **Procedure.**—The amendment shall not be effective unless it is adopted by at least the minimum vote.

§ 2308. Issuance or transfer of shares of a statutory close corporation in breach of qualifying conditions.

(a) **Notice of qualifications.**—If shares of a statutory close corporation are issued or transferred to any person who is not entitled under any provision of the articles permitted by section 2304(b) (relating to number or qualifications of shareholders) to be a holder of record of shares of the corporation and if the certificate for the shares complies with section 2321(c) (relating to notice of statutory close corporation status) or conspicuously notes the existence of such a provision of the articles, that person shall be conclusively presumed to have notice of the fact of his ineligibility to be a shareholder.

(b) **Notice of size restrictions.**—If the articles of a statutory close corporation state the number of persons who are entitled to be holders or owners of its shares and if the certificate for the shares complies with section 2321(c) or conspicuously notes the existence of such a provision of the articles and if the issuance or transfer of shares to any person would cause the shares to be held by more than that number of persons, the person to whom the shares are issued or transferred shall be conclusively presumed to have notice of that fact.

(c) **Refusal to register.**—Whenever any person to whom shares of a statutory close corporation have been issued or transferred has, or is conclusively presumed under this section to have, notice either:

(1) that he is a person not eligible to be a holder of shares of the corporation; or

(2) that the transfer of shares to him would cause the shares of the corporation to be held by more than the number of persons permitted by its articles to hold shares of the corporation;

the corporation may, at its option, refuse to register the transfer of the shares into the name of the transferee.

(d) **Exception.**—The provisions of subsection (c) shall not be applicable if the transfer of shares, even though otherwise contrary to subsection (a) or (b), has been consented to by all the shareholders of the statutory close corporation or if the statutory close corporation has amended its articles in accordance with section 2307 (relating to voluntary termination of statutory close corporation status by amendment of articles).

(e) **Rescission rights unaffected.**—The provisions of this section do not impair any right of a transferee to rescind the transaction or to recover under any applicable warranty express or implied.

(f) **Definition.**—As used in this section, the term “transfer” is not limited to a transfer for value.

§ 2309. Involuntary termination of statutory close corporation status; proceeding to prevent loss of status.

(a) General rule.—If any event occurs as a result of which the provision included in the articles of a statutory close corporation pursuant to section 2304(a) (relating to additional contents of articles of statutory close corporations) to qualify it as a statutory close corporation has been breached, the status of the business corporation as a statutory close corporation under this chapter shall terminate unless:

(1) Within 30 days after the occurrence of the event or within 30 days after the event has been discovered, whichever is later, the corporation:

(i) Files in the Department of State a certificate executed by the corporation setting forth:

(A) The name of the corporation and, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its registered office.

(B) A statement that the provision included in its articles pursuant to section 2304(a) to qualify it as a statutory close corporation has been breached.

(ii) Furnishes a copy of the certificate to each shareholder.

(2) The corporation concurrently with the filing of the certificate takes such steps as are necessary to correct the situation that threatens its status as a statutory close corporation including, without limitation, the refusal to register the transfer of shares that have been wrongfully transferred as provided by section 2308 (relating to issuance or transfer of shares of a statutory close corporation in breach of qualifying conditions) or initiation of a proceeding under subsection (b).

(b) Proceeding to cure breach.—Upon the application of the corporation or of any shareholder, the court may issue all orders necessary to prevent the corporation from losing its status as a statutory close corporation or to prevent the violation of any provision of the articles permitted by section 2304(b) to be stated in the articles of a statutory close corporation or to restore its status as a statutory close corporation by enjoining or setting aside any act or threatened act on the part of the corporation or a shareholder that would be inconsistent with any of the provisions required or permitted by section 2304 to be stated in the articles of a statutory close corporation unless it is an act approved in accordance with section 2308(d) (relating to exception). The court may enjoin or set aside any transfer or threatened transfer of shares of a statutory close corporation that is contrary to any of the terms of its articles and may enjoin any public offering, as defined in section 2304(a), or threatened public offering of shares of the statutory close corporation.

(c) Notice of cure of breach.—When the situation that threatened the status of the corporation as a statutory close corporation has been remedied and if the corporation has not amended its articles in accordance with section 2307 (relating to voluntary termination of statutory close corporation status by amendment of articles), the corporation shall file in the department a certificate executed by the corporation, setting forth:

(1) The name of the corporation and, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its registered office.

(2) A statement that no breach of the provision included in its articles pursuant to section 2304(a) exists.

Upon the filing of the certificate, the status of the corporation as a statutory close corporation under this chapter, if theretofore terminated by reason of subsection (a), shall be restored.

(d) Cross reference.—See section 134 (relating to docketing statement).

SUBCHAPTER B SHARES

Sec.

2321. Shares.

2322. Share transfer restrictions.

2323. Transfer of shares in breach of transfer restrictions.

2324. Corporation option where a restriction on transfer of a security is held invalid.

2325. Sale option of estate of shareholder.

§ 2321. Shares.

(a) Uncertificated shares prohibited.—A statutory close corporation shall not issue uncertificated shares.

(b) Preemptive rights.—

(1) Unless otherwise provided in a bylaw adopted by the shareholders, the holders of any class of voting shares of a statutory close corporation shall have a preemptive right to subscribe for or purchase any voting shares (or any option rights or securities having conversion or option rights with respect to any voting shares) issued or sold by the corporation for any form of consideration.

(2) Paragraph (1) shall not apply to any issue of voting shares (or of any option rights or securities having conversion or option rights with respect to such voting shares) pursuant to a plan to which Subchapter D of Chapter 15 (relating to dissenters rights) is applicable.

(c) Notice of statutory close corporation status.—A legend in substantially the following form shall be set forth conspicuously on each share certificate issued by a statutory close corporation:

The rights of shareholders in a statutory close corporation may differ materially from the rights of shareholders in other corporations. Copies of the articles of incorporation and bylaws, agreements among shareholders or other documents, which may restrict transfers and affect voting and other rights, may be obtained by a shareholder on written request to the corporation.

This notice shall satisfy all requirements of this subpart that notice of transfer or other restrictions or relative rights be given. All persons claiming an interest in shares of a statutory close corporation:

(1) Complying with the notice requirement of this section shall be bound by the documents referred to in the notice.

(2) Not complying with the requirement of this section shall be bound only by any documents of which they, or any person through whom they claim, have knowledge or notice.

§ 2322. Share transfer restrictions.

(a) General rule.—Unless otherwise provided in a bylaw adopted by the shareholders, no interest in shares of a statutory close corporation may be transferred, by operation of law or otherwise, whether voluntary or involuntary.

(b) Exception.—Subsection (a) shall not apply to a transfer:

(1) To the corporation or to any other shareholder of the same class of shares.

(2) To members of the immediate family of a shareholder or to a trust all of whose beneficiaries are members of the immediate family of a shareholder. The immediate family of a shareholder shall include only his spouse, parents, brothers, sisters, lineal descendants (including descendants related by adoption) and spouses of any lineal descendants.

(3) That has been approved by the unanimous vote of the holders of the most junior shares of the corporation having voting rights for the election of directors.

(4) To an executor or administrator upon the death of a shareholder or to a trustee or receiver as the result of a bankruptcy, insolvency, dissolution or similar proceeding brought by or against a shareholder.

(5) By merger, consolidation or share exchange that becomes effective pursuant to section 2336 (relating to fundamental changes) or a share exchange of existing shares for other shares of a different class or series in the corporation.

(6) By a pledge as collateral for a loan that does not grant the pledgee any voting rights possessed by the pledgor.

(7) Made after termination of the status of the corporation as a statutory close corporation.

(8) Permitted by subsection (h).

(c) Offer by nonexempt purchaser.—Any person desiring to transfer shares in a transaction not exempt under subsection (b)(1) through (7) shall obtain an offer from a third party who meets the requirements of subsection (d) to purchase the shares for cash and shall deliver written notice of the third-party offer to the corporation at its registered office stating the number and kind of shares, the offering price, the other terms of the offer and the name and address of the third-party offeror.

(d) Qualifications of transferee.—A transfer shall not be made to a third party unless:

(1) The third party is eligible to become a qualified shareholder under the provisions of any Federal or State tax statute that the corporation has elected to be subject to and the third party agrees in writing not to take any action to terminate the election without the approval of the remaining shareholders.

(2) The transfer to the third party will not result in the imposition of the personal holding company tax or any similar Federal or State penalty tax on the corporation.

(3) The third party is eligible to be a shareholder under any provision of the articles permitted by section 2304(b) (relating to number or qualifications of shareholders).

(e) Action on offer by corporation.—The notice specified in subsection (c) shall constitute an offer by the shareholder to sell the shares to the corporation on the terms of the third-party offer. Within 20 days after receipt of the notice by the corporation, the secretary shall call a special meeting of shareholders, which shall be held not more than 40 days after the call, for the purpose of determining whether to purchase all (but not less than all) of the offered shares. Approval of action to purchase shall be by a majority of the votes of all shareholders entitled to vote thereon, excluding the holders of offered shares. With the consent of all the shareholders entitled to vote for the approval, the corporation may allocate some or all of the shares to one or more shareholders, or to other persons, but, if the corporation has more than one class of shares, the remaining holders of the class of shares being offered for sale shall have a first option to purchase the shares that are not purchased by the corporation in proportion to their shareholdings or in such proportion as shall be agreeable to those desiring to participate in the purchase.

(f) Notice of action by corporation.—Within 75 days after receipt of the offer, written notice of the acceptance of the offer of the shareholder shall be delivered or sent to the offering shareholder at the address specified in his notice to the corporation or, in the absence of any specification, at his last known address as reflected in the records of the corporation. If the notice contains terms of purchase different from those contained in the offer of the shareholder, the different terms shall be deemed a counteroffer, and, unless the shareholder wishing to transfer his shares accepts in writing the counteroffer or the shareholder and the corporation or other purchaser otherwise resolve by written agreement the difference between the offer and counteroffer within 15 days of receipt by the shareholder of the qualified notice of acceptance, the notice containing the counteroffer shall be ineffective as an acceptance.

(g) Delivery and payment.—If a contract to sell is created under subsection (f), the shareholder shall make delivery of all the certificates for the shares so sold, duly endorsed, within 20 days of receipt of the notice of acceptance. Breach of any of the terms of the contract shall entitle the non-breaching party to any remedy at law or equity allowed for breach of a contract including, without limitation, specific performance.

(h) Limited release from restrictions.—If the offer to sell is not accepted pursuant to subsections (e) and (f), the shareholder shall be entitled to transfer to the third-party offeror all (but not less than all) of the offered shares within 120 days after delivery of the notice specified in subsection (c) in accordance with the terms specified therein.

§ 2323. Transfer of shares in breach of transfer restrictions.

Any attempted transfer of shares of a statutory close corporation in violation of any transfer restriction binding on the transferee shall be ineffective. Any attempted transfer of shares of a statutory close corporation in violation of any transfer restriction not binding on the transferee shall give the corporation the option, exercisable by notice and payment within 30 days after presentation of the shares for registration in the name of the transferee, to purchase the shares from the transferee for the same price and terms as contemplated for the ineffective transfer, unless such transfer was not intended to be a transfer for value.

§ 2324. Corporation option where a restriction on transfer of a security is held invalid.

If the bylaws contain provisions pursuant to section 2322(a) (relating to share transfer restrictions) and a restriction on transfer of a security of a statutory close corporation is held not to be authorized by section 1529 (relating to transfer of securities; restrictions), the corporation shall nevertheless have an option, for a period of 30 days after the judgment setting aside the restriction becomes final, to acquire the restricted security at a price that is agreed upon by the parties or, if an agreement is not reached, at the fair value as determined under Subchapter D of Chapter 15 (relating to dissenters rights).

§ 2325. Sale option of estate of shareholder.

(a) General rule.—Unless otherwise provided in a bylaw adopted by the shareholders, the personal representative of any deceased holder or owner of shares shall have the right to require a statutory close corporation to elect either to purchase or cause the purchase of all, but not less than all, of the shares owned by the decedent pursuant to subsections (c) through (e) or to be dissolved.

(b) Minimum vote requirement.—An amendment to the bylaws to provide that this section shall apply or to delete or modify the provisions of this section shall require at least the minimum vote for approval. Any shareholder who votes against an amendment to delete or modify the provisions of this section shall, if the amendment terminates or substantially alters the existing rights of the shareholder pursuant to this section to have his shares purchased, be entitled to receive the fair value of his shares upon compliance with the provisions of Subchapter D of Chapter 15 (relating to dissenters rights).

(c) Initial procedure.—Within six months after the death of the holder or owner of shares, the personal representative shall deliver a written notice to the corporation at its registered office specifying the number and class of all shares beneficially owned by the deceased shareholder and stating that an offer by the corporation to purchase the shares is being solicited pursuant to this section. Within 20 days after receipt of the notice by the corporation, the secretary shall call a special meeting of shareholders, which shall be held not more than 40 days after the call, for the purpose of determining whether to offer to purchase the shares. Approval of action to offer to purchase the shares shall be by vote of a majority of the shares entitled to vote, excluding the shares covered by the notice. With the consent of all the shareholders

entitled to vote for the approval, the corporation may allocate some or all of the shares to one or more shareholders, or to other persons, but if the corporation has more than one class of shares, the remaining holders of the class of shares being offered for sale shall have a first option to purchase the shares that are not purchased by the corporation in proportion to their shareholdings or in such proportion as shall be agreeable to those desiring to participate in the purchase.

(d) Notice of action by corporation.—Written notice of the approval by the shareholders of an offer to purchase, or that no offer to purchase was approved, shall be delivered or sent to the personal representative within 75 days after receipt of the notice soliciting the offer to purchase. Any offer to purchase shall be accompanied by copies of the balance sheets as of the end of, and profit and loss statements for, the preceding two fiscal years of the corporation and any available interim balance sheet and profit and loss statement. Any offer to purchase shall be accepted or rejected in writing within 15 days.

(e) Price and other terms of purchase.—To the extent the price and other terms for purchasing the shares by the corporation or remaining shareholders are fixed or are to be determined pursuant to provisions in the bylaws or in a written agreement, those provisions shall be binding except that, in the event of a default in any payment due, subsection (i) shall apply and the person exercising his rights under this section shall have the right to petition for dissolution of the corporation.

(f) Judicial proceedings in absence of agreement to purchase.—If an offer to purchase is rejected, or if an offer to purchase is not made under this section, the personal representative may commence an action or proceeding in court under this subsection. The jurisdiction of the court shall be plenary and exclusive. The corporation shall be made a party defendant in the action and shall, at its expense, give notice of the commencement of the action to all shareholders and to such other persons as the court may direct. The court shall proceed to determine the fair value of the shares considering the going concern value of the corporation, any agreement among some or all of the shareholders fixing a price or specifying a formula for determining the value of shares of the corporation for any purpose, the recommendations of any appraiser appointed by the court, any legal constraint on the ability of the corporation to acquire the shares and other relevant evidence. The court shall enter an order requiring the corporation to cause the purchase of the shares at fair value including such provisions as are deemed proper concerning payment of the purchase price in two or more installments, payment of interest on the installments, subordination of the obligation to the rights of other creditors of the corporation and security for payment of the deferred purchase price.

(g) Costs and expenses.—Except as otherwise prescribed by general rules:

- (1) If the fair value of the shares as determined by the court does not materially exceed the last offer made by the corporation prior to the commencement of an action pursuant to subsection (f) and the court finds that

the failure of the personal representative to accept the last offer of the corporation was dilatory, arbitrary, obdurate, vexatious or in bad faith, the court may assess all or a portion of the costs and expenses of the action against the estate of the deceased shareholder.

(2) If the fair value of the shares as determined by the court materially exceeds the amount of the last offer made by the corporation prior to the time an action or proceeding was commenced pursuant to subsection (f) and the court finds that the last offer of the corporation was dilatory, arbitrary, obdurate, vexatious or in bad faith, the court may assess all or a portion of the costs and expenses of the action against the corporation.

(3) Expenses assessable under paragraphs (1) and (2) shall include reasonable compensation for and reasonable expenses of any appraiser appointed by the court and the reasonable fees and expenses of counsel for and experts employed by any party.

(4) Except as provided in paragraphs (1) and (2), the costs of an action commenced pursuant to subsection (f) shall be assessed on an equal basis between the corporation and the estate of the deceased shareholder and all other fees and expenses shall be borne by the party incurring the fees and expenses.

(h) Subsequent modification of order.—Upon application of the corporation, the court may modify its order to change the terms of payment if it finds that the changed financial or legal ability of the corporation or other purchasers of the shares to complete the purchase justifies a modification. Any person making a payment in order to prevent or cure any default by any purchaser shall be entitled to recover the excess payment from the defaulting person.

(i) Failure to make payment.—If the corporation or other purchaser fails for any reason to make any payment specified in the order within 30 days after the due date for the payment, the court shall, upon application of the person to whom the payment is due and in the absence of good cause shown by the corporation, enter an order directing that the corporation be dissolved.

(j) Waiver.—Any shareholder may waive in writing the rights of his personal representative under this section.

(k) Section nonexclusive.—This section shall not be construed to prohibit any other agreement not prohibited by law that provides for the purchase of shares of the corporation nor shall it prevent a shareholder from enforcing any other remedy he may have.

SUBCHAPTER C POWERS, DUTIES AND SAFEGUARDS

Sec.

2331. Directors.

2332. Management by shareholders.

2333. Appointment of custodian for statutory close corporation.

2334. Appointment of provisional director in certain cases.

2335. Operating corporation as partnership.

2336. Fundamental changes.

2337. Option of shareholder to dissolve corporation.

§ 2331. Directors.

(a) Agreements restricting discretion of directors.—A written agreement among the shareholders of a statutory close corporation entitled to cast at least a majority of the votes that all shareholders are entitled to cast for the election of directors, whether solely among themselves or with a party not a shareholder, is not invalid, as between the parties to the agreement or the shareholders of the corporation, on the ground that it so relates to the conduct of the business and affairs of the corporation as to restrict or interfere with the discretion or powers of the board of directors.

(b) Effect of agreement.—The effect of any such agreement shall be to relieve the directors and impose upon the shareholders who are parties to the agreement the liability for acts or omissions that is imposed by law on directors to the extent and so long as the discretion or powers of the board in its direction of the management of corporate affairs is controlled by the agreement. Shareholders upon whom the liabilities of directors are imposed by this section shall to that extent be entitled to the rights and immunities conferred by this part and other provisions of law upon directors of a corporation.

§ 2332. Management by shareholders.

(a) General rule.—A bylaw of a statutory close corporation adopted by the shareholders may provide that the business and affairs of the corporation shall be managed by or under the direction of the shareholders of the corporation rather than by or under the direction of a board of directors. So long as such a provision continues in effect:

(1) Meetings of shareholders need not be called to elect directors.

(2) Unless the context clearly requires otherwise, the shareholders of the corporation shall be deemed to be directors for purposes of applying provisions of this subpart.

(3) The shareholders of the corporation shall be subject to all liabilities imposed and shall enjoy all rights and immunities conferred by law on directors.

(b) Procedure.—Such a provision may be inserted in the articles or bylaws by amendment if all incorporators or all shareholders, regardless of any limitations stated in the articles or bylaws on the voting rights of any class, authorize the provision. An amendment to the articles or bylaws to delete the provision shall be adopted and shall become effective in accordance with Subchapter B of Chapter 19 (relating to amendment of articles) or section 1504 (relating to adoption, amendment and contents of bylaws) except that the holders of shares of every class shall be entitled to vote on the amendment regardless of any limitations stated in the articles or bylaws on the voting rights of any class.

(c) Notice on shares.—If the articles or bylaws contain a provision authorized by this section, the existence of the provision shall be noted conspicuously on every share certificate issued by the corporation unless the cer-

tificate complies with section 2321(c) (relating to notice of statutory close corporation status).

§ 2333. Appointment of custodian for statutory close corporation.

(a) General rule.—In addition to the provisions of section 1767 (relating to appointment of custodian of corporation on deadlock or other cause), the court, upon application of any shareholder, may appoint one or more persons to be custodians and, if the corporation is insolvent, to be receivers of any statutory close corporation when:

(1) pursuant to this subchapter, the business and affairs of the corporation are managed by or under the direction of the shareholders and they are so divided that the business of the corporation is suffering or is threatened with immediate and irreparable injury and any remedy with respect to such deadlock provided in the bylaws or in any written agreement of the shareholders has failed; or

(2) the applicant shareholder has the right to the dissolution of the corporation under a provision of the articles permitted by section 2337 (relating to option of shareholder to dissolve corporation).

A custodian appointed under paragraph (2) shall have the authority to liquidate the affairs of the corporation and distribute its assets.

(b) Provisional director.—In lieu of appointing a custodian for a statutory close corporation under subsection (a)(1) or section 1767 or a receiver under Subchapter G of Chapter 19 (relating to involuntary liquidation and dissolution), the court may appoint a provisional director, whose powers and status shall be as provided in section 2334 (relating to appointment of provisional director in certain cases), if the court determines that it would be in the best interest of the corporation. The appointment shall not preclude any subsequent order of the court appointing a custodian or receiver for the corporation.

§ 2334. Appointment of provisional director in certain cases.

(a) General rule.—Notwithstanding any contrary provision of the articles or the bylaws or agreement of the shareholders, the court may appoint a provisional director for a statutory close corporation if the directors are so divided respecting the management of the business and affairs of the corporation that the votes required for action by the board of directors cannot be obtained with the consequence that the business and affairs of the corporation can no longer be conducted to the advantage of the shareholders generally.

(b) Application for relief.—

(1) An application for relief under this section must be filed by or on behalf of:

- (i) at least one-half of the number of directors then in office;
- (ii) the holders of shares entitled to cast at least one-third of the votes that all shareholders are entitled to cast for the election of directors; or
- (iii) shareholders entitled to cast at least two-thirds of the votes that all shareholders of the class are entitled to cast for the election of directors if there is more than one class of shares then entitled to elect one or more directors.

A bylaw of a statutory close corporation adopted by the shareholders may provide that a lesser proportion of the directors or of the shareholders or of a class of shareholders may apply for relief under this section.

(2) Even though the requirements of paragraph (1) are not satisfied, the court may nevertheless appoint a provisional director if permitted by section 2333(b) (relating to provisional director).

(c) **Qualifications.**—A provisional director shall be an impartial individual who is neither a shareholder nor a creditor of the corporation or of any subsidiary or affiliate of the corporation and whose further qualifications, if any, may be determined by the court.

(d) **Status and powers.**—A provisional director is not a receiver of a corporation and does not have the title and powers of a custodian or receiver appointed under section 1767 (relating to appointment of custodian of corporation on deadlock or other cause) or Subchapter G of Chapter 19 (relating to involuntary liquidation and dissolution). A provisional director shall have all the rights and powers of a duly elected director of the corporation, including the right to notice of and to vote at meetings of directors, until such time as he is removed by order of the court or by the shareholders entitled to cast at least two-thirds of the votes that all shareholders of that class of voting shares that filed the application for appointment of a provisional director are entitled to cast for directors, or by the shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast for the election of directors, in any other case.

(e) **Compensation.**—The compensation of the provisional director shall be determined by agreement between him and the corporation subject to approval of the court. The court may fix his compensation in the absence of agreement or in the event of disagreement between the provisional director and the corporation.

§ 2335. Operating corporation as partnership.

A written agreement among shareholders of a statutory close corporation, or any provision of the articles or bylaws of the corporation, which agreement or provision relates to any phase of the affairs of such corporation, including, but not limited to, the management of its business or declaration and payment of dividends or other division of profits or the election of directors or officers or the employment of shareholders by the corporation or the arbitration of disputes, shall not be invalid on the ground that it is an attempt by the parties to the agreement or by the shareholders of the corporation to treat the corporation as if it were a partnership or to arrange relations among the shareholders or between the shareholders and the corporation in a manner that would be appropriate only among partners and shall not be grounds for imposing personal liability on the shareholders for obligations of the corporation.

§ 2336. Fundamental changes.

Except as permitted or required by this chapter, a statutory close corporation shall not effect any corporate action that under Chapter 19 (relating to fundamental changes) requires the approval of shareholders unless the action is adopted by at least the minimum vote.

§ 2337. Option of shareholder to dissolve corporation.

(a) General rule.—A bylaw of a statutory close corporation adopted by the shareholders may include a provision granting to any shareholder, or to the holders of any specified number or percentage of shares of any class of shares, an option to have the corporation dissolved at will or upon the occurrence of any specified event or contingency. Whenever the option to dissolve is exercised, the shareholders exercising the option shall give written notice thereof to all other shareholders. After the expiration of 30 days following the sending of the notice, the dissolution of the corporation shall proceed as if the required number of shareholders having voting rights had consented in writing to dissolution of the corporation as provided by Subchapter F of Chapter 19 (relating to voluntary dissolution and winding up).

(b) Amendment adding option.—If the bylaws do not contain a provision authorized by subsection (a), the bylaws may be amended to include such a provision if adopted by the unanimous vote of all the shareholders, regardless of any limitations stated in the bylaws on the voting rights of any class, unless the original bylaws, or bylaws adopted by such a unanimous vote, specifically authorize such an amendment to be adopted by a specified vote of shareholders, which shall not be less than the minimum vote.

(c) Notice on shares.—If the bylaws contain a provision authorized by this section, the existence of the provision shall be noted conspicuously on every share certificate issued by the corporation unless the certificate complies with section 2321(c) (relating to notice of statutory close corporation status).

CHAPTER 25 REGISTERED CORPORATIONS

Subchapter

- A. Preliminary Provisions
- B. Powers, Duties and Safeguards
- C. Directors and Shareholders
- D. Fundamental Changes Generally
- E. Control Transactions
- F. Business Combinations

SUBCHAPTER A PRELIMINARY PROVISIONS

Sec.

- 2501. Application and effect of chapter.
- 2502. Registered corporation status.
- 2503. Acquisition of registered corporation status.
- 2504. Termination of registered corporation status.

§ 2501. Application and effect of chapter.

(a) General rule.—Except as otherwise provided in the scope provisions of subsequent subchapters of this chapter, this chapter shall be applicable to any business corporation that is a registered corporation as defined in section 2502 (relating to registered corporation status).

(b) Laws applicable to registered corporations.—Except as otherwise provided in this chapter, this subpart shall be generally applicable to all registered corporations. The specific provisions of this chapter shall control over the general provisions of this subpart. Except as otherwise provided in this article, a registered corporation may be simultaneously subject to this chapter and one or more other chapters of this article.

(c) Effect of a contrary provision of the articles.—The articles of a registered corporation may provide either expressly or by necessary implication that any one or more of the provisions of Subchapters B (relating to powers, duties and safeguards), C (relating to directors and shareholders) and D (relating to fundamental changes generally) shall not be applicable in whole or in part to the corporation.

§ 2502. Registered corporation status.

Subject to additional definitions contained in subsequent provisions of this chapter which are applicable to specific subchapters of this chapter, as used in this chapter, the term “registered corporation” shall mean:

(1) A domestic business corporation:

(i) having a class or series of shares entitled to vote generally in the election of directors of the corporation registered under the Securities Exchange Act of 1934 (15 U.S.C. § 78a et seq.); or

(ii) subject to the reporting obligations imposed by section 13 of the Securities Exchange Act of 1934 (15 U.S.C. § 78m) by reason of having filed a registration statement under the Securities Act of 1933 (15 U.S.C. § 77a et seq.) relating to shares of a class or series of its equity securities.

(2) A domestic business corporation all of the shares of which are owned, directly or indirectly, by one or more registered corporations or foreign corporations for profit described in section 4102(b) (relating to registered corporation exclusions).

§ 2503. Acquisition of registered corporation status.

(a) Registered corporations.—This chapter shall apply to a registered corporation described in section 2502(1) (relating to registered corporation status) on the day following the day on which the corporation becomes a registered corporation.

(b) Subsidiary corporations.—This chapter shall apply to a registered corporation described in section 2502(2) immediately upon the happening of any event whereby all of the shares of the corporation are owned, directly or indirectly, by one or more registered corporations or foreign corporations for profit described in section 4102(b) (relating to registered corporation exclusions).

§ 2504. Termination of registered corporation status.

(a) Registered corporations.—The applicability of this chapter to a registered corporation described in section 2502(1) (relating to registered corporation status) shall terminate immediately upon the termination of the status of the corporation as a registered corporation.

(b) Subsidiary corporations.—The applicability of this chapter to a registered corporation described in section 2502(2) shall terminate immediately

upon the happening of any event whereby all of the shares of the corporation are no longer owned, directly or indirectly, by one or more registered corporations or foreign corporations for profit described in section 4102(b) (relating to registered corporation exclusions).

SUBCHAPTER B POWERS, DUTIES AND SAFEGUARDS

Sec.

- 2511. Financial reports to shareholders.
- 2512. Dissenters rights procedure.
- 2513. Disparate treatment of certain persons.

§ 2511. Financial reports to shareholders.

(a) General rule.—The requirements of section 1554 (relating to financial reports to shareholders) shall not apply to a registered corporation.

(b) Exception.—Subsection (a) does not apply to a registered corporation described in section 2502(2) (relating to registered corporation status) that has more than one shareholder.

§ 2512. Dissenters rights procedure.

(a) General rule.—A registered corporation, except one described in section 2502(1)(ii) or (2) (relating to registered corporation status), shall not be required by statute to supply a copy of Subchapter D of Chapter 15 (relating to dissenters rights) to any of its shareholders entitled to dissenters rights in connection with a proposed corporate action from whom the corporation solicits a proxy relating to approval of, or to whom it sends an information statement relating to, the proposed corporate action.

(b) Exception.—Subsection (a) does not apply to notice given under sections 1575(a)(4) (relating to notice to demand payment) and 1577(c)(3) (relating to payment of fair value of shares).

§ 2513. Disparate treatment of certain persons.

(a) General rule.—A registered corporation, except one described in section 2502(1)(ii) or (2) (relating to registered corporation status), that creates and issues any securities, contracts, warrants or other instruments evidencing any shares, option rights, securities having conversion or option rights, or obligations under section 1525 (relating to stock rights and options) may set forth therein such terms as are fixed by the board of directors, including, without limiting the generality of such authority, conditions including, but not limited to, conditions that preclude or limit any person or persons owning or offering to acquire a specified number or percentage of the outstanding common shares, other shares, option rights, securities having conversion or option rights, or obligations of the corporation or transferee or transferees of the person or persons from exercising, converting, transferring or receiving the shares, option rights, securities having conversion or option rights, or obligations.

(b) Cross reference.—See section 1525(c) (relating to standard of care unaffected).

SUBCHAPTER C
DIRECTORS AND SHAREHOLDERS

Sec.

- 2521. Call of special meetings of shareholders.
- 2522. Adjournment of meetings of shareholders.
- 2523. Quorum at shareholder meetings.
- 2524. Consent of shareholders in lieu of meeting.

§ 2521. Call of special meetings of shareholders.

(a) General rule.—The shareholders of a registered corporation shall not be entitled by statute to call a special meeting of the shareholders.

(b) Exception.—Subsection (a) shall not apply to the call of a special meeting by an interested shareholder (as defined in section 2553 (relating to interested shareholder)) for the purpose of approving a business combination under section 2555(3) or (4) (relating to requirements relating to certain business combinations).

§ 2522. Adjournment of meetings of shareholders.

Any regular or special meeting of the shareholders of a registered corporation, including one at which directors are to be elected, may be adjourned for such period as the shareholders present and entitled to vote shall direct.

§ 2523. Quorum at shareholder meetings.

The board of directors of a registered corporation may adopt or change a bylaw on any subject otherwise expressly committed to the shareholders by section 1756(a) (relating to quorum).

§ 2524. Consent of shareholders in lieu of meeting.

An action authorized by the shareholders of a registered corporation by less than unanimous written consent, if action by less than unanimous written consent is permitted by its articles, may become effective immediately upon its authorization, but prompt notice of the action shall be given to those shareholders entitled to vote thereon who have not consented.

SUBCHAPTER D
FUNDAMENTAL CHANGES GENERALLY

Sec.

- 2535. Proposal of amendment to articles.
- 2536. Application by director for involuntary dissolution.
- 2537. Dissenters rights in asset transfers.

§ 2535. Proposal of amendment to articles.

The shareholders of a registered corporation shall not be entitled by statute to propose an amendment to the articles.

§ 2536. Application by director for involuntary dissolution.

A director of a registered corporation, as such, shall not be entitled to file an application seeking involuntary winding up and dissolution of the corporation.

§ 2537. Dissenters rights in asset transfers.

The shareholders of a registered corporation that adopts a plan of asset transfer shall not be entitled to dissenters rights except as provided by section 1906(c) (relating to dissenters rights upon special treatment) or unless the board of directors or the bylaws so provide pursuant to section 1571(c) (relating to grant of optional dissenters rights).

SUBCHAPTER E
CONTROL TRANSACTIONS

Sec.

2541. Application and effect of subchapter.

2542. Definitions.

2543. Controlling person or group.

2544. Right of shareholders to receive payment for shares.

2545. Notice to shareholders.

2546. Shareholder demand for fair value.

2547. Valuation procedures.

2548. Coordination with control transaction.

§ 2541. Application and effect of subchapter.

(a) General rule.—Except as otherwise provided in this section, this subchapter shall apply to a registered corporation unless:

(1) the registered corporation is one described in section 2502(1)(ii) or (2) (relating to registered corporation status);

(2) the bylaws, by amendment adopted either:

(i) by March 23, 1984; or

(ii) on or after March 23, 1988, and on or before June 21, 1988;

and, in either event, not subsequently rescinded by an article amendment, explicitly provide that this subchapter shall not be applicable to the corporation; or

(3) the articles explicitly provide that this subchapter shall not be applicable to the corporation by a provision included in the original articles, by an article amendment adopted prior to the date of the control transaction and prior to or on March 23, 1988, pursuant to the procedures then applicable to the corporation, or by an article amendment adopted prior to the date of the control transaction and subsequent to March 23, 1988, pursuant to both:

(i) the procedures then applicable to the corporation; and

(ii) unless such proposed amendment has been approved by the board of directors of the corporation, in which event this subparagraph shall not be applicable, the affirmative vote of the shareholders entitled to cast at least 80% of the votes which all shareholders are entitled to cast thereon.

A reference in the articles or bylaws to former section 910 (relating to right of shareholders to receive payment for shares following a control transaction) of the act of May 5, 1933 (P.L.364, No.106), known as the Business Corporation Law of 1933, shall be deemed a reference to this subchapter for

the purposes of this section. See section 101(c) (relating to references to prior statutes).

(b) Inadvertent transactions.—This subchapter shall not apply to any person or group that inadvertently becomes a controlling person or group if that controlling person or group, as soon as practicable, divests itself of a sufficient amount of its voting shares so that it is no longer a controlling person or group.

(c) Certain subsidiaries.—This subchapter shall not apply to any corporation that on December 23, 1983, was a subsidiary of any other corporation.

(d) Rights cumulative.—The rights and remedies provided in this subchapter shall be in addition to, and not in lieu of, any other rights or remedies provided by this subpart, the articles or bylaws of the corporation, any securities, option rights or obligations of the corporation or otherwise.

§ 2542. Definitions.

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

“Control transaction.” The acquisition by a person or group of the status of a controlling person or group.

“Controlling person or group.” A controlling person or group as defined in section 2543 (relating to controlling person or group).

“Fair value.” A value not less than the highest price paid per share by the controlling person or group at any time during the 90-day period ending on and including the date of the control transaction plus an increment representing any value, including, without limitation, any proportion of any value payable for acquisition of control of the corporation, that may not be reflected in such price.

“Partial payment amount.” The amount per share specified in section 2545(c)(2) (relating to contents of notice).

“Subsidiary.” Any corporation as to which any other corporation has or has the right to acquire, directly or indirectly, through the exercise of all warrants, options and rights and the conversion of all convertible securities, whether issued or granted by the subsidiary or otherwise, voting power over voting shares of the subsidiary that would entitle the holders thereof to cast in excess of 50% of the votes that all shareholders would be entitled to cast in the election of directors of such subsidiary, except that a subsidiary will not be deemed to cease being a subsidiary as long as such corporation remains a controlling person or group within the meaning of this subchapter.

§ 2543. Controlling person or group.

(a) General rule.—For the purpose of this subchapter, a “controlling person or group” means a person who has, or a group of persons acting in concert that has, voting power over voting shares of the registered corporation that would entitle the holders thereof to cast at least 20% of the votes that all shareholders would be entitled to cast in an election of directors of the corporation.

(b) Exceptions generally.—Notwithstanding subsection (a):

(1) A person or group which would otherwise be a controlling person or group within the meaning of this section shall not be deemed a controlling person or group unless, subsequent to the later of March 23, 1988, or the date this subchapter becomes applicable to a corporation by bylaw or article amendment or otherwise, that person or group increases the percentage of outstanding voting shares of the corporation over which it has voting power to in excess of the percentage of outstanding voting shares of the corporation over which that person or group had voting power on such later date, and to at least the amount specified in subsection (a), as the result of forming or enlarging a group or acquiring, by purchase, voting power over voting shares of the corporation.

(2) No person or group shall be deemed to be a controlling person or group at any particular time if voting power over any of the following voting shares is required to be counted at such time in order to meet the 20% minimum:

(i) Shares which have been held continuously by a natural person since January 1, 1983, and which are held by such natural person at such time.

(ii) Shares which are held at such time by any natural person or trust, estate, foundation or other similar entity to the extent the shares were acquired solely by gift, inheritance, bequest, devise or other testamentary distribution or series of these transactions, directly or indirectly, from a natural person who had acquired the shares prior to January 1, 1983.

(iii) Shares which were acquired pursuant to a stock split, stock dividend, reclassification or similar recapitalization with respect to shares described under this paragraph that have been held continuously since their issuance by the corporation by the natural person or entity that acquired them from the corporation or that were acquired, directly or indirectly, from such natural person or entity, solely pursuant to a transaction or series of transactions described in subparagraph (ii), and that are held at such time by a natural person or entity described in subparagraph (ii).

(c) Certain record holders.—A person shall not be a controlling person under subsection (a) if the person holds voting power, in good faith and not for the purpose of circumventing this subchapter, as an agent, bank, broker, nominee or trustee for one or more beneficial owners who do not individually or, if they are a group acting in concert, as a group have the voting power specified in subsection (a), or who are not deemed a controlling person or group under subsection (b).

(d) Existence of voting power.—For the purposes of this subchapter, a person has voting power over a voting share if the person has or shares, directly or indirectly, through any option, contract, arrangement, understanding, conversion right or relationship, or by acting jointly or in concert or otherwise, the power to vote, or to direct the voting of, the voting share.

§ 2544. Right of shareholders to receive payment for shares.

Any holder of voting shares of a registered corporation that becomes the subject of a control transaction who shall object to the transaction shall be entitled to the rights and remedies provided in this subchapter.

§ 2545. Notice to shareholders.

(a) **General rule.**—Prompt notice that a control transaction has occurred shall be given by the controlling person or group to:

(1) Each shareholder of record of the registered corporation holding voting shares.

(2) The court, accompanied by a petition to the court praying that the fair value of the voting shares of the corporation be determined pursuant to section 2547 (relating to valuation procedures) if the court should receive, pursuant to section 2547, certificates from shareholders of the corporation or an equivalent request for transfer of uncertificated securities.

(b) **Obligations of the corporation.**—If the controlling person or group so requests, the corporation shall, at the option of the corporation and at the expense of the person or group, either furnish a list of all such shareholders to the person or group or mail the notice to all such shareholders.

(c) **Contents of notice.**—The notice shall state that:

(1) All shareholders are entitled to demand that they be paid the fair value of their shares.

(2) The minimum value the shareholder can receive under this subchapter is the highest price paid per share by the controlling person or group within the 90-day period ending on and including the date of the control transaction, and stating that value.

(3) If the shareholder believes the fair value of his shares is higher, this subchapter provides an appraisal procedure for determining the fair value of such shares, specifying the name of the court and its address and the caption of the petition referenced in subsection (a)(2), and stating that the information is provided for the possible use by the shareholder in electing to proceed with a court-appointed appraiser under section 2547.

There shall be included in, or enclosed with, the notice a copy of this subchapter.

(d) **Optional procedure.**—The controlling person or group may, at its option, supply with the notice referenced in subsection (c) a form for the shareholder to demand payment of the partial payment amount directly from the controlling person or group without utilizing the court-appointed appraiser procedure of section 2547, requiring the shareholder to state the number and class or series, if any, of the shares owned by him, and stating where the payment demand must be sent and the procedures to be followed.

§ 2546. Shareholder demand for fair value.

(a) **General rule.**—After the occurrence of the control transaction, any holder of voting shares of the registered corporation may, prior to or within a reasonable time after the notice required by section 2545 (relating to notice to shareholders) is given, which time period may be specified in the notice, make written demand on the controlling person or group for payment of the

amount provided in subsection (c) with respect to the voting shares of the corporation held by the shareholder, and the controlling person or group shall be required to pay that amount to the shareholder pursuant to the procedures specified in section 2547 (relating to valuation procedures).

(b) Contents of demand.—The demand of the shareholder shall state the number and class or series, if any, of the shares owned by him with respect to which the demand is made.

(c) Measure of value.—A shareholder making written demand under this section shall be entitled to receive cash for each of his shares in an amount equal to the fair value of each voting share as of the date on which the control transaction occurs, taking into account all relevant factors, including an increment representing a proportion of any value payable for acquisition of control of the corporation.

(d) Purchases independent of subchapter.—The provisions of this subchapter shall not preclude a controlling person or group subject to this subchapter from offering, whether in the notice required by section 2545 or otherwise, to purchase voting shares of the corporation at a price other than that provided in subsection (c), and the provisions of this subchapter shall not preclude any shareholder from agreeing to sell his voting shares at that or any other price to any person.

§ 2547. Valuation procedures.

(a) General rule.—If, within 45 days (or such other time period, if any, as required by applicable law) after the date of the notice required by section 2545 (relating to notice to shareholders), or, if such notice was not provided prior to the date of the written demand by the shareholder under section 2546 (relating to shareholder demand for fair value), then within 45 days (or such other time period, if any, required by applicable law) of the date of such written demand, the controlling person or group and the shareholder are unable to agree on the fair value of the shares or on a binding procedure to determine the fair value of the shares, then each shareholder who is unable to agree on both the fair value and on such a procedure with the controlling person or group and who so desires to obtain the rights and remedies provided in this subchapter shall, no later than 30 days after the expiration of the applicable 45-day or other period, surrender to the court certificates representing any of the shares that are certificated shares, duly endorsed for transfer to the controlling person or group, or cause any uncertificated shares to be transferred to the court as escrow agent under subsection (c) with a notice stating that the certificates or uncertificated shares are being surrendered or transferred, as the case may be, in connection with the petition referenced in section 2545 or, if no petition has theretofore been filed, the shareholder may file a petition within the 30-day period in the court praying that the fair value (as defined in this subchapter) of the shares be determined.

(b) Effect of failure to give notice and surrender certificates.—Any shareholder who does not so give notice and surrender any certificates or cause uncertificated shares to be transferred within such time period shall have no further right to receive, with respect to shares the certificates of

which were not so surrendered or the uncertificated shares which were not so transferred under this section, payment under this subchapter from the controlling person or group with respect to the control transaction giving rise to the rights of the shareholder under this subchapter.

(c) *Escrow and notice.*—The court shall hold the certificates surrendered and the uncertificated shares transferred to it in escrow for, and shall promptly, following the expiration of the time period during which the certificates may be surrendered and the uncertificated shares transferred, provide a notice to the controlling person or group of the number of shares so surrendered or transferred.

(d) *Partial payment for shares.*—The controlling person or group shall then make a partial payment for the shares so surrendered or transferred to the court, within ten business days of receipt of the notice from the court, at a per-share price equal to the partial payment amount. The court shall then make payment as soon as practicable, but in any event within ten business days, to the shareholders who so surrender or transfer their shares to the court of the appropriate per-share amount received from the controlling person or group.

(e) *Appointment of appraiser.*—Upon receipt of any share certificate surrendered or uncertificated share transferred under this section, the court shall, as soon as practicable but in any event within 30 days, appoint an appraiser with experience in appraising share values of companies of like nature to the registered corporation to determine the fair value of the shares.

(f) *Appraisal procedure.*—The appraiser so appointed by the court shall, as soon as reasonably practicable, determine the fair value of the shares subject to its appraisal and the appropriate market rate of interest on the amount then owed by the controlling person or group to the holders of the shares. The determination of any appraiser so appointed by the court shall be final and binding on both the controlling person or group and all shareholders who so surrendered their share certificates or transferred their shares to the court, except that the determination of the appraiser shall be subject to review to the extent and within the time provided or prescribed by law in the case of other appointed judicial officers. See 42 Pa.C.S. §§ 5105(a)(3) (relating to right to appellate review) and 5571(b) (relating to appeals generally).

(g) *Supplemental payment.*—Any amount owed, together with interest, as determined pursuant to the appraisal procedures of this section shall be payable by the controlling person or group after it is so determined and upon and concurrently with the delivery or transfer to the controlling person or group by the court (which shall make delivery of the certificate or certificates surrendered or the uncertificated shares transferred to it to the controlling person or group as soon as practicable but in any event within ten business days after the final determination of the amount owed) of the certificate or certificates representing shares surrendered or the uncertificated shares transferred to the court, and the court shall then make payment, as soon as practicable but in any event within ten business days after receipt of payment from the controlling person or group, to the shareholders who so surrendered or transferred their shares to the court of the appropriate per-share amount received from the controlling person or group.

(h) Voting and dividend rights during appraisal proceedings.—Shareholders who surrender their shares to the court pursuant to this section shall retain the right to vote their shares and receive dividends or other distributions thereon until the court receives payment in full for each of the shares so surrendered or transferred of the partial payment amount (and, thereafter, the controlling person or group shall be entitled to vote such shares and receive dividends or other distributions thereon). The fair value (as determined by the appraiser) of any dividends or other distributions so received by the shareholders shall be subtracted from any amount owing to such shareholders under this section.

(i) Powers of the court.—The court may appoint such agents, including the transfer agent of the corporation, or any other institution, to hold the share certificates so surrendered and the shares surrendered or transferred under this section, to effect any necessary change in record ownership of the shares after the payment by the controlling person or group to the court of the amount specified in subsection (h), to receive and disburse dividends or other distributions, to provide notices to shareholders and to take such other actions as the court determines are appropriate to effect the purposes of this subchapter.

(j) Costs and expenses.—The costs and expenses of any appraiser or other agents appointed by the court shall be assessed against the controlling person or group. The costs and expenses of any other procedure to determine fair value shall be paid as agreed to by the parties agreeing to the procedure.

(k) Jurisdiction exclusive.—The jurisdiction of the court under this subchapter is plenary and exclusive and the controlling person or group, and all shareholders who so surrendered or transferred their shares to the court shall be made a party to the proceeding as in an action against their shares.

(l) Duty of corporation.—The corporation shall comply with requests for information, which may be submitted pursuant to procedures maintaining the confidentiality of the information, made by the court or the appraiser selected by the court. If any of the shares of the corporation are not represented by certificates, the transfer, escrow or retransfer of those shares contemplated by this section shall be registered by the corporation, which shall give the written notice required by section 1528(f) (relating to uncertificated shares) to the transferring shareholder, the court and the controlling shareholder or group, as appropriate in the circumstances.

(m) Payment under optional procedure.—Any amount agreed upon between the parties or determined pursuant to the procedure agreed upon between the parties shall be payable by the controlling person or group after it is agreed upon or determined and upon and concurrently with the delivery of any certificate or certificates representing such shares or the transfer of any uncertificated shares to the controlling person or group by the shareholder.

(n) Title to shares.—Upon full payment by the controlling person or group of the amount owed to the shareholder or to the court, as appropriate, the shareholder shall cease to have any interest in the shares.

§ 2548. Coordination with control transaction.

(a) General rule.—A person or group that proposes to engage in a control transaction may comply with the requirements of this subchapter in connection with the control transaction, and the effectiveness of the rights afforded in this subchapter to shareholders may be conditioned upon the consummation of the control transaction.

(b) Notice.—The person or group shall give prompt written notice of the satisfaction of any such condition to each shareholder who has made demand as provided in this subchapter.

SUBCHAPTER F
BUSINESS COMBINATIONS

Sec.

2551. Application and effect of subchapter.

2552. Definitions.

2553. Interested shareholder.

2554. Business combination.

2555. Requirements relating to certain business combinations.

2556. Certain minimum conditions.

§ 2551. Application and effect of subchapter.

(a) General rule.—Except as otherwise provided in this section, this subchapter shall apply to every registered corporation.

(b) Exceptions.—The provisions of this subchapter shall not apply to any business combination:

(1) Of a registered corporation described in section 2502(1)(ii) or (2) (relating to registered corporation status).

(2) Of a corporation whose articles have been amended to provide that the corporation shall be subject to the provisions of this subchapter, which was not a registered corporation described in section 2502(1)(i) on the effective date of such amendment, and which is a business combination with an interested shareholder whose share acquisition date is prior to the effective date of such amendment.

(3) Of a corporation:

(i) the bylaws of which, by amendment adopted by June 21, 1988, and not subsequently rescinded either by an article amendment or by a bylaw amendment approved by at least 85% of the whole board of directors, explicitly provide that this subchapter shall not be applicable to the corporation; or

(ii) the articles of which explicitly provide that this subchapter shall not be applicable to the corporation by a provision included in the original articles, or by an article amendment adopted pursuant to both:

(A) the procedures then applicable to the corporation; and

(B) the affirmative vote of the holders, other than interested shareholders and their affiliates and associates, of shares entitling the holders to cast a majority of the votes that all shareholders would be entitled to cast in an election of directors of the corporation, exclud-

ing the voting shares of interested shareholders and their affiliates and associates, expressly electing not to be governed by this subchapter.

The amendment to the articles shall not be effective until 18 months after the vote of the shareholders of the corporation and shall not apply to any business combination of the corporation with an interested shareholder whose share acquisition date is on or prior to the effective date of the amendment.

(4) Of a corporation with an interested shareholder of the corporation which became an interested shareholder inadvertently, if the interested shareholder:

(i) as soon as practicable, divests itself of a sufficient amount of the voting shares of the corporation so that it no longer is the beneficial owner, directly or indirectly, of shares entitling the person to cast at least 20% of the votes that all shareholders would be entitled to cast in an election of directors of the corporation; and

(ii) would not at any time within the five-year period preceding the announcement date with respect to the business combination have been an interested shareholder but for such inadvertent acquisition.

(5) With an interested shareholder who was the beneficial owner, directly or indirectly, of shares entitling the person to cast at least 15% of the votes that all shareholders would be entitled to cast in an election of directors of the corporation on March 23, 1988, and remains so to the share acquisition date of the interested shareholder.

(6) Of a corporation that on March 23, 1988, was a subsidiary of any other corporation. A corporation that was a subsidiary on such date will not be deemed to cease being a subsidiary as long as the other corporation remains a controlling person or group of the subsidiary within the meaning of Subchapter E (relating to control transactions).

A reference in the articles or bylaws to former section 911 (relating to requirements relating to certain business combinations) of the act of May 5, 1933 (P.L.364, No.106), known as the Business Corporation Law of 1933, shall be deemed a reference to this subchapter for the purposes of this section. See section 101(c) (relating to references to prior statutes).

(c) Rights cumulative.—The rights and remedies provided in this subchapter shall be in addition to, and not in lieu of, any other rights or remedies provided by this subpart, the articles or bylaws of the corporation, any securities, option rights or obligations of the corporation or otherwise.

(d) Continuing applicability.—A registered corporation that is organized under the laws of this Commonwealth shall not cease to be subject to this subchapter by reason of events occurring or actions taken while the corporation is subject to the provisions of this subchapter. See section 4146 (relating to provisions applicable to all foreign corporations).

§ 2552. Definitions.

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

“Affiliate.” A person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified person.

“Announcement date.” When used in reference to any business combination, the date of the first public announcement of the final, definitive proposal for such business combination.

“Associate.” When used to indicate a relationship with any person:

(1) any corporation or organization of which such person is an officer, director or partner or is, directly or indirectly, the beneficial owner of shares entitling that person to cast at least 10% of the votes that all shareholders would be entitled to cast in an election of directors of the corporation or organization;

(2) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and

(3) any relative or spouse of such person, or any relative of the spouse, who has the same home as such person.

“Beneficial owner.” When used with respect to any shares, a person:

(1) that, individually or with or through any of its affiliates or associates, beneficially owns such shares, directly or indirectly;

(2) that, individually or with or through any of its affiliates or associates, has:

(i) the right to acquire such shares (whether the right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding (whether or not in writing), or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, except that a person shall not be deemed the beneficial owner of shares tendered pursuant to a tender or exchange offer made by such person or the affiliates or associates of any such person until the tendered shares are accepted for purchase or exchange; or

(ii) the right to vote such shares pursuant to any agreement, arrangement or understanding (whether or not in writing), except that a person shall not be deemed the beneficial owner of any shares under this subparagraph if the agreement, arrangement or understanding to vote such shares:

(A) arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made in accordance with the applicable rules and regulations under the Exchange Act; and

(B) is not then reportable on a Schedule 13D under the Exchange Act, (or any comparable or successor report); or

(3) that has any agreement, arrangement or understanding (whether or not in writing), for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in paragraph (2)(ii)), or disposing of such shares with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such shares.

“Business combination.” A business combination as defined in section 2554 (relating to business combination).

“Common shares.” Any shares other than preferred shares.

“Consummation date.” With respect to any business combination, the date of consummation of the business combination, or, in the case of a business combination as to which a shareholder vote is taken, the later of the business day prior to the vote or 20 days prior to the date of consummation of such business combination.

“Control,” “controlling,” “controlled by” or “under common control with.” The possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract, or otherwise. A person’s beneficial ownership of shares entitling that person to cast at least 10% of the votes that all shareholders would be entitled to cast in an election of directors of the corporation shall create a presumption that such person has control of the corporation. Notwithstanding the foregoing, a person shall not be deemed to have control of a corporation if such person holds voting shares, in good faith and not for the purpose of circumventing this subchapter, as an agent, bank, broker, nominee, custodian or trustee for one or more beneficial owners who do not individually or as a group have control of the corporation.

“Exchange Act.” The Securities Exchange Act of 1934 (48 Stat. 881, 15 U.S.C. § 78a et seq.), as amended.

“Interested shareholder.” An interested shareholder as defined in section 2553 (relating to interested shareholder).

“Market value.” When used in reference to shares or property of any corporation:

(1) In the case of shares, the highest closing sale price during the 30-day period immediately preceding the date in question of the share on the composite tape for New York Stock Exchange-listed shares, or, if the shares are not quoted on the composite tape or if the shares are not listed on the exchange, on the principal United States securities exchange registered under the Exchange Act, on which such shares are listed, or, if the shares are not listed on any such exchange, the highest closing bid quotation with respect to the share during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc., Automated Quotations System or any system then in use, or if no quotations are available, the fair market value on the date in question of the share as determined by the board of directors of the corporation in good faith.

(2) In the case of property other than cash or shares, the fair market value of the property on the date in question as determined by the board of directors of the corporation in good faith.

“Preferred shares.” Any class or series of shares of a corporation which, under the bylaws or articles of the corporation, is entitled to receive payment of dividends prior to any payment of dividends on some other class or series of shares, or is entitled in the event of any voluntary liquidation, dissolution or winding up of the corporation to receive payment or distribution of a

preferential amount before any payments or distributions are received by some other class or series of shares.

“Share acquisition date.” With respect to any person and any registered corporation, the date that such person first becomes an interested shareholder of such corporation.

“Shares.”

(1) Any shares or similar security, any certificate of interest, any participation in any profit-sharing agreement, any voting trust certificate, or any certificate of deposit for shares.

(2) Any security convertible, with or without consideration, into shares, or any option right, conversion right or privilege of buying shares without being bound to do so, or any other security carrying any right to acquire, subscribe to or purchase shares.

“Subsidiary.” Any corporation as to which any other corporation is the beneficial owner, directly or indirectly, of shares of the first corporation that would entitle the other corporation to cast in excess of 50% of the votes that all shareholders would be entitled to cast in the election of directors of the first corporation.

“Voting shares.” Shares of a corporation entitled to vote generally in the election of directors.

§ 2553. Interested shareholder.

(a) General rule.—The term “interested shareholder,” when used in reference to any registered corporation, means any person (other than the corporation or any subsidiary of the corporation) that:

(1) is the beneficial owner, directly or indirectly, of shares entitling that person to cast at least 20% of the votes that all shareholders would be entitled to cast in an election of directors of the corporation; or

(2) is an affiliate or associate of such corporation and at any time within the five-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of shares entitling that person to cast at least 20% of the votes that all shareholders would be entitled to cast in an election of directors of the corporation.

(b) Exception.—For the purpose of determining whether a person is an interested shareholder:

(1) the number of votes that would be entitled to be cast in an election of directors of the corporation shall be calculated by including shares deemed to be beneficially owned by the person through application of the definition of “beneficial owner” in section 2552 (relating to definitions), but excluding any other unissued shares of such corporation which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion or option rights, or otherwise; and

(2) there shall be excluded from the beneficial ownership of the interested shareholder any:

(i) shares which have been held continuously by a natural person since January 1, 1983, and which are then held by that natural person;

(ii) shares which are then held by any natural person or trust, estate, foundation or other similar entity to the extent such shares were

acquired solely by gift, inheritance, bequest, devise or other testamentary distribution or series of those transactions, directly or indirectly, from a natural person who had acquired such shares prior to January 1, 1983; or

(iii) shares which were acquired pursuant to a stock split, stock dividend, reclassification or similar recapitalization with respect to shares described under this paragraph that have been held continuously since their issuance by the corporation by the natural person or entity that acquired them from the corporation, or that were acquired, directly or indirectly, from the natural person or entity, solely pursuant to a transaction or series of transactions described in subparagraph (ii), and that are then held by a natural person or entity described in subparagraph (ii).

§ 2554. Business combination.

The term "business combination," when used in reference to any registered corporation and any interested shareholder of the corporation, means any of the following:

(1) A merger or consolidation of the corporation or any subsidiary of the corporation with:

- (i) the interested shareholder; or
- (ii) any other corporation (whether or not itself an interested shareholder of the registered corporation) which is, or after the merger or consolidation would be, an affiliate or associate of the interested shareholder.

(2) A sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with the interested shareholder or any affiliate or associate of such interested shareholder of assets of the corporation or any subsidiary of the corporation:

- (i) having an aggregate market value equal to 10% or more of the aggregate market value of all the assets, determined on a consolidated basis, of such corporation;
- (ii) having an aggregate market value equal to 10% or more of the aggregate market value of all the outstanding shares of such corporation; or
- (iii) representing 10% or more of the earning power or net income, determined on a consolidated basis, of such corporation.

(3) The issuance or transfer by the corporation or any subsidiary of the corporation (in one transaction or a series of transactions) of any shares of such corporation or any subsidiary of such corporation which has an aggregate market value equal to 5% or more of the aggregate market value of all the outstanding shares of the corporation to the interested shareholder or any affiliate or associate of such interested shareholder except pursuant to the exercise of option rights to purchase shares, or pursuant to the conversion of securities having conversion rights, offered, or a dividend or distribution paid or made, pro rata to all shareholders of the corporation.

(4) The adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by, or pursuant to any agreement, arrangement or understanding (whether or not in writing) with, the interested shareholder or any affiliate or associate of such interested shareholder.

(5) A reclassification of securities (including, without limitation, any split of shares, dividend of shares, or other distribution of shares in respect of shares, or any reverse split of shares), or recapitalization of the corporation, or any merger or consolidation of the corporation with any subsidiary of the corporation, or any other transaction (whether or not with or into or otherwise involving the interested shareholder), proposed by, or pursuant to any agreement, arrangement or understanding (whether or not in writing) with, the interested shareholder or any affiliate or associate of the interested shareholder, which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class or series of voting shares or securities convertible into voting shares of the corporation or any subsidiary of the corporation which is, directly or indirectly, owned by the interested shareholder or any affiliate or associate of the interested shareholder, except as a result of immaterial changes due to fractional share adjustments.

(6) The receipt by the interested shareholder or any affiliate or associate of the interested shareholder of the benefit, directly or indirectly (except proportionately as a shareholder of such corporation), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by or through the corporation.

§ 2555. Requirements relating to certain business combinations.

Notwithstanding anything to the contrary contained in this subpart (except the provisions of section 2551 (relating to application and effect of subchapter)), a registered corporation shall not engage at any time in any business combination with any interested shareholder of the corporation other than:

(1) A business combination approved by the board of directors of the corporation prior to the interested shareholder's share acquisition date, or where the purchase of shares made by the interested shareholder on the interested shareholder's share acquisition date had been approved by the board of directors of the corporation prior to the interested shareholder's share acquisition date.

(2) A business combination approved:

(i) by the affirmative vote of the holders of shares entitling such holders to cast a majority of the votes that all shareholders would be entitled to cast in an election of directors of the corporation, not including any voting shares beneficially owned by the interested shareholder or any affiliate or associate of such interested shareholder, at a meeting called for such purpose no earlier than three months after the interested shareholder became, and if at the time of the meeting the interested shareholder is, the beneficial owner, directly or indirectly, of shares entitling the interested shareholder to cast at least 80% of the votes that

all shareholders would be entitled to cast in an election of directors of the corporation, and if the business combination satisfies all the conditions of section 2556 (relating to certain minimum conditions); or

(ii) by the affirmative vote of all of the holders of all of the outstanding common shares.

(3) A business combination approved by the affirmative vote of the holders of shares entitling such holders to cast a majority of the votes that all shareholders would be entitled to cast in an election of directors of the corporation, not including any voting shares beneficially owned by the interested shareholder or any affiliate or associate of the interested shareholder, at a meeting called for such purpose no earlier than five years after the interested shareholder's share acquisition date.

(4) A business combination approved at a shareholders' meeting called for such purpose no earlier than five years after the interested shareholder's share acquisition date that meets all of the conditions of section 2556.

§ 2556. Certain minimum conditions.

A business combination conforming to section 2555(2)(i) or (4) (relating to requirements relating to certain business combinations) shall meet all of the following conditions:

(1) The aggregate amount of the cash and the market value as of the consummation date of consideration other than cash to be received per share by holders of outstanding common shares of such registered corporation in the business combination is at least equal to the higher of the following:

(i) The highest per share price paid by the interested shareholder at a time when the shareholder was the beneficial owner, directly or indirectly, of shares entitling that person to cast at least 5% of the votes that all shareholders would be entitled to cast in an election of directors of the corporation, for any common shares of the same class or series acquired by it:

(A) within the five-year period immediately prior to the announcement date with respect to such business combination; or

(B) within the five-year period immediately prior to, or in, the transaction in which the interested shareholder became an interested shareholder;

whichever is higher; plus, in either case, interest compounded annually from the earliest date on which the highest per-share acquisition price was paid through the consummation date at the rate for one year United States Treasury obligations from time to time in effect; less the aggregate amount of any cash dividends paid, and the market value of any dividends paid other than in cash, per common share since such earliest date, up to the amount of the interest.

(ii) The market value per common share on the announcement date with respect to the business combination or on the interested shareholder's share acquisition date, whichever is higher; plus interest compounded annually from such date through the consummation date at

the rate for one-year United States Treasury obligations from time to time in effect; less the aggregate amount of any cash dividends paid, and the market value of any dividends paid other than in cash, per common share since such date, up to the amount of the interest.

(2) The aggregate amount of the cash and the market value as of the consummation date of consideration other than cash to be received per share by holders of outstanding shares of any class or series of shares, other than common shares, of the corporation is at least equal to the highest of the following (whether or not the interested shareholder has previously acquired any shares of such class or series of shares):

(i) The highest per-share price paid by the interested shareholder at a time when the shareholder was the beneficial owner, directly or indirectly, of shares entitling that person to cast at least 5% of the votes that all shareholders would be entitled to cast in an election of directors of such corporation, for any shares of such class or series of shares acquired by it:

(A) within the five-year period immediately prior to the announcement date with respect to the business combination; or

(B) within the five-year period immediately prior to, or in, the transaction in which the interested shareholder became an interested shareholder;

whichever is higher; plus, in either case, interest compounded annually from the earliest date on which the highest per-share acquisition price was paid through the consummation date at the rate for one-year United States Treasury obligations from time to time in effect; less the aggregate amount of any cash dividends paid, and the market value of any dividends paid other than in cash, per share of such class or series of shares since such earliest date, up to the amount of the interest.

(ii) The highest preferential amount per share to which the holders of shares of such class or series of shares are entitled in the event of any voluntary liquidation, dissolution or winding up of the corporation, plus the aggregate amount of any dividends declared or due as to which such holders are entitled prior to payment of dividends on some other class or series of shares (unless the aggregate amount of the dividends is included in such preferential amount).

(iii) The market value per share of such class or series of shares on the announcement date with respect to the business combination or on the interested shareholder's share acquisition date, whichever is higher; plus interest compounded annually from such date through the consummation date at the rate for one-year United States Treasury obligations from time to time in effect; less the aggregate amount of any cash dividends paid and the market value of any dividends paid other than in cash, per share of such class or series of shares since such date, up to the amount of the interest.

(3) The consideration to be received by holders of a particular class or series of outstanding shares (including common shares) of the corporation in the business combination is in cash or in the same form as the interested

shareholder has used to acquire the largest number of shares of such class or series of shares previously acquired by it, and the consideration shall be distributed promptly.

(4) The holders of all outstanding shares of the corporation not beneficially owned by the interested shareholder immediately prior to the consummation of the business combination are entitled to receive in the business combination cash or other consideration for such shares in compliance with paragraphs (1), (2) and (3).

(5) After the interested shareholder's share acquisition date and prior to the consummation date with respect to the business combination, the interested shareholder has not become the beneficial owner of any additional voting shares of such corporation except:

(i) as part of the transaction which resulted in such interested shareholder becoming an interested shareholder;

(ii) by virtue of proportionate splits of shares, share dividends or other distributions of shares in respect of shares not constituting a business combination as defined in this subchapter;

(iii) through a business combination meeting all of the conditions of section 2555(1), (2), (3) or (4);

(iv) through purchase by the interested shareholder at any price which, if the price had been paid in an otherwise permissible business combination the announcement date and consummation date of which were the date of such purchase, would have satisfied the requirements of paragraphs (1), (2) and (3); or

(v) through purchase required by and pursuant to the provisions of, and at no less than the fair value (including interest to the date of payment) as determined by a court-appointed appraiser under section 2547 (relating to valuation procedures) or, if such fair value was not then so determined, then at a price that would satisfy the conditions in subparagraph (iv).

CHAPTER 27
MANAGEMENT CORPORATIONS

Subchapter

- A. Preliminary Provisions
- B. Powers, Duties and Safeguards
- C. Directors and Shareholders

SUBCHAPTER A
PRELIMINARY PROVISIONS

Sec.

- 2701. Application and effect of chapter.
- 2702. Election of an existing business corporation to become a management corporation.
- 2703. Date and duration of election.
- 2704. Dissenters rights upon election.

§ 2701. Application and effect of chapter.

(a) General rule.—This chapter shall be applicable to a business corporation, other than a closely held corporation or a professional corporation, that elects to become a management corporation in the manner provided by this chapter, if the corporation is a management company registered under the Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. § 80a-1 et seq.).

(b) Laws applicable to management corporations.—Except as otherwise provided in this chapter, this subpart shall be generally applicable to all management corporations. The specific provisions of this chapter shall control over the general provisions of this subpart. Except as otherwise provided in this article, a management corporation may be simultaneously subject to this chapter and one or more other chapters of this article. The bylaws of a management corporation may provide either expressly or by necessary implication that any one or more of the provisions of this chapter, except this subchapter, shall not be applicable, in whole or in part, to the corporation.

(c) Formation of management corporations.—A management corporation shall be formed in accordance with Article B (relating to domestic business corporations generally) except that its articles shall contain a heading stating the name of the corporation and that it is a management corporation.

§ 2702. Election of an existing business corporation to become a management corporation.

(a) General rule.—A business corporation may become a management corporation under this chapter by filing articles of amendment which shall contain in addition to the requirements of section 1915 (relating to articles of amendment):

(1) A heading stating the name of the corporation and that it is a management corporation.

(2) A statement that it elects to become a management corporation.

(b) Procedure.—An election to become subject to this chapter shall be proposed by a resolution adopted by the board of directors and shall be adopted in accordance with the requirements of Subchapter B of Chapter 19 (relating to amendment of articles).

(c) Cross reference.—See section 134 (relating to docketing statement).

§ 2703. Date and duration of election.

(a) Date of election.—If an effective date is not stated in the articles of amendment, this chapter shall become applicable to the management corporation on the date the articles of amendment are filed in the Department of State.

(b) Duration of election.—A management corporation shall be subject to this chapter for three years after its date of incorporation or the effective date of its most recent articles of amendment filed under section 2702 (relating to election of an existing business corporation to become a management corporation). An election to be subject to this chapter may be renewed by complying with the provisions of section 2702 in the same manner as an initial election.

§ 2704. Dissenters rights upon election.

If any shareholder of a management corporation that adopts or renews an election under this chapter to become or continue as a management corporation objects to that action and complies with the provisions of Subchapter D of Chapter 15 (relating to dissenters rights), the dissenting shareholder shall be entitled to the rights and remedies of dissenting shareholders therein provided, unless, as to any class or series of shares, the corporation in the ordinary course of business redeems such shares at the option of a shareholder at net asset value or at another agreed method or amount of value.

SUBCHAPTER B
POWERS, DUTIES AND SAFEGUARDS

Sec.

2711. Bylaw and fundamental change procedures.

2712. Changes in authorized shares.

§ 2711. Bylaw and fundamental change procedures.

Except as otherwise provided in the express terms of any class or series of any preferred or preference shares, so long as a business corporation is a management corporation subject to this chapter:

(1) The board of directors shall have the full authority vested by this subpart in the shareholders to amend the articles under section 2703(b) (relating to duration of election) and to adopt or change the bylaws, and a bylaw adopted by the board of directors pursuant to this section may continue in effect as long as the corporation remains subject to this chapter.

(2) A plan or amendment shall not be adopted under Chapter 19 (relating to fundamental changes), and a bylaw shall not be adopted or changed by the shareholders, without the approval of the board of directors.

§ 2712. Changes in authorized shares.

(a) General rule.—An amendment of the articles of a management corporation shall not require the approval of the shareholders of the corporation if it increases or decreases (to a number not less than that then outstanding) the number of authorized shares of the corporation, or of any class of the corporation.

(b) Procedure.—The articles of amendment shall set forth in addition to the requirements of section 1915 (relating to articles of amendment):

(1) The aggregate number of shares that the corporation shall have authority to issue, or the designations of the classes of shares of the corporation and the maximum number of shares of each class that may be issued.

(2) A statement of the voting rights, designations, preferences, limitations and special rights in respect of the shares of any class or any series of any class, to the extent that they have been determined.

(3) A statement of any authority vested in the board of directors to divide the authorized and unissued shares into classes or series, or both, and to determine for any such class or series its voting rights, designations, preferences, limitations and special rights.

SUBCHAPTER C
DIRECTORS AND SHAREHOLDERS

Sec.

2721. Selection and removal of directors.

2722. Shareholder meetings unnecessary.

§ 2721. Selection and removal of directors.

The bylaws of a management corporation may specify the manner in which and the persons by whom the directors of the corporation shall be selected and may be removed. Unless otherwise provided in the bylaws, the directors of a management corporation shall be selected and may be removed by the board of directors. An incidental reference to the election of directors by common or other junior shares contained in the express terms of any class or series of any preferred or preference shares defining the contingent or other voting rights of the preferred or preference shares shall not constitute for the purposes of this section a provision of the articles providing for the election of directors by the common or other junior shares.

§ 2722. Shareholder meetings unnecessary.

Annual or other regular meetings of the shareholders of a management corporation need not be held.

CHAPTER 29
PROFESSIONAL CORPORATIONS

Subchapter

A. Preliminary Provisions

B. Powers, Duties and Safeguards

SUBCHAPTER A
PRELIMINARY PROVISIONS

Sec.

2901. Application and effect of chapter.

2902. Definitions.

2903. Formation of professional corporations.

2904. Election of an existing business corporation to become a professional corporation.

2905. Election of professional associations to become professional corporations.

2906. Termination of professional corporation status.

2907. Proceedings to terminate breach of qualifying conditions.

§ 2901. Application and effect of chapter.

(a) General rule.—This chapter shall be applicable to a business corporation, other than a management corporation, that:

(1) on the effective date of this chapter was subject to the act of July 9, 1970 (P.L.461, No.160), known as the Professional Corporation Law; or

(2) elects to become a professional corporation in the manner provided by this chapter.

(b) Application to business corporations generally.—The existence of a provision of this chapter shall not of itself create any implication that a contrary or different rule of law is or would be applicable to a business corporation that is not a professional corporation, and this chapter shall not affect any statute or rule of law that is or would be applicable to a business corporation that is not a professional corporation. This chapter shall not alter or affect any right or privilege existing under any statute or general rule heretofore or hereafter enacted by the General Assembly or (with respect to attorneys at law) prescribed by the Supreme Court of Pennsylvania:

- (1) not prohibiting; or
- (2) in terms permitting;

performance of professional services in corporate form by a corporation that is not a professional corporation.

(c) Laws applicable to professional corporations.—Except as otherwise provided in this chapter, this subpart shall be generally applicable to all professional corporations. The specific provisions of this chapter shall control over the general provisions of this subpart. Except as otherwise provided in this article, a professional corporation may be simultaneously subject to this chapter and one or more other chapters of this article.

§ 2902. Definitions.

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

“Disqualified person.” A licensed person who for any reason is or becomes legally disqualified (temporarily or permanently) to render the same professional services that the particular professional corporation of which he is an officer, director, shareholder or employee is or was rendering.

“Licensed person.” Any natural person who is duly licensed or admitted to practice his profession by a court, department, board, commission or other agency to render a professional service that is or will be rendered by the professional corporation of which he is, or intends to become, an officer, director, shareholder, employee or agent.

“Profession.” Includes the performance of any type of personal service to the public that requires as a condition precedent to the performance of the service the obtaining of a license or admission to practice or other legal authorization, including all personal services that prior to the enactment of the act of July 9, 1970 (P.L.461, No.160), known as the Professional Corporation Law, could not lawfully be rendered by means of a corporation. By way of example, and without limiting the generality of the foregoing, the term includes for the purposes of this chapter personal services rendered as an architect, chiropractor, dentist, funeral director, osteopath, podiatrist, physician, professional engineer, veterinarian, certified public accountant or surgeon and, except as otherwise prescribed by general rules, an attorney at law. The definition specified in this paragraph shall be applicable to this chapter only and shall not affect the interpretation of any other statute or any local zoning ordinance or other official document heretofore or hereafter enacted or promulgated.

“Professional services.” Any type of services that may be rendered by the member of any profession within the purview of his profession.

§ 2903. Formation of professional corporations.

(a) General rule.—A professional corporation shall be formed in accordance with Article B (relating to domestic business corporations generally) except that its articles shall contain a heading stating the name of the corporation and that it is a professional corporation.

(b) Legislative intent.—It is the intent of the General Assembly to authorize by this chapter licensed persons to render professional services by means of a professional corporation in all cases.

(c) Single-purpose corporations.—Except as provided in subsection (d), a professional corporation may be incorporated only for the purpose of rendering one specific kind of professional service.

(d) Multiple-purpose corporations.—

(1) A professional corporation may be incorporated to render two or more specific kinds of professional services to the extent that:

(i) the several shareholders of the professional corporation, if organized as a partnership, could conduct a combined practice of such specific kinds of professional services; or

(ii) the court, department, board, commission or other government unit regulating each profession involved in the professional corporation has by rule or regulation applicable to professional corporations expressly authorized the combined practice of the profession with each other profession involved in the corporation.

Except as otherwise provided by statute, the government unit may promulgate regulations authorizing combined practice to the extent consistent with the public interest or required by the public health or welfare.

(2) The provisions of paragraph (1) shall not create any vested rights. If by reason of a change in law, rule or regulation the right to practice professions in any particular combination is terminated, all existing professional corporations rendering a combination of professional services shall promptly reduce the specific kinds of professional services rendered by the corporations or shall otherwise reconstitute themselves so as to comply with the currently applicable restrictions applicable to all professions involved.

§ 2904. Election of an existing business corporation to become a professional corporation.

(a) General rule.—A business corporation may become a professional corporation under this chapter by filing articles of amendment which shall contain, in addition to the requirements of section 1915 (relating to articles of amendment):

(1) A heading stating the name of the corporation and that it is a professional corporation.

(2) A statement that it elects to become a professional corporation.

(3) Such other changes, if any, that may be desired in the articles, including any changes necessary to conform to section 2903(c) and (d) (relating to formation of professional corporations).

(b) Procedure.—The amendment shall be adopted in accordance with the requirements of Subchapter B of Chapter 19 (relating to amendment of articles) except that the amendment must be approved by the unanimous consent of all shareholders of the corporation regardless of any limitations on voting rights stated in the articles or bylaws.

§ 2905. Election of professional associations to become professional corporations.

(a) General rule.—This chapter applies to every professional association subject to Chapter 93 (relating to professional associations) that elects to accept the provisions of this chapter in the manner set forth in subsection (b).

(b) Procedure for election.—A professional association may elect to accept this chapter by filing in the Department of State a statement of election of professional corporation status which shall be executed by all of the associates of the professional association and shall set forth:

(1) The name of the professional association and, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its proposed registered office.

(2) The name of the county in the office of the prothonotary of which the initial articles of association of the association were filed.

(3) A statement that the associates of the professional association have elected to accept the provisions of this chapter for the government and regulation of the affairs of the association.

See section 134 (relating to docketing statement).

(c) Date of incorporation.—This chapter shall become applicable to the professional association, and it shall be deemed incorporated, on the date the statement of election is filed in the department.

§ 2906. Termination of professional corporation status.

A professional corporation may terminate its status as such and cease to be subject to this chapter by amending its articles to delete therefrom the additional provisions required by section 2903(a) (relating to formation of professional corporations). The amendment shall be adopted in accordance with Subchapter B of Chapter 19 (relating to amendment of articles).

§ 2907. Proceedings to terminate breach of qualifying conditions.

(a) General rule.—If the corporation does not otherwise have the right to acquire all the shares of a shareholder who becomes a disqualified person or of a deceased shareholder, the corporation shall nevertheless have an option to acquire the shares, subject to the provisions of subsection (c), at a price that is agreed upon by the parties or, if no agreement is reached, at their fair value as determined under Subchapter D of Chapter 15 (relating to dissenters rights).

(b) Dissolution of corporation.—If the corporation or a licensed person fails to acquire, or if the corporation fails to commence proceedings under subsection (a) to acquire, all of the shares of a shareholder who becomes a disqualified person or of a deceased shareholder within 90 days following the date of disqualification or within 13 months following the date of death of the shareholder, as the case may be, then that failure shall constitute a

ground for the forfeiture of the charter of the corporation and its dissolution. When the failure of a professional corporation to comply with this section is brought to the attention of the court, department, board, commission or other government unit regulating the profession in which the corporation is engaged, the government unit shall certify that fact to the Attorney General for institution of proceedings under section 503 (relating to actions to revoke corporate franchises) to dissolve the corporation.

(c) Nominal consideration transactions.—If section 1551 (relating to distributions to shareholders) would otherwise prohibit an acquisition of shares under this section, a professional corporation shall have the right to purchase its own shares for a nominal consideration.

SUBCHAPTER B POWERS, DUTIES AND SAFEGUARDS

Sec.

2921. Corporate name.

2922. Stated purposes.

2923. Issuance and retention of shares.

2924. Rendering professional services.

2925. Professional relationship retained.

§ 2921. Corporate name.

(a) General rule.—A professional corporation may adopt any name that is not prohibited by law or the ethics of the profession in which the corporation is engaged or by a rule or regulation of the court, department, board, commission or other government unit regulating the profession.

(b) Additional names permitted.—The provisions of the first sentence of section 1303(a) (relating to corporate name) shall not prohibit the use of a name of a professional corporation if the name contains and is restricted to the name or the last name of one or more of the present, prospective or former shareholders or of individuals who were associated with a predecessor or whose individual name or names appeared in the name of the predecessor. The name may also contain:

- (1) the word “and” or any symbol or substitute therefor;
- (2) the word “associates”;
- (3) the term “P.C.”; or
- (4) any or all of the words or terms in paragraphs (1), (2) and (3).

§ 2922. Stated purposes.

(a) General rule.—A professional corporation shall not engage in any business other than the rendering of the professional service or services for which it was specifically incorporated except that a professional corporation may own real and personal property necessary for, or appropriate or desirable in, the fulfillment or rendering of its specific professional service or services and it may invest its funds in real estate, mortgages, stocks, bonds or any other type of investment.

(b) Additional powers.—A professional corporation may be a partner in or a shareholder of a partnership or corporation engaged in the business of

rendering the professional service or services for which the professional corporation was incorporated.

§ 2923. Issuance and retention of shares.

(a) General rule.—Shares in a professional corporation may be owned, directly or indirectly, only by one or more licensed persons and any shares issued in violation of this restriction shall be void. A shareholder of a professional corporation shall not enter into a voting trust, proxy or any other arrangement vesting another person (other than another licensed person who is a direct or indirect shareholder of the same corporation) with the authority to exercise the voting power of any or all of his shares, and any such purported voting trust, proxy or other arrangement shall be void.

(b) Transfer of shares.—Shares in a professional corporation may be transferred only to or on behalf of a licensed person or to the professional corporation. Any transfer in violation of this restriction shall be void.

(c) Ownership by estate.—Unless a lesser period of time is provided in a bylaw of the corporation adopted by the shareholders or in a written agreement among the shareholders of the corporation, the estate of a deceased shareholder may continue to hold shares of the professional corporation for a reasonable period of administration of the estate, but the personal representative of the estate shall not by reason of the retention of shares be authorized to participate in any decisions concerning the rendering of professional service.

(d) Interstate application.—Where the activities in this Commonwealth of a person who is a licensed person under the laws of another jurisdiction would be unlawful unless that person were also a licensed person under the laws of this Commonwealth, shares of a professional corporation shall not be issued to or retained by or on behalf of him unless he is also a licensed person under the laws of this Commonwealth. Except as provided in the preceding sentence, this chapter shall not be construed to require that any proportion or number of the holders or beneficial owners of a professional corporation who are licensed persons shall be licensed persons under the laws of this Commonwealth.

§ 2924. Rendering professional services.

(a) General rule.—A professional corporation may lawfully render professional services only through officers, employees or agents who are licensed persons. The corporation may employ persons not so licensed but those persons shall not render any professional services rendered or to be rendered by it.

(b) Supporting staff.—This section shall not be interpreted to preclude the use of clerks, secretaries, nurses, administrators, bookkeepers, technicians and other assistants who are not usually and ordinarily considered by law, custom and practice to be rendering the professional service or services for which the professional corporation was incorporated nor to preclude the use of any other person who performs all his employment under the direct supervision and control of a licensed person. A person shall not, under the guise of employment, render professional services unless duly licensed or admitted to practice as required by law.

(c) Charges.—Notwithstanding any other provision of law, a professional corporation may charge for the professional services of its officers, employees and agents, may collect those charges and may compensate those who render the professional services.

§ 2925. Professional relationship retained.

(a) General rule.—This subpart shall not affect the law of this Commonwealth applicable to the professional relationship and the contract, tort and other legal rights, duties and liabilities between the person furnishing professional services and the person receiving professional services and to the standards for professional conduct, including the law of this Commonwealth applicable to the confidential relationship, if any, between the person rendering professional services and the person receiving professional services, and all confidential relationships enjoyed under statutes heretofore or hereafter enacted shall remain inviolate.

(b) Liability unaffected.—Any officer, shareholder, employee or agent of a professional corporation shall remain personally and fully liable and accountable for any negligent or wrongful acts or misconduct committed by him or by any person under his direct supervision and control while rendering professional services on behalf of the corporation to the person for whom the professional services were being rendered. The professional corporation shall be liable up to the full value of its property for any negligent or wrongful acts or misconduct committed by any of its officers, shareholders, employees or agents while they are engaged on behalf of the corporation in rendering professional services. Unless otherwise provided in its articles, shares of a professional corporation shall be nonassessable and a holder or owner of shares of a professional corporation shall not be under any liability to the professional corporation or any creditor thereof with respect to the shares.

(c) Disciplinary jurisdiction unaffected.—A professional corporation shall be subject to the applicable rules and regulations adopted by, and all the disciplinary powers of, the court, department, board, commission or other government unit regulating the profession in which the corporation is engaged. The court, department, board or other government unit may require that a professional corporation include in its articles provisions that conform to any rule or regulation heretofore or hereafter promulgated for the purpose of enforcing the ethics of a profession, but, unless otherwise provided by statute, a rule or regulation shall not require the issuance by the corporation of assessable shares or require the inclusion of any provision in the articles that is inconsistent with the provisions of Article B (relating to domestic business corporations generally) as modified by this chapter. This chapter shall not affect or impair the disciplinary powers of the court, department, board, commission or other government unit over licensed persons or any law, rule or regulation pertaining to the standards for professional conduct of licensed persons or to the professional relationship between any licensed person rendering professional services and the person receiving professional services.

ARTICLE D
FOREIGN BUSINESS CORPORATIONS

Chapter

41. Foreign Business Corporations

CHAPTER 41
FOREIGN BUSINESS CORPORATIONS

Subchapter

- A. Preliminary Provisions
- B. Qualification
- C. Powers, Duties and Liabilities
- D. Domestication

SUBCHAPTER A
PRELIMINARY PROVISIONS

Sec.

- 4101. Application of article.
- 4102. Foreign domiciliary corporations.
- 4103. Acquisition of foreign domiciliary corporation status.
- 4104. Termination of foreign domiciliary corporation status.

§ 4101. Application of article.

(a) General rule.—Except as otherwise provided in this section or in subsequent provisions of this article, this article shall apply to and the words “corporation” or “foreign business corporation” in this article shall include every foreign corporation for profit, including a corporation that, if a domestic corporation for profit, would be a banking institution, credit union, insurance corporation or savings association.

(b) Domestic Federal financial institution exclusion.—Except as permitted by act of Congress, this article shall not apply to:

(1) Any of the following institutions or similar institutions engaged in this Commonwealth in activities similar to those conducted by banking institutions, saving associations or credit unions:

(i) National banking associations organized under The National Bank Act (13 Stat. 99, 12 U.S.C. § 1 et seq.).

(ii) Federal savings and loan associations and Federal mutual savings banks organized under the Home Owners’ Loan Act of 1933 (48 Stat. 128, 12 U.S.C. § 1461 et seq.).

(iii) Federal credit unions organized under the Federal Credit Union Act (48 Stat. 1216, 12 U.S.C. § 1751 et seq.).

(2) Any other Federal corporation intended by the Congress to be treated for state law purposes as a domestic corporation of this Commonwealth.

(c) Qualified insurance corporation exclusion.—This article shall not apply to any foreign corporation for profit qualified to do business in this Commonwealth under the act of May 17, 1921 (P.L.682, No.284), known as The Insurance Company Law of 1921, except as otherwise expressly provided by statute applicable to the corporation.

§ 4102. Foreign domiciliary corporations.

(a) General rule.—Except as provided in subsection (b), a foreign business corporation is a foreign domiciliary corporation if it has as record holders of its shares persons having addresses in this Commonwealth who in the aggregate hold shares:

(1) representing 60% or more in interest of its outstanding shares whether or not entitled to vote; or

(2) entitled to cast at least 60% of the votes that all holders of outstanding shares are entitled to cast in an election of directors.

(b) Registered corporation exclusions.—None of the following is a foreign domiciliary corporation for the purposes of this subpart:

(1) Foreign corporation with registered securities.—A foreign business corporation that, if a domestic business corporation, would be a registered corporation.

(2) Subsidiary of registered corporation.—A foreign business corporation all of the shares of which are owned, directly or indirectly, by one or more registered corporations or corporations described in paragraph (1).

(c) Determination of outstanding shares.—For the purposes of subsection (a):

(1) Except as provided in paragraphs (2) and (3), any securities held to the knowledge of the corporation in the names of broker-dealers or nominees for broker-dealers shall not be considered outstanding.

(2) Persons who are identified as owners of shares pursuant to procedures equivalent to section 1763(c) (relating to certification by nominee) shall be deemed record holders of the shares owned.

(3) (i) Securities held to the knowledge of the corporation for the direct or indirect benefit of individuals who to the knowledge of the corporation have a principal residence in this Commonwealth shall be deemed held by record holders having addresses in this Commonwealth.

(ii) A statement by the corporation in any notice of meeting or other document transmitted to shareholders in connection with any corporate action of the type described in section 1791 (relating to corporate action subject to subchapter) to the effect that it has no knowledge or only specified knowledge for the purposes of subparagraph (i) shall, except as provided in subparagraph (iii), be conclusive if there shall be included in or enclosed with such document a brief explanation of the effect upon such corporate action of a determination that the corporation is a foreign domiciliary corporation.

(iii) If, prior to the convening of a meeting of shareholders to consider the proposed corporate action, or prior to the expiration of 20 days after the transmission of the document to shareholders, in any other case, any person shall give the corporation written notice of facts relevant under this paragraph, the corporation shall have knowledge of such facts for the purposes of subparagraph (i).

§ 4103. Acquisition of foreign domiciliary corporation status.

(a) Shareholding test.—A foreign corporation shall become a foreign domiciliary corporation under section 4102(a) (relating to foreign domicil-

ary corporations) on the first day of the sixth month following the month in which the corporation first has knowledge that the test has been met.

(b) Newly incorporated corporations.—Where the test under section 4102(a) is met at the time of initial issuance of shares of the corporation and continuously thereafter, foreign domiciliary corporation status when established shall be retroactive to the incorporation of the corporation.

(c) Foreign corporations with registered securities.—The exemption provided by section 4102(b)(1) shall terminate immediately upon the termination of the status of the corporation as a corporation described in that provision.

(d) Subsidiary corporations.—The exemption provided by section 4102(b)(2) shall terminate immediately upon the happening of any event whereby all of the shares of the corporation are no longer owned, directly or indirectly, by one or more registered corporations or corporations described in section 4102(b)(1).

§ 4104. Termination of foreign domiciliary corporation status.

(a) Shareholding test.—A foreign domiciliary corporation shall cease to be such on the first day of the sixth month following the month in which the corporation first has knowledge that the test of section 4102(a) (relating to foreign domiciliary corporations) is no longer met.

(b) Foreign corporations with registered securities.—The exemption provided by section 4102(b)(1) shall take effect on the day following the day on which the corporation becomes a corporation described in that provision.

(c) Subsidiary corporations.—The exemption provided by section 4102(b)(2) shall take effect immediately upon the acquisition, directly or indirectly, of the last outstanding share of the corporation by one or more registered corporations or corporations described in section 4102(b)(1).

SUBCHAPTER B QUALIFICATION

Sec.

4121. Admission of foreign corporations.

4122. Excluded activities.

4123. Requirements for foreign corporation names.

4124. Application for a certificate of authority.

4125. Issuance of certificate of authority.

4126. Amended certificate of authority.

4127. Merger, consolidation or division of qualified foreign corporations.

4128. Revocation of certificate of authority.

4129. Application for termination of authority.

4130. Change of address after withdrawal.

4131. Registration of name.

§ 4121. Admission of foreign corporations.

(a) General rule.—A foreign business corporation, before doing business in this Commonwealth, shall procure a certificate of authority to do so from

the Department of State, in the manner provided in this subchapter. A foreign business corporation shall not be denied a certificate of authority by reason of the fact that the laws of the jurisdiction governing its incorporation and internal affairs differ from the laws of this Commonwealth.

(b) Qualification under former statutes.—If a foreign corporation for profit was on March 19, 1966, admitted to do business in this Commonwealth by the filing of a power of attorney and statement under the act of June 8, 1911 (P.L.710, No. 283), the power of attorney and statement shall be deemed an approved application for a certificate of authority issued under this subchapter and the corporation shall be deemed a holder of the certificate. The corporation shall include in its initial application, if any, for an amended certificate of authority under this subchapter the information required by this subchapter to be set forth in an application for a certificate of authority. A certificate of authority issued under the former provisions of the act of May 5, 1933 (P.L.364, No.106), known as the Business Corporation Law of 1933, shall be deemed to be issued under this subchapter, and the certificate of authority shall be deemed not to contain any reference to the kind of business that the corporation proposes to do in this Commonwealth.

§ 4122. Excluded activities.

(a) General rule.—Without excluding other activities that may not constitute doing business in this Commonwealth, a foreign business corporation shall not be considered to be doing business in this Commonwealth for the purposes of this subchapter by reason of carrying on in this Commonwealth any one or more of the following acts:

(1) Maintaining or defending any action or administrative or arbitration proceeding or effecting the settlement thereof or the settlement of claims or disputes.

(2) Holding meetings of its directors or shareholders or carrying on other activities concerning its internal affairs.

(3) Maintaining bank accounts.

(4) Maintaining offices or agencies for the transfer, exchange and registration of its securities or appointing and maintaining trustees or depositaries with relation to its securities.

(5) Effecting sales through independent contractors.

(6) Soliciting or procuring orders, whether by mail or through employees or agents or otherwise, and maintaining offices therefor, where the orders require acceptance without this Commonwealth before becoming binding contracts.

(7) Creating as borrower or lender, acquiring or incurring, obligations or mortgages or other security interests in real or personal property.

(8) Securing or collecting debts or enforcing any rights in property securing them.

(9) Transacting any business in interstate or foreign commerce.

(10) Conducting an isolated transaction completed within a period of 30 days and not in the course of a number of repeated transactions of like nature.

(11) Inspecting, appraising and acquiring real estate and mortgages and other liens thereon and personal property and security interests therein, and holding, leasing, conveying and transferring them, as fiduciary or otherwise.

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

(1) Service of process under any statute or general rule.

(2) Taxation by the Commonwealth or any political subdivision thereof.

§ 4123. Requirements for foreign corporation names.

(a) General rule.—The Department of State shall not issue a certificate of authority to any foreign business corporation that, except as provided in subsection (b), has a name that is rendered unavailable for use by a domestic business corporation by any provision of section 1303(a), (b) or (c) (relating to corporate name), except subsections (c)(1)(ii) or (iii) thereof (relating to banking and insurance names).

(b) Exception; name.—The provisions of section 1303(b) (relating to duplicate use of names) shall not prevent the issuance of a certificate of authority to a foreign business corporation setting forth a name that is confusingly similar to the name of any other domestic or foreign corporation for profit or corporation not-for-profit, or of any domestic or foreign limited partnership that has filed a certificate or qualified under Chapter 85 (relating to limited partnerships) or corresponding provisions of prior law, or of any corporation or other association then registered under 54 Pa.C.S. Ch. 5 (relating to corporate and other association names) or to any name reserved or registered as provided in this part, if the foreign business corporation applying for a certificate of authority files in the department one of the following:

(1) A resolution of its board of directors adopting a fictitious name for use in transacting business in this Commonwealth which fictitious name is not confusingly similar to the name of the other corporation or other association or to any name reserved or registered as provided in this part.

(2) The written consent of the other corporation or other association or holder of a reserved or registered name to use the same or confusingly similar name and one or more words are added to make the name applied for distinguishable from the other name.

§ 4124. Application for a certificate of authority.

(a) General rule.—An application for a certificate of authority shall be executed by the foreign business corporation and shall set forth:

(1) The name of the corporation.

(2) The name of the jurisdiction under the laws of which it is incorporated.

(3) The address, including street and number, if any, of its principal office under the laws of the jurisdiction in which it is incorporated.

(4) Subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its proposed registered office in this Commonwealth.

(5) A statement that it is a corporation incorporated for a purpose or purposes involving pecuniary profit, incidental or otherwise.

(b) Advertisement.—A foreign business corporation shall officially publish notice of its intention to apply or its application for a certificate of authority. The notice may appear prior to or after the day on which application is made to the Department of State and shall set forth briefly:

(1) A statement that the corporation will apply or has applied for a certificate of authority under the provisions of the Business Corporation Law of 1988.

(2) The name of the corporation and of the jurisdiction under the laws of which it is incorporated.

(3) The address, including street and number, if any, of its principal office under the laws of the jurisdiction in which it is incorporated.

(4) Subject to section 109, the address, including street and number, if any, of its proposed registered office in this Commonwealth.

(c) Filing.—The application for a certificate of authority shall be filed in the Department of State.

(d) Cross reference.—See section 134 (relating to docketing statement).

§ 4125. Issuance of certificate of authority.

Upon the filing of the application for a certificate of authority, the Department of State shall issue to the foreign business corporation a certificate of authority to do business in this Commonwealth. The certificate of authority shall be annexed to or endorsed upon the application for a certificate of authority and shall state that, subject to the Constitution and laws of this Commonwealth, the corporation named in the application is authorized to do business in this Commonwealth.

§ 4126. Amended certificate of authority.

(a) General rule.—After receiving a certificate of authority, a qualified foreign business corporation may, subject to the provisions of this subchapter, change the name under which it is authorized to transact business in this Commonwealth by filing in the Department of State an application for an amended certificate of authority. The application shall be executed by the corporation and shall state:

(1) The name under which the applicant corporation currently holds a certificate of authority to do business in this Commonwealth.

(2) The name of the jurisdiction under the laws of which the corporation is incorporated.

(3) The address, including street and number, if any, of its principal office under the laws of the jurisdiction in which it is incorporated.

(4) Subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its registered office in this Commonwealth, which may constitute a change in the address of its registered office.

- (5) The new name of the corporation and a statement that either:
- (i) the change of name reflects a change effected in the jurisdiction of incorporation; or
 - (ii) documents complying with section 4123(b) (relating to exception; name) accompany the application.

(b) Issuance of amended certificate of authority.—Upon the filing of the application, the department shall issue to the applicant corporation an amended certificate of authority. The amended certificate of authority shall be annexed to or endorsed upon the application for an amended certificate of authority and shall state that the certificate of authority of the corporation named in the application is amended to reflect the change of name specified in the application.

(c) Cross reference.—See section 134 (relating to docketing statement).
§ 4127. Merger, consolidation or division of qualified foreign corporations.

(a) General rule.—Whenever a qualified foreign business corporation is a nonsurviving party to a statutory merger, consolidation or division permitted by the laws of the jurisdiction under which it is incorporated, the corporation surviving the merger, or the new corporation resulting from the consolidation or division, as the case may be, shall file in the Department of State a statement of merger, consolidation or division, which shall be executed by the surviving or new corporation and shall set forth:

(1) The name of each nonsurviving qualified foreign business corporation.

(2) The name of the jurisdictions under the laws of which each nonsurviving qualified foreign business corporation was incorporated.

(3) The date on which each nonsurviving qualified foreign business corporation received a certificate of authority to do business in this Commonwealth.

(4) A statement that the corporate existence of each nonsurviving qualified foreign business corporation has been terminated by merger, consolidation or division, as the case may be.

(5) In the case of a consolidation or division or if the surviving corporation was a nonqualified foreign business corporation prior to the merger, the statements on the part of the surviving or new corporation required by section 4124(a) (relating to application for a certificate of authority).

(b) Effect of filing.—The filing of the statement shall operate, as of the effective date of the merger, consolidation or division, to cancel the certificate of authority of each nonsurviving constituent corporation that was a qualified foreign business corporation and to qualify the surviving or new corporation under this subchapter. If the surviving or new corporation does not desire to continue as a qualified foreign business corporation, it may thereafter withdraw in the manner provided by section 4129 (relating to application for termination of authority).

(c) Surviving qualified foreign corporations.—It shall not be necessary for a surviving corporation that was a qualified foreign business corporation

to effect any filing under this subchapter with respect to a merger or division or to procure an amended certificate of authority to do business in this Commonwealth unless the name of the corporation is changed by the merger or division.

(d) Cross reference.—See section 134 (relating to docketing statement).
§ 4128. Revocation of certificate of authority.

(a) General rule.—Whenever the Department of State finds that a qualified foreign business corporation has failed to secure an amended certificate of authority as required by this subchapter after changing its name, or has failed or refused to appear by its proper representatives, or otherwise to comply with any subpoena issued by any court having jurisdiction of the subject matter, or to produce books, papers, records or documents as required by a subpoena, or is violating any of the laws of this Commonwealth, or that its articles have been revoked or voided by its jurisdiction of incorporation, the department shall give notice and opportunity for hearing by registered or certified mail to the corporation that the default exists and that its certificate of authority, including any amendments thereof, will be revoked unless the default is cured within 30 days after the mailing of the notice. If the default is not cured within the period of 30 days, the department shall revoke the certificate of authority, including any amendments thereof, of the foreign business corporation. Upon revoking the certificate of authority, the department shall mail to the corporation, at its registered office in this Commonwealth, a certificate of revocation.

(b) Effect of revocation.—Upon the issuance of the certificate of revocation, the authority of the corporation to do business in this Commonwealth shall cease, and the corporation shall not thereafter do any business in this Commonwealth unless it applies for and receives a new certificate of authority.

§ 4129. Application for termination of authority.

(a) General rule.—Any qualified foreign business corporation may withdraw from doing business in this Commonwealth and surrender its certificate of authority by filing in the Department of State an application for termination of authority, executed by the corporation, which shall set forth:

(1) The name of the corporation and, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its last registered office in this Commonwealth.

(2) The name of the jurisdiction under the laws of which it is incorporated.

(3) The date on which it received a certificate of authority to do business in this Commonwealth.

(4) A statement that it surrenders its certificate of authority to do business in this Commonwealth.

(5) A statement that notice of its intention to withdraw from doing business in this Commonwealth was mailed by certified or registered mail to each municipal corporation in which the registered office or principal place of business of the corporation in this Commonwealth is located.

(6) The post office address, including street and number, if any, to which process may be sent in an action or proceeding upon any liability incurred before the filing of the application for termination of authority.

(b) Advertisement.—A qualified foreign business corporation shall, before filing an application for termination of authority, officially publish and mail a notice of its intention to withdraw from doing business in this Commonwealth in a manner similar to that required by section 1975(b) (relating to notice to creditors and taxing authorities). The notice shall set forth briefly:

(1) The name of the corporation and the jurisdiction under the laws of which it is incorporated.

(2) The address, including street and number, if any, of its principal office under the laws of its jurisdiction of incorporation.

(3) Subject to section 109, the address, including street and number, if any, of its last registered office in this Commonwealth.

(c) Filing.—The application for termination of authority and the certificates or statement required by section 139 (relating to tax clearance of certain fundamental transactions) shall be filed in the department. See section 134 (relating to docketing statement).

(d) Effect of filing.—Upon the filing of the application for termination of authority, the authority of the corporation to do business in this Commonwealth shall cease. The termination of authority shall not affect any action or proceeding pending at the time thereof or affect any right of action arising with respect to the corporation before the filing of the application for termination of authority. Process against the corporation in an action upon any liability incurred before the filing of the application for termination of authority may be served as provided in 42 Pa.C.S. Ch. 53 (relating to bases of jurisdiction and interstate and international procedure) or as otherwise provided or prescribed by law.

§ 4130. Change of address after withdrawal.

(a) General rule.—Any foreign business corporation that has withdrawn from doing business in this Commonwealth, or its successor in interest, may, from time to time, change the address to which process may be sent in an action upon any liability incurred before the filing of an application for termination of authority by filing in the Department of State of a statement of change of address by withdrawn corporation executed by the corporation, setting forth:

(1) The name of the withdrawn corporation and, if the statement is filed by a successor in interest, the name and capacity of the successor.

(2) The name of the jurisdiction under the laws of which the corporation filing the statement is incorporated.

(3) The former post office address, including street and number, if any, of the withdrawn corporation as of record in the department.

(4) The new post office address, including street and number, if any, of the withdrawn corporation or its successor.

(b) Cross reference.—See section 134 (relating to docketing statement).

§ 4131. Registration of name.

(a) **General rule.**—A nonqualified foreign business corporation may register its name under 54 Pa.C.S. Ch. 5 (relating to corporate and other association names) if the name is available for use by a qualified foreign business corporation under section 4123 (relating to requirements for foreign corporation names), by filing in the Department of State an application for registration of name, executed by the corporation, which shall set forth:

(1) The name of the corporation.

(2) The address, including street and number, if any, of the corporation.

(b) **Annual renewal.**—A corporation that has in effect a registration of its corporate name may renew the registration from year to year by annually filing an application for renewal setting forth the facts required to be set forth in an original application for registration. A renewal application may be filed between October 1 and December 31 in each year and shall extend the registration for the following calendar year.

(c) **Cross reference.**—See section 134 (relating to docketing statement).

SUBCHAPTER C
POWERS, DUTIES AND LIABILITIES

Sec.

4141. Penalty for doing business without certificate of authority.

4142. General powers and duties of qualified foreign corporations.

4143. General powers and duties of nonqualified foreign corporations.

4144. Registered office of qualified foreign corporations.

4145. Applicability of certain safeguards to foreign domiciliary corporations.

4146. Provisions applicable to all foreign corporations.

§ 4141. Penalty for doing business without certificate of authority.

(a) **Right to bring actions or proceedings suspended.**—A nonqualified foreign business corporation doing business in this Commonwealth within the meaning of Subchapter B (relating to qualification) shall not be permitted to maintain any action or proceeding in any court of this Commonwealth until the corporation has obtained a certificate of authority. Nor, except as provided in subsection (b), shall any action or proceeding be maintained in any court of this Commonwealth by any successor or assignee of the corporation on any right, claim or demand arising out of the doing of business by the corporation in this Commonwealth until a certificate of authority has been obtained by the corporation or by a corporation that has acquired all or substantially all of its assets.

(b) **Contracts, property and defense against actions unaffected.**—The failure of a foreign business corporation to obtain a certificate of authority to transact business in this Commonwealth shall not impair the validity of any contract or act of the corporation, shall not prevent the corporation from defending any action in any court of this Commonwealth and shall not render escheatable any of its real or personal property.

§ 4142. General powers and duties of qualified foreign corporations.

(a) General rule.—A qualified foreign business corporation, so long as its certificate of authority is not revoked, shall enjoy the same rights and privileges as a domestic business corporation, but no more, and, except as in this subpart otherwise provided, shall be subject to the same liabilities, restrictions, duties and penalties now in force or hereafter imposed upon domestic business corporations, to the same extent as if it had been incorporated under this subpart.

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

§ 4143. General powers and duties of nonqualified foreign corporations.

(a) Acquisition of real and personal property.—Every nonqualified foreign business corporation may acquire, hold, mortgage, lease and transfer real and personal property in this Commonwealth in the same manner and subject to the same limitations as a qualified foreign business corporation.

(b) Duties.—Except as provided in section 4141(a) (relating to right to bring actions suspended), a nonqualified foreign business corporation doing business in this Commonwealth within the meaning of Subchapter B (relating to qualification) shall be subject to the same liabilities, restrictions, duties and penalties now or hereafter imposed upon a qualified foreign business corporation.

§ 4144. Registered office of qualified foreign corporations.

(a) General rule.—Subject to the provisions of section 1507(c) (relating to alternative procedure), every qualified foreign business corporation shall have, and continuously maintain, in this Commonwealth a registered office, which may but need not be the same as its place of business in this Commonwealth.

(b) Change.—A qualified foreign business corporation may, from time to time, change the address of its registered office in the manner provided by section 1507(b) (relating to statement of change of registered office).

§ 4145. Applicability of certain safeguards to foreign domiciliary corporations.

(a) General rule.—The General Assembly hereby finds and determines that foreign domiciliary corporations substantially affect this Commonwealth. The courts of this Commonwealth shall not dismiss or stay any action or proceeding brought by a shareholder or representative of a foreign domiciliary corporation, as such, against the corporation or any one or more of the shareholders or representatives thereof, as such, on the ground that the corporation is a foreign corporation for profit or that the cause of action relates to the internal affairs thereof, but every such action shall proceed with like effect as if the corporation were a domestic corporation. Except as provided in subsection (b), the court having jurisdiction of the action or proceeding shall apply the law of the jurisdiction under which the foreign domiciliary corporation was incorporated.

(b) (Reserved).

(c) (Reserved).

(d) Section exclusive.—The provisions of this subpart, other than the provisions of this section and section 4146 (relating to provisions applicable to all foreign corporations), shall not be construed to regulate the incorporation or internal affairs of a foreign corporation for profit.

§ 4146. Provisions applicable to all foreign corporations.

The following provisions of this subpart shall, except as otherwise provided in this section, be applicable to every foreign corporation for profit, whether or not required to procure a certificate of authority under this chapter:

Section 1503 (relating to defense of ultra vires), as to contracts and conveyances made in this Commonwealth and conveyances affecting real property situated in this Commonwealth.

Section 1506 (relating to form of execution of instruments), as to instruments or other documents made or to be performed in this Commonwealth or affecting real property situated in this Commonwealth.

Section 1510 (relating to usury not a defense), as to obligations (as defined in the section) executed or effected in this Commonwealth or affecting real property situated in this Commonwealth.

Section 1782 (relating to actions against directors and officers).

Subchapter F of Chapter 25 (relating to business combinations), to the extent provided in section 2551(d) (relating to continuing applicability).

SUBCHAPTER D DOMESTICATION

Sec.

4161. Domestication.

4162. Effect of domestication.

§ 4161. Domestication.

(a) General rule.—Any qualified foreign business corporation may become a domestic business corporation by filing in the Department of State articles of domestication. The articles of domestication, upon being filed in the department, shall constitute the articles of the domesticated foreign corporation, and it shall thereafter continue as a corporation which shall be a domestic business corporation subject to this subpart.

(b) Articles of domestication.—The articles of domestication shall be executed by the corporation and shall set forth in the English language:

(1) The name of the corporation. If the name is in a foreign language, it shall be set forth in Roman letters or characters or Arabic or Roman numerals.

(2) Subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its registered office in this Commonwealth.

(3) A statement that upon domestication the corporation will be subject to the domestic corporation provisions of the Business Corpora-

tion Law of 1988 and, if desired, a brief statement of the purpose or purposes for which it is to be domesticated which shall be a purpose or purposes for which a domestic business corporation may be incorporated under Article B (relating to domestic business corporations generally) and which may consist of or include a statement that the corporation shall have unlimited power to engage in and to do any lawful act concerning any or all lawful business for which corporations may be incorporated under the Business Corporation Law of 1988.

(4) The term for which upon domestication it is to exist, if not perpetual.

(5) Any desired provisions relating to the manner and basis of reclassifying the shares of the corporation.

(6) A statement that the filing of articles of domestication and the renunciation of the original charter or articles of the corporation has been authorized (unless its charter or other organic documents require a greater vote) by a majority of the votes cast by all shareholders entitled to vote thereon and, if any class of shares is entitled to vote thereon as a class, a majority of the votes cast in each class vote.

(7) Any provisions desired providing special treatment of shares held by any shareholder or group of shareholders if the laws of the jurisdiction under which the corporation was incorporated prior to its domestication permit such special treatment.

(8) Any other provisions authorized by Article B to be set forth in the original articles.

(c) Cross reference.—See section 134 (relating to docketing statement).

§ 4162. Effect of domestication.

As a domestic business corporation, the domesticated corporation shall no longer be a foreign business corporation for the purposes of this subpart and shall have all the powers and privileges and be subject to all the duties and limitations granted and imposed upon domestic business corporations. The property, franchises, debts, liens, estates, taxes, penalties and public accounts due the Commonwealth shall continue to be vested in and imposed upon the corporation to the same extent as if it were the successor by merger of the domesticating corporation with and into a domestic business corporation under Subchapter C of Chapter 19 (relating to merger, consolidation, share exchanges and sale of assets). The shares of the domesticated corporation shall be unaffected by the domestication except to the extent, if any, reclassified in the articles of domestication.

SUBPART C
NONPROFIT CORPORATIONS

ARTICLE A
PRELIMINARY PROVISIONS

CHAPTER [71] 51
GENERAL PROVISIONS

§ [7101] 5101. Short [title of part] titles.

[This part shall be known and may be cited as the "Corporation Not-for-profit Code."]

(a) *Title of subpart.*—This subpart shall be known and may be cited as the *Nonprofit Corporation Law of 1988*.

(b) *Prior consolidated statute.*—Former 15 Pa.C.S. Pt. III Art. B (relating to domestic nonprofit corporations), added by the act of November 15, 1972 (P.L.1063, No.271), shall be known and may be cited as the *Nonprofit Corporation Law of 1972*.

(c) *Prior law.*—The act of May 5, 1933 (P.L.289, No.105), shall be known and may be cited as the *Nonprofit Corporation Law of 1933*.

§ [7102] 5102. Application of [part] subpart.

[Except as otherwise provided in the scope provisions of subsequent articles, chapters or other provisions of this part, this part shall apply to and the word "corporation" in this part shall mean a domestic or foreign corporation not-for-profit.]

(a) *General rule.*—Except as otherwise provided in this section, in the scope provisions of subsequent provisions of this subpart or where the context clearly indicates otherwise, this subpart shall apply to and the words "corporation" or "nonprofit corporation" in this subpart shall mean a domestic corporation not-for-profit. See section 101(b) (relating to application of title).

(b) *Cooperative corporations.*—This subpart shall apply to a domestic corporation not-for-profit organized on the cooperative principle only to the extent provided by Subpart D (relating to cooperative corporations).

(c) *Nonprofit corporation ancillaries.*—The domestic corporation provisions of this subpart shall apply to any of the following corporations, whether proposed or existing, except as otherwise expressly provided by statute applicable to the corporation:

(1) *The Pennsylvania Deposit Insurance Corporation established by the act of October 5, 1978 (P.L.1088, No.255), known as the Pennsylvania Deposit Insurance Corporation Act.*

(2) *The Pennsylvania Savings Association Corporation established by the act of April 6, 1979 (P.L.17, No.5), referred to as the Pennsylvania Savings Association Insurance Corporation Act.*

(3) *The Lawyer Trust Account Board established by the act of April 29, 1988 (P.L.373, No.59), known as the Interest on Lawyers' Trust Accounts Act.*

(4) Any other domestic corporation not-for-profit incorporated under or subject to a statute that provides that the corporate affairs of the corporation shall be governed by the laws applicable to domestic nonprofit corporations.

§ [7103] 5103. Definitions.

Subject to additional definitions contained in subsequent provisions of this [part] *subpart* which are applicable to specific articles, chapters or other provisions of this [part] *subpart*, the following words and phrases, when used in this [part] *subpart* shall have, unless the context clearly indicates otherwise, the meanings given to them in this section:

“Articles.” The original articles of incorporation, all amendments thereto, articles of merger and consolidation, and any other articles, statements or certificates permitted or required to be filed by this [part] *subpart* or by Chapter 1 [of this title] (relating to general provisions), and including what have heretofore been designated by law as certificates of incorporation or charters. If an amendment or articles of merger, division or conversion made in the manner permitted by this [part] *subpart* restates articles in their entirety or if there are articles of consolidation, thenceforth the “articles” shall not include any prior documents and any certificate issued by the Department of State with respect thereto shall so state.

“Board of directors” or “board.” The group of persons vested with the management of the business and affairs of the corporation irrespective of the name by which such group is designated. The term does not include an other body. The term, when used in any provision of this [part] *subpart* relating to the organization or procedures of or the manner of taking action by the board of directors, shall be construed to include and refer to any executive or other committee of the board. Any provision of this [part] *subpart* relating or referring to action to be taken by the board of directors or the procedure required therefor shall be satisfied by the taking of corresponding action by a committee of the board of directors to the extent authority to take such action has been delegated to such committee pursuant to section [7731 of this title] 5731 (relating to executive and other committees of the board).

“Business.” In the case of a domestic *nonprofit* corporation [not-for-profit], any or all of the activities for which it has been incorporated, and, in the case of a foreign corporation not-for-profit, any or all of the activities in which its certificate of authority authorizes it to engage within this Commonwealth.

* * *

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

- (1) the proxy of a member, if action by proxy is permitted under the bylaws of the corporation; and
- (2) a delegate to any convention or assembly of delegates of members established pursuant to any provision of this [part] *subpart*.

If and to the extent the bylaws confer rights of members upon holders of securities evidencing indebtedness or governmental or other entities pursuant

to any provision of this **[part] subpart** the term shall be construed to include such security holders and governmental or other entities. The term shall be construed to include "shareholder" if the corporation issues shares of stock.

"Nonprofit corporation" or "domestic nonprofit corporation." A domestic corporation not-for-profit **[incorporated under Article B of this part (relating to domestic nonprofit corporations) or heretofore or hereafter incorporated or domesticated in this Commonwealth,]** which is not excluded from the scope of **[Article B of] this [part] subpart** by section **[7302 of this title] 5102** (relating to application of **[article] subpart**).

* * *

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

- (1) the membership of a corporation taken as a whole;
- (2) a convention or assembly of delegates of members established pursuant to any provision of this **[part] subpart**; or
- (3) the board of directors.

Except as otherwise provided in this **[part] subpart** a corporation may establish distinct persons or groups to exercise different powers which this **[part] subpart** authorizes a corporation to vest in an other body.

"Qualified foreign corporation." A foreign corporation not-for-profit authorized under **[Article C of this part] Chapter 61** (relating to foreign *non-profit* corporations **[not-for-profit]**) to do business in this Commonwealth.

* * *

§ 5104. Other general provisions.

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

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

Section 102 (relating to definitions).

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

Section 104 (relating to equitable remedies).

Section 105 (relating to fees).

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

Section 107 (relating to form of records).

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

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

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

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

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

Section 134 (relating to docketing statement).

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

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

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

Section 138 (relating to statement of correction).

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

Section 151 (relating to domestication of certain foreign associations).

Section 152 (relating to contingent domestication of certain foreign associations).

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

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

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

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

Section 511 (relating to standard of care and justifiable reliance).

Section 512 (relating to personal liability of directors).

Section 513 (relating to nonexclusivity and supplementary coverage).

§ [7104] 5105. Saving clause *and restriction on equitable relief.*

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

(b) Exception.—A member shall not have any right to claim the right to valuation of and payment for his membership interest or shares because of any proposed plan or amendment of articles authorized under any provision of this [part] *subpart*, or to obtain, in the absence of fraud or fundamental unfairness, an injunction against any such plan or amendment.

§ [7105] 5106. Limited uniform application of [part] *subpart.*

(a) General rule.—Except as provided in subsection (b) [of this section], this [part] *subpart* and its amendments are intended to provide uniform rules for the government and regulation of the affairs of corporations and of their officers, directors and members, regardless of the date or manner of incorporation or qualification, or of the issuance of any evidences of membership in or shares thereof.

(b) Exceptions.—

(1) Unless expressly provided otherwise in any amendment to this [part] *subpart* any such amendment shall take effect only prospectively.

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

(3) Nothing in subsection (a) [of this section] shall adversely affect the rights saved by the general terms of section [7104 of this title] 5105 (relating to saving clause *and restriction on equitable relief*).

§ [7106] 5107. Subordination of [part] *subpart* to canon law.

If and to the extent canon law applicable to a corporation incorporated for religious purposes shall set forth provisions relating to the government and regulation of the affairs of the corporation which are inconsistent with the provisions of this [part] *subpart* on the same subject, the provisions of canon law shall control to the extent, and only to the extent, required by the Constitution of the United States or the Constitution of Pennsylvania, or both.

§ [7107] 5108. Limitation on incorporation.

No corporation which might be incorporated under [Article B of] this [part (relating to domestic nonprofit corporations)] *subpart* shall hereafter be incorporated except under the provisions of [such article] *this subpart*.

§ 5109. *Execution of documents.*

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

(b) *Cross reference.*—*See section 135 (relating to requirements to be met by filed documents).*

(c) *Transitional provision.*—*This section supersedes any contrary provision of this subpart enacted prior to the enactment of the act of December 21, 1988 (P.L.1444, No.177), known as the General Association Act of 1988.*

ARTICLE B

DOMESTIC NONPROFIT CORPORATIONS *GENERALLY*

CHAPTER [73] 53

[APPLICATION OF ARTICLE;] INCORPORATION

SUBCHAPTER A

[SHORT TITLE AND APPLICATION OF ARTICLE

§ 7301. *Short title of article.*

(a) *Title of article.*—*This article shall be known and may be cited as the “Nonprofit Corporation Law of 1972.”*

(b) *Prior law.*—*The act of May 5, 1933 (P.L.289, No.105) shall be known and may be cited as the “Nonprofit Corporation Law of 1933.”*

§ 7302. *Application of article.*

(a) *General rule.*—*Except as otherwise provided in subsections (b) and (c) of this section or in the scope provisions of subsequent chapters or other provisions of this article, this article shall apply to and the words “corporation” or “nonprofit corporation” in this article shall mean a “corporation” as defined in section 7102 of this title (relating to application of part).*

(b) **Foreign corporation exclusion.**—Except as otherwise provided by Article C of this part (relating to foreign corporations not-for-profit) or as otherwise expressly provided by statute, no provision of this article shall apply to, and the word “corporation” in this article shall not include, any foreign corporation not-for-profit.

(c) **Cooperative corporation exclusion.**—Except as otherwise expressly provided by statute, no provision of this article shall apply to, and the word “corporation” in this article shall not include, any domestic cooperative corporation.

SUBCHAPTER B] INCORPORATION GENERALLY

§ [7311] 5301. Purposes.

* * *

§ [7312] 5302. Number and qualifications of incorporators.

* * *

§ [7313] 5303. Corporate name.

(a) **General rule.**—The corporate name may be in any language, but must be expressed in English letters or characters [and shall not contain the word “cooperative” or an abbreviation thereof]. The corporate name shall not imply that the corporation is a governmental agency of the Commonwealth or of the United States, a bank, bank and trust company, savings bank, private bank or trust company, as defined in the Banking Code of 1965, an insurance company which might be incorporated under The Insurance Company Law of 1921, or a public utility as defined in [the Public Utility Law] Title 66 (relating to public utilities).

* * *

§ [7314] 5304. Required name changes by senior corporations.

* * *

(b) **Enforcement of undertaking to release name.**—If a corporation has used a name the same as, or deceptively similar to, the name of another corporation or nonprofit unincorporated association as permitted by section [7313] 5303(b)(1)(i) (relating to duplicate use of names) and the other corporation or nonprofit unincorporated association continues to use its name in this Commonwealth and does not change its name, cease to do business, be wound up, or withdraw as it proposed to do in its consent or change its name as required by subsection (a), any court of competent jurisdiction, upon the application of the Attorney General, acting on his own motion or at the instance of any administrative department, board or commission of this Commonwealth, or upon the application of any person adversely affected, may enjoin the other corporation or association from continuing to use its name or a name deceptively similar thereto.

§ [7315] 5305. Reservation of corporate name.

* * *

(c) **Cross reference.**—See section 134 (relating to docketing statement).

§ [7316] 5306. Articles of incorporation.

* * *

§ [7317] 5307. Advertisement.

* * *

§ [7318] 5308. Filing of articles.

(a) *General rule.*—The articles of incorporation shall be filed in the Department of State.

(b) *Cross reference.*—*See section 134 (relating to docketing statement).*

§ [7319] 5309. Effect of filing of articles of incorporation.

Upon the filing of the articles of incorporation in the Department of State, the corporate existence shall begin. Subject to the provisions of section [7990 of this title] 503 (relating to actions to revoke corporate franchises), the articles of incorporation filed in the Department of State, or approved by the court and recorded in the office of the recorder of deeds under the former provisions of law, shall be conclusive evidence of the fact that the corporation has been incorporated.

§ [7320] 5310. Organization meeting.

* * *

§ [7321] 5311. Filing of certificate of summary of record by *certain* corporations [incorporated prior to 1973].

* * *

(c) *Cross reference.*—*See section 134 (relating to docketing statement).*

SUBCHAPTER [C] B SPECIAL PROCEDURES APPLICABLE TO CERTAIN CORPORATIONS

§ [7341] 5331. Unincorporated associations.

* * *

SUBCHAPTER C REVIVAL (Reserved)

CHAPTER [75] 55 CORPORATE POWERS, DUTIES AND SAFEGUARDS

SUBCHAPTER A GENERAL PROVISIONS

§ [7501] 5501. Corporate capacity.

* * *

§ [7502] 5502. General powers.

(a) *General rule.*—Subject to the limitations and restrictions imposed by statute and, except as otherwise provided in paragraph (4) of this subsection, subject to the limitations and restrictions contained in its articles, every non-profit corporation shall have power:

(1) To continue as a corporation for the time specified in its articles, subject to the power of the Attorney General under section [7990 of this title] 503 (relating to actions to revoke corporate franchises) and to the

power of the General Assembly under the Constitution of Pennsylvania.

* * *

§ [7503] 5503. Defense of ultra vires.

(a) General rule.—No limitation upon the business, purpose or purposes, or powers of a nonprofit corporation, expressed or implied in its articles or implied by law, shall be asserted in order to defend any action at law or in equity between the corporation and a third person, or between a member and third person, involving any contract to which the corporation is a party or any right of property or any alleged liability of whatsoever nature; but such limitation may be asserted:

* * *

(3) In a proceeding by the Commonwealth under section [7990 of this title] 503 (relating to actions to revoke corporate franchises), or in a proceeding by the Commonwealth to enjoin the corporation from the doing of unauthorised or unlawful business.

* * *

§ [7504] 5504. Adoption and contents of bylaws.

* * *

(b) Exception.—Except as provided in section [7320(a) of this title] 5310(a) (relating to organization meeting), the board of directors or other body shall not have the authority to adopt a bylaw on any subject which is committed exclusively to the members by any of the following provisions of this article:

(1) Section [7721] 5721 (relating to [management by] board of directors).

(2) Section [7725(b)] 5725(b) (relating to selection of directors).

(3) Section [7726(a)] 5726(a) (relating to removal of directors by the members).

(4) Section [7726(b)] 5726(b) (relating to removal of directors by the board).

(5) Section [7729] 5729 (relating to voting rights of directors).

(6) Section [7751(a)] 5751(a) (relating to classes and qualifications of membership).

(7) Section [7752(c)] 5752(c) (relating to rights of shareholders).

(8) Section [7754(a)] 5754(a) (relating to members grouped in local units).

(9) Section [7755(a)] 5755(a) (relating to regular meetings).

(10) Section [7756] 5756 (relating to quorum).

(11) Section [7757] 5757 (relating to action by members).

(12) Section [7758] 5758 (relating to voting rights of members).

(13) Section [7759(a)] 5759(a) (relating to voting and other action by proxy).

(14) Section [7760(a)] 5760(a) (relating to voting in nonprofit corporation matters).

(15) Section [7762] 5762 (relating to judges of election).

(16) Section [7767(a)] 5766(a) (relating to termination and transfer of membership).

(17) Section [7768] 5767 (relating to voting powers and other rights of certain security holders and other entities).

(18) Section [7967(c)] 5975(c) (relating to winding up and distribution).

(c) Bylaw provisions in articles.—Where any provision of this [part] *subpart* refers to a rule as set forth in the bylaws of a corporation such reference shall be construed to include and be satisfied by any rule on the same subject as set forth in the articles of the corporation.

§ [7505] 5505. Persons bound by bylaws.

* * *

§ [7506] 5506. Form of execution of instruments.

* * *

§ [7507] 5507. Registered office.

* * *

(c) *Cross reference.*—See section 134 (relating to docketing statement).

§ [7508] 5508. Corporate records; inspection.

* * *

§ [7509] 5509. Bylaws and other powers in emergency.

* * *

§ 5510. (*Reserved*).

§ [7510] 5511. Establishment of subordinate units.

* * *

SUBCHAPTER B FINANCIAL MATTERS

§ [7541] 5541. Capital contributions of members.

* * *

(c) Evidence of contribution.—The capital contribution of a member shall be recorded on the books of the corporation and may be evidenced by a written instrument delivered to the member, but such instrument shall not be denominated a “share certificate” or by any other word or term implying that the instrument is a share certificate subject to section [7752 of this title] 5752 (relating to organization on a stock share basis).

* * *

§ [7542] 5542. Subventions.

* * *

§ [7543] 5543. Debt and security interests.

* * *

§ [7544] 5543.1. Usury not a defense.

* * *

§ [7545] 5544. Fees, dues and assessments.

* * *

§ [7546] 5545. Income from corporate activities.

A nonprofit corporation whose lawful activities involve among other things the charging of fees or prices for its services or products, shall have the right to receive such income and, in so doing, may make an incidental profit. All such incidental profits shall be applied to the maintenance and operation

of the lawful activities of the corporation, and in no case shall be divided or distributed in any manner whatsoever among the members, directors, or officers of the corporation. As used in this section the terms fees or prices do not include rates of contribution, fees or dues levied under an insurance certificate issued by a fraternal benefit society, so long as the distribution of profits arising from said fees or prices is limited to the purposes set forth in this section and section [7553] 5551 (relating to dividends prohibited; compensation and certain payments authorized).

§ [7547] 5546. Purchase, sale, mortgage and lease of real property.

* * *

§ [7548] 5546.1. Insolvency or bankruptcy.

* * *

§ [7549] 5547. Authority to take and hold trust property.

* * *

(b) Nondiversion of certain property.—Property committed to charitable purposes shall not, by any proceeding under Chapter [79 of this title] 59 (relating to fundamental changes) or otherwise, be diverted from the objects to which it was donated, granted or devised, unless and until the board of directors or other body obtains from the court an order under [the Estates Act of 1947] 20 Pa.C.S. Ch. 61 (relating to estates) specifying the disposition of the property.

§ [7550] 5548. Investment of trust funds.

* * *

(d) Scope of section.—This section shall apply to assets hereafter received pursuant to section [7549 of this title] 5547 (relating to authority to take and hold trust property), to assets heretofore so received and held at the time when this article takes effect and to reinvestments of all such assets.

* * *

§ [7551] 5549. Transfer of trust or other assets to institutional trustee.

(a) General rule.—Any nonprofit corporation holding or receiving assets under section [7549 of this title] 5547 (relating to authority to take and hold trust property) may, by appropriate action of its board of directors or other body, transfer, which transfer may be either revocable or irrevocable, any such assets to a corporate trustee, which shall be a bank and trust company or a trust company incorporated under the laws of this Commonwealth or a national banking association having fiduciary powers and having its principal office in this Commonwealth, as trustee and with like investment restrictions. In like manner the corporation may transfer, which transfer shall be revocable, any other part of its assets to such a corporate trustee, subject to the same powers, restrictions and obligations with respect to investment as are applicable to the corporation itself.

* * *

§ [7552] 5550. Devises, bequests and gifts after certain fundamental changes.

* * *

§ [7553] 5551. Dividends prohibited; compensation and certain payments authorized.

* * *

§ [7554] 5552. Liabilities of members.

* * *

§ [7555] 5553. Annual report of directors or other body.

* * *

SUBCHAPTER C COMMON TRUST FUNDS

§ [7581] 5585. Establishment or use of common trust funds authorized.

(a) General rule.—Every nonprofit corporation may establish and maintain one or more common trust funds, the assets of which shall be held, invested and reinvested by the corporation itself or by a corporate trustee to which the assets have been transferred pursuant to section [7551 of this title] 5549 (relating to transfer of trust or other assets to institutional trustee). Upon the payment by the corporate trustee to the nonprofit corporation of the net income from such assets, for use and application to the several participating interests in such common trust fund, the proportionate participation of each interest in such net income shall be designated by the corporate trustee. The nonprofit corporation may, at any time, withdraw the whole or part of any participating interest in such common trust fund for distribution by it as provided in this subchapter.

* * *

§ [7582] 5586. Restrictions on investments.

* * *

§ [7583] 5587. Determination of interests.

A nonprofit corporation shall invest the assets of a trust or fund in a common trust fund authorized by this subchapter by adding such assets thereto, and by apportioning a participation therein to such trust or fund in the proportion that the assets of the trust or fund added thereto bears to the aggregate value of all the assets of such common trust fund at the time of such investment, including in such assets the assets of the trust or fund so added. The withdrawal of a participation from such common trust fund shall be on a basis of its proportionate interest in the aggregate value of all the assets of such common trust fund at the time of such withdrawal. The participating interest of any trust or fund in such common trust fund may from time to time be withdrawn, in whole or in part, by the corporation. Upon such withdrawals the corporation may make distribution in cash, or ratably in kind, or partly in cash and partly in kind. Participations in such common trust funds shall not be sold by the corporation to any other corporation or person, but this sentence shall not prevent a corporate trustee designated under section [7581 of this title] 5585 (relating to establishment or use of common trust funds authorized) from investing the assets of such a common trust fund in any collective investment fund established and maintained by it in accordance with law and to which the assets comprising such a common trust fund are eligible contributions.

- § [7584] 5588. Amortization of premiums on securities held.
* * *
- § [7585] 5589. Records; ownership of assets.
* * *

CHAPTER [77] 57
OFFICERS, DIRECTORS AND MEMBERS

SUBCHAPTER A
NOTICE AND MEETINGS GENERALLY

- § [7701] 5701. Applicability of subchapter.
The provisions of this subchapter shall apply to every nonprofit corporation unless otherwise restricted:
- (1) by any other provision of this article; or
 - (2) except with respect to section [7708 of this title] 5707 (relating to exception to requirement of notice), in the bylaws.
- § [7702] 5702. Manner of giving notice.
* * *
- § [7703] 5702.1. Optional procedures for giving of notice.
* * *
- § [7704] 5703. Place and notice of meetings of board of directors or other body.
* * *
- § [7705] 5704. Place and notice of meetings of members.
* * *
- § [7706] 5705. Waiver of notice.
* * *
- § [7707] 5706. Modification of proposal contained in notice.
* * *
- § [7708] 5707. Exception to requirement of notice.
* * *
- § [7709] 5708. Use of conference telephone and similar equipment.
* * *

SUBCHAPTER B
DIRECTORS, OFFICERS AND MEMBERS OF
AN OTHER BODY

- § [7721. Management by board] 5721. *Board* of directors.
* * *
- § [7722] 5722. Qualifications of directors.
* * *
- § [7723] 5723. Number of directors.
* * *
- § [7724] 5724. Term of office of directors.
* * *

- § [7725] 5725. Selection of directors.
* * *
- § [7726] 5726. Removal of directors.
* * *
- § [7727] 5727. Quorum of and action by directors.
* * *
- § [7728] 5728. Interested *members*, directors *or officers*; quorum.
* * *
- § [7729] 5729. Voting rights of directors.
* * *
- § [7730] 5730. Compensation of directors.
* * *
- § [7731] 5731. Executive and other committees of the board.
* * *

[(c) Effect on responsibility of board.—The establishment of any committee of the board of directors and the delegation thereto of power and authority shall not alone relieve any director of his duty to the corporation under section 7734 of this title (relating to relation of directors and officers to corporation).]

- § [7732] 5732. Officers.
* * *
- § [7733] 5733. Removal of officers and agents.
* * *
- § [7735] 5734. Other body.

The limitations, safeguards and procedures of this subchapter applicable to the board of directors shall be applicable also to any “other body” as defined in section [7103 of this title] 5103 (relating to definitions).

SUBCHAPTER C INDEMNIFICATION

- § [7741] 5741. Third-party actions.
* * *
- § [7742] 5742. Derivative actions.
* * *
- § [7743] 5743. Mandatory indemnification.

Notwithstanding any contrary provision of its articles or bylaws, to the extent that a representative of a nonprofit corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in section [7741 of this title] 5741 (relating to third-party actions) or section [7742 of this title] 5742 (relating to derivative actions) or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys’ fees) actually and reasonably incurred by him in connection therewith.

- § [7744] 5744. Procedure for effecting indemnification.

Unless ordered by a court, any indemnification under section [7741 of this title] 5741 (relating to third-party actions) or section [7742 of this title] 5742 (relating to derivative actions) shall be made by the corporation only as

authorized in the specific case upon a determination that indemnification of the representative is proper in the circumstances because he has met the applicable standard of conduct set forth in such section. Such determination shall be made:

- (1) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding;
- (2) if such a quorum is not obtainable, or, even if obtainable a majority vote of a quorum of disinterested directors so directs, by independent legal counsel in a written opinion;
- (3) by such other body as may be provided in the bylaws; or
- (4) by the members.

§ [7745. Advancing expenses] 5745. *(Reserved)*.

[Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by a nonprofit corporation in advance of the final disposition of such action, suit or proceeding as authorized by the board of directors or other body in a specific case upon receipt of an undertaking by or on behalf of the representative to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation as authorized in this subchapter.]

§ [7746] 5746. Scope of subchapter.

* * *

(b) Trust property.—This subchapter shall not affect the liability of a representative with respect to the administration of assets held by the corporation pursuant to section [7549 of this title] 5547 (relating to authority to take and hold trust property).

§ [7747] 5747. Power to purchase insurance.

* * *

§ [7748] 5748. Application to surviving or new corporations.

* * *

SUBCHAPTER D MEMBERS

§ [7751] 5751. Classes and qualifications of membership.

* * *

§ [7752] 5752. Organization on a stock share basis.

* * *

§ [7753] 5753. Membership certificates.

* * *

§ [7754] 5754. Members grouped in local units.

* * *

§ [7755] 5755. Time of holding meetings of members.

* * *

§ [7756] 5756. Quorum.

* * *

§ [7757] 5757. Action by members.

* * *

§ [7758] 5758. Voting rights of members.

* * *

§ [7759] 5759. Voting and other action by proxy.

* * *

§ [7760] 5760. Voting by corporations.

* * *

§ [7761] 5761. Determination of members of record.

* * *

§ [7762] 5762. Judges of election.

* * *

§ [7763] 5763. Consent of members in lieu of meeting.

* * *

§ [7764] 5764. Appointment of custodian of corporation on deadlock or other cause.

(a) General rule.—The court, upon application of any member, may appoint one or more persons to be custodians of and for any nonprofit corporation when it is made to appear:

* * *

(2) that any of the conditions specified in section [7981 of this title] 5981 (relating to proceedings upon petition of member [or director], etc.) exists with respect to the corporation.

(b) Power and title of custodian.—A custodian appointed under this section shall have all the power and title of a receiver appointed under Subchapter [F] G of Chapter [79 of this title] 59 (relating to involuntary liquidation and dissolution), but the authority of the custodian shall be to continue the business of the corporation and not to liquidate its affairs and distribute its assets, except when the court shall otherwise order and except in cases arising under [paragraphs (1) through (3) of section 7981 of this title] section 5981(1), (2) and (3) (relating to proceedings upon petition of member [or director], etc.).

§ [7765] 5764.1. Actions by members to enforce a secondary right.

* * *

(c) Security for costs.—In any such action instituted or maintained by less than the smaller of 50 members of any class or 5% of the members of any class of such nonprofit corporation the corporation in whose right such action is brought shall be entitled at any stage of the proceedings to require the plaintiff or plaintiffs to give security for the reasonable expenses, including attorneys' fees, which may be incurred by it in connection therewith, for which it may become liable pursuant to section [7743 of this title] 5743 (relating to mandatory indemnification) (but only insofar as relates to actions by or in the right of the corporation) to which security the corporation shall have recourse in such amount as the court having jurisdiction shall determine upon the termination of such action. The amount of such security may, from time to time, be increased or decreased in the discretion of the court having jurisdiction of such action upon showing that the security provided has or may become inadequate or excessive. Such security may be denied or limited in the discretion of the court upon preliminary showing to the court, by peti-

tion, and affidavits and depositions as may be required by the court, establishing prima facie that the requirement of security or full security would impose undue hardship on plaintiffs and serious injustice would result.

* * *

§ [7766] 5765. Reduction of membership below stated number.

* * *

§ [7767] 5766. Termination and transfer of membership.

* * *

(b) Expulsion.—

(1) No member shall be expelled from any nonprofit corporation without notice, trial and conviction, the form of which shall be prescribed by the bylaws.

(2) Paragraph (1) of this subsection shall not apply to termination of membership pursuant to section [7545 of this title] 5544(c) (relating to enforcement of payment of fees, dues and assessments).

* * *

§ [7768] 5767. Voting powers and other rights of certain [security holders] *securityholders* and other entities.

* * *

SUBCHAPTER E
DERIVATIVE ACTIONS
(Reserved)

SUBCHAPTER F
JUDICIAL SUPERVISION OF CORPORATE ACTION

§ [7781] 5791. Corporate action subject to subchapter.

* * *

§ [7782] 5792. Proceedings prior to corporate action.

* * *

§ [7783] 5793. Review of contested corporate action.

* * *

(b) Powers and procedures.—The court may make such orders in any such case as may be just and proper, with power to enforce the production of any books, papers and records of the corporation and other relevant evidence which may relate to the issue. The court shall provide for notice of the pendency of the proceedings under this section to all persons affected thereby. If it is determined that no valid corporate action has been taken, the court may order a meeting to be held in accordance with section [7782 of this title] 5792 (relating to proceedings prior to corporate action).

CHAPTER [79] 59
FUNDAMENTAL CHANGES

SUBCHAPTER A
PRELIMINARY PROVISIONS
(Reserved)

SUBCHAPTER B
AMENDMENT OF ARTICLES

§ [7901] 5911. Amendment of articles authorized.

* * *

§ [7902] 5912. Proposal of amendments.

* * *

§ [7903] 5913. Notice of meeting of members.

* * *

§ [7904] 5914. Adoption of amendments.

* * *

(b) Adoption in absence of voting members.—If the corporation has no members entitled to vote thereon, the amendment shall be deemed adopted by the corporation when it has been adopted by the board of directors or other body pursuant to section [7902 of this title] 5912 (relating to proposal of amendments).

* * *

§ [7905] 5915. Articles of amendment.

* * *

§ [7906] 5916. Filing and effectiveness of articles of amendment[; advertisement].

(a) Filing.—The articles of amendment shall be filed in the Department of State. *See section 134 (relating to docketing statement).*

(b) Effectiveness.—Upon the filing of the articles of amendment in the department, or upon the effective date specified in the articles of amendment, whichever is later, the amendment shall become effective and the articles of incorporation shall be deemed to be amended accordingly. No amendment shall affect any existing cause of action in favor of or against the corporation, or any pending action to which the corporation shall be a party, or the existing rights of persons other than members or, except as otherwise provided by order, if any, obtained pursuant to section [7549(b) of this title] 5547(b) (relating to nondiversion of certain property) divert any property subject to such section from the purpose or purposes to which it was committed. In the event the corporate name shall be changed by the amendment, no action brought by or against the corporation under its former name shall be abated for that reason.

(c) Advertisement.—The corporation shall officially publish notice of its intention to file or the filing of articles of amendment. The notice may appear prior to or after the day upon which the articles of amendment are filed in the department, and shall set forth briefly:

* * *

(2) A statement that the articles of amendment are to be or were filed under the provisions of this [article] *subpart*.

* * *

SUBCHAPTER [B] C
MERGER, CONSOLIDATION AND SALE OF ASSETS

§ [7921] 5921. Merger and consolidation authorized.

* * *

§ [7922. Proposal of plan] 5922. *Plan* of merger or consolidation.

* * *

§ [7923] 5923. Notice of meeting of members.

* * *

§ [7924] 5924. Adoption of plan.

* * *

(b) Adoption in absence of voting members.—If the merging or consolidating corporation has no members entitled to vote thereon, a plan of merger or consolidation shall be deemed adopted by the corporation when it has been adopted by the board of directors or other body pursuant to section [7922 of this title] 5922 (relating to [proposal of] plan of merger or consolidation).

* * *

§ [7925] 5925. Authorization by foreign corporations.

* * *

§ [7926] 5926. Articles of merger or consolidation.

* * *

§ [7927] 5927. Filing of articles of merger or consolidation.

(a) *General rule*.—The articles of merger or articles of consolidation, as the case may be, *and the certificates or statement, if any, required by section 139 (relating to tax clearance of certain fundamental transactions)* shall be filed in the Department of State. [No certificate from any department evidencing the payment of taxes and charges shall be required if the surviving or new corporation is to be a domestic corporation, or shall, on the effective date of the merger or consolidation, be a qualified foreign corporation.]

(b) *Cross reference*.—See section 134 (relating to docketing statement).

§ [7928] 5928. Effective date of merger or consolidation.

* * *

§ [7929] 5929. Effect of merger or consolidation.

* * *

(b) Property rights.—Except as otherwise provided by order, if any, obtained pursuant to section [7549(b) of this title] 5547(b)(relating to nondivision of certain property), all the property, real, personal, and mixed, and franchises of each of the corporations parties to the plan of merger or consolidation, and all debts due on whatever account to any of them, including subscriptions for membership and other choses in action belonging to any of them, shall be taken and deemed to be transferred to and vested in the surviving or new corporation, as the case may be, without further act or deed. The

surviving or new corporation shall thenceforth be responsible for all the liabilities and obligations of each of the corporations so merged or consolidated. No liens upon the property of the merging or consolidating corporations shall be impaired by such merger or consolidation, and any claim existing or action or proceeding pending by or against any of such corporations may be prosecuted to judgment as if such merger or consolidation had not taken place, or the surviving or new corporation may be proceeded against or substituted in its place. Any devise, gift or grant contained in any will or other instrument, in trust or otherwise, made before or after such merger or consolidation, to or for any of the constituent corporations, shall inure to the surviving or new corporation, as the case may be, subject to compliance with the requirements of section [7552 of this title] 5550 (relating to devises, bequests and gifts after certain fundamental changes).

* * *

§ [7930] 5930. Voluntary transfer of corporate assets.

(a) General rule.—A nonprofit corporation shall not sell, lease away or exchange all, or substantially all, its property and assets, with or without good will, unless and until a plan of sale, lease or exchange of assets with respect thereto shall have been adopted by the corporation in the manner provided in this subchapter with respect to the adoption of a plan of merger. In order to make effective any plan of sale, lease or exchange of assets so adopted it shall not be necessary to file any articles or other document in the Department of State, but the corporation shall comply with the requirements of section [7549(b) of this title] 5547(b) (relating to nondiversion of certain property).

(b) Exceptions.—Subsection (a) of this section shall not apply to a sale, lease away or exchange of all, or substantially all, the property and assets of a corporation when made in connection with the dissolution or liquidation of the corporation. Such a transaction shall be governed by the provisions of Subchapter [E of this chapter] F (relating to voluntary dissolution and winding up) or Subchapter [F of this chapter] G (relating to involuntary liquidation and dissolution), as the case may be.

* * *

SUBCHAPTER [C] D DIVISION

§ [7941] 5951. Division authorized.

* * *

§ [7942] 5952. Proposal and adoption of plan of division.

* * *

(c) Proposal and adoption.—The plan of division shall be proposed and adopted, and may be terminated, by a domestic nonprofit corporation in the manner provided for the proposal, adoption and termination of a plan of merger in Subchapter [B of this chapter] C (relating to merger, consolidation and sale of assets) or, if the dividing corporation is a foreign corporation not-for-profit, in accordance with the laws of the jurisdiction in which it is incorporated.

* * *

§ 5953. *(Reserved)*.

§ [7943] 5954. Articles of division.

* * *

§ [7944] 5955. Filing of articles of division.

(a) *General rule.*—The articles of division *and the certificates or statement, if any, required by section 139 (relating to tax clearance of certain fundamental transactions)* shall be filed in the Department of State. [No certificate from any department evidencing the payment of taxes and charges shall be required.]

(b) *Cross reference.*—*See section 134 (relating to docketing statement).*

§ [7945] 5956. Effective date of division.

* * *

§ [7946] 5957. Effect of division.

(a) *Multiple resulting corporations.*—Upon the division becoming effective the dividing corporation shall be subdivided into the distinct and independent resulting corporations named in the plan of division and, if the dividing corporation is not to survive the division, the existence of the dividing corporation shall cease. The resulting corporations, if they are domestic corporations, shall not thereby acquire authority to engage in any business or exercise any right which a corporation may not be incorporated under this article to engage in or exercise. Any resulting foreign corporation which is stated in the articles of division to be a qualified foreign corporation shall be a qualified foreign corporation under this [part] *subpart* and the articles of division shall be deemed to be the application for a certificate of authority and the certificate of authority issued thereon of such corporation.

(b) *Property rights.*—Except as otherwise provided by order, if any, obtained pursuant to section [7549(b) of this title] 5547(b) (relating to nondiversion of certain property), all the property, real, personal, and mixed, and franchises of the dividing corporation, and all debts due on whatever account to it, including subscriptions for membership and other choses in action belonging to it, shall be taken and deemed without further act or deed to be transferred to and vested in the resulting corporations on such a manner and basis and with such effect as is specified in the plan of division, or per capita among the resulting corporations, as tenants in common, if no such specification is made in the plan. The resulting corporations shall each thenceforth be responsible as separate and distinct corporations only for such liabilities and obligations as each corporation may undertake or incur in its own name, but shall be liable inter se for the debts and liabilities of the dividing corporation in the manner and on the basis specified in the plan of division. No liens upon the property of the dividing corporation shall be impaired by the division. One or more, but less than all, of the resulting corporations shall be free of all the liabilities and obligations of the dividing corporation to the extent, if any, specified in the plan, if no fraud of corporate creditors or members without voting rights and if no violation of law shall be effected thereby, and if all applicable provisions of Division 6 of Title 13 (relating to bulk transfers) and all other applicable provisions of law are complied with. Otherwise, the liability of the dividing corporation, or of its

members, directors, or officers, shall not be affected by the division, nor shall the rights of the creditors thereof or of any person dealing with such corporation be impaired by such division, and, except as otherwise provided in this section, any claim existing or action or proceeding pending by or against such corporation may be prosecuted to judgment as if such division had not taken place, or the resulting corporations may be proceeded against or substituted in its place as joint and several obligors on such liability, regardless of any provision of the plan of division apportioning the debts and liabilities of the dividing corporation.

* * *

SUBCHAPTER [D] E CONVERSION

§ [7951] 5961. Conversion authorized.

(a) **[Business to nonprofit.—Any business corporation may, in the manner provided in this subchapter, be converted into a nonprofit corporation, hereinafter designated as the resulting corporation.**

(b) **[Nonprofit to business] General rule.—Any nonprofit corporation may, in the manner provided in this subchapter, be converted into a business corporation, hereinafter designated as the resulting corporation.**

[(c)] (b) Exceptions.—

* * *

§ [7952] 5962. Proposal and adoption of plan of conversion.

(a) Preparation of plan.—A plan of conversion shall be prepared, setting forth:

* * *

(3) A restatement of the articles of the resulting corporation, which articles shall comply with the requirements of[

(i) **the Business Corporation Law, if the resulting corporation is to be a business corporation; or**

(ii) **this article, if the resulting corporation is to be a nonprofit corporation] Subpart B of Part II (relating to business corporations).**

* * *

(b) Proposal and adoption.—The plan of conversion shall be proposed and adopted, and may be terminated, in the manner provided for the proposal, adoption and termination of a plan of merger in **[Article IX of the Business Corporation Law (relating to merger and consolidation), in the case of a business corporation which proposes to convert into a nonprofit corporation, or in] Subchapter [B of this chapter] C (relating to merger, consolidation and sale of assets)[, in the case of a nonprofit corporation which proposes to convert into a business corporation.**

(c) **Rights of dissenting shareholders.—If any shareholder of a business corporation which adopts a plan of conversion into a nonprofit corporation shall object to such plan of conversion and shall comply with the provisions of section 515 of the Business Corporation Law (relating to rights of dissenting shareholders), such shareholder shall be entitled to the rights and remedies of dissenting shareholders therein provided, notwithstanding anything**

to the contrary in subsection L of said section. There shall be included in, or enclosed with, the notice of meeting of shareholders of the business corporation called to act upon the plan of conversion a copy or a summary of the plan and a copy of this subsection and of section 515 of the Business Corporation Law].

§ [7953] 5963. Articles of conversion.

* * *

§ [7954] 5964. Filing of articles of conversion.

(a) *General rule.*—The articles of conversion shall be filed in the Department of State.

(b) *Cross reference.*—See section 134 (relating to docketing statement).

§ [7955] 5965. Effective date of conversion.

* * *

§ [7956] 5966. Effect of conversion.

(a) *Business to nonprofit.*—Upon the conversion becoming effective the corporation, if theretofore a business corporation, shall be deemed to be a nonprofit corporation for all purposes, shall cease to be a business corporation and shall not thereafter operate in any manner resulting in pecuniary profit, incidental or otherwise, to its members or shareholders. The corporation shall remain liable for all existing obligations, public or private, taxes due the Commonwealth or any other taxing authority for periods prior to the effective date of the conversion, and, as such nonprofit corporation, it shall continue to be entitled to all assets therefore pertaining to it as a business corporation.

(b) *Nonprofit to business.*—]Upon the conversion becoming effective, the corporation[, if theretofore a nonprofit corporation,] shall be deemed to be a business corporation for all purposes, shall cease to be a nonprofit corporation, and may thereafter operate for a purpose or purposes resulting in pecuniary profit, incidental or otherwise, to its members or shareholders. The corporation shall issue share certificates to each shareholder entitled thereto. The corporation shall remain liable for all existing obligations, public and private, taxes due the Commonwealth or any other taxing authority for periods prior to the effective date of the conversion, and, as such business corporation, it shall continue to be entitled to all assets theretofore pertaining to it as a nonprofit corporation except as otherwise provided by order, if any, obtained pursuant to section [7549(b) of this title] 5547(b) (relating to nondiversion of certain property).

SUBCHAPTER [E] F VOLUNTARY DISSOLUTION AND WINDING UP

§ [7961] 5971. Voluntary dissolution by members or incorporators.

(a) *General rule.*—* * *

(b) *Filing.*—The articles of dissolution shall be filed in the Department of State. See section 134 (relating to docketing statement).

(c) *Effect.*—Upon the filing of the articles of dissolution, the existence of the corporation shall cease.

§ [7962] 5972. Proposal of voluntary dissolution.

* * *

§ [7963] 5973. Notice of meeting of members.

* * *

§ [7964] 5974. Adoption of proposal.

* * *

(b) Adoption in absence of voting members.—If the corporation has no members entitled to vote on the question of the advisability of voluntarily dissolving the corporation, the resolution shall be deemed adopted by the corporation when it has been adopted by the board of directors or other body pursuant to section [7962 of this title] 5972 (relating to proposal of voluntary dissolution).

* * *

§ [7965] 5974.1. Articles of election to dissolve.

* * *

(b) Filing.—The articles of election to dissolve shall be filed in the Department of State. *See section 134 (relating to docketing statement).*

(c) *Effect.*—Upon the filing in the department of articles of election to dissolve, the corporation shall cease to carry on its business, except insofar as may be necessary for the proper winding up thereof, but its corporate existence shall continue until articles of dissolution have been filed in the department.

§ [7966] 5974.2. Articles rescinding election to dissolve.

* * *

(b) Filing.—The articles rescinding election to dissolve shall be filed in the Department of State. *See section 134 (relating to docketing statement).*

(c) *Effect.*—Upon the filing in the department of articles rescinding election to dissolve, the election to dissolve shall be rescinded.

§ [7967] 5975. Winding up in voluntary dissolution proceedings.

* * *

§ [7968] 5976. Judicial supervision of proceedings.

(a) General rule.—The board of directors or other body, at any time during the winding up proceedings, may, by petition, apply to the court to have the proceedings continued under the supervision of the court, and thereafter the proceedings shall continue under the supervision of the court, as provided in Subchapter [F of this chapter] G (relating to involuntary liquidation and dissolution).

(b) Distribution of property committed to charitable purposes.—If the assets of the corporation include any property committed to charitable purposes, the board of directors or other body shall apply to the court for an order pursuant to section [7549(b) of this title] 5547(b) (relating to nondiversion of certain property) specifying the disposition of the property.

* * *

§ [7969] 5977. Articles of dissolution.

* * *

(b) Filing.—The articles of dissolution *and the certificates or statement required by section 139 (relating to tax clearance of certain fundamental*

transactions) shall be filed in the Department of State. At the same time proof of the advertisement required by section [7967(b) of this title] 5975(b) (relating to notice to creditors and taxing authorities) shall be delivered to the department. *See section 134 (relating to docketing statement).*

(c) *Effect.*—Upon the filing of the articles of dissolution in the department, the existence of the corporation shall cease.

§ [7970] 5978. Winding up of corporation upon the expiration of its period of duration.

* * *

§ [7971] 5979. Survival of remedies and rights after dissolution.

(a) *Liabilities.*—The dissolution of a nonprofit corporation, either under this subchapter or under Subchapter [F of this chapter] G (relating to involuntary liquidation and dissolution) or by expiration of its period of duration, shall not take away or impair any remedy given against such corporation, its directors or members, for any liability incurred prior to such dissolution, if an action thereon is brought before or within two years after the date of such dissolution. Such actions may be prosecuted against and defended by the corporation in its corporate name.

* * *

SUBCHAPTER [F] G INVOLUNTARY LIQUIDATION AND DISSOLUTION

§ [7981] 5981. Proceedings upon petition of member [or director], *etc.*

* * *

§ [7982] 5982. Proceedings upon petition of creditor.

* * *

§ [7983] 5983. Proceedings upon petition of superior religious organization.

* * *

§ [7984] 5984. Appointment of receiver pendente lite and other interim powers.

* * *

§ [7985] 5985. Liquidating receiver.

Upon a hearing and proof of the issues, after such notice as the court may direct to be given to all parties to the proceeding, and to any other parties in interest designated by the court, the court may appoint a liquidating receiver with authority to collect the assets of the corporation, including all amounts owing to the corporation by members on account of any unpaid portion of the consideration for memberships. Such liquidating receiver shall have authority, subject to the order of the court, to dispose of all or any part of the assets of the corporation, either at public or private sale. The assets of the corporation, or the proceeds resulting from a disposition thereof, shall be applied to the expenses of such liquidation and to the payment of the liabilities of the corporation, and any remaining assets or proceeds shall be distributed by the court in the manner provided by Subchapter [E of this chapter] F (relating to voluntary dissolution and winding up). The order appointing such liquidating receiver shall state his powers and duties. Such powers and

duties may be increased or diminished at any time during the proceedings. A receiver of a corporation appointed under this section shall have authority to sue and defend in all courts in his own name as receiver of such corporation. The court appointing such receiver may issue writs in favor of such receiver to the sheriff of any county in this Commonwealth for service.

§ [7986] 5986. Qualifications of receivers.

* * *

§ [7987] 5987. Proofs of claims.

* * *

§ [7988] 5988. Discontinuance of proceedings; reorganization.

* * *

§ [7989. Involuntary articles] 5989. *Articles of involuntary dissolution.*

(a) *General rule.*—The court, in a proceeding under this subchapter, shall enter a decree dissolving the corporation when the order, if any, obtained pursuant to section [7549(b) of this title] 5547(b) (relating to nondiversion of certain property) has been entered and when the costs and expenses of such proceeding, and all liabilities of the corporation shall have been discharged, and all of its remaining assets have been distributed to the persons entitled thereto, or, in case its assets are not sufficient to discharge such costs, expenses and liabilities, when all the assets have been applied, as far as they will go, to the payment of such costs, expenses and liabilities.

(b) *Filing.*—After the court shall have entered a decree of dissolution, it shall be the duty of the prothonotary to prepare and execute articles of dissolution substantially in the form provided by section [7969 of this title] 5977 (relating to articles of dissolution), to attach thereto a certified copy of the decree and to transmit the articles and attached decree to the Department of State. No fee shall be charged by the department in connection with the filing of articles of dissolution under this section. *See section 134 (relating to docketing statement).*

(c) *Effect.*—Upon the filing of the articles of dissolution in the department, the existence of the corporation shall cease.

[§ 7990. Actions to revoke corporate franchises.

(a) *General rule.*—The Attorney General may institute proceedings to revoke the articles and franchises of a nonprofit corporation if it:

- (1) misused or failed to use its powers, privileges or franchises;
- (2) procured its articles by fraud; or
- (3) should not have been incorporated under the statutory authority relied upon.

(b) *Powers of court.*—In every action instituted under subsection (a) of this section the court shall have power to wind up the affairs of and to dissolve the corporation in the manner provided in this subchapter.]

**SUBCHAPTER H
POSTDISSOLUTION CLAIMS
(Reserved)**

**ARTICLE C
FOREIGN NONPROFIT CORPORATIONS [NOT-FOR-PROFIT]**

**CHAPTER [81] 61
FOREIGN NONPROFIT CORPORATIONS [NOT-FOR-PROFIT]**

**SUBCHAPTER A
[APPLICATION OF ARTICLE]
PRELIMINARY PROVISIONS**

§ [8101] 6101. Application of article.
* * *

**SUBCHAPTER B
QUALIFICATION**

§ [8121] 6121. Admission of foreign corporations.
* * *

§ [8122] 6122. Excluded activities.
* * *

(b) Exceptions.—The specification of activities in subsection (a) [of this section] does not establish a standard for activities which may subject a foreign corporation to:
* * *

(3) the provisions of section [8145 of this title] 6145 (relating to applicability of certain safeguards to foreign corporations).

§ [8123] 6123. Restriction on admission of foreign corporations.

(a) General rule.—The Department of State shall not issue a certificate of authority to any foreign corporation not-for-profit:
* * *

(3) Which, except as provided in subsection (b) [of this section], has a name which under section [7313 of this title] 5303 (relating to corporate name) is not available through consent or otherwise for use by a domestic nonprofit corporation or a domestic cooperative corporation, as the case may be.

(b) Exception; name.—The provisions of section [7313(b) of this title] 5303(b) (relating to duplicate use of names) shall not prevent the issuance of a certificate of authority to a foreign corporation not-for-profit setting forth a name which is similar to the name of any other domestic or foreign corporation for profit or corporation not-for-profit, if:
* * *

§ [8124] 6124. Application for a certificate of authority.
* * *

(b) Advertisement.—A foreign corporation shall officially publish notice of its intention to apply or its application for a certificate of authority. The notice may appear prior to or after the day on which application is made to the Department of State, and shall set forth briefly:

(1) A statement that the corporation will apply or has applied for a certificate of authority under the provisions of the [Corporation Not-for-profit Code] *Nonprofit Corporation Law of 1988*.

* * *

(c) *Cross reference.*—See section 134 (relating to docketing statement).

§ [8125] 6125. Issuance of certificate of authority.

* * *

§ [8126] 6126. Amended certificate of authority.

* * *

(d) *Cross reference.*—See section 134 (relating to docketing statement).

§ [8127] 6127. Merger or consolidation of qualified foreign corporations.

(a) General rule.—Whenever a qualified foreign corporation shall be a nonsurviving party to a statutory merger or consolidation permitted by the laws of the jurisdiction under which it is incorporated the corporation surviving the merger, or the new corporation resulting from the consolidation, as the case may be, shall file in the Department of State a statement of merger or consolidation, which shall be executed [under the seal of] by the surviving or new corporation [by two duly authorized officers thereof,] and shall set forth:

* * *

(5) In the case of a consolidation, or if the surviving corporation was a nonqualified foreign corporation prior to the merger, the statements on the part of the surviving or new corporation required by section [8124(a) of this title] 6124(a) (relating to application for a certificate of authority).

* * *

(d) *Cross reference.*—See section 134 (relating to docketing statement).

§ [8128] 6128. Revocation of certificate of authority.

* * *

§ [8129] 6129. Application for termination of authority.

* * *

(b) Advertisement.—A qualified foreign corporation shall, before filing an application for termination of authority, officially publish and mail a notice of its intention to withdraw from doing business in this Commonwealth in a manner similar to that required by section [7967(b) of this title] 5975(b) (relating to notice to creditors and taxing authorities). The notice shall set forth briefly:

* * *

(c) Filing.—Such application *and the certificates or statement required by section 139 (relating to tax clearance of certain fundamental transactions)* shall be filed in the Department of State and shall be accompanied by proof of the advertisement required by subsection (b) [of this section and a certificate or certificates from the proper departments of the Commonwealth evidencing the payment of all taxes and charges as required by law]. See section 134 (relating to docketing statement).

* * *

§ [8130] 6130. Change of address after withdrawal.

(a) *General rule.*—***

(b) *Cross reference.*—*See section 134 (relating to docketing statement).*

SUBCHAPTER C POWERS, DUTIES AND LIABILITIES

§ [8141] 6141. Penalty for doing business without certificate of authority.

§ [8142] 6142. General powers and duties of qualified foreign corporations.

§ [8143] 6143. General powers and duties of nonqualified foreign corporations.

§ [8144] 6144. Registered office of qualified foreign corporations.

(c) *Cross reference.*—*See section 134 (relating to docketing statement).*

§ [8145] 6145. Applicability of certain safeguards to foreign corporations.

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

(1) Section [7504(b)] 5504(b) (relating to adoption and contents of bylaws).

(2) Section [7508] 5508 (relating to corporate records; inspection).

(3) Section [7555] 5553 (relating to annual report of directors or other body).

(4) Section [7743] 5743 (relating to mandatory indemnification).

(5) Section [7755] 5755 (relating to time of holding meetings of members).

(6) Section [7758(e)] 5758(e) (relating to voting lists).

(7) Section [7759(b)] 5759(b) (relating to minimum requirements).

(8) Section [7762] 5762 (relating to judges of election).

(9) Section [7764] 5764 (relating to appointment of custodian of corporation on deadlock or other cause).

(10) Section [7767(b)] 5766(b) (relating to expulsion).

(11) Subchapter [E] F of Chapter [77] 57 (relating to judicial supervision of corporate action).

(12) Chapter [79] 59 (relating to fundamental changes).

SUBCHAPTER D
DOMESTICATION
(Reserved)

SUBPART D
COOPERATIVE CORPORATIONS

Article

- A. Cooperative Corporations Generally
- B. Domestic Cooperative Corporation Ancillaries

ARTICLE A
COOPERATIVE CORPORATIONS GENERALLY

Chapter

- 71. Cooperative Corporations Generally

CHAPTER 71
COOPERATIVE CORPORATIONS GENERALLY

Subchapter

- A. General Provisions
- B. Membership and Corporate Finance
- C. Cooperative Contracts

SUBCHAPTER A
GENERAL PROVISIONS

Sec.

- 7101. Short title of subpart.
- 7102. Cooperative corporations generally.
- 7103. Use of term "cooperative" in corporate name.

§ 7101. Short title of subpart.

This subpart shall be known and may be cited as the Cooperative Corporation Law of 1988.

§ 7102. Cooperative corporations generally.

(a) General rule.—Any corporation incorporated under this part may be organized on the cooperative principle by setting forth in its articles a common bond of membership among its shareholders or members by reason of occupation, residence or otherwise and that it is a cooperative corporation.

(b) Applicable law.—A corporation incorporated under this subpart shall be governed by the applicable provisions of this subpart and, to the extent not inconsistent with this subpart:

(1) Subpart B (relating to business corporations) if its articles state that it is incorporated for a purpose or purposes involving pecuniary profit, incidental or otherwise, to its shareholders or members or if its articles are silent on the subject.

(2) Subpart C (relating to nonprofit corporations) if:

(i) Its articles state that it is incorporated for a purpose or purposes not involving pecuniary profit.

(ii) (Reserved).

(c) Credit unions.—This subpart shall not apply to a credit union, whether proposed or existing, except as otherwise expressly provided in this subpart or as otherwise provided by statute applicable to the corporation.

§ 7103. Use of term “cooperative” in corporate name.

(a) General rule.—Except as otherwise provided by statute:

(1) The corporate name of a cooperative corporation shall contain the term “cooperative” or an abbreviation thereof.

(2) The name of an association shall not contain the term “cooperative” or an abbreviation thereof unless the association is a cooperative corporation.

(b) Cross reference.—See section 7 of the act of June 21, 1937 (P.L.1969, No.389), known as the Electric Cooperative Corporation Act.

SUBCHAPTER B MEMBERSHIP AND CORPORATE FINANCE

Sec.

7111. Voting rights.

7112. Distributions.

§ 7111. Voting rights.

Except as otherwise provided by statute, each member of a cooperative corporation shall have one vote, unless the corporation is organized on the basis of interests in real property or market shares or similar divisions of useful property or cooperative activity, in which case the articles or a bylaw adopted by the members may provide for voting on the basis of apartment units or market shares or other similar units of useful property or cooperative activity.

§ 7112. Distributions.

Notwithstanding section 5551 (relating to dividends prohibited; compensation and certain payments authorized), a cooperative corporation may make patronage rebates or other distributions to its members or patrons in conformity with the purposes for which it is incorporated. A patronage rebate or dividend that is, or is equivalent to, a reduction in the charge made by a cooperative corporation to a member for goods or services shall not constitute a dividend or distribution within the meaning of this part or any other provision of law.

SUBCHAPTER C COOPERATIVE CONTRACTS

Sec.

7121. Cooperative contracts generally.

7122. Notice of cooperative contracts.

7123. Filing procedures.

7124. Relief against breach or threatened breach of contract; penalty for interference.

7125. Action for civil penalty for inducing breach or spreading false reports.

§ 7121. Cooperative contracts generally.

(a) General rule.—A contract between a cooperative corporation and any member, whether contained in the bylaws or a separate writing, may require the member to:

(1) Sell, market or deliver to or through the corporation or any facilities furnished by it, all or any specified part of products produced or to be produced either by the member or under the control of the member.

(2) Authorize the corporation or any facilities furnished by it to act for the member in any manner with respect to all or any specified part of products produced or to be produced either by the member or under the control of the member.

(3) Buy or procure from or through the corporation or any facilities furnished by it, all or any specified part of goods or services to be bought or procured by the member.

(4) Authorize the corporation or any facilities furnished by it to act for the member in any manner in the procurement of goods or the procurement or performance of services.

(b) Damages for breach.—A contract authorized by subsection (a) may fix and require liquidated damages to be paid by the member to the cooperative corporation in the event of breach of the contract by the member. Liquidated damages may be a percentage of the value or a specific amount per unit of the products, goods or services involved in or the subject of the breach, or a specific sum.

(c) Collective action.—Two or more cooperative corporations may contract and act in association, corporate or otherwise, to perform collectively any of their powers, purposes or contracts.

(d) Definition.—A contract described in subsection (a) is referred to in this subchapter as a “cooperative contract,” and, unless the context otherwise requires, the term means the original cooperative contract and any amendments.

§ 7122. Notice of cooperative contracts.

(a) General rule.—A cooperative corporation may file any cooperative contract in the manner provided in section 7123 (relating to filing procedures) for the purpose of providing notice of its existence and contents as provided in subsection (b). If the corporation has substantially uniform cooperative contracts with more than one member, it may, in lieu of filing the original contracts, file:

(1) A true copy of the uniform contract; and

(2) A list or lists of the names and addresses of members who have executed the contract and the effective date of the contract as to each such member.

(b) Effect of filing.—Filing pursuant to section 7123 shall operate as constructive notice to all persons of the existence and contents of the cooperative contract. Any right, title, interest or lien created as to the products

covered by the contract subsequent to such filing while such filing is in effect is subject to the right, title or interest of the cooperative corporation under the contract. If the member creates any mortgage upon or other security interest in any such products subsequent to the filing of the contract and if the member and the mortgagee or secured party jointly notify the corporation in writing of the existence and amount of the mortgage or other security interest, all payments which after such notice become due from the corporation to that member by reason of the sale or other handling of those products by the corporation shall be paid by the corporation to the mortgagee or other secured interest until the amount of the mortgage or the sum due the secured party has been paid, and the balance thereafter shall be paid to the member.

§ 7123. Filing procedures.

(a) Place and method of filing.—The proper place to file a cooperative contract authorized by section 7121(a)(1) or (2) (relating to cooperative contracts generally) is in the Department of State. Subchapter B of Chapter 1 (relating to functions and powers of Department of State) shall not apply to a filing under this subchapter.

(b) Amendments.—A cooperative contract that has been filed under this section may be amended by filing a writing signed by both the cooperative corporation and the member. The filing of an amendment does not extend the period of effectiveness of a filing of a cooperative contract.

(c) Sufficiency of name of member.—Where a member so changes his name or in the case of an association its name, identity or corporate structure that a filing of a cooperative contract becomes seriously misleading, the filing is not effective more than four months after the change, unless a new filing is made before the expiration of that time.

(d) Effect of minor errors.—A filing substantially complying with the requirements of this subchapter is effective even though it contains minor errors that are not seriously misleading.

(e) What constitutes filing.—Presentation for filing of a cooperative contract and tender of the filing fee to or acceptance of the contract by the *department constitutes filing under this subchapter.*

(f) Duration of effectiveness of filing in general.—The filing of a cooperative contract shall be effective for a period of five years from the date of filing or the duration of the contract, whichever is less. The effectiveness of a cooperative contract filing lapses on the expiration of such period unless a continuation statement is filed prior to the lapse.

(g) Continuation statement.—A continuation statement may be filed by the cooperative corporation within six months prior to the expiration of the five-year period specified in subsection (f). Any such continuation statement must be signed by the corporation, identify the original cooperative contract filing by file number and state that the original contract is still effective. Upon timely filing of the continuation statement, the effectiveness of the original filing shall be continued for five years after the last date to which the filing was effective whereupon it shall lapse in the same manner as provided in subsection (f) unless another continuation statement is filed prior to such lapse. Succeeding continuation statements may be filed in the same manner to continue the effectiveness of the original filing.

(h) Duties of department.—The department shall mark each cooperative contract with a file number and with the date and hour of filing and shall hold the contract or a microfilm or other photographic copy thereof for public inspection. In addition, the department shall index the contract according to the name of the cooperative corporation and the name or names of the members who are parties thereto and shall note in the index the file number and the address of the corporation and the address or addresses of the members.

(i) Termination.—When a cooperative contract filed under this subchapter has been terminated in any manner, the cooperative corporation shall give, upon demand, a termination statement to the member party to the contract, who may file the statement with the department. A cooperative corporation may file at any time a termination statement listing the names of all persons whose contracts have been terminated in any manner other than by expiration of their term. Upon presentation to the department of a termination statement, it shall be noted in the index. If the termination statement has been filed in duplicate, the department shall return one copy of the termination statement to the member or corporation stamped to show the date and time of receipt thereof.

(j) Marking copy of filings.—If the person filing any cooperative contract, continuation statement or termination statement furnishes the department a copy thereof, the department upon request shall note upon the copy the file number and date and hour of the filing of the original and deliver or send the copy to such person.

(k) Furnishing certificates and copies.—Upon request of any person, the department shall issue a certificate showing whether there is on file on the date and hour stated therein, any presently effective cooperative contract filing naming a particular member and, if there is, giving the date and hour of filing of each such contract, the file number thereof and the name and address of the cooperative corporation.

(l) Retention of microfilm or other copies in lieu of originals; admissibility of copies in evidence; duties of department.—In lieu of retaining the originals of any or all papers filed with it under this subchapter, the department may make microfilm, photographic, photostatic or other copies of them which accurately reproduce such originals and may thereafter dispose of the originals so copied, and any copy so made shall be admissible in evidence in any proceeding with the same effect as though it were an original.

(m) Illegible filings.—The duties of the department prescribed in this subchapter shall relate only to clearly legible papers filed with it or submitted to it for filing. The department shall promptly return to the person submitting the same any paper that is not clearly legible.

§ 7124. Relief against breach or threatened breach of contract; penalty for interference.

(a) Relief against member.—In the event of a breach or threatened breach of a cooperative contract, the cooperative corporation shall be entitled to an injunction to prevent the breach or any further breach thereof, and to a decree of specific performance thereof. Upon showing the breach or

threatened breach and upon filing a sufficient bond, the corporation shall be entitled to a preliminary or special injunction.

(b) Relief against third parties.—Any person who, with knowledge that a cooperative contract exists, induces or attempts to induce any member to breach the contract, or who in any manner aids a breach of the contract, shall be liable to the cooperative corporation for damages caused by such interference. The corporation shall also be entitled to an injunction to prevent any interference or further interference with the contract.

§ 7125. Action for civil penalty for inducing breach or spreading false reports.

In addition to the remedies provided in section 7124(b) (relating to relief against third parties), any person who knowingly and maliciously induces or attempts to induce any member of a cooperative corporation to breach a cooperative contract or who knowingly and maliciously spreads any false report about the finances or management of a cooperative corporation shall be liable, in a civil action, to the corporation aggrieved, in the amount of \$500 for each offense.

ARTICLE B DOMESTIC COOPERATIVE CORPORATION

ANCILLARIES

Chapter

- 73. Electric Cooperative Corporations
- 75. Cooperative Agricultural Associations
- 77. Workers' Cooperative Corporations

CHAPTER 73 ELECTRIC COOPERATIVE CORPORATIONS

Sec.

7301. Existing law saved from repeal.

§ 7301. Existing law saved from repeal.

Pending codification in this title of the act of June 21, 1937 (P.L.1969, No.389), known as the Electric Cooperative Corporation Act, this part shall not apply to an electric cooperative corporation.

CHAPTER 75 COOPERATIVE AGRICULTURAL ASSOCIATIONS

Sec.

7501. Existing law saved from repeal.

§ 7501. Existing law saved from repeal.

Pending codification in this title of the act of June 12, 1968 (P.L.173, No.94), known as the Cooperative Agricultural Association Act, this part shall not apply to a cooperative agricultural association.

CHAPTER 77
WORKERS' COOPERATIVE CORPORATIONS

Sec.

- 7701. Definitions.
- 7702. Corporations.
- 7703. Articles of incorporation.
- 7704. Content of articles.
- 7705. Capital stock.
- 7706. Internal capital accounts and net worth.
- 7707. Voting.
- 7708. Acceptance and termination of membership.
- 7709. Power to buy, sell or trade.
- 7710. Individual liability of members.
- 7711. Corporate powers.
- 7712. Investment of capital stock in other corporations.
- 7713. Meetings.
- 7714. Records.
- 7715. Audit.
- 7716. Directors and officers.
- 7717. Patronage distributions.
- 7718. Indemnity.
- 7719. Unlawful dividends.
- 7720. Amendments of articles.
- 7721. Bylaws.
- 7722. Benefits bestowed on associations by compliance with this chapter.
- 7723. Dissolution.
- 7724. Conversion to a corporation governed by the Business Corporation Law.
- 7725. Savings provisions.
- 7726. Applicability.

§ 7701. Definitions.

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

“Bureau.” The Corporation Bureau of the department.

“Corporation.” A corporation organized for profit which has elected to be governed by this chapter.

“Member.” An individual who patronizes a corporation by the contribution of labor and who has been accepted for membership in and owns a membership share issued by the corporation.

“Patronage.” The number of hours of work performed as a member of a corporation.

“Patronage allocation.” The share of net earnings or losses with respect to a period of time paid or credited to a member on the basis of the ratio which the member's patronage during the period involved bears to total patronage by all members during that period.

“Written notice of allocation.” A written instrument which discloses to a member the stated dollar amount of the member’s patronage allocation and the terms of payment of that amount by the corporation.

§ 7702. Corporations.

(a) Members and purpose.—Corporations, productive and distributive, may be incorporated under this chapter, upon compliance with its requirements, by five or more farmers, mechanics, laborers or other persons who have incorporated themselves together by written articles under section 7703 (relating to articles of incorporation) for the purpose of carrying on agricultural, horticultural, mining, quarrying, building, mechanical, manufacturing or commercial business; for the purpose of manufacturing, cultivating, raising, trading or dealing in goods, wares, merchandise, chattels, grains, vegetables, roots, fruits and other produce or animals; or for the purpose of buying, selling, holding, leasing or improving lands, tenements or buildings.

(b) Name.—

(1) The corporation may adopt any corporate name to indicate its cooperative character as long as the name has not been previously adopted.

(2) The two last words of the name shall be “cooperative corporation,” but it shall be unlawful to use in the name either the words “society” or “company.” A violation of this paragraph by a corporation formed under this chapter renders each member personally liable for all debts of the corporation.

(c) Business office.—A corporation must have a regular business office.

§ 7703. Articles of incorporation.

(a) Advertisement.—The incorporators shall advertise their intention to file or the corporation shall advertise the filing of articles of incorporation with the department one time in two newspapers of general circulation, one of which shall be a newspaper designated by the rules of court for the publication of legal notices, or in two newspapers of general circulation published in the county in which the initial registered office of the corporation is to be located. If there is only one newspaper of general circulation published in a county, advertisements in that newspaper shall be sufficient. Advertisements may appear prior to or after the day the articles of incorporation are filed with the department and shall set forth briefly:

(1) The name of the proposed corporation.

(2) A statement that the corporation is to be or has been organized under this chapter.

(3) The purpose of the corporation.

(4) The time of filing the articles with the department.

(b) Approval of articles.—The articles of incorporation, signed by each of the incorporators, together with any filing fee required to be paid, shall be delivered to the department. If the department finds that the articles comply with section 7704 (relating to content of article) and that all required fees have been paid, it shall approve the articles of incorporation; and a copy of the articles shall be recorded in the bureau. Upon the approval of the articles of incorporation, the corporation’s existence begins.

(c) Evidence of incorporation.—The articles of incorporation as approved are conclusive evidence of the fact that the corporation has been organized; but proceedings may be instituted by the Commonwealth to dissolve, wind up and terminate a corporation which should not have been incorporated or which has been incorporated by means of fraud or misrepresentation or without substantial good faith compliance with the conditions prescribed by this chapter as precedent to incorporation.

§ 7704. Content of articles.

The articles of incorporation shall be signed by the persons originally associating themselves together and shall state distinctly:

(1) The name by which the corporation shall be known, which may not be the same as, or confusingly similar to, the name of an association or corporation existing under the law of the Commonwealth, the name of a foreign or alien association or corporation authorized to transact business in this Commonwealth, or a corporate name reserved or registered as provided by law.

(2) The place in this Commonwealth where the principal office is to be located.

(3) A brief statement:

(i) of the purpose or purposes for which the corporation is incorporated, which may consist of a statement that the corporation has unlimited powers to engage in any lawful act concerning any business for which corporations may be incorporated under this chapter; and

(ii) that the corporation is incorporated under this act.

(4) A description of the capital stock of each class which is to be issued; a statement of the preferences, qualifications, limitations, restrictions and special or relative rights granted to or imposed upon the shares of each class of capital stock; the total authorized capital stock; the number of shares into which the capital stock is divided; and the par value of each share of capital stock.

(5) The amount of capital that will be actually paid in before commencing business.

(6) The terms on which individuals may become members.

(7) The number of directors, which may not be less than five, constituting the initial board of directors and the names and addresses of the persons who are to serve as directors until the first annual meeting of the members or until their successors are elected and take office.

(8) Other matters as may be deemed proper and necessary.

(9) The term of its existence, which shall be either perpetual or for a fixed term of years.

(10) The name and post office address of each of the incorporators; a statement of the number of shares subscribed to by each, which must be at least one; and the class of shares to which each subscribes.

§ 7705. Capital stock.

(a) Issuance and redemption.—A corporation shall issue as capital stock a class of voting common stock designated as membership shares only to those individuals who fulfill all requirements for member status upon terms

and conditions provided in the articles of incorporation. Each member may own only one membership share, and only members may own membership shares. A member is entitled to one vote per membership share on each question that may be presented at any meeting of the members, regardless of the number of shares of stock or membership capital owned by the member. Membership shares shall be issued for a fee determined by the board of directors. Except as otherwise provided in this chapter, a membership share entitles a member to the rights and obligations of a stockholder of a corporation organized under this title. Upon voluntary or involuntary termination of a member's work in the corporation, the membership share shall be transferred back to the corporation at the time of the termination. The redemption price of a membership share shall be determined solely by reference to the member's internal capital account under section 7706 (relating to internal capital accounts and net worth).

(b) **Voting power.**—No capital stock other than membership shares shall be granted voting power in a corporation except as provided in section 7720 (relating to amendments of articles) and the articles of incorporation.

(c) **Preferred stock.**—A corporation may issue as capital stock a class of nonvoting preferred stock upon terms and conditions provided in the articles of incorporation. Preferred stock shall be freely transferable.

(d) **Payment for stock.**—No corporation may issue a membership share, and no certificate of stock may be issued until fully paid for, except that promissory notes may be accepted by the corporation as full or partial payment if the promissory note requires payment by regular payroll deductions commencing on the date of the member's acceptance for membership in the corporation. The corporation shall hold the membership share or stock as security for the payment of the note, but retention as security shall not affect the member's right to vote and hold office.

(e) **Fractional shares and scrip.**—Fractional shares of and scrip for common and preferred stock may not be issued by the corporation.

(f) **Form of certificates.**—Certificates representing shares, membership shares and evidences of a person's equity in a fund, capital investment or other asset of the corporation shall be signed by the president, vice president, treasurer or assistant treasurer and the secretary or an assistant secretary of the corporation. Facsimiles of signatures are acceptable. These certificates may be sealed with the seal of the corporation or a facsimile.

(g) **Dividend and lien.**—Dividends may be paid on preferred stock and may be cumulative if the articles of incorporation so provide. A corporation shall have a lien on all of its outstanding preferred stock and dividends declared or accrued for all indebtedness of the holders to the corporation if provision for a lien is stated on the face of the certificate of stock.

(h) **Status of membership.**—A membership is not a security as defined in section 102 of the act of December 5, 1972 (P.L.1280, No.284), known as the Pennsylvania Securities Act of 1972. Sale, redemption and other transactions with respect to membership shares are not governed by the Pennsylvania Securities Act of 1972, except that Part IV of that act, relating to fraudulent and prohibited practices, applies.

(i) Sale, transfer and redemption of stock.—The sale, transfer and redemption of stock in the corporation other than membership shares is subject to the Pennsylvania Securities Act of 1972.

(j) Issuance without other first offer.—Unless otherwise provided in the articles of incorporation, a corporation may issue shares without first offering them to shareholders of any class.

§ 7706. Internal capital accounts and net worth.

(a) Purpose of accounts.—A corporation shall establish through its bylaws a system of internal capital accounts to reflect the book value of the corporation and to determine the redemption price of membership shares and written notices of allocation.

(b) Types of accounts.—Internal capital accounts shall be of two types: individual internal capital accounts, one for each member, and a non-individuated, collective internal capital account, which shall be called the collective reserve account.

(c) Net worth.—The net worth of the corporation shall be reflected in:

(1) The internal capital accounts.

(2) The sum of the par value of all outstanding stock with par value, other than membership shares.

(3) The stated value of evidences of equity in a fund, capital investment or other asset of the corporation.

(d) Procedure.—A corporation shall credit the paid-in membership fee and additional paid-in capital of a member to the member's individual internal capital account and shall also record the apportionment of retained net earnings or net losses to the member's account in accordance with patronage, by appropriately crediting or debiting the member's account. The collective reserve account shall reflect paid-in capital, retained net earnings and net losses not allocated to the capital accounts or members or not attributable to funds under subsection (c)(1) and (3).

(e) Adjustment of balance.—The balances in all of the individual internal capital accounts and the collective reserve account, if any, shall be adjusted at the end of each accounting period so that the sum of these balances and of the amounts under subsection (c)(2) and (3) is equal to the net worth of the corporation.

(f) Use of funds.—Moneys allocated to the internal capital accounts may be used for corporate purposes as determined by the board of directors.

§ 7707. Voting.

No stockholder or member may vote by proxy or by mail.

§ 7708. Acceptance and termination of membership.

The articles of incorporation shall establish qualifications and the method of acceptance and termination of members. No person may be accepted as a member unless employed by the corporation on a full-time or part-time basis.

§ 7709. Power to buy, sell or trade.

A corporation may buy from, sell to and trade or deal with its members or other persons.

§ 7710. Individual liability of members.

Neither members of a corporation nor the estates of members shall be individually liable for the debts of the corporation.

§ 7711. Corporate powers.

Each corporation has the following powers:

(1) To exist for the period of time set forth in its articles of incorporation unless sooner dissolved by operation of law or under this chapter.

(2) To maintain and defend judicial proceedings by the name specified in the articles of incorporation.

(3) To adopt and use a common seal and alter the same.

(4) To hold, purchase, lease and transfer real and personal property as necessary or proper to effect the purposes of the corporation.

(5) To elect a board of directors, which has the power to appoint officers, agents and employees as necessary; to prescribe their duties; to require bonds of them; and to dismiss them in accordance with the bylaws.

(6) To make bylaws.

(7) To make contracts and to assist or join with persons to effect the activities authorized by its articles of incorporation and conducive to or expedient for the interest or benefit of the corporation and to exercise powers necessary or proper for the accomplishment of the purposes of the corporation.

(8) To borrow money necessary to the conduct of its operations; to issue notes, bonds and other evidence of indebtedness; and to give security in the form of mortgage or otherwise.

(9) In furtherance of corporation purposes, to make loans or advances to its members and patrons or to subsidiary and affiliated persons or their members and to purchase or acquire, endorse, discount or sell evidence of debt, obligation or security.

(10) To establish and accumulate a collective reserve account, surplus of capital and other funds authorized by the articles of incorporation or the bylaws.

(11) To foster membership in the corporation and to solicit patrons by advertising or by educational or other means.

(12) To issue and to sell common and preferred stock.

(13) To own shares of the capital stock of, to hold membership in and to hold bonds or other obligations of other workers' corporations and to exercise all the rights of ownership, including the right to vote.

(14) To pay pensions and to establish pension plans, pension trusts and other incentive plans for its directors, officers and employees.

(15) To indemnify, under section 7718 (relating to indemnity), a director or officer or former director or officer of the corporation or a person who may have served at its request as a director or officer of another corporation in which it holds membership or owns shares of capital stock or of which it is a creditor.

(16) To make contributions and donations for the public welfare or for religious, charitable, scientific or educational purposes.

(17) To merge or consolidate with other workers' cooperative corporations.

(18) To dissolve and wind up.

(19) To exercise incidental powers as necessary or proper in the conduct of its operations.

§ 7712. Investment of capital stock in other corporations.

If the articles permit, a corporation may, by a majority vote of its members at a meeting specially convened, authorize the directors to invest, in the name of the corporation, an amount of its internal capital accounts, including both individual capital accounts and the collective reserve accounts, in the capital stock of any other domestic, foreign or alien workers' cooperative corporations. The corporation may, by a majority vote of its members at a meeting specially convened, permit an investment in the nonvoting preferred stock of the corporation by any other domestic, foreign or alien workers' cooperative corporation.

§ 7713. Meetings.

After the organization of a corporation, the incorporators shall hold an organizational meeting at a time and place fixed by the board of directors and shall adopt a set of bylaws. Not less than ten days' written notice of the meeting shall be given to each incorporator. Thereafter, there shall be at least one meeting of members each year. Annual and special membership meetings shall be governed by the corporation's bylaws. The bylaws shall provide for the giving of notice to members of each meeting of the corporation. For all meetings of the corporation, notice as provided in this section need not be given to members or other stockholders to whom the notice may be required by this chapter if a written waiver of the notice is executed before or after the meeting by each individual and is filed with the records of the meeting.

§ 7714. Records.

(a) Records requirement.—A corporation shall keep at its registered office or principal place of business a record of the proceedings of the members and of the directors and the original or a copy of its bylaws, including amendments to date, certified by the secretary of the corporation, and shall keep at its registered office or principal place of business or at the office of its transfer agent or registrar a share register giving the names of the members, their respective addresses and the number and classes of shares held by each. A corporation shall keep at its registered office or principal place of business appropriate, complete and accurate books or records of account, including a record of all salaries, per diem payments and other remunerations paid to each officer and director by the corporation and remuneration received for the corporation's business transactions.

(b) Examination and copies.—A member, upon written demand, has a right to examine during the usual hours for business, for any proper purpose, the share register, books or records of account and records of the proceedings of the members and directors and to make copies or extracts. A proper purpose is a purpose reasonably related to the member's interest as a stockholder. If an attorney or other agent is the person who seeks the right of inspection, the demand shall be accompanied by a power of attorney or other

writing which authorizes the attorney or other agent to act on behalf of the member. The demand shall be directed to the corporation at its registered office in this Commonwealth or at its principal place of business.

(c) Remedy to compel inspection. —

(1) If the corporation refuses to permit an inspection sought by a member under subsection (b) or does not reply to the demand within five business days after the demand has been made, the member may apply to the court of common pleas of the county in which the registered office of the corporation is located for an order to compel inspection. The court of common pleas has exclusive original jurisdiction to determine whether or not the person seeking inspection is entitled to the inspection sought. The court may summarily order the corporation to permit the member to inspect the material and to make copies or extracts. The court may order the corporation to furnish to the member a list of its members as of a specific date on condition that the member first pay to the corporation the reasonable cost of obtaining and furnishing the list and on other conditions as the court deems appropriate.

(2) If the member seeks to inspect the books and records of the corporation, other than its register or list of members, the member must first establish both of the following:

(i) That the member has complied with the provisions of this section respecting the form and manner of making demand for inspection of the document.

(ii) That the inspection sought is for a proper purpose.

(3) If the member seeks to inspect the share register or list of members of the corporation and the member has complied with the provisions of this subsection respecting the form and manner of making demand for inspection of the documents, the burden of proof is on the corporation to establish that the inspection the member seeks is for an improper purpose. The court may, at its discretion, prescribe limitations or conditions with reference to the inspection or award other relief as the court deems just and proper. The court may order books, documents and records, pertinent extracts or authenticated copies to be brought within this Commonwealth and kept in this Commonwealth upon terms and conditions as it prescribes.

§ 7715. Audit.

(a) Procedure.—At the close of each fiscal year, a complete certified audit of the operations of the corporation shall be made by a qualified certified public accountant employed by the board of directors, a written report of which shall include the balance sheet, operating statement, commissions, salaries and other remunerations of directors, officers and employees and other proper information. The audit shall be submitted to the members at the next regular meeting. The annual audit of a corporation with annual gross sales of \$100,000 or less may be performed by an audit committee of three or more members of the corporation appointed by the board of directors; however, one of the three members must be a member of the board of directors. The members of the committee need not be certified public accountants or public accountants.

(b) *Withdrawal of audit and improper audits.*—A certified audit may not be withdrawn without approval of the board of directors. The board of directors may seek legal recourse if the audit is conducted improperly.

§ 7716. Directors and officers.

(a) *Directors.*—

(1) The business of the corporation shall be managed by a board of not less than five directors, who shall be natural persons. At least a majority of the board must be members. The first directors shall serve until the first annual meeting of the corporation, at which time their successors shall be elected by the members of the corporation. Thereafter, a director shall hold office for a term of not less than one year nor more than three years and until a successor is elected and qualified. In an election for directors, a member has the right to cast the number of votes equal to the number of directors to be elected; and the member may cast the whole number of votes for one director or may distribute them among several candidates. An election for a director shall be by secret ballot. A director may be elected to successive terms.

(2) Except as otherwise provided in the bylaws:

(i) A director shall be elected for a term of at least one year, except that the first directors shall serve only until the first annual meeting.

(ii) Vacancies in the board of directors, including vacancies resulting from an increase in the number of directors, shall be filled by a majority of the remaining members of the board, though less than a quorum. A person so elected shall be a director until a successor is elected by the members, who shall make such an election at the next annual meeting of the members or at a special meeting for that purpose.

(iii) The meetings of the board of directors may be held at a place determined by a majority of the directors.

(iv) A quorum for the transaction of business consists of a majority of the directors in office; and, of those present, at least a majority must be members of the corporation. The acts of a majority of the directors present at a meeting at which a quorum is present are the acts of the board of directors.

(v) The board of directors may, by resolution adopted by a majority of the board, appoint two or more directors as an executive committee, which, to the extent provided in the resolution, shall have and exercise the authority of the board of directors.

(vi) An action taken at a meeting of the directors or members of the executive committee may be taken without a meeting, if consent in writing setting forth the action taken is signed by all of the directors or all of the members of the executive committee, as the case may be. The consent shall be filed with the secretary of the corporation.

(vii) Each director shall be provided with an updated copy of the articles of the corporation along with proposed amendments.

(3) If the bylaws so provide, the directors of a corporation may be classified in respect to the time for which they shall hold office. In this case each class shall be as nearly equal in number as possible; the term of office

of at least one class shall expire in each year; and the members of a class shall not be elected for a shorter period than one year or for a longer period than three years. If, at a meeting, directors of more than one class are to be elected, each class of directors shall be elected in a separate election.

(4) A director may be removed from office by the affirmative vote of not less than a majority of the members present and voting at a regular meeting or a special meeting called for that purpose. A director may be removed from office for cause by a vote of not less than a majority of the directors then in office, but this removal may be reversed by a vote by a majority of the members present and voting at a special meeting called for that purpose. The bylaws shall provide for the filing of charges of cause, the giving of notice of the charges, an opportunity to be heard and the procedures under which a director may be removed.

(b) Officers.—

(1) The board shall elect a president, a secretary and a treasurer, and may elect one or more vice presidents, and other officers as authorized in the bylaws. Officers must be members. Any two of the offices of vice president, secretary and treasurer may be held by one person.

(2) An officer may be removed by the affirmative vote of a majority of the directors if, in their judgment, the best interest of the corporation will be served by removal.

§ 7717. Patronage distributions.

(a) Procedure.—Net earnings of a corporation may be apportioned, distributed and paid periodically on the basis of patronage to those persons entitled to receive them, at a time and in a manner as the bylaws provide. The distributions shall be designated as patronage allocations.

(b) Method of payment.—The apportionment, distribution and payment of net earnings under subsection (a) may be in cash or written notices of allocation issued by the corporation.

(c) Minimum transaction amount.—A corporation may provide in its bylaws the minimum amount of a single patronage transaction, which shall be taken into account for the purpose of participation in allocation and distribution of net earnings under this section.

(d) Periodic redemption.—The bylaws of a workers' cooperative corporation shall provide for periodic redemption of written notices of allocation.

(e) Interest.—The bylaws may provide for the corporation to pay or credit interest on the balance of each member's internal capital account.

(f) Termination redemption.—The articles of incorporation shall provide for the recall and redemption of the membership share upon the voluntary or involuntary termination of membership in the corporation. The price of the redemption shall be equal to the sum of the membership fee and any other capital paid in by the member, adjusted by the amount of interest accrued and by distributions of net earnings as provided in the bylaws. No redemption may be made which would render the corporation insolvent.

(g) Net earnings.—For purposes of this section, net earnings shall be computed in accordance with generally accepted accounting principles.

§ 7718. Indemnity.

(a) **Mandatory.**—A corporation shall indemnify a person acting as a director, officer, employee or agent of the corporation or acting at the request of the corporation as a director, officer, employee or agent of another person against legal expenses, including attorney fees, reasonably incurred in a civil or criminal action in which the person to be indemnified is successful.

(b) **Discretionary.**—A corporation may indemnify a person acting as a director, officer, employee or agent of the corporation or acting at the request of the corporation as a director, officer, employee or agent of another person against liability and legal expenses, including attorney fees, judgments, fines and settlements, reasonably incurred in a civil or criminal action if the person to be indemnified was unsuccessful but acted in good faith and in a manner that the person reasonably believed to be in or not opposed to the best interests of the corporation and, in a criminal action, had no reasonable cause to believe the conduct was unlawful. The adverse determination of an action does not, of itself, create a presumption that the person to be indemnified did not act in good faith, did not act in a manner that the person reasonably believed to be in or not opposed to the best interest of the corporation or had reasonable cause to believe the conduct was unlawful.

(c) **Interest of corporation.**—This section applies even if the action is on behalf of or inures to the benefit of the corporation unless the liability for which indemnification is sought is based on negligence in the performance of a duty owed to the corporation.

§ 7719. Unlawful dividends.

(a) **Insolvency.**—For shares of the corporation other than membership shares, the board of directors may declare and the corporation may pay dividends on its outstanding shares except when the corporation is insolvent or the payment would render the corporation insolvent. If a dividend is paid, the directors under whose administration the payment was made, except those who have caused their dissent to be entered on the minutes of the meeting at which the action was authorized and those who, being absent at the time, have promptly filed their written objection with the secretary of the corporation upon learning of the action, shall be jointly and severally liable to the corporation in an amount equal to the amount of the unlawful dividend.

(b) **Reliance on financial statements.**—A director is not liable under this section if the director relied and acted in good faith upon financial statements of the corporation represented to be correct by the president of the corporation or by the officer having charge of the corporation's books of account or upon written reports, issued by an independent public or certified public accountant, which fairly purports to reflect the financial condition of the corporation.

(c) **Liability to corporation.**—If an unlawful dividend is paid, each stockholder is liable to the corporation in an amount equal to the amount of the unlawful dividend to the stockholder. An action to enforce this liability

must be brought within two years from the date of the receipt of the dividend.

§ 7720. Amendments of articles.

(a) Purpose and voting.—A corporation may amend its articles of incorporation for any purpose authorized by this chapter, including an increase in the amount of its authorized capital stock, by the affirmative vote of two-thirds of its members voting at a general meeting or at the special meeting called for that purpose. No amendment affecting the priority or preferential rights of outstanding stock may be adopted until the consent of the holders of that stock is obtained by a vote at a special meeting called for that purpose. In such a vote each stockholder whose rights are affected shall have only one vote per share, and the margin necessary for the adoption of the amendment is a majority of the outstanding shares in that class of stock unless a greater vote is required by the articles of incorporation. If an amendment affects the right of more than one class of stock, then the consent of each class of stockholder affected shall be obtained by voting in the manner described in this subsection.

(b) Delivery and recordation.—Amendments to the articles of incorporation, signed by two authorized officers of the corporation, together with a required filing fee, shall be delivered to the department. If the department finds that the amendments to the articles comply with the law and that all the required fees have been paid, it shall approve the amendments to the articles of incorporation, and a copy of the amended articles shall be recorded in the bureau. Upon approval of amendments to the articles, they shall become effective.

(c) Notice of vote.—Each member and, if required by subsection (a), each stockholder shall be notified by the corporation at least 15 days before a vote is taken to amend the articles of incorporation under subsection (a). Notification for proposed amendments to the articles of incorporation shall include a copy of the proposed amendment; a statement of its purpose and effect; and the time, date, place and manner in which the vote will be taken on the proposed amendment. Notice for all meetings provided for in this subsection need not be given to members or other stockholders under subsection (a) if a written waiver of the notice is executed before or after the meeting by each individual entitled to notice and is filed with the records of the meeting.

(d) Notice of approval.—If an amendment to the articles of incorporation is approved, the corporation shall notify each member within 30 days of the approval by sending a copy of the approved amendment to the articles.

(e) Advertisement.—Before or after an amendment has been adopted by the shareholders, the corporation shall advertise its intention to file or the filing of amendments to the articles with the department in a manner similar to that prescribed in section 7703 (relating to articles of incorporation). Advertisements may appear prior to or after the day upon which the articles of amendment are presented to the department and shall set forth briefly:

- (1) The name and location of the registered office of the corporation.

(2) A statement that the amendments to the articles are to be or were filed under this chapter.

(3) The nature and character of the amendments.

(4) The time when the amendments to the articles are to be or were filed under this chapter.

§ 7721. Bylaws.

(a) *Adoption, amendment and repeal.*—The corporation, before commencing business, shall adopt bylaws not inconsistent with law or its articles of incorporation. The bylaws may be amended in the manner provided by law, the articles of incorporation and the bylaws. The power to amend or repeal the bylaws of a corporation is in the members only, except to the extent that the articles of incorporation require that both the members and the board of directors approve a change. The corporation shall notify each member of a proposed change in the bylaws by sending to each member, at least 15 days prior to a vote on the proposed change, a copy of the proposed change along with the time, date, place and manner of voting for the proposed changes. If a proposed bylaw change is approved, the corporation shall mail each member a copy of the approved change within 30 days of the approval.

(b) *Content.*—The bylaws may provide for the following matters:

(1) The time, place and manner of calling and conducting meetings of the members and the number of members that constitute a quorum.

(2) The manner of voting and the conditions upon which members may vote at general or special meetings.

(3) Subject to provision in the articles of incorporation and in this act, the number, qualifications, eligibility requirements, manner of nomination, duties and terms of office of directors and officers; the time of their election; and mode and manner of giving notice of election.

(4) The time, place and manner for calling and holding meetings of the directors and executive committees and the number that constitutes a quorum.

(5) Rules consistent with law and the articles of incorporation for the management of the corporation; the making of contracts; the issuance, redemption and transfer of stock; the relative rights, duties, interests and preferences of members and stockholders; and the mode, manner and effect of termination of a member.

(6) Any other provisions deemed necessary or proper to carry out the purposes of the corporation.

(7) Penalties for violations of the bylaws.

§ 7722. Benefits bestowed on associations by compliance with this chapter.

A cooperative association, whether incorporated or unincorporated, shall be entitled to all the benefits of this chapter by complying with its provisions; may, by a vote of the majority of the members of the cooperative association taken according to its existing articles of association or bylaws, determine to avail itself of the provisions of this chapter and to assume a corporate name and the powers under a corporate name; and may, by a like vote, transfer to the corporation formed under this chapter all its property. Upon transfer of

the property, the corporation to which the property is transferred shall take it in the same manner, to the same extent and with the same effect as the property was previously owned and held by the corporation transferring the property and may, in its corporate name, sue for and collect debts, subscriptions and other benefits belonging to the original association. A corporation taking property under this section shall take it subject to liens and trusts, legal and equitable, to which the property was subject before transfer and shall be liable for all obligations of the previous association to the extent of the value of the property at the time of taking.

§ 7723. Dissolution.

(a) General rule.—A corporation may dissolve and wind up; may merge or consolidate with other corporations; and may sell to, lease to or exchange with other corporations all or substantially all of its property and assets. Except as otherwise provided in this chapter, these actions are governed by Subchapter C of Chapter 19 (relating to merger, consolidation, share exchanges and sale of assets). A workers' cooperative corporation which has not revoked its election to be governed by this chapter may not consolidate or merge with one or more corporations organized under any law other than this chapter. If a member objects to a corporation's merger or consolidation, the member may terminate membership in the corporation. The price of redemption of the member's interest shall be the amount in the member's individual capital account on terms and conditions as the law, the articles of incorporation and the bylaws provide.

(b) Distribution of assets.—Upon dissolution, the assets of a corporation shall be distributed in accordance with the articles of incorporation or bylaws. The recipients of the distributed assets shall be limited to the following:

- (1) Each individual who is or was a member of the corporation or the individual's estate on the basis of the ratio of the member's patronage to the total patronage of all members during the existence of the corporation.
- (2) Holders of shares of stock in the corporation other than membership shares.
- (3) Other corporations which are incorporated under this chapter or which meet the requirements of incorporation under this chapter.
- (4) Charitable institutions in support of the cooperative movement.

(c) Security interests and indebtedness.—A mortgage, pledge or creation of a security interest is not a sale within the meaning of this section. Unless otherwise provided in the articles of incorporation or bylaws, a corporation may create or increase its indebtedness in the manner, to the extent, for the purpose, upon terms and conditions and upon security as authorized by resolution adopted by its board of directors. In this case no authorization or consent of the members is required.

§ 7724. Conversion to a corporation governed by the Business Corporation Law.

(a) Amendment of articles.—A corporation may revoke its election to be governed by this chapter by filing an adopted amendment to its articles of incorporation with the department.

(b) Conversion of shares and accounts.—When a corporation revokes its election under subsection (a), the amendment to the articles of incorporation shall provide for the conversion of membership shares and internal capital accounts to securities or other property in a manner consistent with this title.

§ 7725. Savings provisions.

(a) General rule.—In relation to a corporation existing on the effective date of this chapter, the provisions of this chapter do not impair or affect an act done; offense committed; right accruing or accrued; or liability, penalty, forfeiture or punishment incurred prior to the effective date of this chapter.

(b) Contracts.—This chapter does not impair or affect a contract entered into by a corporation prior to the effective date of this chapter.

§ 7726. Applicability.

(a) General rule.—This chapter shall apply to domestic corporations incorporated under this chapter on or after the effective date of this chapter.

(b) Existing corporations.—This chapter shall apply to existing domestic corporations incorporated under or subject to any prior law of the Commonwealth concerning incorporation and regulation of corporations, whether cooperative or noncooperative, by the filing with the department of a certificate executed under the seal of the corporation, signed by two authorized officers of the corporation and setting forth:

- (1) The name of the corporation.
- (2) The statute by or under which it was created or formed.
- (3) A statement that the members or stockholders of the corporation have elected, by a majority vote of the members or stockholders present at a meeting called for such purpose at which a quorum is present, to accept the provisions of this chapter for the government and regulation of the affairs of the corporation.

PART III PARTNERSHIPS

Chapter

- 81. General Provisions
- 83. General Partnerships
- 85. Limited Partnerships
- 87. Electing Partnerships

CHAPTER 81 GENERAL PROVISIONS

Sec.

- 8101. Short title of part.
- 8102. Interchangeability of partnership and corporate forms of organization.

§ 8101. Short title of part.

This part shall be known and may be cited as the Partnership Code.

§ 8102. Interchangeability of partnership and corporate forms of organization.

(a) General rule.—Subject to any restrictions on a specific line of business made applicable by section 103 (relating to subordination of title to regulatory laws):

(1) Any business that may be conducted in a corporate form may also be conducted as a partnership.

(2) A domestic or foreign partnership may exercise any right, power, franchise or privilege that a domestic or foreign corporation engaged in the same line of business might exercise under the laws of this Commonwealth, including powers conferred by section 1511 (relating to additional powers of certain public utility corporations) or other provisions of law granting the right to a duly authorized corporation to take or occupy property and make compensation therefor.

(b) Exceptions.—Subsection (a) shall not:

(1) Affect any law relating to the taxation of partnerships or corporations.

(2) Apply to a banking institution, insurance corporation or savings association, unless the laws relating thereto expressly contemplate the conduct of the regulated business in partnership form.

(3) Permit a partnership to provide full limited liability for all of the investors therein or otherwise fail to preserve the intrinsic differences between the partnership and corporate forms.

CHAPTER 83 GENERAL PARTNERSHIPS

Subchapter

- A. Preliminary Provisions
- B. Nature of a Partnership
- C. Relation of Partners to Persons Dealing with the Partnership
- D. Relations of Partners to One Another
- E. Property Rights of a Partner
- F. Dissolution and Winding Up

SUBCHAPTER A PRELIMINARY PROVISIONS

Sec.

8301. Short title and application of chapter.

8302. Definitions.

8303. "Knowledge" and "notice."

8304. Rules of construction.

8305. Rules for cases not provided for in chapter.

§ 8301. Short title and application of chapter.

(a) Short title of chapter.—This chapter shall be known and may be cited as the Uniform Partnership Act.

(b) Application of chapter.—This chapter shall apply to every partnership heretofore and hereafter organized. See section 8311 (relating to partnership defined).

§ 8302. Definitions.

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

“Bankrupt.” Includes bankrupt under the Bankruptcy Code (11 U.S.C. § 101 et seq.) or insolvent under any State insolvency act.

“Business.” Subject to section 8102(b) (relating to exceptions), includes every trade, occupation or profession.

“Conveyance.” Includes every assignment, lease, mortgage or encumbrance.

“Court.” Includes every court and judge having jurisdiction in the case.

“Real property.” Includes land and any interest or estate in land.

§ 8303. “Knowledge” and “notice.”

(a) Knowledge.—A person has “knowledge” of a fact, within the meaning of this chapter, not only when he has actual knowledge thereof but also when he has knowledge of such other facts as in the circumstances show bad faith.

(b) Notice.—A person has “notice” of a fact, within the meaning of this chapter, when the person who claims the benefit of the notice:

(1) states the fact to the other person; or

(2) delivers through the mail, or by other means of communication, a written statement of the fact to the other person or to a proper person at his place of business or residence.

§ 8304. Rules of construction.

(a) Estoppel.—The law of estoppel shall apply under this chapter.

(b) Agency.—The law of agency shall apply under this chapter.

§ 8305. Rules for cases not provided for in chapter.

In any case not provided for in this chapter, the rules of law and equity, including the law merchant, shall govern.

SUBCHAPTER B NATURE OF A PARTNERSHIP

Sec.

8311. Partnership defined.

8312. Rules for determining the existence of a partnership.

8313. Partnership property.

§ 8311. Partnership defined.

(a) General rule.—A partnership is an association of two or more persons to carry on as co-owners a business for profit.

(b) Exceptions.—Any association formed under any statute of this Commonwealth except this chapter or corresponding provisions of prior law, or under any statute adopted by authority other than the authority of this Commonwealth, is not a partnership under this chapter unless the association

would have been a partnership in this Commonwealth prior to March 26, 1915. This chapter shall apply to limited partnerships except insofar as the statutes relating to those partnerships are inconsistent with this chapter.

§ 8312. Rules for determining the existence of a partnership.

In determining whether a partnership exists, these rules shall apply:

(1) Except as provided by section 8328 (relating to partner by estoppel), persons who are not partners as to each other are not partners as to third persons.

(2) Joint tenancy, tenancy in common, tenancy by the entireties, joint property, common property or part ownership does not of itself establish a partnership whether or not the co-owners share any profits made by the use of the property.

(3) The sharing of gross returns does not of itself establish a partnership whether or not the persons sharing them have a joint or common right or interest in any property from which the returns are derived.

(4) The receipt by a person of a share of the profits of a business is prima facie evidence that he is a partner in the business, but no such inference shall be drawn if the profits were received in payment:

- (i) As a debt by installments or otherwise.
- (ii) As wages of an employee or rent to a landlord.
- (iii) As an annuity to a surviving spouse or representative of a deceased partner.
- (iv) As interest on a loan though the amount of payment varies with the profits of the business.
- (v) As the consideration for the sale of the goodwill of a business or other property by installments or otherwise.

§ 8313. Partnership property.

(a) General rule.—All property originally brought into the partnership stock or subsequently acquired, by purchase or otherwise, on account of the partnership is partnership property.

(b) Acquisition with partnership funds.—Unless the contrary intention appears, property acquired with partnership funds is partnership property.

(c) Property in partnership name.—Any estate in real property may be acquired in the partnership name. Title so acquired can be conveyed only in the partnership name.

(d) Extent of interest acquired.—A conveyance to a partnership in the partnership name, though without words of inheritance, passes the entire estate of the grantor unless a contrary intent appears.

SUBCHAPTER C
RELATION OF PARTNERS TO PERSONS
DEALING WITH THE PARTNERSHIP

Sec.

8321. Partner agent of partnership as to partnership business.

8322. Conveyance of real property of the partnership.

8323. Admissions or representations by partner.

8324. Partnership charged with knowledge of or notice to partner.

8325. Wrongful act of partner.

- 8326. Breach of trust by partner.
- 8327. Nature of liability of partner.
- 8328. Partner by estoppel.
- 8329. Liability of incoming partner.

§ 8321. Partner agent of partnership as to partnership business.

(a) General rule.—Every partner is an agent of the partnership for the purpose of its business and the act of every partner, including the execution in the partnership name of any instrument, for apparently carrying on in the usual way the business of the partnership of which he is a member binds the partnership unless the partner so acting has in fact no authority to act for the partnership in the particular matter and the person with whom he is dealing has knowledge of the fact that he has no such authority.

(b) Absence of apparent authority.—An act of a partner which is not apparently for the carrying on of the business of the partnership in the usual way does not bind the partnership unless authorized by the other partners.

(c) Limitations on authority of individual partners.—Unless authorized by the other partners or unless they have abandoned the business, one or more but less than all the partners have no authority to:

- (1) Assign the partnership property in trust for creditors or on the promise of the assignee to pay the debts of the partnership.
- (2) Dispose of the goodwill of the business.
- (3) Do any other act which would make it impossible to carry on the ordinary business of a partnership.
- (4) Confess a judgment.
- (5) Submit a partnership claim or liability to arbitration or reference.

(d) Effect of knowledge of restriction.—No act of a partner in contravention of a restriction on his authority shall bind the partnership to persons having knowledge of the restriction.

§ 8322. Conveyance of real property of the partnership.

(a) General rule.—Where title to real property is in the partnership name, any partner may convey title to the property by a conveyance executed in the partnership name, but the partnership may recover the property unless the act of the partner binds the partnership under the provisions of section 8321(a) (relating to partner agent of partnership as to partnership business) or unless the property has been conveyed by the grantee or a person claiming through the grantee to a holder for value without knowledge that the partner, in making the conveyance, has exceeded his authority.

(b) Equitable ownership where partnership is record owner.—Where title to real property is in the name of the partnership, a conveyance executed by a partner in his own name passes the equitable interest of the partnership if the act is one within the authority of the partner under the provisions of section 8321(a).

(c) Conveyance by record owners.—Where title to real property is in the name of one or more but not all the partners and the record does not disclose the right of the partnership, the partners in whose name the title stands may convey title to the property, but the partnership may recover the property if

the act of the partners does not bind the partnership under the provisions of section 8321(a) unless the purchaser or his assignee is a holder for value, without knowledge.

(d) Equitable ownership where partnership is not record owner.—Where the title to real property is in the name of one or more or all the partners, or in a third person in trust for the partnership, a conveyance executed by a partner in the partnership name or in his own name passes the equitable interest of the partnership if the act is one within the authority of the partner under the provisions of section 8321(a).

(e) Effect of conveyance by all partners.—Where the title to real property is in the names of all the partners, a conveyance executed by all the partners passes all their rights in the property.

§ 8323. Admissions or representations by partner.

An admission or representation made by any partner concerning partnership affairs within the scope of his authority as conferred by this chapter is evidence against the partnership.

§ 8324. Partnership charged with knowledge of or notice to partner.

Notice to any partner of any matter relating to partnership affairs, and the knowledge of the partner acting in the particular matter acquired while a partner or then present to his mind, and the knowledge of any other partner who reasonably could and should have communicated it to the acting partner operate as notice to or knowledge of the partnership except in the case of a fraud on the partnership committed by or with the consent of that partner.

§ 8325. Wrongful act of partner.

Where, by any wrongful act or omission of any partner acting in the ordinary course of the business of the partnership or with the authority of his copartners, loss or injury is caused to any person, not being a partner in the partnership, or any penalty is incurred, the partnership is liable therefor to the same extent as the partner so acting or omitting to act.

§ 8326. Breach of trust by partner.

The partnership is bound to make good the loss:

(1) Where one partner, acting within the scope of his apparent authority, receives money or property of a third person and misapplies it.

(2) Where the partnership, in the course of its business, receives money or property of a third person and the money or property so received is misapplied by any partner while it is in the custody of the partnership.

§ 8327. Nature of liability of partner.

All partners are liable:

(1) Jointly and severally for everything chargeable to the partnership under sections 8325 (relating to wrongful act of partner) and 8326 (relating to breach of trust by partner).

(2) Jointly for all other debts and obligations of the partnership but any partner may enter into a separate obligation to perform a partnership contract.

§ 8328. Partner by estoppel.

(a) General rule.—

(1) When a person, by words spoken or written or by conduct, represents himself, or consents to another representing him to any one, as a partner in an existing partnership or with one or more persons not actual partners, he is liable to the person to whom the representation has been made who has, on the faith of the representation, given credit to the actual or apparent partnership, and if he has made the representation or consented to its being made in a public manner he is liable to that person, whether the representation has or has not been made or communicated to the person so giving credit by or with the knowledge of the apparent partner making the representation or consenting to its being made.

(2) When a partnership liability results, he is liable as though he were an actual member of the partnership.

(3) When no partnership liability results, he is liable jointly with the other persons, if any, so consenting to the contract or representation as to incur liability, otherwise separately.

(b) Authority as representative.—When a person has been thus represented to be a partner in an existing partnership or with one or more persons not actual partners, he is an agent of the persons consenting to the representation to bind them to the same extent and in the same manner as though he were a partner in fact with respect to persons who rely upon the representation. Where all the members of the existing partnership consent to the representation, a partnership act or obligation results, but in all other cases it is the joint act or obligation of the person acting and the persons consenting to the representation.

§ 8329. Liability of incoming partner.

A person admitted as a partner into an existing partnership is liable for all the obligations of the partnership arising before his admission as though he had been a partner when the obligations were incurred except that this liability shall be satisfied only out of partnership property.

SUBCHAPTER D RELATIONS OF PARTNERS TO ONE ANOTHER

Sec.

8331. Rules determining rights and duties of partners.

8332. Partnership books.

8333. Duty to render information.

8334. Partner accountable as fiduciary.

8335. Right of partner to an account.

8336. Continuation of partnership beyond fixed term.

§ 8331. Rules determining rights and duties of partners.

The rights and duties of the partners in relation to the partnership shall be determined, subject to any agreement between them, by the following rules:

(1) Each partner shall be repaid his contributions, whether by way of capital or advances to the partnership property, and share equally in the profits and surplus remaining after all liabilities, including those to partners, are satisfied and must contribute towards the losses, whether of

capital or otherwise, sustained by the partnership, according to his share in the profits.

(2) The partnership must indemnify every partner in respect of payments made and personal liabilities reasonably incurred by him in the ordinary and proper conduct of its business or for the preservation of its business or property.

(3) A partner who, in aid of the partnership, makes any payment or advance beyond the amount of capital which he agreed to contribute, shall be paid interest from the date of the payment or advance.

(4) A partner shall receive interest on the capital contributed by him only from the date when repayment should be made.

(5) All partners have equal rights in the management and conduct of the partnership business.

(6) No partner is entitled to remuneration for acting in the partnership business except that a surviving partner is entitled to reasonable compensation for his services in winding up the partnership affairs.

(7) No person can become a member of a partnership without the consent of all the partners.

(8) Any difference arising as to ordinary matters connected with the partnership business may be decided by a majority of the partners but no act in contravention of any agreement between the partners may be done rightfully without the consent of all the partners.

§ 8332. Partnership books.

The partnership books shall be kept, subject to any agreement between the partners, at the principal place of business of the partnership, and every partner shall at all times have access to and may inspect and copy any of them.

§ 8333. Duty to render information.

Partners shall render on demand true and full information of all things affecting the partnership to any partner or the legal representative of any deceased partner or partner under legal disability.

§ 8334. Partner accountable as fiduciary.

(a) General rule.—Every partner must account to the partnership for any benefit and hold as trustee for it any profits derived by him without the consent of the other partners from any transaction connected with the formation, conduct or liquidation of the partnership or from any use by him of its property.

(b) Personal representative.—Subsection (a) applies also to the representatives of a deceased partner engaged in the liquidation of the affairs of the partnership as the personal representatives of the last surviving partner.

§ 8335. Right of partner to an account.

Any partner shall have the right to a formal account as to the partnership affairs:

(1) If he is wrongfully excluded from the partnership business or possession of its property by his copartners.

(2) If the right exists under the terms of any agreement.

(3) As provided by section 8334 (relating to partner accountable as fiduciary).

(4) Whenever other circumstances render it just and reasonable.

§ 8336. Continuation of partnership beyond fixed term.

(a) General rule.—When a partnership for a fixed term or particular undertaking is continued after the termination of that term or particular undertaking without any express agreement, the rights and duties of the partners remain the same as they were at such termination so far as is consistent with a partnership at will.

(b) Effect of continuation of business.—A continuation of the business by the partners or such of them as habitually acted therein during the term, without any settlement or liquidation of the partnership affairs, is prima facie evidence of a continuation of the partnership.

SUBCHAPTER E PROPERTY RIGHTS OF A PARTNER

Sec.

8341. Extent of property rights of partner.

8342. Nature of right of partner in specific partnership property.

8343. Nature of interest of partner in partnership.

8344. Assignment of interest of partner.

8345. Interest of partner subject to charging order.

§ 8341. Extent of property rights of partner.

The property rights of a partner are:

(1) His rights in specific partnership property.

(2) His interest in the partnership.

(3) His right to participate in the management.

§ 8342. Nature of right of partner in specific partnership property.

(a) General rule.—A partner is co-owner with his partners of specific partnership property, holding as a tenant in partnership.

(b) Incidents of tenancy.—The incidents of this tenancy are as follows:

(1) A partner, subject to the provisions of this chapter and to any agreement between the partners, has an equal right with his partners to possess specific partnership property for partnership purposes, but he has no right to possess the property for any other purpose without the consent of his partners.

(2) The right of a partner in specific partnership property is not assignable except in connection with the assignment of the rights of all partners in the same property.

(3) The right of a partner in specific partnership property is not subject to attachment or execution except on a claim against the partnership. When partnership property is attached for a partnership debt, the partners, or any of them, or the representatives of a deceased partner, cannot claim any right under the homestead or exemption laws.

(4) On the death of a partner, his right in specific partnership property vests in the surviving partner or partners, except where the deceased was the last surviving partner, when his right in the property vests in his legal representative. The surviving partner or partners, or the legal representative of the last surviving partner, has no right to possess the partnership property for any but a partnership purpose.

(5) The right of a partner in specific partnership property is not subject to dower, curtesy or allowances to surviving spouses, heirs or next of kin.

§ 8343. Nature of interest of partner in partnership.

The interest of a partner in the partnership is his share of the profits and surplus and that interest is personal property.

§ 8344. Assignment of interest of partner.

(a) General rule.—A conveyance by a partner of his interest in the partnership does not of itself dissolve the partnership nor, as against the other partners in the absence of agreement, entitle the assignee, during the continuance of the partnership, to interfere in the management or administration of the partnership business or affairs, or to require any information or account of partnership transactions, or to inspect the partnership books. It merely entitles the assignee to receive, in accordance with his contract, the profits to which the assigning partner would otherwise be entitled.

(b) Dissolution.—In case of a dissolution of the partnership, the assignee is entitled to receive the interest of his assignor and may require an account from the date only of the last account agreed to by all the partners.

§ 8345. Interest of partner subject to charging order.

(a) General rule.—On due application to a competent court by any judgment creditor of a partner, the court which entered the judgment, order or decree, or any other court, may charge the interest of the debtor partner with payment of the unsatisfied amount of the judgment debt with interest thereon and may then or later appoint a receiver of his share of the profits, and of any other money due or to fall due to him in respect of the partnership, and make all other orders, directions, accounts and inquiries which the debtor partner might have made or which the circumstances of the case may require.

(b) Redemption.—The interest charged may be redeemed at any time before foreclosure or, in case of a sale being directed by the court, may be purchased without thereby causing a dissolution:

- (1) with separate property, by any one or more of the partners; or
- (2) with partnership property, by any one or more of the partners with the consent of all the partners whose interests are not so charged or sold.

(c) Exemptions unaffected.—Nothing in this chapter shall be held to deprive a partner of his right, if any, under the exemption laws, as regards his interest in the partnership.

SUBCHAPTER F
DISSOLUTION AND WINDING UP

Sec.

- 8351. "Dissolution" defined.
- 8352. Partnership continued for winding up affairs.
- 8353. Causes of dissolution.
- 8354. Dissolution by decree of court.
- 8355. Effect of dissolution on authority of partner.
- 8356. Right of partner to contribution from copartners.
- 8357. Power of partner to bind partnership to third persons.
- 8358. Effect of dissolution on existing liability of partner.
- 8359. Right to wind up affairs.
- 8360. Rights of partners to application of partnership property.
- 8361. Rights after dissolution for fraud or misrepresentation.
- 8362. Rules for distribution.
- 8363. Liability of persons continuing the business.
- 8364. Rights of retiring partner or estate of deceased partner when business is continued.
- 8365. Accrual of right to account.

§ 8351. "Dissolution" defined.

The dissolution of a partnership is the change in the relation of the partners caused by any partner ceasing to be associated in the carrying on, as distinguished from the winding up, of the business.

§ 8352. Partnership continued for winding up affairs.

On dissolution, the partnership is not terminated but continues until the winding up of partnership affairs is completed.

§ 8353. Causes of dissolution.

Dissolution is caused:

- (1) Without violation of the agreement between the partners:
 - (i) By the termination of the definite term or particular undertaking specified in the agreement.
 - (ii) By the express will of any partner when no definite term or particular undertaking is specified.
 - (iii) By the express will of all the partners who have not assigned their interests or suffered them to be charged for their separate debts, either before or after the termination of any specified term or particular undertaking.
 - (iv) By the expulsion of any partner from the business bona fide in accordance with such a power conferred by the agreement between the partners.
- (2) In contravention of the agreement between the partners, where the circumstances do not permit a dissolution under any other provision of this section, by the express will of any partner at any time.
- (3) By any event which makes it unlawful for the business of the partnership to be carried on or for the members to carry it on in partnership.

- (4) By the death of any partner.
- (5) By the bankruptcy of any partner or the partnership.
- (6) By decree of court under section 8354 (relating to dissolution by decree of court).

§ 8354. Dissolution by decree of court.

(a) General rule.—On application by or for a partner, the court shall decree a dissolution whenever:

- (1) A partner has been declared a lunatic in any judicial proceeding or is shown to be of unsound mind.
- (2) A partner becomes in any other way incapable of performing his part of the partnership contract.
- (3) A partner has been guilty of such conduct as tends to affect prejudicially the carrying on of the business.
- (4) A partner willfully or persistently commits a breach of the partnership agreement or otherwise so conducts himself in matters relating to the partnership business that it is not reasonably practicable to carry on the business in partnership with him.
- (5) The business of the partnership can only be carried on at a loss.
- (6) Other circumstances render a dissolution equitable.

(b) Right of purchaser of interest.—On the application of the purchaser of the interest of a partner under section 8344 (relating to assignment of interest of partner) or 8345 (relating to interest of partner subject to charging order), the court shall decree a dissolution:

- (1) After the termination of the specified term or particular undertaking.
- (2) At any time if the partnership was a partnership at will when the interest was assigned or when the charging order was issued.

§ 8355. Effect of dissolution on authority of partner.

Except so far as may be necessary to wind up partnership affairs or to complete transactions begun but not then finished, dissolution terminates all authority of any partner to act for the partnership:

- (1) With respect to the partners:
 - (i) when the dissolution is not by the act, bankruptcy or death of a partner; or
 - (ii) when the dissolution is by the act, bankruptcy or death of a partner, in cases where section 8356 (relating to right of partner to contribution from copartners) so requires.

(2) With respect to persons not partners, as declared in section 8357 (relating to power of partner to bind partnership to third persons).

§ 8356. Right of partner to contribution from copartners.

Where the dissolution is caused by the act, death or bankruptcy of a partner, each partner is liable to his copartners for his share of any liability created by any partner acting for the partnership as if the partnership had not been dissolved unless:

- (1) the dissolution being by act of any partner, the partner acting for the partnership had knowledge of the dissolution; or

(2) the dissolution being by the death or bankruptcy of a partner, the partner acting for the partnership had knowledge or notice of the death or bankruptcy.

§ 8357. Power of partner to bind partnership to third persons.

(a) General rule.—After dissolution, a partner can bind the partnership, except as provided in subsection (c):

(1) By any act appropriate for winding up partnership affairs or completing transactions unfinished at dissolution.

(2) By any transaction which would bind the partnership if dissolution had not taken place if the other party to the transaction:

(i) had extended credit to the partnership prior to dissolution and had no knowledge or notice of the dissolution; or

(ii) though he had not so extended credit, had nevertheless known of the partnership prior to dissolution, and having no knowledge or notice of dissolution, and the fact of dissolution had not been advertised in a newspaper of general circulation in the place (or in each place, if more than one) at which the partnership business was regularly carried on, and in the legal periodical, if any, designated by rule of court in such place or places for the publication of legal notices.

(b) Use of partnership assets.—The liability of a partner under subsection (a)(2) shall be satisfied out of partnership assets alone when the partner had been, prior to dissolution:

(1) unknown as a partner to the persons with whom the contract is made; and

(2) so far unknown and inactive in partnership affairs that the business reputation of the partnership could not be said to have been in any degree due to his connection with it.

(c) Restrictions on postdissolution authority of partner.—The partnership is in no case bound by any act of a partner after dissolution:

(1) where the partnership is dissolved because it is unlawful to carry on the business unless the act is appropriate for winding up partnership affairs;

(2) where the partner has become bankrupt; or

(3) where the partner has no authority to wind up partnership affairs except by a transaction with one who:

(i) had extended credit to the partnership prior to dissolution, and had no knowledge or notice of his want of authority; or

(ii) had not extended credit to the partnership prior to dissolution, and, having no knowledge or notice of his want of authority, and the fact of his want of authority has not been advertised in the manner provided for advertising the fact of dissolution in subsection (a)(2)(ii).

(d) Partner by estoppel.—Nothing in this section shall affect the liability under section 8328 (relating to partner by estoppel) of any person who, after dissolution, represents himself, or consents to another representing him, as a partner in a partnership engaged in carrying on business.

§ 8358. *Effect of dissolution on existing liability of partner.*

(a) *General rule.*—The dissolution of the partnership does not of itself discharge the existing liability of any partner.

(b) *Agreement.*—A partner is discharged from any existing liability upon dissolution of the partnership by an agreement to that effect between himself, the partnership creditor and the person or partnership continuing the business. The agreement may be inferred from the course of dealing between the creditor having knowledge of the dissolution and the person or partnership continuing the business.

(c) *Assumption of obligation.*—Where a person agrees to assume the existing obligations of a dissolved partnership, the partners whose obligations have been assumed shall be discharged from any liability to any creditor of the partnership who, knowing of the agreement, consents to a material alteration in the nature or time of payment of the obligations.

(d) *Individual property.*—The individual property of a deceased partner shall be liable for all obligations of the partnership incurred while he was a partner but subject to the prior payment of his separate debts.

§ 8359. *Right to wind up affairs.*

Unless otherwise agreed, the partners who have not wrongfully dissolved the partnership, or the legal representative of the last surviving partner, not bankrupt, has the right to wind up the partnership affairs except that any partner, his legal representative or his assignee, upon cause shown, may obtain winding up by the court.

§ 8360. *Rights of partners to application of partnership property.*

(a) *General rule.*—When dissolution is caused in any way, except in contravention of the partnership agreement, each partner, as against his copartners and all persons claiming through them in respect of their interests in the partnership, unless otherwise agreed, may have the partnership property applied to discharge its liabilities and the surplus applied to pay in cash the net amount owing to the respective partners. But if dissolution is caused by expulsion of a partner, bona fide under the partnership agreement, and if the expelled partner is discharged from all partnership liabilities, either by payment or agreement under section 8358(b) (relating to effect of dissolution on existing liability of partner), he shall receive in cash only the net amount due him from the partnership.

(b) *Dissolution in contravention of agreement.*—When dissolution is caused in contravention of the partnership agreement, the rights of the partners shall be as follows:

(1) Each partner who has not caused dissolution wrongfully shall have:

(i) All the rights specified in subsection (a).

(ii) The right, as against each partner who has caused the dissolution wrongfully, to damages for breach of the agreement.

(2) The partners who have not caused the dissolution wrongfully, if they all desire to continue the business in the same name, either by themselves or jointly with others, may do so, during the agreed term for the partnership, and for that purpose may possess the partnership property, if

they secure the payment by bond approved by the court, or pay to any partner who has caused the dissolution wrongfully the value of his interest in the partnership at the dissolution, less any damages recoverable under paragraph (1)(ii), and in like manner indemnify him against all present or future partnership liabilities.

(3) A partner who has caused the dissolution wrongfully shall have:

(i) If the business is not continued under the provisions of paragraph (2), all the rights of a partner under subsection (a) subject to paragraph (1)(ii).

(ii) If the business is continued under paragraph (2), the right, as against his copartners and all claiming through them in respect of their interests in the partnership, to have the value of his interest in the partnership, less any damages caused to his copartners by the dissolution, ascertained and paid to him in cash, or the payment secured by bond approved by the court, and to be released from all existing liabilities of the partnership but, in ascertaining the value of the interest of the partner, the value of the goodwill of the business shall not be considered.

§ 8361. Rights after dissolution for fraud or misrepresentation.

Where a partnership contract is rescinded on the ground of the fraud or misrepresentation of one of the parties thereto, the party entitled to rescind is, without prejudice to any other right, entitled:

(1) To a lien on, or right of retention of, the surplus of the partnership property, after satisfying the partnership liabilities to third persons, for any sum of money paid by him for the purchase of an interest in the partnership and for any capital or advances contributed by him.

(2) To stand, after all liabilities to third persons have been satisfied, in the place of the creditors of the partnership for any payments made by him in respect of the partnership liabilities.

(3) To be indemnified by the person guilty of the fraud or making the representation against all debts and liabilities of the partnership.

§ 8362. Rules for distribution.

In settling accounts between the partners after dissolution, the following rules shall be observed, subject to any agreement to the contrary:

(1) The assets of the partnership are:

(i) The partnership property.

(ii) The contributions of the partners necessary for the payment of all the liabilities specified in paragraph (2).

(2) The liabilities of the partnership shall rank, in order of payment, as follows:

(i) Those owing to creditors other than partners.

(ii) Those owing to partners other than for capital and profits.

(iii) Those owing to partners in respect of capital.

(iv) Those owing to partners in respect of profits.

(3) The assets shall be applied, in order of their declaration in paragraph (1), to the satisfaction of the liabilities.

(4) The partners shall contribute, as provided by section 8331(1) (relating to rules determining rights and duties of partners), the amount necessary to satisfy the liabilities, but if any, but not all, of the partners are insolvent or, not being subject to process, refuse to contribute, the other partners shall contribute their share of the liabilities and, in the relative proportions in which they share the profits, the additional amount necessary to pay the liabilities.

(5) An assignee for the benefit of creditors, or any person appointed by the court, shall have the right to enforce the contributions specified in paragraph (4).

(6) Any partner or his legal representative shall have the right to enforce the contributions specified in paragraph (4) to the extent of the amount which he has paid in excess of his share of the liability.

(7) The individual property of a deceased partner shall be liable for the contributions specified in paragraph (4).

(8) When partnership property and the individual properties of the partners are in the possession of a court for distribution, partnership creditors shall have priority on partnership property, and separate creditors on individual property, saving the rights of lien or secured creditors as heretofore.

(9) Where a partner has become bankrupt or his estate is insolvent, the claims against his separate property shall rank in the following order:

- (i) Those owing to separate creditors.
- (ii) Those owing to partnership creditors.
- (iii) Those owing to partners by way of contribution.

§ 8363. Liability of persons continuing the business.

(a) Admission or retirement of a partner.—When any new partner is admitted into an existing partnership or when any partner retires and assigns (or the representative of the deceased partner assigns) his rights in partnership property to two or more of the partners, or to one or more of the partners and one or more third persons, if the business is continued without liquidation of the partnership affairs, creditors of the first or dissolved partnership are also creditors of the partnership so continuing the business.

(b) Retirement of all but one partner.—When all but one partner retire and assign (or the representative of a deceased partner assigns) their rights in partnership property to the remaining partner who continues the business without liquidation of partnership affairs, either alone or with others, creditors of the dissolved partnership are also creditors of the person or partnership so continuing the business.

(c) Retirement or death without assignment of rights.—When any partner retires or dies and the business of the dissolved partnership is continued as set forth in subsections (a) and (b) with the consent of the retired partners or the representative of the deceased partner, but without assignment of his right in partnership property, rights of creditors of the dissolved partnership and of the creditors of the person or partnership continuing the business shall be as if the assignment had been made.

(d) Assignment of rights of all partners.—When all the partners or their representatives assign their rights in partnership property to one or more third persons who promise to pay the debts and who continue the business of the dissolved partnership, creditors of the dissolved partnership are also creditors of the person or partnership continuing the business.

(e) Wrongful dissolution by partner.—When any partner wrongfully causes a dissolution and the remaining partners continue the business under the provisions of section 8360(b)(2) (relating to dissolution in contravention of agreement), either alone or with others and without liquidation of the partnership affairs, creditors of the dissolved partnership are also creditors of the person or partnership continuing the business.

(f) Expulsion of partner.—When a partner is expelled and the remaining partners continue the business, either alone or with others and without liquidation of the partnership affairs, creditors of the dissolved partnership are also creditors of the person or partnership continuing the business.

(g) Limitation on liability of new partner.—The liability of a third person becoming a partner in the partnership continuing the business under this section to the creditors of the dissolved partnership shall be satisfied out of partnership property only.

(h) Priority of claims of creditors.—When the business of a partnership after dissolution is continued under any conditions set forth in this section, the creditors of the dissolved partnership, as against the separate creditors of the retiring or deceased partner or the representative of the deceased partner, have a prior right to any claim of the retired partner or the representative of the deceased partner against the person or partnership continuing the business on account of the interest of the retired or deceased partner in the dissolved partnership or on account of any consideration promised for that interest or for his right in partnership property.

(i) Setting aside assignment for fraud.—Nothing in this section shall be held to modify any right of creditors to set aside any assignment on the ground of fraud.

(j) Effect of use of name of deceased partner.—The use by the person or partnership continuing the business of the partnership name, or the name of a deceased partner as part thereof, shall not of itself make the individual property of the deceased partner liable for any debts contracted by that person or partnership.

§ 8364. Rights of retiring partner or estate of deceased partner when business is continued.

When any partner retires or dies and the business is continued under any of the conditions set forth in section 8360(b)(2) (relating to dissolution in contravention of agreement) or 8363(a), (b), (c), (e) and (f) (relating to liability of persons continuing the business) without any settlement of accounts as between him or his estate and the person or partnership continuing the business, unless otherwise agreed, he or his legal representative as against such persons or partnership may have the value of his interest at the date of dissolution ascertained and shall receive as an ordinary creditor an amount equal to the value of his interest in the dissolved partnership with interest or, at his

option or at the option of his legal representative, in lieu of interest, the profits attributable to the use of his right in the property of the dissolved partnership except that the creditors of the dissolved partnership, as against the separate creditors or the representative of the retired or deceased partner, shall have priority on any claim arising under this section as provided by section 8363(h).

§ 8365. Accrual of right to account.

The right to an account of his interest shall accrue to any partner, or his legal representative, as against the winding up partners or the surviving partners or the person or partnership continuing the business at the date of dissolution in the absence of any agreement to the contrary.

CHAPTER 85 LIMITED PARTNERSHIPS

Subchapter

- A. Preliminary Provisions
- B. Formation; Certificate of Limited Partnership
- C. Limited Partners
- D. General Partners
- E. Finance
- F. Merger and Consolidation
- G. Distributions and Withdrawal
- H. Assignment of Partnership Interests
- I. Dissolution
- J. Foreign Limited Partnerships
- K. Derivative Actions

SUBCHAPTER A PRELIMINARY PROVISIONS

Sec.

- 8501. Short title of chapter.
- 8502. Applicability of chapter to existing limited partnerships.
- 8503. Definitions.
- 8504. Rules for cases not provided for in this chapter.
- 8505. Name.
- 8506. Registered office.
- 8507. Records to be kept.
- 8508. Business that may be carried on.
- 8509. Business transactions of partner with limited partnership.
- 8510. Indemnification.

§ 8501. Short title of chapter.

This chapter shall be known and may be cited as the Pennsylvania Revised *Uniform Limited Partnership Act*.

§ 8502. Applicability of chapter to existing limited partnerships.

(a) General rule.—Limited partnerships formed under the former provisions of the following statutes shall be governed by this chapter:

(1) Act of March 21, 1836 (P.L.143, No.51), relating to limited partnerships.

(2) Act of April 12, 1917 (P.L.55, No.37), known as The Uniform Limited Partnership Act.

(3) Former 59 Pa.C.S. Ch. 5 (relating to limited partnerships) as added by the act of December 19, 1975 (P.L.524, No.155).

(b) Transitional provision.—All provisions of this chapter shall be applicable to a limited partnership formed under prior law except that the following provisions shall be applicable to the partnership only as follows:

(1) Sections 8541 (relating to form of contribution), 8542 (relating to liability for contributions) and 8558 (relating to liability upon return of contribution) apply only to contributions and distributions made after the limited partnership becomes subject to this chapter.

(2) Section 8564 (relating to right of assignee to become limited partner) applies only to assignments made after the limited partnership becomes subject to this chapter.

§ 8503. Definitions.

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

“Certificate of limited partnership.” The certificate referred to in section 8511 (relating to certificate of limited partnership) and the certificate as amended. The term includes any other statements or certificates permitted or required to be filed in the Department of State by sections 108 (relating to change in location or status of registered office provided by agent) and 138 (relating to statement of correction) or this chapter. If an amendment of the certificate of limited partnership or a certificate of merger made in the manner permitted by this chapter restates the certificate in its entirety or if there is a certificate of consolidation, thenceforth the “certificate of limited partnership” shall not include any prior documents and any certificate issued by the department with respect thereto shall so state.

“Contribution.” Any cash, tangible or intangible property, services rendered or a promissory note or other binding obligation to contribute cash or tangible or intangible property or to perform services that a partner contributes to a limited partnership in his capacity as a partner.

“Court.” Subject to any inconsistent general rule prescribed by the Supreme Court of Pennsylvania:

(1) the court of common pleas of the judicial district embracing the county where the registered office of the limited partnership is or is to be located; or

(2) where a limited partnership withdraws as a foreign limited partnership, the court of common pleas in which venue would have been laid immediately prior to the withdrawal.

“Department.” The Department of State of the Commonwealth.

“Distribution.” Any cash or tangible or intangible property that a limited partnership distributes to a partner in the capacity of that person as a partner.

“Entitled to vote.” Those persons entitled at the time to vote on the matter under the certificate of limited partnership or partnership agreement of the limited partnership or any applicable controlling provision of law.

“Event of withdrawal of a general partner.” An event that causes a person to cease to be a general partner as provided in section 8532 (relating to events of withdrawal).

“Except as otherwise provided.” When used to introduce or modify a rule, implies that the alternative provisions contemplated may either relax or restrict the stated rule.

“Foreign limited partnership.” A partnership formed under the laws of any jurisdiction other than this Commonwealth and having as partners one or more general partners and one or more limited partners, whether or not required to register under Subchapter J (relating to foreign limited partnerships).

“General partner.” A person who has been admitted to a limited partnership as a general partner in accordance with the partnership agreement and named in the certificate of limited partnership as a general partner.

“Limited partner.” A person who has been admitted to a limited partnership as a limited partner in accordance with the partnership agreement.

“Limited partnership” and “domestic limited partnership.” A partnership formed by two or more persons under the laws of this Commonwealth and having one or more general partners and one or more limited partners.

“Liquidating trustee.” A person, other than a general partner, but including a limited partner, carrying out the winding up of a limited partnership.

“Nonqualified foreign limited partnership.” A foreign limited partnership that is not a qualified foreign limited partnership as defined in this section.

“Obligation.” Includes a note or other form of indebtedness, whether secured or unsecured.

“Partner.” A limited or general partner.

“Partnership agreement.” Any agreement, written or oral, of the partners as to the affairs of a limited partnership and the conduct of its business. A written partnership agreement:

(1) may provide that a person shall be admitted as a limited partner, or shall become an assignee of a partnership interest or other rights or powers of a limited partner to the extent assigned, and shall become bound by the partnership agreement:

(i) if such person (or a representative authorized by such person orally, in writing or by other action such as payment for a partnership interest) executes the partnership agreement or any other writing evidencing the intent of such person to become a limited partner or assignee; or

(ii) without such execution, if such person (or a representative authorized by such person orally, in writing or by other action such as payment for a partnership interest) complies with the conditions for becoming a limited partner or assignee as set forth in the partnership agreement or any other writing and requests (orally, in writing or by other action such as payment for a partnership interest) that the records of the limited partnership reflect such admission or assignment; and

(2) shall not be unenforceable by reason of its not having been signed by a person being admitted as a limited partner or becoming an assignee as provided in paragraph (1) or by reason of its having been signed by a representative as provided in section 8514(b) (relating to attorney-in-fact).

“Partnership interest.” A partner’s share of the profits and losses of a limited partnership and the right to receive distributions of partnership assets.

“Qualified foreign limited partnership.” A foreign limited partnership that is registered under Subchapter J (relating to foreign limited partnerships) to do business in this Commonwealth.

“Registered investment company.” A domestic or foreign limited partnership that is registered as an investment company under the Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. § 80a-1 et seq.).

“Registered office.” That office maintained by a domestic or foreign limited partnership in this Commonwealth, the address of which is filed with the Department of State. See section 109 (relating to name of commercial registered office provider in lieu of registered address).

§ 8504. Rules for cases not provided for in this chapter.

In any case not provided for in this chapter, the provisions of Chapters 81 (relating to general provisions) and 83 (relating to general partnerships) govern.

§ 8505. Name.

(a) General rule.—The name of each limited partnership as set forth in its certificate of limited partnership:

(1) Shall be expressed in Roman letters or characters or Arabic or Roman numerals.

(2) Shall not be one rendered unavailable to use by a corporation by any provision of section 1303(b) and (c) (relating to corporate name).

(3) May contain the name of a limited partner or a general partner. See section 8523(d) (relating to use of name of limited partner).

(b) Reservation of name.—The exclusive right to the use of a name for purposes of this chapter may be reserved and transferred in the manner provided by section 1305 (relating to reservation of corporate name).

§ 8506. Registered office.

(a) General rule.—Every limited partnership shall have and continuously maintain in this Commonwealth a registered office which may, but need not, be the same as its place of business.

(b) Change of registered office.—After formation, a change in the location of the registered office may be effected at any time by the limited partnership. Before the change becomes effective, the limited partnership shall

amend its certificate of limited partnership under the provisions of this chapter to reflect the change in location, or shall file in the Department of State a certificate of change of registered office setting forth:

(1) The name of the limited partnership.

(2) The address, including street and number, if any, of its then registered office.

(3) The address, including street and number, if any, to which the registered office is to be changed.

(c) *Alternative procedure.*—A limited partnership may satisfy the requirements of this chapter concerning the maintenance of a registered office in this Commonwealth by setting forth in any document filed in the department under any provision of this chapter that permits or requires the statement of the address of its then registered office, in lieu of that address, the statement authorized by section 109(a) (relating to name of commercial registered office provider in lieu of registered address).

(d) *Cross reference.*—See sections 108 (relating to change in location or status of registered office provided by agent), 134 (relating to docketing statement), 8512 (relating to amendment of certificate) and 8514 (relating to execution of certificates).

§ 8507. Records to be kept.

(a) *General rule.*—Each limited partnership shall keep at the registered office of the limited partnership in this Commonwealth or at its principal place of business, wherever situated, the following:

(1) A current list of the full name and last known business address of each partner, separately identifying the general partners (in alphabetical order) and the limited partners (in alphabetical order).

(2) A copy of the certificate of limited partnership and all certificates of amendment thereto, together with executed copies of any powers of attorney pursuant to which any certificate has been executed.

(3) Copies of the limited partnership's Federal, State and local income tax returns and reports, if any, for the three most recent years.

(4) Copies of any then effective written partnership agreements and of any financial statements of the limited partnership for the three most recent years.

(b) *Inspection and copying.*—Records kept under this section are subject to inspection and copying at the reasonable request, and at the expense, of any partner during ordinary business hours.

(c) *Cross reference.*—See section 8525 (relating to information).

§ 8508. Business that may be carried on.

A limited partnership may carry on any business that a partnership without limited partners may carry on.

§ 8509. Business transactions of partner with limited partnership.

Except as otherwise provided in the partnership agreement, a partner may lend money to, borrow money from, act as a surety, guarantor or endorser for, guarantee or assume one or more specific obligations of, provide collateral for, and transact other business with the limited partnership and, subject to other applicable law, has the same rights and obligations with respect thereto as a person who is not a partner.

§ 8510. Indemnification.

(a) General rule.—Subject to such standards and restrictions, if any, as are set forth in the partnership agreement, a limited partnership may, and shall have the power to, indemnify and hold harmless any partner or other person from and against any and all claims and demands whatsoever.

(b) When indemnification is not to be made.—Indemnification pursuant to subsection (a) shall not be made in any case where the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

(c) Grounds.—Indemnification pursuant to subsection (a) may be granted for any action taken or any failure to take any action and may be made whether or not the limited partnership would have the power to indemnify the person under any other provision of law except as provided in this section and whether or not the indemnified liability arises or arose from any threatened, pending or completed action by or in the right of the limited partnership. Such indemnification is declared to be consistent with the public policy of this Commonwealth.

(d) Payment of expenses.—Expenses incurred by a partner or other person in defending any action or proceeding against which indemnification may be made pursuant to this section may be paid by the limited partnership in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the limited partnership.

(e) Rights to indemnification.—The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to serve in the capacity as to which he was indemnified and shall inure to the benefit of the heirs, executors and administrators of such person.

SUBCHAPTER B
FORMATION; CERTIFICATE OF LIMITED PARTNERSHIP

Sec.

- 8511. Certificate of limited partnership.
- 8512. Amendment of certificate.
- 8513. Cancellation of certificate.
- 8514. Execution of certificates.
- 8515. Execution by judicial act.
- 8516. Liability for false statement in certificate.
- 8517. Notice.
- 8518. Delivery of filed documents to limited partners.
- 8519. Filing of certificate of summary of record by limited partnerships formed prior to 1976.

§ 8511. Certificate of limited partnership.

(a) General rule.—In order to form a limited partnership, a certificate of limited partnership must be executed and filed in the Department of State. The certificate shall set forth:

- (1) The name of the limited partnership.
- (2) Subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its registered office.
- (3) The name and business address of each general partner.
- (4) Any other matters the partners determine to include therein. A provision included in the certificate of limited partnership pursuant to this paragraph shall be deemed to be a provision of the partnership agreement for purposes of any provision of this chapter that refers to a rule as set forth in the partnership agreement.

(b) **Effective date of formation.**—A limited partnership is formed at the time of the filing of the certificate of limited partnership in the department or at any later time specified in the certificate of limited partnership if, in either case, there has been substantial compliance with the requirements of this section or the corresponding provisions of prior law.

(c) **Duties of recorders of deeds.**—Each recorder of deeds shall continue to keep open for public inspection the record of limited partnership certificates recorded under the statutes supplied by this chapter and by prior law.

(d) **Cross references.**—See sections 134 (relating to docketing statement) and 8514 (relating to execution of certificates).

§ 8512. Amendment of certificate.

(a) **General rule.**—A certificate of limited partnership is amended by filing a certificate of amendment thereto and, if required by section 8519 (relating to filing of certificate of summary of record by limited partnerships formed prior to 1976), a certificate of summary of record in the Department of State. The certificate of amendment shall set forth:

- (1) The name of the limited partnership.
- (2) The date of filing of the original certificate.
- (3) The amendment to the certificate.
- (4) If the amendment is to be effective on a specified date, the hour, if any, and the month, day and year of the effective date.

(b) **Events requiring amendment.**—An amendment to a certificate of limited partnership shall be filed upon the occurrence of any of the following events:

- (1) A change in the name of the limited partnership.
- (2) The admission of a new general partner.
- (3) The withdrawal of a general partner.
- (4) The continuation of the business under section 8571 (relating to nonjudicial dissolution) after an event of withdrawal of a general partner.

(c) **Duty of a general partner.**—A general partner who becomes aware that any statement in a certificate of limited partnership was false when made or that any arrangements or other facts described have changed, making the certificate inaccurate in any respect, shall promptly amend the certificate.

(d) **Other changes.**—A certificate of limited partnership may be amended at any time for any other proper purpose the general partners may determine, including a restatement of the certificate in its entirety, omitting any matter that is obsolete or no longer required.

(e) Effectiveness of certificate of amendment.—Upon the filing of the certificate of amendment in the department or upon the effective date specified in the certificate of amendment, whichever is later, the certificate of amendment shall become effective and the certificate of limited partnership shall be deemed to be amended accordingly.

(f) Cross references.—See sections 134 (relating to docketing statement), 8514 (relating to execution of certificates) and 8516 (relating to liability for false statement in certificate).

§ 8513. Cancellation of certificate.

(a) General rule.—A certificate of limited partnership shall be canceled upon the dissolution and the commencement of winding up of the limited partnership or at any other time there are no limited partners. A certificate of cancellation shall be filed in the Department of State and shall set forth:

- (1) The name of the limited partnership.
- (2) The date of filing of its original certificate of limited partnership.
- (3) The reason for filing the certificate of cancellation.
- (4) The effective date (which shall be a date certain) of cancellation if it is not to be effective upon the filing of the certificate.

(5) Any other information the general partners filing the certificate determine.

(b) Effectiveness of certificate of cancellation.—Upon the filing of the certificate of cancellation in the department or upon the effective date specified in the certificate of cancellation, whichever is later, the certificate of cancellation shall become effective and the certificate of limited partnership shall be canceled.

(c) Cross references.—See sections 134 (relating to docketing statement) and 8514 (relating to execution of certificates).

§ 8514. Execution of certificates.

(a) General rule.—Each certificate or other document required or permitted by this chapter to be filed in the Department of State shall be executed in the following manner:

(1) An original certificate of limited partnership must be signed by all general partners named therein.

(2) A certificate of amendment must be signed by at least one general partner and by each other general partner designated in the certificate as a new general partner.

(3) A certificate of cancellation must be signed by all general partners or liquidating trustees or, if there is no general partner or liquidating trustee, by a majority in interest of the limited partners.

(4) A certificate of change of registered office must be signed by a general partner.

(5) A certificate of summary of record must be signed by all general partners.

(6) A certificate of withdrawal must be signed by the person withdrawing.

(7) A certificate of termination must be signed by a general partner.

(8) A certificate of merger or consolidation must be signed by a general partner.

(9) An application for registration as a foreign limited partnership must be signed by a general partner.

(10) A certificate of amendment of registration of a foreign limited partnership must be signed by a general partner.

(11) A certificate of cancellation of registration of a foreign limited partnership must be signed by a general partner.

(b) Attorney-in-fact.—Except as otherwise provided in the partnership agreement, any person may sign a certificate or other document affecting the existence, organization or internal affairs of a limited partnership by an attorney-in-fact or fiduciary. It shall not be necessary to present to or file in the department the original or a copy of any document evidencing the authority of an attorney-in-fact or fiduciary.

§ 8515. Execution by judicial act.

(a) General rule.—If a person required by this chapter to execute any certificate fails or refuses to do so, any other person who is adversely affected by the failure or refusal may petition the court to direct the execution of the certificate. If the court finds that it is proper for the certificate to be executed and that any person so designated has failed or refused to execute the certificate, it shall order the Department of State to record an appropriate certificate. The clerk of the court shall file a certified copy of the order (which shall include the full text of the certificate) in the department.

(b) Effectiveness of judicial order.—Upon the filing of the judicial order of amendment in the department or upon the effective date specified in the certificate, whichever is later, the certificate shall be effective.

(c) Cross reference.—See section 134 (relating to docketing statement).

§ 8516. Liability for false statement in certificate.

If any certificate of limited partnership or certificate of amendment or cancellation contains a materially false statement, one who suffers loss by reasonable reliance on the statement may recover damages for the loss from:

(1) any person who executes the certificate, or causes another to execute it on his behalf, and knew, and any general partner who knew or should have known, the statement to be false in any material respect at the time the certificate was executed; and

(2) any general partner who thereafter knows or should have known that any arrangement or other fact described in the certificate has changed, making the statement inaccurate in any material respect within a sufficient time before the statement was relied upon reasonably to have enabled that general partner to cancel or amend the certificate, or to file an application for its cancellation or amendment under section 8515 (relating to execution by judicial act).

§ 8517. Notice.

The fact that a certificate of limited partnership is on file in the Department of State is notice that the partnership is a limited partnership and that all partners are limited partners except the persons designated therein as general partners, but it is not notice of any other fact.

§ 8518. Delivery of filed documents to limited partners.

Upon the return by the Department of State pursuant to section 136 (relating to processing of documents by Department of State) of a certificate marked "Filed," the general partners shall promptly deliver or mail a copy of the original certificate of limited partnership and each certificate of amendment or cancellation or other certificate required or permitted to be filed under this chapter to each limited partner except as otherwise provided in the partnership agreement.

§ 8519. Filing of certificate of summary of record by limited partnerships formed prior to 1976.

(a) General rule.—Any limited partnership that was not formed under this chapter, has never made any filing under this section or corresponding provisions of prior law and desires to file any document in the Department of State under any other provision of this chapter or that desires to secure from the department a certified copy of the certificate of limited partnership shall file in the department a certificate of summary of record which shall set forth:

(1) The name of the limited partnership.

(2) Subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its registered office.

(3) The statute under which the limited partnership was formed.

(4) The name under which, and the date on which, the limited partnership was originally formed, including the date when and the place where the original certificate was recorded.

(5) The place or places, including the volume and page numbers or their equivalent, where the documents constituting the currently effective certificate are recorded, the date or dates of each recording and the text of the currently effective certificate. The information specified in this paragraph may be omitted in a certificate of summary of record that is delivered to the department contemporaneously with an amended certificate filed under this chapter that restates the certificate in its entirety.

(6) Each name by which the limited partnership was known, if any, other than its original name and its current name and the date or dates on which each change of name of the partnership became effective.

(b) Cross references.—See sections 134 (relating to docketing statement) and 8514 (relating to execution of certificates).

SUBCHAPTER C LIMITED PARTNERS

Sec.

8521. Admission of limited partners.

8522. Classes of limited partners.

8523. Liability of limited partners to third parties.

8524. Person erroneously believing himself limited partner.

8525. Information.

§ 8521. Admission of limited partners.

(a) Date of admission.—A person becomes a limited partner on the later of:

- (1) the date the limited partnership is formed; or
- (2) the date stated in the records of the limited partnership as the date that person becomes a limited partner.

(b) Admission of additional limited partners.—After the filing of the original certificate of limited partnership, a person may be admitted as an additional limited partner:

(1) In the case of a person acquiring a partnership interest directly from the limited partnership, upon the compliance with the partnership agreement or, if the partnership agreement does not so provide, upon the consent of all partners.

(2) In the case of an assignee of a partnership interest of a partner who has the power as provided in section 8564 (relating to right of assignee to become limited partner) to grant the assignee the right to become a limited partner, upon the exercise of that power and compliance with any conditions limiting the grant or exercise of the power.

(3) In the case of an assignee of a partnership interest, regardless of whether the assignee has been granted the right to become a limited partner as provided in section 8564(a)(1), at the time or upon the happening of events specified in the partnership agreement.

§ 8522. Classes of limited partners.

(a) General rule.—A partnership agreement may provide for:

(1) classes or groups of limited partners having such relative rights, powers and duties as the partnership agreement may provide;

(2) the future creation in the manner provided in the partnership agreement of additional classes or groups of limited partners having such relative rights, powers and duties as may from time to time be established, including rights, powers and duties senior to existing classes and groups of limited partners; and

(3) the taking of an action, including, without limitation, amendment of the partnership agreement or creation under the provisions of the partnership agreement of a class or group of partnership interests that was not previously outstanding, without the vote or approval of any limited partner or class or group of limited partners.

(b) Class voting.—Subject to section 8523 (relating to liability of limited partners to third parties), the partnership agreement may grant to all or certain identified limited partners or a specified class or group of the limited partners the right to vote (on a per capita or other basis), separately or with all or any class or group of the limited partners or the general partners, upon any matter.

(c) Notice, record date, etc.—A partnership agreement that grants a right to vote may set forth provisions relating to notice of the time, place or purpose of any meeting at which any matter is to be voted on by any limited partners, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by

proxy, or any other matter with respect to the exercise of any such right to vote.

§ 8523. Liability of limited partners to third parties.

(a) General rule.—A limited partner is not liable for the obligations of a limited partnership unless he is also a general partner or, in addition to the exercise of his rights and powers as a limited partner, he participates in the control of the business. However, if the limited partner participates in the control of the business, he is liable only to persons who transact business with the limited partnership reasonably believing, based upon the conduct of the limited partner, that the limited partner is a general partner.

(b) Activities compatible with limited partner status.—A limited partner does not participate in the control of the business within the meaning of subsection (a) solely by doing one or more of the following:

(1) Being a contractor for, or an agent or employee of the limited partnership or of a general partner, or being an officer, director, trustee, partner or shareholder of a general partner.

(2) Consulting with and advising a general partner with respect to any matter, including, without limitation, the business of the limited partnership.

(3) (i) Acting as surety for the limited partnership, or guaranteeing, endorsing or assuming one or more specific obligations of the limited partnership, or a general partner.

(ii) Borrowing money from the limited partnership or a general partner.

(iii) Lending money to the limited partnership or a general partner.

(iv) Providing collateral for the limited partnership or a general partner.

(4) Taking any action required or permitted by law to bring, pursue or settle or otherwise terminate a derivative action in the right of the limited partnership.

(5) Requesting or attending a meeting of partners.

(6) Acting or causing the taking or refraining from the taking of any action, including, without limitation, by proposing, approving, consenting or disapproving, by voting or otherwise, with respect to one or more of the following matters:

(i) The dissolution and winding up of the limited partnership, or an election to continue the limited partnership or the business of the limited partnership.

(ii) The sale, exchange, lease, mortgage, pledge or other transfer of, or the grant of a security interest in, any asset or assets of the limited partnership.

(iii) The incurrence, renewal, refinancing or payment or other discharge of indebtedness by the limited partnership.

(iv) A change in the nature of the business.

(v) The admission or removal of a general partner.

(vi) The admission or removal of a limited partner.

(vii) A transaction involving an actual or potential conflict of interest between a general partner and the limited partnership or the limited partners.

(viii) An amendment to the partnership agreement or certificate of limited partnership.

(ix) The merger or consolidation of the limited partnership.

(x) The indemnification of any partner or other person.

(xi) Matters related to the business of the limited partnership not otherwise enumerated in this subsection, which the partnership agreement states in writing may be subject to the approval or disapproval of limited partners.

(7) Applying for dissolution of the partnership pursuant to section 8572 (relating to judicial dissolution).

(8) Winding up the limited partnership pursuant to section 8573 (relating to winding up).

(9) In the case of a registered investment company, voting on one or more of the following matters:

(i) The approval or termination of investment advisory or underwriting contracts.

(ii) The approval of auditors.

(iii) Any other matter that by reason of the Investment Company Act of 1940 (54 Stat. 789, 15 U.S.C. § 80a-1 et seq.) the general partners consider to be a proper matter for the vote of the holders of voting securities or beneficial interests in the limited partnership.

(10) Serving on a committee of the limited partnership or the limited partners.

(11) Exercising any right or power permitted to limited partners under this chapter and not specifically enumerated in this subsection.

(12) Exercising any other right or power stated in the partnership agreement.

(c) Enumeration nonexclusive.—The enumeration in subsection (b) does not mean that the possession or exercise of any other powers, or having or acting in other capacities, by a limited partner constitutes participation by him in the control of the business of the limited partnership.

(d) Use of name of limited partner.—A limited partner does not participate in the control of the business within the meaning of subsection (a) by reason of the fact that all or any part of the name of the limited partner is included in the name of the limited partnership.

(e) Effect of section.—This section does not create rights or powers of limited partners. Such rights and powers may be created only by the certificate of limited partnership, partnership agreement or any other agreement or other provisions of this chapter.

§ 8524. Person erroneously believing himself limited partner.

(a) General rule.—Except as provided in subsection (b), a person who makes a contribution to a business enterprise and erroneously but in good faith believes that he has become a limited partner in the enterprise is not a general partner in the enterprise and is not bound by its obligations as a

general partner by reason of making the contribution, receiving distributions from the enterprise or exercising any rights of a limited partner if, within a reasonable time after ascertaining the mistake, he:

- (1) causes an appropriate certificate of limited partnership or a certificate of amendment to be executed and filed; or
- (2) withdraws from future equity participation in the enterprise by executing and filing in the Department of State a certificate of withdrawal which shall set forth:
 - (i) The name of the limited partnership.
 - (ii) The date of filing of the original certificate.
 - (iii) The name of the person withdrawing.

The certificate of withdrawal shall be effective upon filing in the department. The person withdrawing shall send a copy of the filed certificate of withdrawal to the limited partnership.

(b) **Third-party liability.**—A person who makes a contribution of the kind described in subsection (a) is liable as a general partner to any third party who transacts business with the enterprise:

- (1) before the person withdraws and an appropriate certificate is filed to show withdrawal; or
- (2) before an appropriate certificate or amendment is filed to show that he is not a general partner;

but only if the third party actually believed in good faith that the person was a general partner at the time of the transaction, acted in reasonable reliance on that belief and extended credit to the enterprise in reasonable reliance on the credit of the person and, if a certificate of limited partnership has been filed prior to the transaction, the limited partner is erroneously named as a general partner in the certificate or in a certificate of amendment.

(c) **Cross references.**—See sections 134 (relating to docketing statement) and 8514 (relating to execution of certificates).

§ 8525. Information.

(a) **General rule.**—Each limited partner has the right, subject to such reasonable standards (including, without limitation, standards governing what information and documents are to be furnished, at what time and location and at whose expense) as may be set forth in the partnership agreement, to obtain from the general partners from time to time upon reasonable demand:

- (1) True and full information regarding the state of the business and financial condition of the limited partnership.
- (2) Promptly after becoming available, a copy of the Federal, State and local income tax returns for each year of the limited partnership.
- (3) Other information regarding the affairs of the limited partnership as is just and reasonable.

(b) **Confidentiality.**—A general partner shall have the right to keep confidential from limited partners, for such period of time as the general partner deems reasonable, any information that the general partner reasonably believes to be in the nature of trade secrets or other information, the disclosure of which the general partner in good faith believes is not in the best interests of the limited partnership or could damage the limited partnership

or its business or which the limited partnership is required by law or by agreement with a third party to keep confidential.

(c) Cross references.—See sections 107 (relating to form of records) and 8507 (relating to records to be kept).

SUBCHAPTER D GENERAL PARTNERS

Sec.

8531. Admission of additional general partners.

8532. Events of withdrawal.

8533. General powers and liabilities of general partners.

8534. Contributions by a general partner.

8535. Classes of general partners.

§ 8531. Admission of additional general partners.

(a) General rule.—After the filing of the original certificate of limited partnership, additional general partners may be admitted as provided in writing in the partnership agreement or, if the partnership agreement does not provide in writing for the admission of additional general partners, with the written consent of all general partners and a majority in interest of the limited partners.

(b) Cross reference.—See section 8512(b) (relating to events requiring amendment).

§ 8532. Events of withdrawal.

(a) General rule.—A person ceases to be a general partner of a limited partnership upon the happening of any of the following events:

(1) The general partner withdraws from the limited partnership as provided in section 8552 (relating to voluntary withdrawal of general partner).

(2) The general partner ceases to be a general partner of the limited partnership as provided in section 8562 (relating to assignment of partnership interest).

(3) The general partner is removed as a general partner in accordance with the partnership agreement.

(4) Except as otherwise provided in writing in the partnership agreement, the general partner:

(i) makes an assignment for the benefit of creditors;

(ii) files a voluntary petition in bankruptcy;

(iii) is adjudicated a bankrupt or insolvent;

(iv) files an application or answer seeking for himself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation;

(v) files an answer or other pleading admitting or failing to contest the material allegations of a petition or application filed against him in any proceeding of a type referred to in subparagraph (ii) or (iv); or

(vi) seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the general partner or of all or any substantial part of his properties.

(5) Except as otherwise provided in writing in the partnership agreement, if, within 120 days after the commencement of any proceeding against the general partner seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, the proceeding has not been dismissed or if, within 90 days after the appointment without his consent or acquiescence of a trustee, receiver or liquidator of the general partner or of all or any substantial part of his properties, the appointment is not vacated or stayed or within 90 days after the expiration of any such stay the appointment is not vacated.

(6) In the case of a general partner who is a natural person:

(i) his death; or

(ii) the entry of an order by a court of competent jurisdiction adjudicating him incompetent to manage his person or his estate.

(7) Except as otherwise provided in the partnership agreement, in the case of a general partner who is acting as a general partner by virtue of being a trustee of a trust, the termination of the trust (but not merely the substitution of a new trustee).

(8) In the case of a general partner that is a separate partnership, the dissolution and commencement of winding up of the separate partnership.

(9) In the case of a general partner that is a corporation, the filing of articles of dissolution or their equivalent for the corporation or the revocation of its charter.

(10) Except as otherwise provided in the partnership agreement, in the case of an estate, the distribution by the fiduciary of the entire interest of the estate in the partnership.

(11) In the case of a general partner in a registered investment company, the failure of the partner to be reelected in accordance with the partnership agreement.

(b) Certificate of withdrawal.—A person who ceases to be a general partner may file a certificate of withdrawal prepared in conformity with section 8524(a)(2) (relating to person erroneously believing himself limited partner). See sections 134 (relating to docketing statement) and 8514 (relating to execution of certificates).

§ 8533. General powers and liabilities of general partners.

(a) Powers of a general partner.—Except as otherwise provided in this chapter or in the partnership agreement, a general partner of a limited partnership has the rights and powers and is subject to the restrictions of a partner in a partnership without limited partners.

(b) Liabilities of a general partner.—Except as provided in this chapter, a general partner of a limited partnership has the liabilities of a partner in a partnership without limited partners to persons other than the partnership and the other partners. Except as otherwise provided in this chapter or in the partnership agreement, a general partner of a limited partnership has the liabilities of a partner in a partnership without limited partners to the partnership and to the other partners.

§ 8534. Contributions by a general partner.

A general partner of a limited partnership may make contributions to the partnership and share in the profits and losses of, and in distributions from, the limited partnership as a general partner. A general partner also may make contributions to and share in profits, losses and distributions as a limited partner. A person who is both a general partner and a limited partner has the rights and powers, and is subject to the restrictions and liabilities, of a general partner and, except as otherwise provided in the partnership agreement, also has the rights and powers, and is subject to the restrictions, of a limited partner to the extent of his participation in the partnership as a limited partner.

§ 8535. Classes of general partners.

(a) General rule.—A partnership agreement may provide for:

(1) classes or groups of general partners having such relative rights, powers and duties as the partnership agreement may provide;

(2) the future creation in the manner provided in the partnership agreement of additional classes or groups of general partners having such relative rights, powers and duties as may from time to time be established, including, without limitation, rights, powers and duties senior to existing classes and groups of general partners; and

(3) the taking of an action, including, without limitation, amendment of the partnership agreement or creation under the provisions of the partnership agreement of a class or group of partnership interests that was not previously outstanding, without the vote or approval of any general partner or class or group of general partners.

(b) Class voting.—The partnership agreement may grant to all or certain identified general partners or a specified class or group of general partners the right to vote (on a per capita or any other basis), separately or with all or any class or group of the limited partners or the general partners, on any matter.

(c) Notice, record date, etc.—A partnership agreement that grants a right to vote may set forth provisions relating to notice of the time, place or purpose of any meeting at which any matter is to be voted on by any general partner, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by proxy, or any other matter with respect to the exercise of any such right to vote.

SUBCHAPTER E FINANCE

Sec.

8541. Form of contribution.

8542. Liability for contributions.

8543. Sharing of profits and losses.

8544. Sharing of distributions.

§ 8541. Form of contribution.

The contribution of a partner may be in cash, tangible or intangible property, services rendered or a promissory note or other obligation to contribute cash or tangible or intangible property or to perform services.

§ 8542. Liability for contributions.

(a) General rule.—A promise by a limited partner to contribute to the limited partnership is not enforceable unless set out in a writing signed by the limited partner.

(b) Obligation to the partnership.—Except as otherwise provided in the partnership agreement, a partner is obligated to the limited partnership to perform any enforceable promise to contribute cash or property or to perform services even if he is unable to perform because of death, disability or any other reason. If a partner does not make the required contribution of property or services, he is obligated at the option of the limited partnership to contribute cash equal to that portion of the value (as stated or determined in the manner provided in the writing required by subsection (a) or the partnership agreement, if stated or provided for therein) of the stated contribution that has not been made.

(c) Compromise of obligation to contribute.—Except as otherwise provided in the partnership agreement, the obligation of a partner to make a contribution or return money or other property paid or distributed in violation of this chapter may be compromised only by consent of all the partners. Notwithstanding the compromise, a creditor of a limited partnership who extends credit or otherwise acts in reliance on that obligation after the partner signs a writing that reflects the obligation, and before the amendment or cancellation thereof to reflect the compromise, may enforce the original obligation.

§ 8543. Sharing of profits and losses.

The profits and losses of a limited partnership shall be allocated among the partners, and among classes of partners, in the manner provided in writing in the partnership agreement. If the partnership agreement does not so provide in writing, profits and losses shall be allocated on the basis of the value (as stated or determined in the manner provided in the partnership agreement, if stated or provided for therein) of the contributions made by each partner to the extent they have been received by the partnership and have not been returned, and otherwise per capita.

§ 8544. Sharing of distributions.

Distributions of cash or other assets of a limited partnership shall be allocated among the partners, and among classes of partners, in the manner provided in writing in the partnership agreement. If the partnership agreement does not so provide in writing, distributions shall be made on the basis of the value (as stated or determined in the manner provided in the partnership agreement, if stated or provided for therein) of the contributions made by each partner to the extent they have been received by the partnership and have not been returned, and otherwise per capita.

SUBCHAPTER F
MERGER AND CONSOLIDATION

Sec.

8545. Merger and consolidation of limited partnerships authorized.

8546. Approval of merger or consolidation.

8547. Certificate of merger or consolidation.

8548. Effective date of merger or consolidation.

8549. Effect of merger or consolidation.

§ 8545. Merger and consolidation of limited partnerships authorized.

(a) Domestic surviving or new limited partnership.—Any two or more domestic limited partnerships, or any two or more foreign limited partnerships, or any one or more domestic limited partnerships and any one or more foreign limited partnerships, may, in the manner provided in this subchapter, be merged into one of the domestic limited partnerships, designated in this subchapter as the surviving limited partnership, or consolidated into a new limited partnership to be formed under this chapter, if the foreign limited partnerships are authorized by the laws of the jurisdiction under which they are organized to effect a merger or consolidation with a limited partnership of another jurisdiction.

(b) Foreign surviving or new limited partnership.—Any one or more domestic limited partnerships, and any one or more foreign limited partnerships, may, in the manner provided in this subchapter, be merged into one of the foreign limited partnerships, designated in this subchapter as the surviving limited partnership, or consolidated into a new limited partnership to be organized under the laws of the jurisdiction under which one of the foreign limited partnerships is organized, if the laws of that jurisdiction authorize a merger with or consolidation into a limited partnership of another jurisdiction.

(c) Business trusts and other associations.—The provisions of this subchapter applicable to domestic and foreign limited partnerships shall also be applicable to a merger or consolidation with or into a domestic or foreign corporation, business trust, general partnership or other association. The surviving or resulting entity in such a merger or consolidation may be a corporation, partnership or other association. Except as otherwise provided by law in this or any other state, the powers and duties vested in and imposed upon the general partners and limited partners in this subchapter shall be exercised and performed by the group of persons under the direction of whom the business and affairs of the corporation, trust or other association are managed and the holders or owners of shares or other interests in the association, respectively, irrespective of the names by which the managing group and the holders or owners of shares or other interests are designated.

§ 8546. Approval of merger or consolidation.

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

- (1) The terms and conditions of the merger or consolidation.
- (2) If the surviving or new partnership is or is to be a domestic limited partnership:
 - (i) in the case of a merger, any changes desired to be made in the certificate of limited partnership or partnership agreement, which may include a restatement of either or both; or
 - (ii) in the case of a consolidation:
 - (A) all of the statements required by this chapter to be set forth in a restated certificate of limited partnership; and
 - (B) the written provisions, if any, of the partnership agreement.
- (3) The manner and basis of converting the partnership interests of each limited partnership into partnership interests, securities or obligations of the surviving or new limited partnership, as the case may be, and, if any of the partnership interests of any of the limited partnerships that are parties to the plan are not to be converted solely into partnership interests, securities or obligations of the surviving or new limited partnership, the partnership interests, securities or obligations of any other person or cash, property or rights that the holders of such partnership interests are to receive in exchange for, or upon conversion of, such partnership interests, and the surrender of any certificates evidencing them, which securities or obligations, if any, of any other person or cash, property or rights may be in addition to or in lieu of the partnership interests, securities or obligations of the surviving or new limited partnership.
- (4) Such other provisions as are deemed desirable.

Any of the terms of the plan may be made dependent upon facts ascertainable outside of the plan if the manner in which the facts will operate upon the terms of the plan is set forth in the plan.

(b) Post-adoption amendment of plan of merger or consolidation.—A plan of merger or consolidation may contain a provision that the general partners of the constituent limited partnerships may amend the plan at any time prior to its effective date, except that an amendment made subsequent to any adoption of the plan by the limited partners of any constituent limited partnership shall not change:

- (1) The amount or kind of partnership interests, obligations, cash, property or rights to be received in exchange for or on conversion of all or any of the partnership interests of the constituent limited partnership.
 - (2) Any term of the certificate of limited partnership or partnership agreement of the surviving or new limited partnership to be effected by the merger or consolidation.
 - (3) Any of the terms and conditions of the plan if the change would adversely affect the holders of any partnership interests of the constituent limited partnership.
- (c) Proposal of merger or consolidation.—Every merger or consolidation shall be proposed in the case of each domestic limited partnership by the adoption by the general partners of a resolution approving the plan of merger or consolidation. Except where the approval of the limited partners is unnecessary under this subchapter or the partnership agreement, the general

partners shall submit the plan to a vote of the limited partners entitled to vote thereon at a regular or special meeting of the limited partners.

(d) Party to plan.—A limited partnership that approves a plan in its capacity as a partner or creditor of a merging or consolidating limited partnership, or that furnishes all or a part of the consideration contemplated by a plan, does not thereby become a party to the plan for the purposes of this subchapter.

(e) Notice of meeting of limited partners.—Notwithstanding any other provision of the partnership agreement, written notice of the meeting of limited partners called for the purpose of considering the proposed plan shall be given to each limited partner of record, whether or not entitled to vote thereon, of each domestic limited partnership that is a party to the plan. There shall be included in, or enclosed with, the notice a copy of the proposed plan or a summary thereof.

(f) Adoption of plan by limited partners.—The plan of merger or consolidation shall be adopted upon receiving a majority of the votes cast by all limited partners, if any, entitled to vote thereon of each of the domestic limited partnerships that is a party to the plan and, if any class of limited partners is entitled to vote thereon as a class, a majority of the votes cast in each class vote. A proposed plan of merger or consolidation shall not be deemed to have been adopted by the limited partnership unless it has also been approved by the general partners, regardless of the fact that the general partners have directed or suffered the submission of the plan to the limited partners for action.

(g) Adoption by general partners.—

(1) Unless otherwise required by the partnership agreement, a plan of merger or consolidation shall not require the approval of the limited partners of a limited partnership if:

(i) the plan, whether or not the limited partnership is the surviving limited partnership, does not alter the status of the limited partnership as a domestic limited partnership or alter in any respect the provisions of its certificate of limited partnership or partnership agreement, except changes that may be made without action by the limited partners; and

(ii) each partnership interest outstanding immediately prior to the effective date of the merger or consolidation is to continue as or to be converted into, except as may be otherwise agreed by the holder thereof, an identical partnership interest in the surviving or new limited partnership after the effective date of the merger or consolidation.

(2) If a merger or consolidation is effected pursuant to paragraph (1), the plan of merger or consolidation shall be deemed adopted by the limited partnership when it has been adopted by the general partners pursuant to subsection (c).

(h) Termination of plan.—Prior to the time when a merger or consolidation becomes effective, the merger or consolidation may be terminated pursuant to provisions therefor, if any, set forth in the plan. If a certificate of merger or consolidation has been filed in the department prior to the termination, a certificate of termination executed by each limited partnership

that is a party to the plan, unless the plan permits termination by less than all of the limited partnerships, in which case the certificate shall be executed on behalf of the limited partnership exercising the right to terminate, shall be filed in the department. The certificate of termination shall set forth:

- (1) A copy of the certificate of merger or consolidation relating to the plan that is terminated.
- (2) A statement that the plan has been terminated in accordance with the provisions therefor set forth therein.

See sections 134 (relating to docketing statement), 138 (relating to statement of correction) and 8514 (relating to execution of certificates).

(i) Authorization by foreign limited partnerships.—The plan of merger or consolidation shall be authorized, adopted or approved by each foreign limited partnership that desires to merge or consolidate in accordance with the laws of the jurisdiction in which it is organized.

§ 8547. Certificate of merger or consolidation.

(a) General rule.—Upon the adoption of the plan of merger or consolidation by the limited partnerships desiring to merge or consolidate, as provided in this subchapter, a certificate of merger or a certificate of consolidation, as the case may be, shall be executed by each limited partnership and shall, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), set forth:

(1) The name and the location of the registered office, including street and number, if any, of the domestic surviving or new limited partnership or, in the case of a foreign surviving or new limited partnership, the name of the limited partnership and its jurisdiction of organization, together with either of the following:

(i) If a qualified foreign limited partnership, the address, including street and number, if any, of its registered office in this Commonwealth.

(ii) If a nonqualified foreign limited partnership, the address, including street and number, if any, of its principal office under the laws of the jurisdiction in which it is organized.

(2) The name and address, including street and number, if any, of the registered office of each other domestic limited partnership and qualified foreign limited partnership that is a party to the plan.

(3) If the plan is to be effective on a specified date, the hour, if any, and the month, day and year of the effective date.

(4) The manner in which the plan was adopted by each domestic limited partnership and, if one or more foreign limited partnerships are parties to the plan, the fact that the plan was authorized, adopted or approved, as the case may be, by each of the foreign limited partnerships in accordance with the laws of the jurisdiction in which it is organized.

(5) Except as provided in subsection (b), the plan of merger or consolidation.

(b) Omission of certain provisions of plan of merger or consolidation.—A certificate of merger or consolidation may omit all provisions of the plan of merger or consolidation except provisions, if any, that are intended to

amend or constitute the operative provisions of the certificate of limited partnership of a limited partnership as in effect subsequent to the effective date of the plan, if the certificate of merger or consolidation states that the full text of the plan is on file at the principal place of business of the surviving or new limited partnership and states the address thereof. A limited partnership that takes advantage of this subsection shall furnish a copy of the full text of the plan, on request and without cost, to any partner of any limited partnership that was a party to the plan and, unless all parties to the plan had fewer than 30 partners each, on request and at cost to any other person.

(c) Filing of certificate of merger or consolidation.—The certificate of merger or certificate of consolidation, as the case may be, and the certificates or statement, if any, required by section 139 (relating to tax clearance of certain fundamental transactions) shall be filed in the department.

(d) Cross references.—See sections 134 (relating to docketing statement) and 8514 (relating to execution of certificates).
§ 8548. Effective date of merger or consolidation.

Upon the filing of the certificate of merger or the certificate of consolidation in the Department of State or upon the effective date specified in the plan of merger or consolidation, whichever is later, the merger or consolidation shall be effective. The merger or consolidation of one or more domestic limited partnerships into a foreign limited partnership shall be effective according to the provisions of law of the jurisdiction in which the foreign limited partnership is organized, but not until a certificate of merger or certificate of consolidation has been adopted and filed, as provided in this subchapter.

§ 8549. Effect of merger or consolidation.

(a) Single surviving or new limited partnership.—Upon the merger or consolidation becoming effective, the several limited partnerships parties to the plan of merger or consolidation shall be a single limited partnership which, in the case of a merger, shall be the limited partnership designated in the plan of merger as the surviving limited partnership and, in the case of a consolidation, shall be the new limited partnership provided for in the plan of consolidation. The separate existence of all limited partnerships parties to the plan of merger or consolidation shall cease, except that of the surviving limited partnership, in the case of a merger.

(b) Property rights.—All the property, real, personal and mixed, of each of the limited partnerships parties to the plan of merger or consolidation, and all debts due on whatever account to any of them, as well as all other things and causes of action belonging to any of them, shall be deemed to be transferred to and vested in the surviving or new limited partnership, as the case may be, without further action, and the title to any real estate, or any interest therein, vested in any of the limited partnerships shall not revert or be in any way impaired by reason of the merger or consolidation. The surviving or new limited partnership shall thenceforth be responsible for all the liabilities of each of the limited partnerships so merged or consolidated. Liens upon the property of the merging or consolidating limited partnerships shall not be impaired by the merger or consolidation, and any claim existing or

action or proceeding pending by or against any of the limited partnerships may be prosecuted to judgment as if the merger or consolidation had not taken place or the surviving or new limited partnership may be proceeded against or substituted in its place.

(c) Taxes.—Any taxes, penalties and public accounts of the Commonwealth claimed against any of the merging or consolidating limited partnerships but not settled, assessed or determined prior to the merger or consolidation shall be settled, assessed or determined against the surviving or new limited partnership and, together with interest thereon, shall be a lien against the property, both real and personal, of the surviving or new limited partnership.

(d) Certificate of limited partnership.—In the case of a merger, the certificate of limited partnership of the surviving domestic limited partnership, if any, shall be deemed to be amended to the extent, if any, that changes in its certificate of limited partnership are stated in the plan of merger. In the case of a consolidation into a domestic limited partnership, the statements that are set forth in the plan of consolidation, or certificate of limited partnership set forth therein, shall be deemed to be the certificate of limited partnership of the new limited partnership.

SUBCHAPTER G DISTRIBUTIONS AND WITHDRAWAL

Sec.

- 8551. Interim distributions.
- 8552. Voluntary withdrawal of general partner.
- 8553. Voluntary withdrawal of limited partner.
- 8554. Distribution upon withdrawal.
- 8555. Distribution in kind.
- 8556. Right to distribution.
- 8557. Limitations on distribution.
- 8558. Liability upon return of contribution.

§ 8551. Interim distributions.

Except as provided in this subchapter, a partner is entitled to receive distributions from a limited partnership before his withdrawal from the limited partnership and before the dissolution and winding up thereof to the extent and at the times or upon the happening of the events specified in the partnership agreement.

§ 8552. Voluntary withdrawal of general partner.

(a) General rule.—A general partner may withdraw from a limited partnership at any time by giving written notice to the other partners, but, if the partnership agreement prohibits the withdrawal of the general partner or the withdrawal otherwise violates the partnership agreement, the limited partnership may recover from the withdrawing general partner damages for breach of the partnership agreement and offset the damages against the amount otherwise distributable to him.

(b) Cross reference.—See section 8512(b) (relating to events requiring amendment).

§ 8553. Voluntary withdrawal of limited partner.

(a) General rule.—A limited partner may withdraw from a limited partnership at the time or upon the happening of events specified in writing in the partnership agreement. If the partnership agreement does not specify in writing the time or the events upon the happening of which a limited partner may withdraw or a definite time for the dissolution and winding up of the limited partnership, a limited partner may withdraw upon not less than six months' prior written notice to each general partner at his address on the books of the limited partnership.

(b) Prohibition of withdrawal.—The partnership agreement may provide that a limited partner may not withdraw from the limited partnership or assign a partnership interest in the limited partnership prior to the dissolution and winding up of the limited partnership.

§ 8554. Distribution upon withdrawal.

Except as provided in this subchapter, upon withdrawal, any withdrawing partner is entitled to receive any distribution to which he is entitled under the partnership agreement and, except as otherwise provided in the partnership agreement, he is entitled to receive, within a reasonable time after withdrawal, the fair value of his interest in the limited partnership as of the date of withdrawal based upon his right to share in distributions from the limited partnership.

§ 8555. Distribution in kind.

Except as otherwise provided in writing in the partnership agreement, a partner does not have the right to demand and receive any distribution from a limited partnership in any form other than cash, regardless of the nature of his contribution. Except as otherwise provided in writing in the partnership agreement, a partner may not be compelled to accept a distribution of any asset in kind from a limited partnership to the extent that the percentage of the asset distributed to him exceeds a percentage of that asset that is equal to the percentage in which he shares in distributions from the limited partnership.

§ 8556. Right to distribution.

(a) General rule.—Except as otherwise provided in the partnership agreement, at the time a partner becomes entitled to receive a distribution, he has the status of, and is entitled to all remedies available to, a creditor of the limited partnership with respect to the distribution.

(b) Record date.—The partnership agreement may provide for the establishment of a record date with respect to allocations and distributions by a limited partnership.

§ 8557. Limitations on distribution.

A partner may not receive a distribution from a limited partnership to the extent that, after giving effect to the distribution, all liabilities of the limited partnership, other than liabilities to partners on account of their partnership interests and liabilities as to which recourse of creditors is limited to specified property of the limited partnership, exceed the fair value of the partnership

assets. The fair value of any property that is subject to a liability as to which recourse of creditors is so limited shall be included in the partnership assets only to the extent that the fair value of the property exceeds that liability.

§ 8558. Liability upon return of contribution.

(a) General rule.—If a general partner has received the return of any part of his contribution without violation of the partnership agreement or this chapter, he is liable to the limited partnership for a period of one year thereafter for the amount of the returned contribution but only to the extent necessary to discharge the liabilities of the limited partnership to creditors who extended credit to the limited partnership during the period the contribution was held by the partnership.

(b) Unlawful distributions.—If a partner has received the return of any part of his contribution in violation of the partnership agreement or this chapter, he is liable to the limited partnership for a period of four years thereafter for the amount of the contribution wrongfully returned.

(c) Determination of return of contribution.—A partner receives a return of his contribution to the extent that a distribution to him reduces his share of the fair value of the net assets of the limited partnership, as determined under section 8557 (relating to limitations on distribution), below the value (as stated or determined in the manner provided in the partnership agreement, if stated or provided for therein) of his contribution (to the extent it has been received by the limited partnership) that has not been distributed to him, and otherwise to the extent of the fair value of the distribution.

SUBCHAPTER H ASSIGNMENT OF PARTNERSHIP INTERESTS

Sec.

8561. Nature of partnership interest.

8562. Assignment of partnership interest.

8563. Rights of creditor.

8564. Right of assignee to become limited partner.

8565. Power of estate of deceased or incompetent partner.

§ 8561. Nature of partnership interest.

A partnership interest is personal property.

§ 8562. Assignment of partnership interest.

(a) General rule.—Except as otherwise provided in the partnership agreement:

(1) a partnership interest is assignable in whole or in part;

(2) an assignment of a partnership interest does not dissolve a limited partnership or entitle the assignee to become or to exercise any rights of a partner;

(3) an assignment entitles the assignee to share in such profits and losses, to receive such distributions, and to receive such allocations of income, gain, loss, deduction, or credit or similar item to which the assignor was entitled, to the extent assigned; and

(4) a partner ceases to be a partner and to have the power to exercise any rights or powers of a partner upon assignment of all of his partnership interest.

(b) Certificate of partnership interest.—The partnership agreement may provide that a partner's interest in a limited partnership may be evidenced by a certificate of partnership interest issued by the limited partnership and may also provide for the assignment or transfer of any partnership interest represented by such a certificate and make other provisions with respect to such certificates.

(c) Effect of assignment.—Except as otherwise provided in the partnership agreement and except to the extent assumed by agreement, until an assignee of a partnership interest becomes a partner, the assignee shall not be liable as a partner solely as a result of the assignment.

§ 8563. Rights of creditor.

On application to a court of competent jurisdiction by any judgment creditor of a partner, the court may charge the partnership interest of the partner with payment of the unsatisfied amount of the judgment with interest. To the extent so charged, the judgment creditor has only the rights of an assignee of the partnership interest. This chapter does not deprive any partner of the benefit of any exemption laws applicable to his partnership interest.

§ 8564. Right of assignee to become limited partner.

(a) General rule.—An assignee of a partnership interest, including an assignee of a general partner, may become a limited partner:

- (1) if and to the extent that the assignor gives the assignee that right in accordance with authority described in the partnership agreement;
- (2) if and to the extent that all other partners consent; or
- (3) at the time or upon the happening of events specified in the partnership agreement.

(b) Effect of admission of assignee generally.—An assignee who has become a limited partner has, to the extent assigned, the rights and powers, and is subject to the restrictions and liabilities, of a limited partner under the partnership agreement and this chapter. An assignee who becomes a limited partner also is liable for the obligations of his assignor to make and return contributions as provided in Subchapter E (relating to finance) and Subchapter G (relating to distributions and withdrawal). However, the assignee is not obligated for liabilities unknown to the assignee at the time he became a limited partner.

(c) Liability of assignor.—If an assignee of a partnership interest becomes a limited partner, the assignor is not released from his liability to the limited partnership under sections 8516 (relating to liability for false statement in certificate) and 8542 (relating to liability for contributions).

§ 8565. Power of estate of deceased or incompetent partner.

(a) General rule.—If a partner who is an individual dies or a court of competent jurisdiction adjudges him to be incompetent to manage his person or his property, the executor, administrator, guardian, conservator or other legal representative of the partner may exercise all of the rights of the partner

for the purpose of settling his estate or administering his property, including any power the partner had to give an assignee the right to become a limited partner. If a partner is a corporation, trust or other entity and is dissolved or terminated, the powers of that partner may be exercised by its legal representative or successor.

(b) Cross reference.—See section 8532 (relating to events of withdrawal).

SUBCHAPTER I DISSOLUTION

Sec.

8571. Nonjudicial dissolution.

8572. Judicial dissolution.

8573. Winding up.

8574. Distribution of assets.

8575. Survival of remedies and rights after dissolution.

§ 8571. Nonjudicial dissolution.

(a) General rule.—A limited partnership is dissolved and its affairs shall be wound up upon the happening of the first to occur of the following:

(1) At the time or upon the happening of events specified in the certificate of limited partnership.

(2) At the time or upon the happening of events specified in writing in the partnership agreement.

(3) Written consent of all partners.

(4) An event of withdrawal of a general partner unless at the time there is at least one other general partner and the written provisions of the partnership agreement permit the business of the limited partnership to be carried on by the remaining general partner and that partner does so. The limited partnership is not dissolved and is not required to be wound up by reason of any event of withdrawal if, within 180 days after the withdrawal, all partners (except as provided in subsection (c)) agree in writing to continue the business of the limited partnership or to the appointment of one or more replacement general partners.

(5) Entry of an order of judicial dissolution under section 8572 (relating to judicial dissolution).

(b) Interim management.—In the case of an event of withdrawal by a sole remaining general partner, the court may, upon application of a limited partner or his assignee, appoint a person to manage the business of the limited partnership subject to such terms as the court shall find are in the best interests of the partnership, until the earlier of:

(1) the expiration of the 180-day period specified in subsection (a)(4);

or

(2) the appointment of one or more replacement general partners.

(c) Modification by agreement.—If the partnership agreement so provides in writing, the action under subsection (a)(4) to elect to continue the business of the limited partnership or to appoint one or more replacement

general partners, or both, may be effected by less than all, but not less than a majority in interest, of the partners.

(d) Cross reference.—See section 8512(b) (relating to events requiring amendment).

§ 8572. Judicial dissolution.

On application by or for a partner, the court may order dissolution of a limited partnership whenever it is not reasonably practicable to carry on the business in conformity with the partnership agreement.

§ 8573. Winding up.

Except as otherwise provided in the partnership agreement, the general partners who have not wrongfully dissolved a limited partnership or, if none, the limited partners, or a person approved by the limited partners or, if there is more than one class or group of limited partners, by each class or group of limited partners, in either case by a majority in interest of the limited partners in each class or group, may wind up the affairs of the limited partnership, but the court may wind up the affairs of the limited partnership upon application of any partner, his legal representative or assignee, and in connection therewith, may appoint a liquidating trustee.

§ 8574. Distribution of assets.

(a) General rule.—Upon the winding up of a limited partnership, the assets shall be distributed in the following order:

(1) To creditors, including partners who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the limited partnership (whether by payment or the making of reasonable provision for payment thereof) other than liabilities for distributions to partners under section 8551 (relating to interim distributions) or 8554 (relating to distribution upon withdrawal).

(2) Except as otherwise provided in the partnership agreement, to partners and former partners in satisfaction of liabilities for distributions under section 8551 or 8554.

(3) Except as otherwise provided in the partnership agreement, to partners:

(i) For the return of their contributions.

(ii) Respecting their partnership interests, in the proportions in which the partners share in distributions.

(b) Provision for claims.—A limited partnership that has dissolved shall pay or make reasonable provision to pay all claims and obligations, including all contingent, conditional or unmatured claims and obligations, known to the limited partnership and all claims and obligations which are known to the limited partnership but for which the identity of the claimant is unknown. If there are sufficient assets, such claims and obligations shall be paid in full and any such provision for payment made shall be made in full. If there are insufficient assets, such claims and obligations shall be paid or provided for according to their priority and, among claims and obligations of equal priority, ratably to the extent of assets available therefor. Except as otherwise provided in the partnership agreement, any remaining assets shall be distributed as provided in this chapter. Any liquidating trustee winding up

the affairs of a limited partnership who has complied with this section shall not be personally liable to the claimants of the dissolved limited partnership by reason of his actions in winding up the limited partnership.

§ 8575. Survival of remedies and rights after dissolution.

(a) General rule.—The dissolution of a limited partnership shall not eliminate or impair any remedy available to or against the limited partnership or its partners for any right or claim existing, or liability incurred, prior to the dissolution, if an action thereon is brought on behalf of:

(1) the limited partnership within the time otherwise limited by law; or

(2) any other person before or within four years after the date of the dissolution or within the time otherwise limited by law, whichever is less.

The actions may be prosecuted against and defended by the limited partnership under the name of the limited partnership.

(b) Rights and assets.—The dissolution of a limited partnership shall not affect the limited liability of a limited partner with respect to transactions occurring or acts or omissions done or omitted in the name of or by the limited partnership except that each limited partner shall be liable for his pro rata portion of the unpaid liabilities of the limited partnership up to the amount of the net assets of the limited partnership distributed to the limited partner in connection with the dissolution. Should any property right of a limited partnership be discovered after the dissolution of the limited partnership, the surviving general partner or partners that wound up the affairs of the limited partnership, or a receiver appointed by the court, shall have authority to enforce the property right and to collect and divide the assets so discovered among the persons entitled thereto and to prosecute actions in the name of the limited partnership. Any assets so collected shall be distributed and disposed of in accordance with the applicable order of court, if any, and otherwise in accordance with this subchapter.

SUBCHAPTER J FOREIGN LIMITED PARTNERSHIPS

Sec.

8581. Governing law.

8582. Registration.

8583. Effect of filing.

8584. Name.

8585. Changes and amendments.

8586. Cancellation of registration.

8587. Doing business without registration.

8588. Action by Attorney General.

8589. General powers and duties of qualified foreign limited partnerships.

§ 8581. Governing law.

Subject to the Constitution of Pennsylvania:

(1) The laws of the jurisdiction under which a foreign limited partnership is organized govern its organization and internal affairs and the liability of its limited partners.

(2) A foreign limited partnership may not be denied registration by reason of any difference between those laws and the laws of this Commonwealth.

§ 8582. Registration.

(a) General rule.—Before doing business in this Commonwealth, a foreign limited partnership shall register under this subchapter. In order to register, a foreign limited partnership shall execute and file in the Department of State an application for registration as a foreign limited partnership setting forth:

(1) The name of the foreign limited partnership and, if different, the name under which it proposes to register and do business in this Commonwealth.

(2) The jurisdiction and date of its formation.

(3) Subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its registered office.

(4) The address of the office required to be maintained in the jurisdiction of its organization by the laws of that jurisdiction or, if not so required, of the principal office of the foreign limited partnership.

(5) The name and business address of each general partner.

(6) The address of the office at which is kept a list of the names and addresses of the limited partners and their capital contributions, together with an undertaking by the foreign limited partnership to keep those records until the registration of the foreign limited partnership in this Commonwealth is canceled or withdrawn.

(b) Exceptions.—None of the activities described in section 4122 (relating to excluded activities) shall be considered doing business in this Commonwealth for the purposes of this subchapter.

(c) Cross references.—See sections 134 (relating to docketing statement) and 8514 (relating to execution of certificates).

§ 8583. Effect of filing.

Upon the filing of the application for registration as a foreign limited partnership, the partnership shall be authorized to do business in this Commonwealth.

§ 8584. Name.

(a) General rule.—A foreign limited partnership may register with the Department of State under any name (whether or not it is the name under which it is registered in its jurisdiction of organization) that could be used by a domestic limited partnership.

(b) Cross reference.—See section 8505 (relating to name).

§ 8585. Changes and amendments.

(a) General rule.—If any arrangements or other facts described in the application for registration of a foreign limited partnership have changed, making the application inaccurate in any material respect, the foreign limited partnership shall promptly execute and file in the Department of State a certificate of amendment of registration setting forth:

(1) The name under which the foreign limited partnership is registered to do business in this Commonwealth.

(2) Subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its registered office in this Commonwealth.

(3) The arrangements or other facts that have changed.

(b) Effect of filing.—The application for registration as a foreign limited partnership shall be amended upon filing of the certificate of amendment of registration in the department.

(c) Cross references.—See sections 134 (relating to docketing statement), 138 (relating to statement of correction) and 8514 (relating to execution of certificates).

§ 8586. Cancellation of registration.

(a) General rule.—A qualified foreign limited partnership may cancel its registration by executing and filing in the Department of State a certificate of cancellation of registration setting forth:

(1) The name under which the foreign limited partnership is registered to do business in this Commonwealth.

(2) Subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of its last registered office in this Commonwealth.

(3) The name of the jurisdiction under the laws of which it is organized.

(4) The date on which it registered to do business in this Commonwealth.

(5) A statement that it withdraws from doing business in this Commonwealth.

(6) A statement that notice of its intention to withdraw from doing business in this Commonwealth was mailed by certified or registered mail to each municipal corporation in which the registered office or principal place of business of the foreign limited partnership in this Commonwealth is located.

(7) The post office address, including street and number, if any, to which process may be sent in an action upon any liability incurred before the filing of the certificate of cancellation of registration.

(b) Effect of filing.—Upon the filing of the certificate of cancellation of registration, the authority of the foreign limited partnership to do business in this Commonwealth shall cease. The termination of authority shall not affect any action pending at the time thereof or affect any right of action arising with respect to the foreign limited partnership before the filing of the certificate of cancellation of registration. Process against the foreign limited partnership in an action upon any liability incurred before the filing of the certificate of cancellation of registration may be served as provided in 42 Pa.C.S. Ch. 53 (relating to bases of jurisdiction and interstate and international procedure) or as otherwise provided or prescribed by law.

(c) Cross references.—See sections 134 (relating to docketing statement) and 8514 (relating to execution of certificates).

§ 8587. Doing business without registration.

(a) Maintenance of actions or proceedings prohibited.—A nonqualified foreign limited partnership doing business in this Commonwealth may not maintain any action or proceeding in any court of this Commonwealth until it has registered under this subchapter; nor, except as provided in subsection (b), shall any action or proceeding be maintained in any court of this Commonwealth on any right, claim or demand arising out of the doing of business by the foreign limited partnership in this Commonwealth by any successor, assignee or acquiror of all or substantially all of the assets of the foreign limited partnership that is a foreign corporation for profit or not-for-profit or a foreign limited partnership until such foreign corporation or foreign limited partnership has been authorized to do business in this Commonwealth.

(b) Contracts, property and defense of actions unaffected.—The failure of a foreign limited partnership to register under this subchapter shall not impair the validity of any contract or act of the foreign limited partnership, shall not prevent the foreign limited partnership from defending any action in any court of this Commonwealth and shall not render escheatable any of its real or personal property.

(c) Liability of limited partner.—A limited partner of a foreign limited partnership is not liable as a general partner of the foreign limited partnership solely by reason of the foreign limited partnership having done business in this Commonwealth without registration under this subchapter.

(d) Acquisition of real and personal property.—Every nonqualified foreign limited partnership may acquire, hold, mortgage, lease and transfer real and personal property in this Commonwealth in the same manner and subject to the same limitations as a qualified foreign limited partnership.

(e) Duties.—Except as provided in subsection (a), a nonqualified foreign limited partnership doing business in this Commonwealth shall be subject to the same liabilities, restrictions, duties and penalties now or hereafter imposed upon a qualified foreign limited partnership.

§ 8588. Action by Attorney General.

The Attorney General may bring an action to restrain a foreign limited partnership from doing business in this Commonwealth in violation of this subchapter.

§ 8589. General powers and duties of qualified foreign limited partnerships.

(a) General rule.—A qualified foreign limited partnership, so long as its registration under this subchapter is not canceled or revoked, shall enjoy the same rights and privileges as a domestic limited partnership, but no more, and, except as in this part otherwise provided, shall be subject to the same liabilities, restrictions, duties and penalties now in force or hereafter imposed upon domestic limited partnerships, to the same extent as if it had been formed under this chapter.

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

SUBCHAPTER K
DERIVATIVE ACTIONS

Sec.

8591. Right of action.

8592. Proper plaintiff.

8593. Pleading.

8594. Expenses.

§ 8591. Right of action.

A limited partner may bring an action in the right of a limited partnership to recover a judgment in its favor if general partners with authority to do so have refused to bring the action or if an effort to cause those general partners to bring the action is not likely to succeed. The derivative action may not be maintained if it appears that the plaintiff cannot fairly and adequately represent the interests of the limited partners in enforcing the rights of the partnership.

§ 8592. Proper plaintiff.

(a) General rule.—In a derivative action under this subchapter, the plaintiff must be a partner at the time of bringing the action and:

(1) at the time of the transaction of which he complains; or

(2) his status as a partner shall have devolved upon him by operation of law or pursuant to the terms of the partnership agreement from a person who was a partner at the time of the transaction.

(b) Exception.—Any partner who, except for the provisions of subsection (a), would be entitled to maintain the action and who does not meet such requirements may, nevertheless in the discretion of the court, be allowed to maintain the action on preliminary showing to the court, by application and upon such verified statements and depositions as may be required by the court, that there is a strong prima facie case in favor of the claim asserted on behalf of the limited partnership and that without the action serious injustice will result.

§ 8593. Pleading.

Except as otherwise prescribed by general rule, in a derivative action under this subchapter, the complaint shall set forth with particularity the effort of the plaintiff to secure initiation of the action by a general partner or the reasons for not making the effort.

§ 8594. Expenses.

(a) General rule.—Except as otherwise prescribed by general rule, if a derivative action under this subchapter is successful, in whole or in part, or if anything is received by the plaintiff as a result of a judgment, compromise or settlement of an action or claim, the court may award the plaintiff reasonable expenses, including reasonable attorney fees, and shall direct him to remit to the limited partnership the remainder of those proceeds received by him. If the proceeds received by the plaintiff are insufficient to reimburse the reasonable expenses awarded to the plaintiff, the court may direct that the award of expenses or a portion thereof be paid by the limited partnership.

(b) Security for costs.—In any action instituted or maintained by holders or owners of less than 5% of the outstanding ownership interests in the limited partnership, unless those interests have an aggregate fair market value in excess of \$200,000, the limited partnership in whose right the action is brought shall be entitled at any stage of the proceedings to require the plaintiffs to give security for the reasonable expenses, including attorney fees, that may be incurred by it in connection therewith, to which security the limited partnership shall have recourse in such amount as the court having jurisdiction determines upon the termination of the action. The amount of security may, from time to time, be increased or decreased in the discretion of the court having jurisdiction of the action upon showing that the security provided has or may become inadequate or excessive. The security may be denied or limited in the discretion of the court upon preliminary showing to the court, by application and upon such verified statements and depositions as may be required by the court, establishing prima facie that the requirement of full or partial security would impose undue hardship on plaintiffs and serious injustice would result.

CHAPTER 87 ELECTING PARTNERSHIPS

Sec.

- 8701. Scope and definition.
- 8702. Centralized management.
- 8703. Continuity of life.
- 8704. Free transferability of interests.
- 8705. Limited liability in certain cases.
- 8706. One person as both partner and employee.
- 8707. Modification by agreement.

§ 8701. Scope and definition.

(a) Application of chapter.—This chapter applies to a general or limited partnership formed under the laws of this Commonwealth that elects to be governed by this chapter. Any partnership that desires to elect to be governed by this chapter, or to amend or terminate the election, shall file in the Department of State a statement of election, amendment or termination, as the case may be, which shall be signed by a general partner and shall set forth:

- (1) The name of the partnership.
- (2) The location of the principal place of business.
- (3) The name of each member of the partnership as of the date of the statement.
- (4) A statement that the partnership elects to be governed by this chapter or that the election to be governed by this chapter shall be amended or terminated, as the case may be.
- (5) If the election is to be made or terminated, a statement that the election or termination has been authorized by at least a majority in interest of the partners.

Upon the filing of the statement of election, amendment or termination in the department, the election to be governed by this chapter shall be effective, amended or terminated, as the case may be.

(b) Effect of election.—As long as an election under subsection (a) is in effect, the partnership shall be governed by the provisions of this chapter and, to the extent not inconsistent with this chapter, Chapter 83 (relating to general partnerships) and, if a limited partnership, Chapter 85 (relating to limited partnerships).

(c) Definition.—As used in this chapter, the term “electing partnership” means a partnership as to which an election under subsection (a) is in effect.

(d) Cross reference.—See section 134 (relating to docketing statement).
§ 8702. Centralized management.

The business and affairs of every electing partnership shall be managed by one-third or less, but not less than one, of the partners selected for that purpose in the manner provided by any agreement between the partners, and no other partner shall have a right to participate in the management of the partnership. A partner of an electing partnership shall be an agent of the partnership only to the extent that an employee of the partnership would be under like circumstances. In making such a determination, the court may consider among other things whether a person dealing with the partnership has knowledge, as defined in section 8303(a) (relating to knowledge), that this section is applicable to the partnership.

§ 8703. Continuity of life.

An electing partnership shall not be dissolved by the death, dissolution, insanity, retirement, resignation or expulsion of a partner or by the bankruptcy of a partner or the partnership. Changes in the composition of the partnership shall be evidenced by the prompt filing of a statement of amendment under section 8701(a) (relating to application of chapter). If fewer than two partners who are not bankrupt or insane remain, the court shall appoint a custodian of the partnership property for the purpose of continuing its business or, upon cause shown, winding up its affairs.

§ 8704. Free transferability of interests.

The agreement between the partners of an electing partnership may provide that the property rights of a partner in the partnership shall be evidenced by shares of one or more classes or series. In that event, the transfer of all of the shares by a partner shall operate to terminate his membership in the partnership, and the transfer of any share by a partner shall operate to make the transferee a member of the partnership without the consent of any other partner. The transfer of certificates and the shares represented thereby may be regulated by the agreement between the partners if the agreement is not inconsistent with 13 Pa.C.S. Div. 8 (relating to investment securities).

§ 8705. Limited liability in certain cases.

(a) General rule.—The liability of a partner of an electing partnership for the debts and obligations of the partnership shall be satisfied out of partnership assets alone if:

(1) the debt or obligation arises from a transaction or occurrence in which the person dealing with the partnership has notice, as defined in

section 8303(b) (relating to notice), that this section is applicable to the partnership; or

(2) the fact that this section is applicable to the partnership has been advertised in the manner provided by section 8357(a)(2)(ii) (relating to power of partner to bind partnership to third persons).

(b) Exceptions.—Subsection (a) does not apply:

(1) Unless otherwise agreed by the obligee, to a debt or obligation arising prior to the time a partnership becomes an electing partnership and complies with subsection (a)(1) or (2).

(2) To a transaction or occurrence involving the furnishing or sale of any goods or services by the partnership.

§ 8706. One person as both partner and employee.

(a) General rule.—A person may be a partner in and an employee of the same electing partnership at the same time.

(b) Effect.—A person who is a partner and also, at the same time, an employee shall in his capacity as an employee have such rights and duties with respect to the employing partnership as may be agreed between employer and employee generally.

§ 8707. Modification by agreement.

(a) General rule.—The provisions of this chapter are intended to permit an electing partnership to qualify for taxation as an association under the United States Internal Revenue Code and to permit partners of an electing partnership to be employed by, and compensated as employees of, the association. The agreement between the partners of an electing partnership may effect any change in the form of organization of the partnership in addition to or in contravention of the changes authorized by this chapter that may be necessary to accomplish those purposes but only to the extent necessary to accomplish those purposes.

(b) Exception.—A provision adopted under subsection (a) shall not modify section 8705 (relating to limited liability in certain cases).

PART IV UNINCORPORATED ASSOCIATIONS

Chapter

- 91. Unincorporated Associations Generally
- 93. Professional Associations

CHAPTER 91 UNINCORPORATED ASSOCIATIONS GENERALLY

Sec.

- 9101. Customary parliamentary law applicable.
- 9102. Funeral and similar benefits.
- 9103. Nontransferable membership interests.

§ 9101. Customary parliamentary law applicable.

Except as otherwise provided by statute or by the organic documents under which an unincorporated association is constituted, each unincorpo-

rated association shall be governed by customary usages and principles of parliamentary law and procedure.

§ 9102. Funeral and similar benefits.

Members of unincorporated associations paying periodical or funeral benefits shall not be individually liable for the payment of periodical or funeral benefits or other similar liabilities of the association. The liabilities shall be payable only out of the treasury of the association.

§ 9103. Nontransferable membership interests.

(a) General rule.—For the purpose of encouraging lawful associational activity among agricultural and industrial workers through the organization of unincorporated associations for mutual benefit insurance, saving or other lawful objects where the persons so organizing derive benefits from the preservation and continuance of the membership and interest among persons engaged in a common calling, labor or enterprise, the unincorporated association may provide, in its organic documents, that membership in the association or interest in its funds or property shall be nontransferable without the consent of the association.

(b) Assignments and pledges.—No attempted assignment, transfer or pledge of a membership or interest made in violation of a transfer restriction adopted pursuant to subsection (a) shall pass any right or interest, legal or equitable, to the person to whom it is attempted to be made if the transfer restriction is brought to the knowledge of that person.

(c) Knowledge of nontransferability.—Whenever the interest of a member in the funds or property of any unincorporated association subject to subsection (a) is evidenced by a certificate, an endorsement thereon that the certificate is nontransferable shall be conclusive evidence that the person to whom any attempted assignment, transfer or pledge of the certificate is made has knowledge of the nontransferable character of the interest of the member.

CHAPTER 93 PROFESSIONAL ASSOCIATIONS

Sec.

- 9301. Short title of chapter.
- 9302. Application of chapter.
- 9303. Definitions.
- 9304. Purpose of association.
- 9305. Articles of association.
- 9306. Board of governors.
- 9307. Bylaws.
- 9308. Employees.
- 9309. Compensation.
- 9310. Distribution of excess earnings.
- 9311. Interests of associates.
- 9312. Transfer of interests.
- 9313. Redemption of interests.
- 9314. Term of existence.
- 9315. Name.

- 9316. Voting of associates.
- 9317. Liability of associates.
- 9318. Professional disqualifications.
- 9319. Dissolution.

§ 9301. Short title of chapter.

This chapter shall be known and may be cited as the Professional Association Act of 1988.

§ 9302. Application of chapter.

This chapter shall apply to and the word "association" in this chapter shall mean a professional association organized under the act of August 7, 1961 (P.L.941, No.416), known as the Professional Association Act, which has not:

- (1) Reorganized as an electing partnership under Chapter 87 (relating to electing partnerships).
- (2) Elected to become a professional corporation in the manner provided by section 2905 (relating to election of professional associations to become professional corporations).

An association may not be originally organized under this chapter.

§ 9303. Definitions.

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

"Associates." The members of any association.

"Profession." Includes all occupations legally or traditionally designated as professions in which members by law (apart from Chapter 29 (relating to professional corporations)), tradition or ethics are forbidden to incorporate for the purpose of rendering professional services, including, but not limited to, architects, attorneys at law, certified public accountants, chiropractors, dentists, osteopaths, physicians and surgeons.

"Professional service." Any type of service which can be rendered by the member of any profession within the purview of that profession.

§ 9304. Purpose of association.

An association may be organized only for the purpose of rendering the one specific kind of professional service its associates are authorized to render, and it shall not engage in any business other than rendering the professional service for which it was organized. The professional services shall be rendered subject to rules and regulations of the professional licensing boards with particular reference to manner of practice, number of locations of practice and professional conduct as well as any other matter which may properly come within the jurisdiction of the professional licensing boards. However, it may invest its funds in real estate, mortgages, shares, bonds or any other type of investment, and it may own real and personal property necessary or appropriate for rendering its professional service.

§ 9305. Articles of association.

(a) General rule.—The articles of association shall contain the name of the association, the names and addresses of all of the associates, the address

of the principal office of the association and a general purpose clause of the association. One copy of the articles of association, fully executed, shall be filed with the office of the clerk of the court of common pleas of the county in which the association has its principal office.

(b) Amended articles of association.—Amended articles of association shall be filed in the Department of State by the association within 30 days of any change in its membership or principal office address.

(c) Statement of summary of record.—The association shall be subject to section 1311 (relating to filing of statement of summary of record by certain corporations) to the same extent as if it were a business corporation except that any subsistence certificate issued by the department thereunder shall state that the association is a professional association duly existing under the laws of this Commonwealth.

(d) Cross reference.—See section 134 (relating to docketing statement).
§ 9306. Board of governors.

The associates shall elect a board of governors which shall manage all of the affairs of the association. The membership of the board of governors shall consist of one or more persons who may but need not be associates. The board shall elect a chairman, a secretary, a treasurer and any other officers it deems necessary for the successful management of the association.

§ 9307. Bylaws.

The associates shall adopt bylaws to regulate the affairs of the association. The bylaws shall provide for:

- (1) The method of election of the members of the board of governors.
- (2) The number of members of the board of governors.
- (3) The method of election of officers of the board of governors.
- (4) The dates of the regular meetings of the associates which shall occur at least once each year.
- (5) The dates of the regular meetings of the board of governors which shall occur at least once each year.
- (6) A method for determining the values of the respective interests of the associates.
- (7) The method of amending the bylaws.
- (8) The term of existence of the association.
- (9) Such other provisions as the associates may deem necessary for the successful regulation of the affairs of the association.

§ 9308. Employees.

The board of governors may engage such employees as it deems necessary for the operation of the association. An employee shall not be engaged to render professional services unless he is duly licensed or otherwise legally authorized to render the professional services in this Commonwealth except that the association may engage agents or employees who are not duly licensed or otherwise legally authorized to render professional services to render services of a nonprofessional nature. An associate may be an employee of the association.

§ 9309. Compensation.

The board of governors shall have the right to establish the amount and method of compensation of all of the employees.

§ 9310. Distribution of excess earnings.

The board of governors may establish what portion of excess earnings of the association shall be distributed among the associates. Any distribution of excess earnings of the association shall be made to each associate according to his proportionate ownership in the association.

§ 9311. Interests of associates.

The portion of ownership of each associate in an association shall be evidenced by an ownership certificate.

§ 9312. Transfer of interests.

Any associate or the personal representative of his estate may transfer, in whole or in part, his interest in an association only to a transferee who is licensed or otherwise legally authorized to render the same kind of professional service which the association was organized to render. If any restrictions are imposed on the right to transfer, the restrictions shall be specifically set forth in the bylaws of the association, and reference to the restriction shall be set forth either generally or specifically on any certificates which evidence ownership in the association.

§ 9313. Redemption of interests.

An association may, upon agreement with any associate (including any associate who has been expelled) or the personal representative of his estate, redeem the interest in the association of the associate or his estate.

§ 9314. Term of existence.

An association may be organized for any term of years or its existence may be perpetual. Neither death, bankruptcy, resignation, expulsion, insanity, retirement nor transfer or redemption of the interest of any associate shall cause its dissolution.

§ 9315. Name.

The associates may adopt any name for their association which is not contrary to law or the ethics of their profession.

§ 9316. Voting of associates.

At any meeting of the associates of an association, each associate shall have the right to vote according to his proportionate ownership in the association.

§ 9317. Liability of associates.

(a) Joint and several liability.—All of the associates of an association are liable, jointly and severally, for:

(1) The torts of any agent or employee of the association committed while the agent or employee is acting within the ordinary course of operation of the association.

(2) The misapplication by any associate of any money or property of a third person if the money or property was received by the association in the ordinary course of its operation.

(b) Joint liability.—All of the associates of an association are liable, jointly, for all debts and legal obligations of the association other than those chargeable under subsection (a).

§ 9318. Professional disqualifications.

If any agent or employee of the association engaged for the purpose of rendering professional services or any associate becomes legally disqualified to render professional services, the agency or employment shall be immediately terminated upon disqualification and, in the case of an associate, the associate shall be immediately expelled from the association. The expelled associate shall have the right to transfer his interest in the association in accordance with section 9312 (relating to transfer of interests).

§ 9319. Dissolution.

(a) General rule.—An association shall be dissolved only upon the occurrence of one of the following:

(1) Expiration of the term of existence as provided in the bylaws of the association but not until articles of dissolution have been filed as provided in subsection (c).

(2) Upon vote of a majority (or such percentage as may be provided in the bylaws but in no event less than a simple majority) of the associates, voting according to their proportionate shares of ownership, to dissolve prior to the expiration of the term of existence of the association.

(b) Procedure.—If a special meeting is called for the purpose of voting to dissolve an association, notice shall be given to each of the associates at his address of record with the association of the time, place and purpose of the meeting, by first class mail, at least ten days prior to the meeting unless a greater period is required by the bylaws.

(c) Articles of dissolution.—The association shall file articles of dissolution substantially as provided by section 1977 (relating to articles of dissolution).

(d) Effect of dissolution.—Upon dissolution, all debts and obligations of the association shall be satisfied and, if any property of the association remains, it shall be divided among the associates proportionally according to their ownership in the association. If all of the debts and legal obligations of the association have not been satisfied at the time of dissolution, all of the associates shall remain jointly and severally liable until all the debts and obligations are satisfied.

PART V BUSINESS TRUSTS

Chapter

95. Business Trusts

CHAPTER 95 BUSINESS TRUSTS

Sec.

9501. Application and effect of chapter.

9502. Creation of business trusts.

9503. Documentation of trust.

9504. Registered office.

9505. Succession of trustees.

9506. Liability of trustees and beneficiaries.

§ 9501. Application and effect of chapter.

(a) General rule.—This chapter shall apply to and the words “business trust” in this chapter shall mean a business trust:

(1) Hereafter established under the laws of this Commonwealth.

(2) Whose deed of trust or other organic document states, by amendment or otherwise, that the trust exists subject to the provisions of this chapter, in the case of a business trust heretofore established under the laws of this Commonwealth or heretofore or hereafter established under the laws of any other jurisdiction.

(b) No franchise.—This chapter shall not confer on a business trust the power to engage in any activity that may be undertaken only in corporate form.

(c) Effect on taxation.—This chapter is enacted to codify and clarify certain common law principles applicable to business trusts and is not intended to affect the liability of any business trust to any tax. A trust that is subject to this chapter shall not be deemed to be organized or created by or under this or any other statute or to have the benefit of any state franchise for the purpose of existing law relating to taxation.

§ 9502. Creation of business trusts.

A business trust may be created in real or personal property, or both, with power in the trustee or a majority of the trustees:

(1) To receive title to, hold, buy, sell, exchange, transfer and convey real and personal property for the use of the business trust.

(2) To take, receive, invest or disburse the receipts, earnings, rents, profits or returns from the trust estate.

(3) To carry on and conduct any lawful business designated in the deed or other instrument of trust, and generally to do any lawful act in relation to such trust property that any individual owning the same absolutely might do.

§ 9503. Documentation of trust.

(a) General rule.—A business trust shall not be valid unless created by deed of trust or other written instrument subscribed by one or more individuals, associations or other entities and filed in the Department of State.

(b) Definition of “instrument”.—The term “instrument,” as used in this chapter, shall mean the original deed of trust or other written instrument, all amendments thereof and any other statements or certificates permitted or required to be filed in the department by sections 108 (relating to change in location or status of registered office provided by agent) and 138 (relating to statement of correction) or this chapter. If an amendment of the instrument or articles of merger made in the manner permitted by section 1921(c) (relating to business trusts and other associations) or a certificate of merger made in the manner permitted by section 8545(c) (relating to business trusts and other associations) restates an instrument in its entirety, thenceforth the “instrument” shall not include any prior documents, and any certificate issued by the department with respect thereto shall so state.

(c) Amendment.—The instrument may be amended in the manner and to the extent provided therein or by the trustee or a majority of the trustees, if

not otherwise provided therein. The amendment shall be evidenced by a written instrument subscribed by one or more authorized persons on behalf of the business trust. The instrument of amendment shall be filed in the department and shall become effective upon filing or such later date and time, if any, as may be set forth in the instrument of amendment.

(d) Duration.—The instrument creating a business trust shall specify the period of its duration, which shall not exceed 21 years from its creation or from its last extension, whichever is later. A beneficiary of a business trust who objects to the extension of the term of existence of a business trust and who complies with the provisions of Subchapter D of Chapter 15 (relating to dissenters rights) shall be entitled to the rights and remedies therein provided. The date of the adoption of the amendment to the instrument changing the term of existence shall be deemed to be the effective date of the plan, the beneficiaries who make written demand shall be deemed to be the dissenting shareholders, and the trust shall be deemed the corporation for the purposes of that subchapter.

(e) Cross reference.—See section 134 (relating to docketing statement).

§ 9504. Registered office.

(a) General rule.—The instrument shall set forth, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address, including street and number, if any, of the registered office of the business trust in this Commonwealth.

(b) Change.—The registered office location of a business trust may be changed by an amendment of the instrument.

(c) Alternative procedure.—A business trust may satisfy the requirements of this chapter concerning the maintenance of a registered office in this Commonwealth by setting forth in any document filed in the department pursuant to any provisions of this title that permits or requires the statement of the address of its then registered office, in lieu of that address, the statement authorized by section 109(a) (relating to name of commercial registered office provider in lieu of registered address).

§ 9505. Succession of trustees.

An instrument may provide for the succession to any trustee, in case of the death, resignation, removal or incapacity of such trustee. In the case of any such succession the title to the trust property shall at once vest in the succeeding trustee.

§ 9506. Liability of trustees and beneficiaries.

(a) General rule.—Liability to third parties for any act, omission or obligation of a trustee of a business trust when acting in such capacity shall extend to the whole of the trust estate or so much thereof as may be necessary to discharge such liability, but personal liability shall not attach to the trustee or the beneficiaries of the trust for any such act, omission or liability.

(b) Standards and immunities.—The provisions of Subchapter B of Chapter 5 (relating to indemnification and corporate directors' liability) shall be applicable to trustees of a business trust.

Section 104. Legislative findings as to acceptance of Constitution of Pennsylvania.

(a) General rule.—The General Assembly finds and determines as follows for the purpose of section 3B of the act of May 5, 1933 (P.L.289, No.105), known as the Nonprofit Corporation Law of 1933, as amended by the act of January 18, 1966 (1965 P.L.1406, No.520), section 3B of the act of May 5, 1933 (P.L.364, No.106), known as the Business Corporation Law of 1933, as amended by the act of January 18, 1966 (1965 P.L.1305, No.519), and sections 3 and 5 of the act of January 18, 1966 (1965 P.L.1443, No.521) (referred to collectively in this section as the Registry Acts of 1966);

(1) The corporation incorporated by the act of February 24, 1846 (P.L.56, No.47), is subject to the Constitution of Pennsylvania by reason of the enactment and acceptance of the act of April 8, 1867 (P.L.916, No.836).

(2) The corporation incorporated by the act signed March 27, 1855 (1857 P.L.729, No.732), is subject to the Constitution of Pennsylvania by reason of having its charter enrolled under the act of April 16, 1845 (P.L.532, No.348), after the enactment of the act of May 3, 1855 (P.L.423, No.448).

(3) The Cedar Grove Cemetery Association, incorporated pursuant to the act of April 6, 1791 (3 Sm.L.20, Ch.1536, 14 Stat. 50), referred to as the Corporation Act of 1791, as supplemented by the act of October 13, 1840 (1841 P.L.1, No.258), is subject to the Constitution of Pennsylvania by reason of the reserved power contained in the proviso to section 3 of the act of April 6, 1791 (3 Sm.L.20, Ch.1536, 14 Stat. 50).

(4) The corporation incorporated by the act of May 11, 1751 (1 Sm.L. 208, Ch.390, 5 Stat. 128), is subject to the Constitution of Pennsylvania by reason of the acceptance of the benefits of laws passed by the General Assembly after 1873 governing the affairs of corporations, as evidenced by a written acknowledgment of that fact filed by the corporation in the Department of State on December 17, 1981.

(5) As reported by the Department of State, no corporations, other than those mentioned in paragraphs (1) through (4), filed in the Department of State under the Registry Acts of 1966 on or before January 1, 1967, a certificate declining to accept the provisions of the Constitution of Pennsylvania.

(6) All corporations incorporated prior to October 14, 1857, under the authority of the Commonwealth or of the late Proprietaries of the Province of Pennsylvania are now subject to the Constitution of Pennsylvania and the general legislative jurisdiction of the General Assembly.

(b) Proceedings to challenge findings.—Unless a person adversely affected by the findings set forth in subsection (a) commences a declaratory judgment proceeding against the Commonwealth under 42 Pa.C.S. Ch. 75 Subch. C (relating to declaratory judgments) challenging such findings and determinations within one year after the enactment of this act, the findings and determinations shall be final and conclusive. In any such proceeding, the Commonwealth may assert any proper ground, whether or not specified in

this section, in support of the determination that the objecting corporation is subject to the Constitution of Pennsylvania and the general legislative jurisdiction of the General Assembly.

Section 105. Additional filing fee.

The fee payable for filing a statement of change of registered office by agent under 15 Pa.C.S. § 108 (relating to change in location or status of registered office provided by agent) shall be \$3.

Section 106. Taxation of electing partnerships.

Notwithstanding any other provision of law, a partnership as to which an election under 15 Pa.C.S. Ch. 87 (relating to electing partnerships) is in effect shall be deemed to be a corporation organized and existing under 15 Pa.C.S. Pt. II Subpt. B, known as the Business Corporation Law of 1988, for the purposes of the imposition by the Commonwealth or any political subdivision of any tax or license fee on or with respect to any property, privilege, transaction, subject or occupation.

Section 107. Prior law transitional provision.

(a) General rule.—A business corporation as defined in 15 Pa.C.S. § 1103 (relating to definitions) that was incorporated prior to the enactment of this act and that desires to continue in effect any of the provisions of prior law contained in paragraph (2) may file in the Department of State, prior to the general effective date of this act, a statement with respect to continuation of procedure executed by the corporation in the manner provided by 15 Pa.C.S. § 1108 (relating to execution of documents) setting forth:

(1) The name of the corporation.

(2) One or more of the following paragraphs, in haec verba:

The entire board of directors, or a class of the board, where the board is classified with respect to the power to elect directors, or any individual director may be removed from office without assigning any cause by the vote of shareholders entitled to cast at least a majority of the votes which all shareholders would be entitled to cast at any annual election of directors or of such class of directors. The preceding sentence shall be interpreted in the same manner as the first sentence of section 405 of the act of May 5, 1933 (P.L.364, No.106), known as the Business Corporation Law of 1933, as amended by the act of July 20, 1968 (P.L.459, No.216).

Special meetings of the shareholders may be called at any time by the president, or the board of directors, or shareholders entitled to cast at least one-fifth of the votes which all shareholders are entitled to cast at the particular meeting, or by such other officers or persons as may be provided in the articles or bylaws. The preceding sentence shall be interpreted in the same manner as the first sentence of subsection C of section 501 of the Business Corporation Law of 1933, as amended by the act of August 27, 1963 (P.L.1355, No.534).

Every amendment to the articles shall be proposed by either the board of directors by the adoption of a resolution setting forth the proposed amendment or by petition of shareholders entitled to cast at least ten percent of the votes which all shareholders are entitled to cast

thereon, setting forth the proposed amendment, which petition shall be directed to, and filed with, the board of directors. The preceding sentence shall be interpreted in the same manner as the first sentence of section 802 of the Business Corporation Law of 1933, as amended by the act of August 27, 1963 (P.L.1355, No.534).

(3) A statement that the filing of the statement with respect to continuation of procedure was authorized by the board of directors.

(b) Alternative procedure.—A qualified shareholder of a registered corporation as defined in 15 Pa.C.S. § 2502 (relating to registered corporation status) who desires to continue to enjoy the benefits of any of the provisions of prior law described in subsection (a)(2) may file in the Department of State, prior to the general effective date of this act, a statement with respect to continuation of procedure executed by the qualified shareholder setting forth:

(1) The name of the corporation.

(2) One or more of the following paragraphs, in haec verba:

On the petition of a qualified shareholder, as defined in section 107(f) of the General Association Act of 1988, which petition shall be directed to, and filed with the board of directors, the entire board of directors, or a class of the board, where the board is classified with respect to the power to elect directors (which term includes directors elected for terms of more than one year and directors elected by holders of specified classes or series of shares), or any individual director may be removed from office without assigning any cause by the vote of shareholders entitled to cast at least a majority of the votes which all shareholders would be entitled to cast at any annual election of directors or of such class of directors.

Special meetings of the shareholders may be called at any time by a qualified shareholder as defined in section 107(f) of the General Association Act of 1988.

Every amendment to the articles shall be proposed by either the board of directors by the adoption of a resolution setting forth the proposed amendment or by petition of any qualified shareholder as defined in section 107(f) of the General Association Act of 1988, setting forth the proposed amendment, which petition shall be directed to, and filed with, the board of directors.

(3) A statement that the person executing the statement is a qualified shareholder of the corporation as defined in section 107(f) of the General Association Act of 1988.

(c) Effect of filing.—Upon filing in the Department of State, the statement with respect to continuation of procedure shall operate as an amendment of the articles of the corporation effective as of the general effective date of this act. A provision of the articles set forth in a statement with respect to continuation of procedure may be amended or stricken in the manner provided by law and the articles of incorporation. For the purposes of 15 Pa.C.S. § 1103, the statement shall be a part of the "articles" as therein defined. The filing of a statement with respect to continuation of pro-

cedure as permitted by this section shall not be void or voidable by reason of the participation of one or more directors who are affiliated with any shareholder.

(d) Discretionary action or inaction.—A director or qualified shareholder shall not be held liable for taking or omitting to take any action permitted by subsection (a) or (b) respectively, it being the intention of this section that any such director or qualified shareholder may exercise absolute discretion in taking or omitting to take any such action.

(e) Statement of correction.—The provisions of 15 Pa.C.S. § 138 (relating to statement of correction) shall be applicable to a filing under this section. The corporation shall be deemed a person adversely affected by any filing under subsection (b) that is erroneously executed.

(f) Definition.—As used in this section, the term “qualified shareholder” means a shareholder who:

(1) on January 1, 1980, and continuously thereafter to the date of the exercise of any power conferred upon a qualified shareholder by this section or the articles; or

(2) if the corporation was incorporated after January 1, 1980, and before the date of enactment of this act within one year after the incorporation of the corporation and continuously thereafter to the date of the exercise of any power conferred upon a qualified shareholder by this section or the articles;

held (together with its affiliates or associates as defined in 15 Pa.C.S. § 2552 (relating to definitions)) sufficient shares of a corporation to be entitled under the first sentence of subsection C of section 501 of the Business Corporation Law of 1933 to call a special meeting of shareholders of the corporation.

DIVISION II CONFORMING AMENDMENTS

Section 201. Conforming amendment to Title 13.

Section 9103 of Title 13 is amended by adding a subsection to read:
§ 9103. Perfection of security interests in multiple state transactions.

* * *

(f) Uncertificated securities.—

(1) Except as provided in paragraph (2), the law (including the conflict of laws rules) of the jurisdiction of organization of the issuer governs the perfection and the effect of perfection or nonperfection of a security interest in uncertificated securities.

(2) In the case of a registered corporation as defined in 15 Pa.C.S. § 2502 (relating to registered corporation status), which has a class of uncertificated securities listed on the New York Stock Exchange or the American Stock Exchange, the law (including the conflict of laws rules) of the jurisdiction in which those exchanges are located governs the perfection and the effect of perfection or nonperfection of a security interest in such uncertificated securities.

Section 202. Conforming amendment to Title 20.

The definition of "inter vivos trust" in section 711(3) of Title 20 is amended to read:

§ 711. Mandatory exercise of jurisdiction through orphans' court division in general.

Except as provided in section 712 (relating to nonmandatory exercise of jurisdiction through the orphans' court division) and section 713 (relating to special provisions for Philadelphia County), the jurisdiction of the court of common pleas over the following shall be exercised through its orphans' court division:

* * *

(3) Inter vivos trusts.—The administration and distribution of the real and personal property of inter vivos trusts, and the reformation or setting aside of any such trusts, whether created before or after the effective date of this chapter, except any inter vivos trust jurisdiction of which was acquired by the court of common pleas prior to January 1, 1969 unless the president judge of such court orders the jurisdiction of the trust to be exercised through the orphans' court division.

"Inter vivos trust" means an express trust other than a trust created by a will, taking effect during the lifetime or at or after the death of the settlor.

It includes:

- (i) a life insurance trust;
- (ii) a trust created under a deed, agreement, or declaration except as hereinafter excluded;
- (iii) a common trust fund or mortgage investment fund created by a corporate fiduciary for the investment of funds held by it as fiduciary or co-fiduciary;
- (iv) a tentative trust; and
- (v) similar trusts.

"Inter vivos trust" does not include:

- (vi) a resulting or constructive trust created by operation of law;
- (vii) a trust for creditors;
- (viii) an escrow relationship;
- (ix) a temporary trust to hold disputed property;
- (x) a principal and agent relationship;
- (xi) a trust primarily for the benefit of business employees, their families or appointees, under a stock bonus, pension, disability or death benefit, profit-sharing or other employee-benefit plan;
- (xii) a trust for bondholders;
- (xiii) a mortgagee in possession relationship; **[and]**
- (xiv) *a business trust, including a trust subject to 15 Pa.C.S. Ch. 95 (relating to business trusts); and*
- (xv) similar trusts or fiduciary relationships.

* * *

Section 203. Conforming amendments to Title 42.

Sections 2524, 8362, 8365(a) and 8366 of Title 42 are amended to read:

§ 2524. Penalty for unauthorized practice of law.

Any person who within this Commonwealth shall practice law, or who shall hold himself out to the public as being entitled to practice law, or use or advertise the title of lawyer, attorney at law, attorney and [counsellor] *counselor* at law, [counsellor] *counselor*, or the equivalent in any language, in such a manner as to convey the impression that he is a practitioner of the law of any jurisdiction, without being an attorney at law or a corporation complying with [the act of July 9, 1970 (P.L.461, No.160), known as the "Professional Corporation Law,"] *15 Pa.C.S. Ch. 29 (relating to professional corporations)*, commits a misdemeanor of the third degree.

§ 8362. Definitions of subchapter.

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

"Business corporation." Any corporation subject to the act of May 17, 1921 (P.L.682, No.284), known as The Insurance Company Law of 1921, [the act of May 5, 1933 (P.L.364, No.106), known as the Business Corporation Law of 1933,] the act of November 30, 1965 (P.L.847, No.356), known as the Banking Code of 1965, [or] the act of December 14, 1967 (P.L.746, No.345), known as the Savings Association Code of 1967, or *15 Pa.C.S. Pt. II Subpt. B (relating to business corporations)*.

"Nonprofit corporation." A corporation subject to 15 Pa.C.S. [Part III (relating to corporations not-for-profit)] *Pt. II Subpt. C (relating to non-profit corporations)* or any fraternal benefit society subject to the act of July 29, 1977 (P.L.105, No.38), known as the Fraternal Benefit Society Code.

§ 8365. Nonexclusivity and supplementary coverage.

(a) General rule.—The indemnification and advancement of expenses provided by or pursuant to [section 410 of the act of May 5, 1933 (P.L.364, No.106), known as the Business Corporation Law, section 4 of the act of April 18, 1945 (P.L.253, No.114), entitled "An act relating to suits by shareholders against officers or directors in a corporation, domestic or foreign, to enforce a secondary right because the corporation refuses to enforce rights, which may be asserted by it, requiring that plaintiff be a shareholder at the time of the transaction of which he complains, or that his shares thereafter devolved upon him by operation of law; requiring security for defendant's expenses, including attorneys' fees; and providing for the assessment and recovery of such expenses, including attorneys' fees," and] 15 Pa.C.S. §§ [7741] 522 (relating to indemnification of authorized representatives), 1741 (relating to third-party actions), 1742 (relating to derivative actions), 1743 (relating to mandatory indemnification), 5741 (relating to third-party actions), [7742] 5742 (relating to derivative actions) and [7743] 5743 (relating to mandatory indemnification), or any other provisions of law providing for indemnification or advancement of expenses applicable to any business corporation or nonprofit corporation shall not be deemed exclusive of any other rights to which a person seeking indemnification or advancement of expenses

may be entitled under any bylaw, agreement, vote of shareholders, members or directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding that office. The provisions of [section 409.1 of the Business Corporation Law and] 15 Pa.C.S. [§ 7728] §§ 1728 (relating to interested directors or officers; quorum) and 5728 (relating to interested members, directors or officers; quorum) or corresponding provisions of law applicable to any business corporation or nonprofit corporation shall be applicable to any bylaw, contract or transaction authorized by the directors under this section. Any business corporation or nonprofit corporation may create a fund of any nature, which may, but need not be, under the control of a trustee, or otherwise secure or insure in any manner its indemnification obligations, whether arising under or pursuant to this section or otherwise.

* * *

§ 8366. Construction of subchapter.

This subchapter shall not be construed to repeal or otherwise affect or impair [section 409.1 of the act of May 5, 1933 (P.L.364, No.106), known as the Business Corporation Law, or] section 8332.2 (relating to officer, director or trustee of nonprofit organization negligence standard), or 15 Pa.C.S. § 1728 (relating to interested directors or officers; quorum) or 5728 (relating to interested members, directors or officers; quorum).

Section 204. Conforming amendments to Title 54.

As much of Title 54 as is hereinafter set forth is amended or added to read:
§ 101. Definitions.

Subject to additional definitions contained in subsequent provisions of this title which are applicable to specific provisions of this title, the following words and phrases when used in this title shall have, unless the context clearly indicates otherwise, the meanings given to them in this section:

["Corporation not-for-profit." A corporation not-for-profit as defined in Title 15 (relating to corporations and unincorporated associations).]

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

"Domestic corporation." A corporation incorporated under the laws of this Commonwealth.

"Domestic corporation not-for-profit." A domestic corporation not-for-profit as defined in 15 Pa.C.S. § 1103 (relating to definitions).

"Officially publish." The meaning specified in 15 Pa.C.S. § [102] 1103 (relating to definitions) except that the county of publication shall be as specified in this title.

"Qualified foreign corporation." A corporation incorporated under any laws other than those of this Commonwealth that is authorized to do business in this Commonwealth under either 15 Pa.C.S. Ch. 41 (relating to foreign business corporations) or Ch. 61 (relating to foreign nonprofit corporations).

"Verified statement." A document filed under this title containing statements of fact and a statement by the signatory that it is made subject to the penalties of 18 Pa.C.S. § 4904 (relating to falsification to authorities).

§ 103. *Execution of documents.*

(a) *General rule.*—Any document filed in the Department of State under this title by a corporation may be executed on behalf of the corporation by any one duly authorized officer thereof. The corporate seal may be affixed and attested, but the affixation and attestation of the corporate seal shall not be necessary for the due execution of any filing by a corporation under this title.

(b) *Cross reference.*—See 15 Pa.C.S. § 135 (relating to requirements to be met by filed documents).

§ 303. *Scope of chapter.*

* * *

(b) *Mandatory registration.*—

* * *

(2) Paragraph (1) shall not apply to any:

(i) Nonprofit or professional activities.

(ii) Activities which are expressly or impliedly prohibited by law from being carried on under a fictitious name.

(iii) Limited partnership which is registered in the department pursuant to [Chapter 5 of Title 59] 15 Pa.C.S. Ch. 85 (relating to limited partnerships) or under corresponding provisions of prior law. The preceding sentence shall not apply to any entity which includes the limited partnership as a participant unless the entity is itself such a limited partnership.

(iv) [An unincorporated] Unincorporated association.

(v) Electing partnership existing under 15 Pa.C.S. Ch. 87 (relating to electing partnerships).

* * *

§ 311. *Registration.*

(a) *General rule.*—A fictitious name may be registered under this chapter by filing in the department an application for registration of fictitious name, which shall be executed as provided in subsection (d), and shall set forth:

* * *

(3) The address, *including street and number, if any*, of the principal place of business *of the business or other activity to be carried on under or through the fictitious name.*

* * *

(b) *Use of corporate designators.*—A fictitious name registered under this chapter:

(1) May not contain a corporate designator such as “corporation,” “incorporated” or “limited” or any derivation or abbreviation thereof *unless the entity or at least one entity named in the application for registration of fictitious name is a corporation.* The use of the word “company” or any derivation or abbreviation thereof by a *sole proprietorship, a partnership* or a corporation is permissible.

* * *

(d) *Execution.*—

(1) Where the application for registration relates to an entity which includes one or more participants which are partnerships or other entities composed of two or more parties, it shall not be necessary for each ultimate party to be named in and to execute the application, but only the constituent participants shall be named in the application and a partner or other authorized representative of a participant may execute the application on behalf of the participant.

(2) Where the application for registration relates to a trust or similar entity, it shall not be necessary for each beneficial owner or similar ultimate party to be named in and to execute the application, but only the trustees of the trust or the governing body of the similar entity shall be named in and shall execute the application.

(3) Otherwise, the application for registration shall be executed by each individual party thereto and, in the case of any other entity, by **[two duly authorized officers thereof under the seal, if any, of]** the entity. *See section 103 (relating to execution of documents).*

(4) The application of any party may be executed by the attorney-in-fact of the party **[accompanied by written evidence of the authority of the attorney-in-fact]**.

(e) Duplicate use of names.—The fictitious name shall not be the same as or **[deceptively] confusingly** similar to:

(1) The name of any domestic corporation, or any foreign corporation authorized to do business in this Commonwealth, or the name of any **[nonprofit unincorporated] corporation or other** association registered at any time under Chapter 5 (relating to corporate and *other* association names) unless such name is available or is made available for use under the provisions or procedures of 15 Pa.C.S. § **[7313] 5303(b)(1)(i)** or (ii) (relating to duplicate use of names) *or the equivalent*.

(2) The name of any limited partnership organized under **[Chapter 5 of Title 59] 15 Pa.C.S. Ch. 85** (relating to limited partnerships).

* * *

(f) Required approvals.—The fictitious name shall not contain:

* * *

(4) The word “cooperative” or any abbreviation thereof unless it **[has complied with one of the Acts of Assembly relative to cooperative corporations or associations] is subject to 15 Pa.C.S. Pt. II Subpt. D (relating to cooperative corporations) or a statute thereby saved from repeal**.

* * *

(g) Advertisement.—An entity which includes an individual party shall officially publish in the county in which the principal office or place of business of the entity is or, in the case of a proposed entity, is to be located notice of its intention to file or the filing of an application for registration of a fictitious name under this chapter. The notice may appear prior to or after the day upon which the application is filed in the department and *shall* be kept with the permanent records of the business and shall set forth briefly:

(1) The fictitious name.

(2) The address, including street and number, if any, of the principal office or place of business of the business to be carried on under or through the fictitious name.

(3) The names and respective addresses, including street and number, if any, of all persons who are parties to the registration.

(4) A statement that an application for registration of a fictitious name is to be or was filed under the Fictitious Names Act.

[(5) A date on or before which the application will be filed in the Department of State or the date when the application was filed.]

(h) Cross reference.—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 312. Amendment.

* * *

(d) Cross reference.—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 313. Cancellation or withdrawal.

* * *

(c) Cross reference.—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 321. Decennial filings required.

(a) General rule.—Every registrant of a fictitious name registered under this chapter shall decennially, during the year [1990] 2000 and each year thereafter divisible by ten, file in the department a report, which shall be executed in the same manner as an application for amendment of fictitious name registration, and shall set forth:

* * *

(d) Cross reference.—See 15 Pa.C.S. § 134 (relating to docketing statement).

CHAPTER 5

CORPORATE AND *OTHER* ASSOCIATION NAMES

§ 501. Register established.

(a) General rule.—A register is established by this chapter which shall consist of such of the following names as are not deleted therefrom by operation of section 504 (relating to effect of failure to make decennial filings) or 506 (relating to voluntary termination of registration by ~~nonprofit corporations~~ *tions and other* associations):

(1) A name registered prior to February 13, 1973 under the act of May 16, 1923 (P.L.246, No.160), relating to registration of certain names.

(2) A name registered under section 502 (relating to certain additions to register).

(3) In the case of a *domestic or qualified foreign* corporation [not-for-profit], a name rendered unavailable for corporate use by other corporations by reason of any filing in the department by such *domestic or qualified foreign* corporation [not-for-profit].

(4) *A name registered under 15 Pa.C.S. § 4131 (relating to registration of name) or any similar provision of law.*

(5) *In the case of a business trust which exists subject to 15 Pa.C.S. Ch. 95 (relating to business trusts), the name of the trust as set forth in the instrument filed in the department under 15 Pa.C.S. § 9503 (relating to documentation of trust).*

(b) Subsequent availability of certain names.—Whenever, by reason of change in name, withdrawal or dissolution of a *domestic or qualified foreign* corporation **[not-for-profit]**, *failure to renew a registration of its name by a nonqualified foreign corporation*, or for any other cause, its name is no longer rendered unavailable by the express provisions of Title 15 (relating to corporations and unincorporated associations), such name shall no longer be deemed to be registered under subsection (a)(3) *or* (4) on the register established by this chapter.

§ 502. Certain additions to register.

(a) Corporations.—A domestic corporation not-for-profit incorporated prior to May 16, 1923 may register its name with the department under this chapter by effecting the filing specified in 15 Pa.C.S. § **[7321] 5311** (relating to filing of certificate of summary of record by *certain* corporations **[incorporated prior to 1973]**).

(b) **[Unincorporated associations]** *Associations generally.*—**[A nonprofit unincorporated]** *An association other than a corporation* may register with the department the name under which it is doing business or operating by filing an application for registration, which shall be executed by **[two duly authorized officers of]** the association, and shall set forth:

- (1) The name to be registered.
- (2) The address, including street and number, if any, of the association.
- (3) The length of time, if any, during which the name has been used by the applicant.
- (4) Such other information necessary to the administration of this chapter as the department may specify by regulation.

(c) Limitation on names which may be registered.—

Notwithstanding subsections (a) and (b), no new name shall be registered or deemed to be registered under this section which is the same as or **[deceptively]** *confusingly* similar to any other name then registered or deemed to be registered under this chapter, without the consent of the senior registrant.

(d) *Cross reference.*—*See 15 Pa.C.S. § 134 (relating to docketing statement).*

§ 503. Decennial filings required.

(a) General rule.—Every corporation **[not-for-profit]** or **[nonprofit]** *other* association whose name is registered under this chapter shall decennially, during the year **[1990] 2000** and each year thereafter divisible by ten, file in the department a report, which shall be executed by **[two duly authorized officers under the seal, if any, of]** the corporation or *other* association, and shall set forth:

- (1) The name of the corporation or *other* association.
- (2) The address, including street and number, if any, of its registered or other office.

(3) A statement that the corporation or *other* association continues to exist.

(4) Such other information necessary to the administration of this chapter as the department may specify by regulation.

(b) **[Requirement satisfied by other filings] Exceptions.**—Subsection (a) shall not apply to:

(1) a corporation or *other association* which during the preceding ten years has made any filing in the department a permanent record of which is retained by the department; or

(2) a corporation whose name is registered pursuant to section 501(a)(4) (relating to register established).

(c) **Cross reference.**—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 506. Voluntary termination of registration by **[nonprofit] corporations and other associations.**

(a) **General rule.**—Any **[nonprofit] corporation or other** association which has its name registered under this chapter may terminate such registration by filing in the department a statement of termination of registration of name, which shall be executed by **[two duly authorized officers under the seal, if any, of] the corporation or other** association, and shall set forth:

(1) The name of the *corporation or other* association.

(2) The address, including street and number, if any, of the *corporation or other* association.

(3) The date on which and the statute under which the name of the *corporation or other* association was registered.

(4) A statement that the registration of the name of the *corporation or other* association under this chapter is terminated.

(5) Such other information necessary to the administration of this chapter as the department may specify by regulation.

(b) **Cross reference.**—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 1112. Application for registration.

* * *

(c) **Cross reference.**—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 1114. Duration and renewal.

(a) **General rule.**—* * *

(b) **Cross reference.**—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 1115. Assignment.

* * *

(c) **Cross reference.**—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 1116. Cancellation.

(a) **General rule.**—* * *

(b) **Cross reference.**—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 1311. Registration of insignia.

* * *

(d) *Cross reference.*—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 1312. Amendment.

* * *

(c) *Cross reference.*—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 1313. Cancellation.

(a) *General rule.*—* * *

(b) *Cross reference.*—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 1314. Decennial filings required.

(a) *General rule.*—Every registrant of any insignia registered under this chapter shall decennially, during the year [1990] 2000 and each year thereafter divisible by ten, file in the department a report, which shall set forth:

* * *

(d) *Cross reference.*—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 1511. Registration of articles or supplies.

* * *

(d) *Cross reference.*—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 1512. Amendment.

(a) *General rule.*—* * *

(b) *Cross reference.*—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 1513. Assignment.

(a) *General rule.*—* * *

(b) *Cross reference.*—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 1514. Cancellation of registration.

(a) *General rule.*—* * *

(b) *Cross reference.*—See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 1515. Decennial filings required.

(a) *General rule.*—Every registrant of a mark registered under this chapter shall decennially, during the year [1990] 2000 and each year thereafter divisible by ten, file in the department a report, which shall set forth:

* * *

(d) *Cross reference.*—See 15 Pa.C.S. § 134 (relating to docketing statement).

Section 205. Conforming amendment to Title 66.

Section 3103 of Title 66 is repealed.

Section 206. Conforming cross references in unconsolidated statutes.

(a) Business Corporation Law of 1933.—References in the following acts and parts of acts enacted prior to July 1, 1971 (see 1 Pa.C.S. § 1937 (relating

to references to statutes and regulations)) to the act of May 5, 1933 (P.L.364, No.106), known as the Business Corporation Law of 1933, shall be deemed to be a reference to 15 Pa.C.S. Pt. II Subpt. B, known as the Business Corporation Law of 1988, and all such acts and parts of acts are repealed to the extent inconsistent with this subsection:

Sections 3, 7 and 13 of the act of April 8, 1937 (P.L.262, No.66), known as the Consumer Discount Company Act.

Section 8(b) of the act of January 14, 1952 (1951 P.L.1898, No.522), known as the Funeral Director Law.

Sections 4 and 8 of the act of December 1, 1959 (P.L.1647, No.606), known as the Business Development Credit Corporation Law.

Sections 1204, 1207 and 1222 of the act of November 30, 1965 (P.L.847, No.356), known as the Banking Code of 1965.

(b) Section 202B of the Business Corporation Law of 1933.—References in the following act enacted prior to July 1, 1971 (see 1 Pa.C.S. § 1937 (relating to references to statutes and regulations)) to section 202B of the act of May 5, 1933 (P.L.364, No.106), known as the Business Corporation Law of 1933, shall be deemed to be a reference to 15 Pa.C.S. § 1303(b) (relating to duplicate use of names) and such act is repealed to the extent inconsistent with this subsection: section 802 of the act of November 30, 1965 (P.L.847, No.356), known as the Banking Code of 1965.

(c) Article VIII of the Business Corporation Law of 1933.—References in the following act enacted prior to July 1, 1971 (see 1 Pa.C.S. § 1937 (relating to references to statutes and regulations)) to Article VIII of the act of May 5, 1933 (P.L.364, No.106), known as the Business Corporation Law of 1933, shall be deemed to be a reference to 15 Pa.C.S. Ch. 19 Subchs. A (relating to preliminary provisions) and B (relating to amendment of articles) and such act is repealed to the extent inconsistent with this subsection: section 9.1 of the act of December 1, 1959 (P.L.1647, No.606), known as the Business Development Credit Corporation Act.

(d) Article IX of the Business Corporation Law of 1933.—References in the following act enacted prior to July 1, 1971 (see 1 Pa.C.S. § 1937 (relating to references to statutes and regulations)) to Article IX of the act of May 5, 1933 (P.L.364, No.106), known as the Business Corporation Law of 1933, shall be deemed to be a reference to 15 Pa.C.S. Ch. 19 Subchs. A (relating to preliminary provisions) and C (relating to merger, consolidation, share exchanges and sale of assets) and such act is repealed to the extent inconsistent with this subsection: section 751(a) of the act of May 17, 1921 (P.L.682, No.284), known as The Insurance Company Law of 1921.

(e) Professional Corporation Law.—References in the following acts and parts of acts enacted prior to July 1, 1971 (see 1 Pa.C.S. § 1937 (relating to references to statutes and regulations)) to the act of July 9, 1970 (P.L.461, No.160), known as the Professional Corporation Law, shall be deemed to be a reference to 15 Pa.C.S. Ch. 29 (relating to professional corporations) and all such acts and parts of acts are repealed to the extent inconsistent with this subsection:

Sections 2, 8.4 and 8.6 of the act of May 26, 1947 (P.L.318, No.140), known as The C.P.A. Law.

Section 8(d) of the act of January 14, 1952 (1951 P.L.1898, No.522), known as the Funeral Director Law.

DIVISION III MISCELLANEOUS PROVISIONS

Section 301. Transitional provisions.

The Department of State is authorized to adopt and publish one or more forms of temporary docketing statement under 15 Pa.C.S. § 134 (relating to docketing statement) and other temporary forms necessary or appropriate for the implementation of Title 15 (relating to corporations and unincorporated associations) as amended by this act upon compliance with the requirements of Title 15 and Title 45 (relating to legal notices) only. Any such temporary docketing statement or form shall automatically be deemed withdrawn two years after the enactment of this act unless, prior thereto, it shall have been superseded by a permanent docketing statement or form promulgated in the manner required by law.

Section 302. Repeals.

(a) Except as otherwise expressly provided in this subsection, the following acts and parts of acts are repealed:

Resolution of April 17, 1838 (P.L.694, No.22), entitled "A resolution relative to changing the lots attached to certain lock houses on the Juniata division of the Pennsylvania canal, and relative to other purposes."

Act of March 28, 1840 (P.L.196, No.91), entitled "A supplement to the act entitled 'An act regulating Lateral Rail Roads.'"

Act of February 12, 1842 (P.L.18, No.14), entitled "A further supplement to the act entitled 'An act regulating Lateral Rail Roads.'"

Section 10 of the act of April 24, 1843 (P.L.359, No.173), entitled "An act to incorporate the Butler County Mutual Insurance Company, and for other purposes."

Act of April 11, 1845 (P.L.364, No.243), entitled "An act to relieve canal and railroad companies from penalties for not performing certain acts on the Sabbath day."

Act of March 13, 1847 (P.L.333, No.273), entitled "An act relating to certain corporations."

Act of March 13, 1847 (P.L. 337, No.276), entitled "An act in reference to running of locomotive engines and cars on connecting railroads."

Act of January 6, 1848 (P.L.1, No.1), entitled "A supplement to the act of fifth of May, one thousand eight hundred and thirty-two, entitled 'An Act regulating lateral railroads.'"

Act of April 11, 1848 (P.L.516, No.363), entitled "An act to authorize Margaret Parthemore, administratrix with the will annexed of John Parthemore, deceased, to collect certain outstanding taxes of the North ward of the borough of Harrisburg, in the county of Dauphin, relative to school taxes in Manor township, Lancaster county, to the appeal of the Easton Bank, and relative to lateral railroads, and the accounts of John Foresman, of Lycoming county."

Act of February 19, 1849 (P.L.79, No.76), entitled "An act regulating railroad companies."

Act of April 11, 1853 (P.L.366, No.239), entitled "An act repealing the acts regulating the gauge of the track of railroads."

Act of February 25, 1856 (P.L.61, No.74), entitled "An act declaratory of the construction of the eleventh section of an act passed on the twenty-sixth day of July, Anno Domini one thousand eight hundred and forty-two."

Act of May 16, 1857 (P.L.538, No.595), entitled "An act relative to Assignees and Trustees of Railroad Companies."

Act of May 20, 1857 (P.L.629, No.664), entitled "A supplement to the act Regulating Railroads."

Act of April 20, 1858 (P.L.361, No.402), entitled "A further supplement to the act, entitled 'An Act regulating Lateral Railroads,' passed May fifth, one thousand eight hundred and thirty-two."

Act of March 29, 1859 (P.L.290, No.293), entitled "A supplement to an act in reference to running of Locomotive Engines and Cars on Connecting Railroads, approved thirteenth March, one thousand eight hundred forty-seven."

Act of January 9, 1861 (P.L.2, No.3), entitled "An act to enable citizens to hold title which had been held by Aliens and Corporations." Except as otherwise provided by statute, a nonresident or an alien may hold title to property located in this Commonwealth to the same extent as a resident citizen.

Act of April 8, 1861 (P.L.259, No.262), entitled "An act concerning the Sale of Railroads, Canals, Turnpikes, Bridges and Plank Roads."

Act of April 23, 1861 (P.L.410, No.379), entitled "An act relating to certain Corporations."

Act of May 1, 1861 (P.L.433, No.405), entitled "A supplement to an act relating to Corporations, passed the twenty-sixth day of April, one thousand eight hundred and fifty-five."

Act of May 1, 1861 (P.L.485, No.453), entitled "A further supplement to an act in reference to running of Locomotive Engines and Cars on Connecting Railroads, approved thirteenth March, one thousand eight hundred and forty-seven."

Act of May 16, 1861 (P.L.702, No.657), entitled "An act relating to Railroad Companies."

Act of March 21, 1862 (P.L.149, No.148), entitled "An act to encourage the development of Coal and Mineral Lands in the counties of Huntingdon, Cambria and Bedford."

Act of April 11, 1862 (P.L.497, No.490), entitled "An act authorizing Railroad Companies to re-locate their Roads in certain cases."

Act of April 22, 1863 (P.L.534, No.530), entitled "An act to regulate railroad gauges."

Act of March 23, 1865 (P.L.33, No.18), entitled "An act to authorize railroad companies, whose lines reach navigable streams, to erect docks, piers or wharves therein, and to take private property for such public use, on compensation, and ratifying the purchase of the same."

Act of March 24, 1865 (P.L.43, No.28), entitled "A supplement to the general law relating to railroad companies, approved nineteenth February, one thousand eight hundred and forty-nine."

Act of March 24, 1865 (P.L.49, No.35), entitled "An act supplementary to an act, regulating railroad companies, approved the nineteenth day of February, Anno Domini one thousand eight hundred and forty-nine."

Section 2 of the act of March 23, 1865 (P.L.631, No.626), entitled "A supplement to an act, approved the first day of May, Anno Domini one thousand eight hundred and sixty-one, entitled 'A supplement to an act relating to corporations, passed the twenty-sixth day of April, Anno Domini one thousand eight hundred and fifty-five,' and to extend the benefit of the said act to purchases, or sales, of real estate, for, or by, aliens, before that date."

Act of May 20, 1865 (P.L.847, No.837), entitled "An act to entitle the stockholders of any railroad company, incorporated by this commonwealth, accepting this act, to one vote for each share of stock."

Act of June 21, 1865 (P.L.849, No.839), entitled "An act relating to the use of tunnels and bridges by railroad companies."

Act of June 21, 1865 (P.L.852, No.841), entitled "An act authorizing the purchase, by railroad companies, of branch, or connecting, roads."

Act of March 23, 1866 (P.L.299, No.273), entitled "An act supplementary to an act to incorporate the city of Philadelphia, authorizing the improvement of Broad street, in said city."

Act of April 17, 1866 (P.L.106, No.95), entitled "An act relating to railroads."

Act of January 7, 1867 (P.L.1368, No.1283), entitled "An act relating to the qualifications of directors of railroad companies."

Act of April 10, 1867 (P.L.61, No.40), entitled "An act to authorize the president and directors of any railroad company to determine, by resolution, the manner in which, and the persons to whom, the increased capital thereof may be sold, and the amounts of the installments thereon, and the times and manner of their payment."

Act of February 14, 1868 (P.L.40, No.4), entitled "A supplement to an act, entitled 'An Act relating to certain corporations,' approved March thirteenth, Anno Domini one thousand eight hundred and forty-seven, authorizing the governor to appoint directors for certain corporations in certain cases."

Act of March 10, 1868 (P.L.294, No.267), entitled "A supplement to an act, entitled 'An Act concerning the sale of railroads, canals, turnpikes, bridges and plank roads,' approved the eighth day of April, Anno Domini one thousand eight hundred and sixty-one, so far as relates to certain counties."

Act of March 18, 1868 (P.L.372, No.335), entitled "A supplement to an act, entitled 'An Act to authorize the sale of the property of any incorporated company, upon the bonds secured by a mortgage given by it with like effect as if sold upon the mortgage,' approved the tenth day of April, Anno Domini one thousand eight hundred and sixty-seven, extending the same to incorporated coal companies in the county of Luzerne, authorizing the purchasers of the same to organize new corporations."

Act of March 31, 1868 (P.L.50, No.17), entitled "An act to authorize incorporated companies to invest and re-invest surplus funds in mortgages, stocks and other securities, and fixing the time for holding elections for directors."

Act of April 2, 1868 (P.L.53, No.20), entitled "An act relating to the consolidation of railroad companies."

Act of April 4, 1868 (P.L.62, No.29), entitled "An act to authorize the formation and regulation of railroad corporations."

Act of April 14, 1868 (P.L.100, No.61), entitled "An act to authorize railroad companies leasing or using other railroads to provide for the payment of liens thereon."

Act of March 17, 1869 (P.L.11, No.9), entitled "An act supplementary to an act relating to certain corporations, approved the twenty-third day of April, Anno Domini one thousand eight hundred and sixty-one."

Act of March 17, 1869 (P.L.11, No.10), entitled "An act to authorize an increase in the number of directors or managers of railroad companies, and to give stockholders the power to locate the general office of such companies."

Act of March 17, 1869 (P.L.12, No.11), entitled "An act to enable railroad, canal and slack-water navigation companies to straighten, widen, deepen and otherwise improve their lines of railroads, canals and slack-water navigation, and the bridges, aqueducts, piers and structures thereof."

Act of April 6, 1869 (P.L.17, No.16), entitled "A further supplement to an act regulating lateral railroads, approved the fifth day of May, Anno Domini one thousand eight hundred and thirty-two."

Act of April 10, 1869 (P.L.24, No.24), entitled "An act supplementary to an act relating to railroad companies, approved May sixteenth, Anno Domini one thousand eight hundred and sixty-one."

Act of April 15, 1869 (P.L.31, No.33), entitled "An act to authorize railroad and canal companies to aid in the development of the coal, iron, lumber and other material interests of this Commonwealth."

Act of April 26, 1869 (P.L.96, No.70), entitled "A further supplement to the act, entitled 'An act to enable citizens to hold title which had been held by aliens and corporations,' approved the ninth day of January, Anno Domini one thousand eight hundred and sixty-one."

Act of February 17, 1870 (P.L.31, No.8), entitled "An act to authorize railroad companies to lease or become lessees, and to make contracts with other railroad companies, corporations and parties."

Act of April 1, 1870 (P.L.45, No.26), entitled "An act to authorize and direct the Attorney General, upon complaint made by parties whose interests are thereby affected, to institute proceedings, according to law, against corporations alleged to have violated duties imposed upon them by law."

Act of April 14, 1870 (P.L.73, No.46), entitled "A supplement to an act regulating railroad companies, approved February nineteenth, one thousand eight hundred and forty-nine."

Resolution of April 14, 1870 (P.L.1334, No.13), entitled "A Joint Resolution for the protection of the rights of corporations chartered by the Commonwealth."

Act of April 14, 1870 (P.L.75, No.48), entitled "A supplement to an act, entitled 'An Act relating to railroad and canal companies,' approved April eleventh, one thousand eight hundred and sixty-four."

Act of April 26, 1870 (P.L.1274, No.1170), entitled "An act further supplementary to an act regulating railroad companies, approved the nineteenth day of February, Anno Domini one thousand eight hundred and forty-nine."

Act of February 17, 1871 (P.L.56, No.61), entitled "An act supplementary to the acts relating to lateral railroads."

Act of April 28, 1871 (P.L.246, No.232), entitled "A supplement to the act of April fourth, one thousand eight hundred and sixty-eight, relative to the formation and regulation of railroad corporations."

Act of May 2, 1871 (P.L.248, No.234), entitled "A supplement to an act to enable railroad, canal and slack-water navigation companies to straighten, widen, deepen and otherwise improve their lines of railroads, canals and slack-water navigation, and the bridges, aqueducts, piers and structures thereof, approved the seventeenth day of March, Anno Domini one thousand eight hundred and sixty-nine."

Act of May 18, 1871 (P.L.942, No.830), entitled "An act relating to certain railroad, canal and incorporated companies authorized to construct railroads, and authorizing such companies to purchase and hold stock and bonds, to lease roads and property of and consolidate with each other, in the counties of Susquehanna, Wyoming, Wayne and Luzerne."

Act of June 2, 1871 (P.L.283, No.263), entitled "An act to authorize married women owning capital stock of any railroad company to sell and transfer the same."

Act of April 3, 1872 (P.L.35, No.25), entitled "An act relating to straightened or improved lines of railroad."

Act of April 4, 1872 (P.L.46, No.39), entitled "An act for the appointment of a receiver in cases where corporations have been dissolved by judgment of ouster, upon proceedings of quo warranto."

Act of February 7, 1873 (P.L.126, No.95), entitled "An act extending the time for the completion of the Pittsburg, Virginia and Charleston Railway."

Act of March 27, 1873 (P.L.435, No.450), entitled "An act providing for the surrender by the Thirteenth and Fifteenth Streets Passenger Railway Company of the city of Philadelphia, of certain corporate rights upon Broad street, and in consideration thereof, confirming the merger with the Navy Yard, Broad Street and Fairmount Railway Company, and granting and confirming unto said Thirteenth and Fifteenth Streets Passenger Railway Company, certain rights as to laying tracks upon said Broad street and Thirteenth and Fifteenth streets, and excluding all other persons or bodies corporate from hereafter laying tracks upon any of said streets."

Act of June 5, 1873 (1874 P.L.331, No.219), entitled "An act authorizing directors of railroad companies to elect vice president."

Act of June 6, 1873 (1874 P.L.417, No.303), entitled "A supplement to an act, entitled 'An Act regulating lateral railroads,' approved the fifth day of May, Anno Domini one thousand eight hundred and thirty-two, in the county of Armstrong."

Act of April 1, 1874 (P.L.51, No.13), entitled "An act to validate acts done by corporations created by the courts before the recording of their charters."

Act of April 29, 1874 (P.L.73, No.32), entitled "An act to provide for the incorporation and regulation of certain corporations."

Act of April 20, 1874 (P.L.110, No.36), entitled, as amended, "An act to enable the officers of dissolved corporations to convey real estate held by such corporations."

Act of May 11, 1874 (P.L.133, No.64), entitled "An act relating to the validity of the charters of certain incorporations."

Act of May 15, 1874 (P.L.185, No.117), entitled "An act to provide for the adjustment, settlement and collection of compensation from railroad companies, for railroads located or that may be located on county bridges, and to empower county commissioners to make contracts relating thereto."

Act of June 8, 1874 (P.L.277, No.162), entitled "A supplement to an act, entitled 'An Act to authorize the formation and regulation of railroad corporations.'"

Act of June 9, 1874 (P.L.282, No.169), entitled "An act to authorize the counties, cities, towns or townships of this state, respectively, to enter into contracts with railroad companies whose roads enter their limits, whereby said companies may re-locate, change or elevate their railroads."

Act of June 15, 1874 (P.L.289, No.175), entitled "An act requiring every railroad or canal corporation, organized in this state, to maintain an office therein for the transaction of its business."

Act of March 17, 1875 (P.L.7, No.9), entitled "An act to extend the time for the completion of railroads authorized to be constructed by railroad or railway corporations of this commonwealth under any general law."

Act of March 18, 1875 (P.L.28, No.30), entitled "A supplement to an act to authorize the formation and regulation of railroad corporations, approved April four, Anno Domini one thousand eight hundred and sixty-eight."

Act of April 25, 1876 (P.L.47, No.36), entitled "An act supplementary to the act, entitled 'An Act to provide for the incorporation and regulation of certain corporations,' approved the twenty-ninth day of April, Anno Domini eighteen hundred and seventy-four, extending its provisions to all who may have the right to vote at elections for directors, managers or trustees."

Act of April 28, 1876 (P.L.53, No.45), entitled "An act relieving members of beneficial societies from individual liability for lodge indebtedness."

Act of May 1, 1876 (P.L.90, No.52), entitled "An act supplementary to an act, entitled 'An Act to provide for the incorporation and regulation of certain corporations,' approved April twenty-ninth, one thousand eight hundred and seventy-four, relative to the incorporation and powers of telegraph companies for the use of individuals, firms and corporations, and for fire alarm, police and messenger business."

Act of May 1, 1876 (P.L.93, No.57), entitled "An act defining the rights and obligations of corporations formed under the laws of other states, and under the said laws succeeding to or becoming invested with the rights of

purchasers or mortgagees under mortgages executed by railroad companies of other states, but authorized or confirmed by the laws of this state, where such mortgages extend to or include railroads partly within this and partly within another or other state or states, and where foreclosures or sales of the mortgaged premises have been decreed by courts of the states within which the said last named companies were incorporated, and such decrees of sale or foreclosure have been confirmed or enforced by confirmatory or ancillary decrees rendered by state or federal courts of or in this commonwealth."

Act of May 8, 1876 (P.L.127, No.93), entitled "An act to enable citizens of the United States and corporations chartered under the laws of this commonwealth, and authorized to hold real estate, to hold and convey title which had been held by aliens and corporations not authorized by law to hold the same."

Act of May 13, 1876 (P.L.157, No.128), entitled "A further supplement to an act, entitled 'An Act to authorize the formation and regulation of railroad corporations,' approved April fourth, Anno Domini one thousand eight hundred and sixty-eight, authorizing articles of association to be filed and recorded in the office of the secretary of the commonwealth, and companies to organize, when two thousand dollars of stock is subscribed and ten per centum thereon paid in good faith, in cash, to the directors, for roads not exceeding fifteen miles in length."

Act of May 22, 1878 (P.L.85, No.108), entitled "A supplement to an act, entitled 'An act to enable citizens to hold title which has been held by aliens and corporations,' approved the ninth day of January, Anno Domini one thousand eight hundred and sixty-one."

Act of May 25, 1878 (P.L.145, No.184), entitled "A supplement to an act, entitled 'An act concerning the sale of railroads, canals, turnpikes, bridges and plank roads,' approved the eighth day of April, Anno Domini one thousand eight hundred and sixty-one, extending the provisions of said act to coal, iron, steel, lumber, or oil or mining, manufacturing, transportation and telegraph companies, in this commonwealth."

Act of June 12, 1878 (P.L.183, No.224), entitled "A supplement to an act to authorize railroad corporations to secure the payment of their bonds and obligations, by a mortgage upon their property, rights and franchises,' approved the thirteenth day of March, Anno Domini one thousand eight hundred and seventy-three, applying the provisions thereof to mortgages upon certain personal property of such corporations."

Act of April 22, 1879 (P.L.31, No.26), entitled "An act to extend the time for the completion of public works by corporations chartered for the construction thereof, and authorizing such corporations to borrow money for that purpose."

Act of April 8, 1881 (P.L.9, No.8), entitled "A supplement to the act, entitled, 'An act to enable citizens of the United States and corporations chartered under the laws of this commonwealth, and authorized to hold real estate, to hold and convey title, which had been held by aliens and corporations not authorized by law to hold the same,' approved the eighth day of May, Anno Domini one thousand eight hundred and seventy-six."

Act of May 21, 1881 (P.L.27, No.31), entitled "A further supplement to an act, entitled 'An act to authorize the formation and regulation of railroad corporations' approved the fourth day of April, Anno Domini one thousand eight hundred and sixty-eight, authorizing railroad companies incorporated under said act, and supplements thereto, not exceeding fifteen miles in length, to extend their lines."

Act of May 24, 1881 (P.L.27, No.30), entitled "An act to extend the time for the completion of railroads in this commonwealth."

Act of June 1, 1883 (P.L.49, No.40), entitled "An act to extend the time for the completion of railroads in this Commonwealth."

Act of June 1, 1883 (P.L.57, No.52), entitled "An act relating to the terminal points to which railroads may be constructed."

Act of June 2, 1883 (P.L.61, No.54), entitled "An act supplementary to an act, entitled 'An act for the incorporation and regulation of corporations,' approved April twenty-ninth, one thousand eight hundred and seventy-four, authorizing the incorporation of pipe lines for the transportation of petroleum, and providing for the exercise of the right of eminent domain in taking lands and property for such purposes."

Act of June 13, 1883 (P.L.122, No.108), entitled "A supplement to an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved April twenty-ninth, one thousand eight hundred and seventy-four, providing for the improvement, amendment and alteration of the charters of corporations of the second class, and authorizing the incorporation of traction motor companies."

Act of July 5, 1883 (P.L.176, No.165), entitled "A supplement to an act, entitled 'An act regulating lateral railroads,' approved the fifth day of May, Anno Domini one thousand eight hundred and thirty-two, authorizing the owners or lessees of iron ore or coal mines to construct lateral railroads from said mines to any railroad, public road or navigable stream, within the county in which such mines are situated."

Act of May 29, 1885 (P.L.29, No.32), entitled "An act to provide for the incorporation and regulation of natural gas companies."

Act of June 25, 1885 (P.L.186, No.155), entitled "An act limiting the time for the completion of railroads by corporations organized by purchasers at judicial sales."

Act of May 7, 1887 (P.L.94, No.44), entitled "An act to enforce against railroad corporations the provisions of section seven of Article sixteen, of the Constitution."

Act of May 31, 1887 (P.L.275, No.162), entitled "A supplement to an act, entitled 'An act to authorize the formation and regulation of railroad corporations,' approved the fourth day of April, Anno Domini one thousand eight hundred and sixty-eight."

Act of June 6, 1887 (P.L.350, No.242), entitled "An act to enable the citizens of the United States and corporations, chartered under the laws of this Commonwealth and authorized to hold real estate, to hold and convey title which had been held by aliens and corporations not authorized by law to hold the same."

Act of June 7, 1887 (P.L.365, No.252), referred to as the Cooperative Association Act.

Act of May 7, 1889 (P.L.102, No.108), entitled "An act defining evidence of stock ownership in corporations and for determining the right to vote thereon."

Act of May 8, 1889 (P.L.136, No.153), entitled "An act to amend an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved the twenty-ninth day of April, Anno Domini one thousand eight hundred and seventy-four, providing for the incorporation and regulation of electric light, heat and power companies."

Act of May 13, 1889 (P.L.205, No.223), entitled "An act prescribing the amount of stock and bonds which may be issued by railroad companies heretofore or hereafter consolidated and merged."

Act of June 16, 1891 (P.L.301, No.231), entitled "An act authorizing the extension of the corporate existence of any railroad corporation organized under either a special or general law of this Commonwealth."

Act of May 26, 1893 (P.L.141, No.90), entitled "An act amending an act, entitled 'An act defining evidence of stock ownership in corporations, and for determining the right to vote thereon,' approved May seventh, one thousand eight hundred and eighty-nine, further defining evidence of stock ownership and the right to vote thereon."

Act of May 26, 1893 (P.L.158, No.103), entitled "An act authorizing water companies to re-locate roads destroyed, and to acquire land to preserve water supply from contamination."

Act of June 8, 1893 (P.L.355, No.289), entitled "An act to regulate the change of location of the principal office, the place of annual and other meetings of stockholders, and the time of such annual meeting of corporations of this Commonwealth."

Act of June 18, 1895 (P.L.195, No.116), entitled "An act validating purchases or leases heretofore made or acquired by water companies of lands to preserve their water supply from contamination."

Act of June 24, 1895 (P.L.258, No.172), entitled "An act relating to and regulating the issue and transfer of certificates of stock by companies incorporated under the laws of this Commonwealth."

Act of June 24, 1895 (P.L.264, No.176), entitled "An act to enable the citizens of the United States, and corporations chartered under the laws of this Commonwealth and authorized to hold real estate, to hold and convey title which had been held by aliens and corporations not authorized by law to hold the same."

Act of July 2, 1895 (P.L.425, No.302), entitled "An act granting to water power companies, and other corporations owning or controlling water power, authority to develop and distribute electric power by means of their water power, and to erect, construct and maintain the necessary buildings, plant and apparatus for that purpose."

Act of July 2, 1895 (P.L.432, No.309), entitled "An act being a further supplement to an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved the twenty-ninth day of April,

one thousand eight hundred and seventy-four, to further provide for the incorporation and regulation of corporations heretofore or hereafter incorporated for the purpose of the supply, storage or transportation of water and water power for commercial and manufacturing purposes."

Act of February 9, 1901 (P.L.3, No.1), entitled "An act to provide for increasing the capital stock and indebtedness of corporations."

Act of February 9, 1901 (P.L.6, No.2), entitled "An act to permit the classification by railroad, railway and transportation corporations of their boards of directors or managers."

Act of March 22, 1901 (P.L.53, No.20), entitled "An act to authorize and empower any railroad corporation of this Commonwealth, which shall own at least two-thirds of the whole capital stock of any other like corporation of this Commonwealth, and shall have a railroad connecting with the railroad of the latter, to acquire the franchises, property, rights and credits of the latter."

Act of April 4, 1901 (P.L.63, No.29), entitled "An act to authorize railroads, heretofore or hereafter constructed to any river forming the boundary between this and any adjoining State, to be built by means of a bridge and its approaches to the middle of such river, and there connect with any railroad of such adjoining State, heretofore or hereafter constructed."

Act of April 4, 1901 (P.L.67, No.36), entitled "An act to validate changes heretofore made in the names of corporations by the several courts of common pleas of this Commonwealth."

Act of May 21, 1901 (P.L.270, No.177), entitled "An act granting certain rights and privileges to regularly organized and incorporated water companies."

Act of May 29, 1901 (P.L.326, No.207), entitled "A supplement to an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved April twenty-ninth, one thousand eight hundred and seventy-four; authorizing formation of corporations for profit by voluntary association of three or more persons, one of whom, at least, must be a citizen of this Commonwealth."

Act of July 10, 1901 (P.L.651, No.329), entitled "An act to validate acts done by corporations before the recording of their charters."

Act of March 19, 1903 (P.L.34, No.41), entitled "An act to prevent the multiplication of poles, wires, and conduits for electrical purposes, by authorizing corporations, manufacturing or using electrical current for any purposes, to enter into contracts with each other relating to the exchange of current, the joint use of poles, wires, and conduits, or the lease or operation of each others systems."

Act of March 24, 1903 (P.L.50, No.52), entitled "An act relating to the taking of stock votes, upon subjects presented to stockholders of corporations of this Commonwealth for their action."

Act of April 22, 1903 (P.L.251, No.185), entitled "An act regulating the change of corporate titles."

Act of April 23, 1903 (P.L.280, No.208), entitled "A further supplement to the act approved April fourth, Anno Domini one thousand eight hundred

and sixty-eight, entitled 'An act to authorize the formation and regulation of railroad corporations.'"

Act of March 24, 1905 (P.L.56, No.39), entitled "A supplement to an act, entitled 'A supplement to an act, entitled "An act to provide for the incorporation and regulation of certain corporations," approved the twenty-ninth day of April, Anno Domini one thousand eight hundred and seventy-four, further amending the twelfth section thereof so as to permit corporations organized thereunder, either for the purpose of carrying on any manufacturing business, or for the supply of water, or for the manufacture or supplying of light, to purchase bonds or stock of other corporations of the same character, or to guarantee the payment of interest and principal of such bonds, or either principal or interest, or to lease and operate corporate property,' approved the twenty-sixth day of June, Anno Domini one thousand eight hundred and ninety-five, correcting errors therein and validating all acts done in pursuance thereof."

Act of April 22, 1905 (P.L.264, No.184), entitled "An act to authorize railroad companies of this Commonwealth, in order to secure an adequate supply of water for their corporate purpose, to acquire, hold, dispose of, and guarantee the stock and securities of water companies."

Act of June 6, 1907 (P.L.417, No.287), entitled "An act requiring that all water, gas, or electric light corporations, before entering upon or occupying any public street or highway in any township of the first class of this Commonwealth, shall first make application to the proper authorities of such township of the first class and obtain its consent to such entry or occupancy."

Act of April 27, 1909 (P.L.244, No.154), entitled "An act to validate acts done by corporations before the recording of their charter."

Act of May 3, 1909 (P.L.408, No.229), entitled, as amended, "An act authorizing the merger or consolidation of certain corporations."

Act of March 15, 1911 (P.L.17, No.15), entitled "An act to validate acts done and conveyances made by or to corporations after letters patent are issued, and before the recording of their charters."

Act of May 11, 1911 (P.L.261, No.165), entitled "An act relating to Receivers' Sales."

Act of June 3, 1911 (P.L.635, No.243), entitled "An act to further amend the eighteenth paragraph of the second section of an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved the twenty-ninth day of April, Anno Domini one thousand eight hundred and seventy-four, so as to compel corporations heretofore or hereafter incorporated for the purpose of the storage, transportation and furnishing of water for manufacturing and other purposes, and for the creation, establishing, furnishing, transmission and using of water-power therefrom, to furnish such power for public purposes."

Act of April 24, 1913 (P.L.114, No.77), entitled "An act to validate receiver's sales of real estate, held subsequent to the passage of an act, entitled 'An act relating to receiver's sales,' approved the eleventh day of May, Anno Domini one thousand nine hundred and eleven, in all cases where notices of said sales have been mailed within the time specified in said act."

Act of May 15, 1913 (P.L.213, No.149), entitled "An act to validate certain charters issued by the Governor of the Commonwealth to electric light companies, for districts comprising two or more municipalities or townships, under the thirty-fourth section of the act approved April twenty-nine, one thousand eight hundred seventy-four, entitled 'An act to provide for the incorporation and regulation of certain corporations,' and its supplements."

Act of June 6, 1913 (P.L.458, No.304), entitled "An act providing for the making valid of the charters of certain corporations, heretofore incorporated for the purpose of supplying heat, light, and power, by means of electricity, to the public, upon the filing of certain certificates with the Secretary of the Commonwealth."

Act of April 26, 1917 (P.L.102, No.61), entitled "A supplement to an act, entitled 'An act to provide for the incorporation and regulation of natural gas companies,' approved the twenty-ninth day of May, one thousand eight hundred and eighty-five; providing that corporations engaged in the business of supplying natural gas may manufacture or purchase, and transport and supply, manufactured fuel gas."

Act of May 3, 1917 (P.L.146, No.78), entitled "An act to validate acts done by corporations before the recording of their charters."

Act of May 17, 1917 (P.L.228, No.126), entitled "An act to authorize the payment by corporations to their directors of compensation for services rendered by them."

Act of July 5, 1917 (P.L.698, No.258), entitled "An act to authorize corporations organized for profit, under the laws of Pennsylvania, to continue the salaries of employes enlisting or enrolling in any branch of the military or naval service of the United States, or other protective organization."

Act of July 19, 1917 (P.L.1123, No.382), entitled "An act to authorize the construction of branches by railroad companies."

Act of April 18, 1919 (P.L.67, No.52), entitled "An act to give to women, married and single, the same right as men to be corporators, and, in furtherance of their interests as stockholders, to serve as directors and officers of corporations for profit."

Act of May 23, 1919 (P.L.240, No.132), entitled "An act validating the holding, ownership, and exercise of material, rolling stock, property, and franchises, sold and conveyed under and by virtue of any process or decree of any court or under or by virtue of a power of sale contained in any mortgage or deed of trust, as the property of any gas, water, coal, iron, steel, lumber, oil or mining or manufacturing, transportation or telegraph company, or any railroad, canal, turnpike, bridge, or plank road or any corporation, notwithstanding the failure of the owner or owners thereof to reorganize said company or corporation in accordance with the act of Assembly, entitled 'An act concerning the sale of railroads, canals, turnpikes, bridges, and plank roads,' approved the eighth day of April, Anno Domini one thousand eight hundred sixty-one, and the supplements and amendments thereto."

Act of May 23, 1919 (P.L.253, No.135), entitled "A supplement to the act, approved the twenty-ninth day of May, one thousand eight hundred and

eighty-five (Pamphlet Laws, twenty-nine), entitled 'An act to provide for the incorporation and regulation of natural gas companies,' authorizing corporations created under said act to renew their charters which are about to expire or have already expired, and providing a procedure therefor, and for the payment of fees and bonus."

Act of June 20, 1919 (P.L.509, No.249), entitled "A supplement to an act, approved the eighth day of May, one thousand eight hundred and eighty-nine (Pamphlet Laws, one hundred and thirty-six), entitled 'An act to amend an act, entitled "An act to provide for the incorporation and regulation of certain corporations," approved the twenty-ninth day of April, Anno Domini one thousand eight hundred and seventy-four, providing for the incorporation and regulation of electric light, heat and power companies,' granting electric light, heat, and power companies the right to exercise their charter powers in adjoining States."

Act of July 22, 1919 (P.L.1123, No.456), entitled "A supplement to an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved the twenty-ninth day of April, Anno Domini one thousand eight hundred and seventy-four; providing for the incorporation and regulation of telephone companies; defining the rights, powers, and privileges of such corporations; authorizing and regulating the purchase, acquisition, and leasing the whole or any part of the properties, systems, capital stock, and securities of other corporations, associations, and persons engaged in the telephone business; and authorizing existing telegraph corporations to accept the provisions of this act."

Act of May 20, 1921 (P.L.949, No.334), entitled "An act authorizing certain telephone companies and certain telephone and telegraph companies to acquire all or any part of the capital stock, franchises, property, rights, and credits of each other, and to purchase, lease, or otherwise acquire all or any part of the lines, systems, rights, privileges, municipal consents, and corporate franchises of each other."

Act of May 25, 1921 (P.L.1159, No.426), entitled "An act authorizing certain corporations to issue preferred or common stock of one or more classes; providing for the manner of issuance, restrictions and regulations in the manner of voting thereof, and the rights and privileges of the holders thereof; validating certain acts of corporations not participated in by the holders of non-voting stock; and repealing all acts and parts of acts inconsistent therewith."

Act of March 20, 1923 (P.L.27, No.19), entitled "An act to validate acts done by or rights accrued to corporations before the recording of their charters."

Act of May 21, 1923 (P.L.288, No.185), entitled "An act authorizing certain corporations to authorize, create, and issue capital stock of any class or kind without nominal or par value, and to change or convert their authorized or outstanding capital stock of any class or kind into shares of any class or kind, either with or without nominal or par value; and validating the creations and issues of stock heretofore made by corporations in accordance with the provisions hereof."

Act of June 30, 1923 (P.L.984, No.404), entitled "An act for the encouragement of unincorporated cooperative associations of agricultural and industrial workers; providing that membership therein, and interest in the funds and property thereof, may be made nontransferable; and imposing penalties upon persons making or accepting unlawful assignment, transfer, or pledge of such membership or interest."

Act of March 3, 1925 (P.L.9, No.7), entitled "An act to validate acts done by corporations before the recording of their charters."

Section 2 of the act of April 7, 1925 (P.L.183, No.131), entitled "An act providing that certificates of association and articles of incorporation or of any improvements, amendments, or alterations thereto may be acknowledged and sworn or affirmed to before a notary public or justice of the peace; validating such acknowledgments made prior to the approval of this act."

Act of March 22, 1927 (P.L.51, No.32), entitled "An act to validate acts done by corporations before the recording of their charters."

Act of April 6, 1927 (P.L.126, No.97), entitled "A supplement to an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved the twenty-ninth day of April, one thousand eight hundred and seventy-four, providing that companies incorporated for the manufacture and supply of gas, or the supply of light or heat to the public by any other means, or for the manufacture and supply of light, heat, and fuel or any of them by any process of manufacture, shall, in addition to the powers heretofore granted, be authorized and empowered to produce, deal in, transport, convey, and distribute natural gas or gas formed by mixing natural gas with manufactured gas."

Act of April 14, 1927 (P.L.297, No.169), entitled "An act authorizing any natural gas company, or any manufactured gas company, incorporated under the laws of this Commonwealth, to sell, assign, dispose of, convey, or lease to any natural gas company, or to any manufactured gas company, incorporated under the laws of this Commonwealth, its franchises and property or any part thereof; providing the manner in which such sales, conveyances, or leases, shall be consummated; and requiring the payment of all taxes due the Commonwealth before the returns authorizing such sales, conveyances, and leases shall be filed in the office of the Secretary of the Commonwealth."

Act of April 28, 1927 (P.L.503, No.327), entitled "An act authorizing churches, cemetery companies, and burial associations to lease or convey coal and other minerals; providing for the use and expenditure of the funds derived therefrom and for the support of the overlying surface."

Act of March 27, 1929 (P.L.74, No.84), entitled "An act amending section one of an act entitled 'An act authorizing corporations, organized for profit, to purchase, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of, the shares of capital stock of, or any bonds, securities or evidences of indebtedness created by, any other corporation,' approved the second day of July, Anno Domini one thousand nine hundred and one (Pamphlet Laws, six hundred and three), so as to include corporations, either

public or private, of this or any other State or of the United States of America, or of any territory or dependency thereof, or of any foreign country or any subdivision or agency thereof; and to validate all purchases, sales, assignments, transfers, mortgages, pledges, or other disposition thereof at any time heretofore made."

As much as reads "examine and" and all of the proviso of section 805 of the act of April 9, 1929 (P.L.177, No.175), known as The Administrative Code of 1929.

Section 730 (except as to corporations specified in 15 Pa.C.S. § 1102(c) (relating to exclusions) and joint stock associations) and the penultimate sentence of section 1401, insofar as it relates to the release of lien as provided by 15 Pa.C.S. §§ 1957(c) (relating to taxes) and 5957(c) (relating to taxes), of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code.

Act of April 11, 1929 (P.L.482, No.200), entitled "An act to validate acts done by corporations before the recording of their charters."

Act of April 17, 1929 (P.L.531, No.234), entitled "An act authorizing the courts of common pleas to direct the filing by corporations of bonds to the Commonwealth, to secure payment of damages for the taking of lands, waters, materials, or other property or rights, or for injury thereto, in cases where there is a disputed, doubtful, or defective title, or where any party interested is absent, unknown, not of full age, of unsound mind, or is an unincorporated association, or, from any cause, cannot be bargained with or be served with notice or tendered a bond within the county, and to appoint guardians ad litem or trustees for such persons."

Act of April 18, 1929 (P.L.544, No.241), entitled "An act to amend the act, approved the second day of July, one thousand nine hundred and one (Pamphlet Laws, six hundred three) entitled 'An act authorizing corporations, organized for profit, to purchase, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of, the shares of capital stock of, or any bonds, securities, or evidences of indebtedness created by, any other corporation' by extending the provisions thereof so as to apply to all corporations, and validating past transactions of such character."

Act of June 25, 1931 (P.L.1366, No.338), entitled "An act to authorize any corporation of this Commonwealth, created by virtue of any special act of Assembly, and possessing under such act, or supplements thereto, franchises for various purposes, including the right to construct and operate railroads for public use, to segregate its railroad lines and franchises by the sale and conveyance thereof to any duly organized railroad corporation of this Commonwealth which owns or controls a line or lines of railroad connecting therewith not parallel or competing."

Act of April 13, 1933 (P.L.34, No.28), entitled "An act to validate acts done by corporations before the recording of their charters."

Act of May 3, 1933 (P.L.227, No.80), entitled "An act authorizing stock corporations, with certain exceptions, to make provision for, and to issue, shares of capital stock of any class or classes, or to change shares of authorized or outstanding capital stock of any class into one or more classes, with or without nominal or par value, and with such designations, terms, relative

rights, powers, privileges, preferences, limitations, restrictions and qualifications as may be specified; regulating such corporations and the liabilities of their directors; making other provisions relating to the capital and capital stock of such corporations; and repealing all acts or parts of acts inconsistent herewith.”

Act of May 5, 1933 (P.L.364, No.106), known as the Business Corporation Law of 1933, except that the provisions and requirements of sections 2, 206, 909 and 1004 relating to registry statements shall continue to be applicable until the Department of State adopts temporary regulations under 15 Pa.C.S. § 134 (relating to docketing statement) and section 301 of this act and such regulations become effective.

Act of May 25, 1933 (P.L.1027, No.236), referred to as the Cooperative Agricultural Credit Association Law.

Act of May 25, 1937 (P.L.794, No.219), entitled “An act authorizing the election of officers of certain corporations of this Commonwealth, created by special act of Assembly prior to January 1, 1874, to be held in accordance with the provisions of by-laws duly adopted by their shareholders.”

Act of July 2, 1937 (P.L.2859, No.600), entitled “An act concerning proxies authorizing representation and voting of capital stock of railroad corporations, at meetings and elections thereof.”

Act of June 9, 1939 (P.L.313, No.170), entitled “An act permitting railroad corporations to fix in their by-laws the time for annual and other meetings and the election of directors.”

Act of June 9, 1939 (P.L.313, No.171), entitled “An act to provide for increasing the indebtedness of railroad corporations, with the privilege of converting the same into capital stock.”

Act of April 18, 1945 (P.L.253, No.114), entitled “An act relating to suits by shareholders against officers or directors in a corporation, domestic or foreign, to enforce a secondary right because the corporation refuses to enforce rights, which may be asserted by it, requiring that plaintiff be a shareholder at the time of the transaction of which he complains, or that his shares thereafter devolved upon him by operation of law; requiring security for defendant’s expenses, including attorneys’ fees; and providing for the assessment and recovery of such expenses, including attorney’s fees.”

Act of May 8, 1947 (P.L.178, No.79), entitled “An act to authorize railroad corporations, incorporated in this Commonwealth, to hold directors’ meetings at such place within this Commonwealth or elsewhere as appointed by a majority of the directors.”

Act of May 23, 1947 (P.L.307, No.136), entitled “An act providing for and regulating the merger and consolidation of corporations organized for the transportation and storage of oil or any petroleum products by means of pipe lines and tanks; defining the rights and powers of the surviving or new corporation; providing for the service of process on foreign corporations and defining the rights of dissenting stockholders.”

Act of June 5, 1947 (P.L.424, No.196), entitled “A further supplement to the act, approved the twenty-ninth day of April, one thousand eight hundred seventy-four (Pamphlet Laws 73), entitled ‘An act to provide for the incor-

poration and regulation of certain corporations,' granting to every corporation heretofore or hereafter incorporated for the purpose of engaging in the telephone or telegraph business the power to appropriate private property, in certain cases, and, subject to approval by the Public Utility Commission, for the construction, maintenance and operation of its lines and facilities, and providing for the assessment of damages arising from such appropriation and the method of appropriation."

Act of June 10, 1947 (P.L.534, No.243), entitled "An act validating the charters and the registration of the corporate name of certain nonprofit corporations."

Act of March 10, 1949 (P.L.307, No.17), entitled "An act making it lawful for the board of directors of any railroad company to elect a chairman of said board, in such manner and with such powers and duties and compensation, including pensions, as may be fixed by said board; making it lawful for the board of directors of any such company to select from among their number or from the stockholders, a president and one or more vice-presidents, in such manner and with such powers and duties and compensation, including pensions, as may be fixed by said board; making it lawful for the board of directors of any such company to provide for the number of directors thereof, not less than three; and providing for the effectiveness of action taken by any such board in accordance herewith, without further corporate action and notwithstanding any contrary or inconsistent provision in any previously enacted act or in any existing charter or by-laws of any such company; and for other purposes."

Act of August 17, 1951 (P.L.1267, No.302), entitled "An act to amend the title and the act, approved the third day of May, one thousand nine hundred and nine (Pamphlet Laws 408), entitled 'An act authorizing the merger and consolidation of certain corporations,' by permitting the merger or consolidation of certain foreign and domestic corporations; prescribing the procedure for and the effect of a merger or consolidation; providing for payment of certain fees, taxes and bonus; and defining the rights, powers and privileges of dissenting stockholders and the surviving corporation in the case of a merger and of the new corporation in the case of a consolidation."

Sections 2, 3 and 4 of the act of August 19, 1953 (P.L.1075, No.280), entitled "An act authorizing corporations to grant stock options, pensions and allowances, under certain circumstances; and validating stock options, pensions and allowances heretofore granted."

Act of June 14, 1957 (P.L.321, No.169), entitled "An act authorizing corporations subject to the Corporation Amendment Act of one thousand eight hundred and eighty-three, to restate their articles of incorporation in their entirety."

Act of July 11, 1957 (P.L.691, No.366), entitled "An act to eliminate the requirement of certificates evidencing payment of bonus taxes and charges in cases of merger or consolidation of certain corporations whenever the surviving or new corporation is a domestic corporation or a foreign corporation duly authorized to do business in Pennsylvania."

Act of July 11, 1957 (P.L.707, No.368), entitled "An act relating to the form and manner of service of corporate notices required to be given by certain corporations organized or existing under the laws of the Commonwealth of Pennsylvania, and authorizing the waiver of such notices and consent to corporate action without a meeting."

Act of November 10, 1959 (P.L.1461, No.508), entitled "An act authorizing the board of directors of railroad companies to constitute an executive committee from among their number, and conferring such authority upon the committee as the board shall provide."

Act of November 10, 1959 (P.L.1461, No.509), entitled "An act concerning the right of stockholders of record of railroad corporations to vote at meetings and elections thereof; providing for the voting in person, or by proxy, of shares of capital stock of railroad corporations held of record by fiduciaries or by two or more persons and for voting shares pledged by the holder thereof; and repealing certain acts and parts of acts relating to railroad corporations."

Act of August 7, 1961 (P.L.941, No.416), known as the Professional Association Act.

As much as follows the words "act of June 1, 1945 (P.L.1242), as amended," of section 901 of the act of June 22, 1964 (P.L.84, No.6), known as the Eminent Domain Code. A court may issue a writ of possession to the condemnor prior to the disposition of preliminary objections which challenge the validity of a condemnation of rights-of-way or easements for occupation by water, electric, gas, oil and/or petroleum products, telephone or telegraph lines used directly or indirectly in furnishing service to the public, and if it shall be determined finally that the condemnation is invalid in whole or in part, the affected owners may recover damages for any injuries sustained thereby and shall be entitled to such equitable relief as may be appropriate in the circumstances.

Act of September 30, 1965 (P.L.569, No.293), entitled "An act amending the act of May 5, 1933 (P.L.364, No.106), entitled 'An act relating to business corporations; defining and providing for the organization, merger, consolidation, reorganization, winding up and dissolution of such corporations; conferring certain rights, powers, duties and immunities upon them and their officers and shareholders; prescribing the conditions on which such corporations may exercise their powers; providing for the inclusion of certain existing corporations of the second class within the provisions of this act; prescribing the terms and conditions upon which foreign business corporations may be admitted, or may continue, to do business within the Commonwealth; conferring powers and imposing duties on the courts of common pleas, and certain State departments, commissions, and officers; authorizing certain State departments, boards, commissions, or officers to collect fees for services required to be rendered by this act; imposing penalties; and repealing certain acts and parts of acts relating to corporations,' requiring approval by the State Registration Board for Professional Engineers prior to the use of certain words in corporate names."

Section 1411 of the act of November 30, 1965 (P.L.847, No.356), known as the Banking Code of 1965.

Act of January 18, 1966 (1965 P.L.1443, No.521), entitled "An act for the registration of certain pre-1858 corporations; providing that such corporations shall be conclusively deemed to have accepted the Constitution of Pennsylvania unless such corporations file a certificate of nonacceptance with the Department of State."

Act of January 25, 1966 (1965 P.L.1587, No.556), entitled "An act relating to railroad corporations and other corporations subject to the jurisdiction of the Pennsylvania Public Utility Commission which have shareholders outside of Pennsylvania, eliminating any requirement that any members of the board of directors be residents of this Commonwealth, validating certain corporate action, and repealing inconsistent legislation."

Section 509 of the act of December 14, 1967 (P.L.746, No.345), known as the Savings Association Code of 1967.

Act of November 18, 1968 (P.L.1050, No.321), entitled "An act providing for the exercise of the right of eminent domain by certain corporations for the transportation of oxygen or nitrogen with certain restrictions, exceptions and limitations, and preserving the jurisdiction of the Pennsylvania Public Utility Commission."

Act of July 9, 1970 (P.L.461, No.160), known as the Professional Corporation Law.

Section 7 of the act of November 15, 1972 (P.L.1063, No.271), entitled "An act amending the act of November 25, 1970 (P.L.707, No.230), entitled 'An act codifying and compiling a part of the law of the Commonwealth,' adding provisions relating to burial grounds, corporations, including corporations not-for-profit, educational institutions, private police, certain charitable or eleemosynary institutions, certain nonprofit insurers, service of process on certain nonresident persons, names, prescribing penalties and making repeals."

Act of July 10, 1981 (P.L.237, No.77), entitled "An act amending Title 59 (Partnerships) of the Pennsylvania Consolidated Statutes, further providing for the government and regulation of certain partnerships and their relationships with third parties, adding provisions relating to foreign limited partnerships and making a conforming amendment to Title 42 as to foreign partnerships and other entities."

As much as reads "Incorporation" of the section heading, the entire text of subsections (a) and (b) and as much as reads "organized under this act" of the first sentence of subsection (c) of section 203 of the act of December 17, 1981 (P.L.435, No.135), known as the Race Horse Industry Reform Act. A corporation licensed under the act shall be incorporated by not less than five persons and the number of its directors shall be not less than five nor more than 13.

Section 5 of the act of December 16, 1982 (P.L.1309, No.295), entitled "An act amending Title 54 (Names) of the Pennsylvania Consolidated Statutes, adding revised, codified and compiled provisions relating to names and marks and making conforming and related amendments to Titles 15 (Corpo-

rations and Unincorporated Associations) and 18 (Crimes and Offenses) and separately enacting certain related provisions of law.”

Act of December 23, 1983 (P.L.395, No.92), entitled “An act amending the act of May 5, 1933 (P.L.364, No.106), entitled, as amended, ‘An act relating to corporations; defining and providing for the organization, merger, consolidation, reorganization, winding up and dissolution of certain corporations for profit; conferring certain rights, powers, duties and immunities upon them and their officers and shareholders; prescribing the conditions on which such corporations may exercise their powers; providing for the inclusion of certain existing corporations and associations within the provisions of this act; prescribing the terms and conditions upon which certain foreign corporations may be admitted, or may continue, to do business within the Commonwealth; conferring powers and imposing duties on the courts of common pleas, and certain State departments, commissions, and officers; authorizing certain State departments, boards, commissions, or officers to collect fees for services required to be rendered by this act; imposing penalties; and repealing certain acts and parts of acts relating to corporations and other entities,’ clarifying the right of directors and officers to consider the effects of corporate actions upon employees, suppliers, customers and communities; providing for interested shareholder transactions; and conferring certain rights on noncontrolling shareholders.”

(b) The following acts and parts of acts are repealed but shall continue to be applicable to corporations incorporated under or subject to the act of May 17, 1921 (P.L.682, No.284), known as The Insurance Company Law of 1921, or any other statute relating to the incorporation or reincorporation of limited life insurance companies:

Act of November 27, 1865 (1866 P.L.1228, No.1119), entitled “An act relating to the organization and meetings of certain corporations, incorporated under the laws of this commonwealth.”

Act of April 15, 1869 (P.L.29, No.30), entitled “An act requiring a majority of the directors or managers of corporations to constitute a quorum.”

Act of May 15, 1874 (P.L.186, No.118), entitled “An act to authorize the issuing of letters patent to certain corporations.”

Act of June 17, 1887 (P.L.411, No.274), entitled “A further supplement to an act, entitled ‘An act to provide for the incorporation and regulation of certain corporations,’ approved April twenty-ninth, one thousand eight hundred and seventy-four, providing for the further regulation of such corporations.”

Act of May 20, 1891 (P.L.101, No.77), entitled “An act authorizing salaried officers of private or business corporations to concurrently serve as directors therein.”

Act of April 19, 1901 (P.L.80, No.51), entitled “An act to regulate the number of directors in corporations chartered under the laws of this Commonwealth.”

Act of July 2, 1901 (P.L.603, No.298), entitled “An act authorizing corporations, organized for profit, to purchase, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of, the shares of capital stock of, or

any bonds, securities or evidences of indebtedness created by, any other corporation."

Act of March 5, 1903 (P.L.14, No.17), entitled "An act concerning proxies, authorizing representation and voting of shares of capital stock of corporations at meetings and elections thereof."

Act of March 16, 1905 (P.L.42, No.26), entitled "An act providing for the voting of shares of stock in corporations in this Commonwealth, held by executors, administrators, guardians, and trustees, and the manner of voting the same."

Act of May 23, 1913 (P.L.336, No.222), entitled "An act authorizing corporations of this Commonwealth to declare, at any time or times, dividends out of net profits; and prescribing the time within which the same shall be paid."

Act of March 30, 1921 (P.L.54, No.28), entitled "An act permitting corporations to change the date of their annual meeting as fixed by its charter."

Act of March 15, 1923 (P.L.10, No.8), entitled "An act relating to the recording of certificates of incorporation of domestic corporations; providing for the recording of certified copies thereof in certain cases; validating the recording of such certified copies heretofore recorded; and making the record of such certified copies competent evidence for all purposes."

Act of July 12, 1923 (P.L.1083, No.443), entitled "An act authorizing corporations to issue stock at a price in excess of the par value thereof."

Act of April 7, 1925 (P.L.183, No.131), entitled "An act providing that certificates of association and articles of incorporation or of any improvements, amendments, or alterations thereto may be acknowledged and sworn or affirmed to before a notary public or justice of the peace; validating such acknowledgments made prior to the approval of this act."

Act of May 12, 1925 (P.L.615, No.329), entitled "An act pertaining to corporations organized or doing business within the Commonwealth; limiting the operation of their by-laws; and providing for the execution of contracts, notes, mortgages, et cetera, by such corporations."

Act of May 13, 1925 (P.L.679, No.368), entitled, as amended, "An act authorizing corporations to issue stock to their employes and to employes of their subsidiaries, and authorizing such an issue without first offering such shares to the stockholders, subject to certain limitations."

Act of April 27, 1927 (P.L.404, No.260), entitled "An act prohibiting corporations from pleading usury as a defense."

Act of April 30, 1929 (P.L.903, No.401), entitled "An act relating to corporations; providing methods of determining what stockholders shall be entitled to vote at meetings, or to receive dividends, or allotments of rights, or to exercise rights; and the effect thereon of transfers of stock within sixty days of any election or meeting."

Act of May 16, 1945 (P.L.594, No.249), entitled, as amended, "An act authorizing and empowering any corporation for profit, and any mutual insurance company, mutual savings bank, or other corporation on a mutual plan heretofore or hereafter organized under any general or special law of this Commonwealth, by action of its board of directors to make contribu-

tions for public and charitable purposes; and ratifying certain contributions.”

Section 1 of the act of August 19, 1953 (P.L.1075, No.280), entitled “An act authorizing corporations to grant stock options, pensions and allowances, under certain circumstances; and validating stock options, pensions and allowances heretofore granted.”

(c) The following acts and parts of acts are repealed absolutely as of the effective date of the act of January 18, 1966 (1965 P.L.1406, No.520):

Section 5 of the act of April 26, 1855 (P.L.328, No.347), entitled “An act relating to Corporations and to Estates held for Corporate, Religious and Charitable uses.”

Act of May 23, 1887 (P.L.176, No.112), entitled “An act to authorize certain corporations, incorporated and existing under the laws of any other State of the United States, to purchase certain real estate at judicial sales, and to hold and convey the same under certain conditions.”

Act of May 3, 1909 (P.L.386, No.215), entitled “An act to provide that notice, whenever required by law, in connection with the formation, amendment, increase or reduction of capital stock, conduct of business, merger, transfer of franchises, or dissolution of corporations, joint-stock companies, limited partnerships or partnership association, shall be published in the legal journal, of the proper county, in which court notices usually appear.”

Act of June 8, 1911 (P.L.710, No.283), entitled “An act to regulate the doing of business in this Commonwealth by foreign corporations; the registration thereof and service of process thereon; and providing punishment and penalties for the violation of its provisions; and repealing previous legislation on the subject.”

Act of June 23, 1911 (P.L.1114, No.840), entitled “An act enabling corporations, not authorized by law to hold real estate in Pennsylvania, to convey and make title to such real estate as may have been purchased and held by them prior to the passage of this act.”

Act of May 13, 1915 (P.L.296, No.179), entitled “An act validating contracts, bonds, or obligations of or belonging to corporations of other States, made, entered into, or acquired prior to the passage of an act, entitled ‘An act to regulate the doing of business in this Commonwealth by foreign corporations; the registration thereof and service of process thereon; and providing punishment and penalties for the violation of its provisions; and repealing previous legislation on the subject,’ approved the eighth day of June, Anno Domini one thousand nine hundred and eleven (Pamphlet Laws, seven hundred and ten), without such corporations first having established known places of business and designated authorized agents for the transaction of their business within this Commonwealth, and providing for the enforcement of such contracts, bonds, or obligations upon the payment of a penalty and taxes to the Commonwealth.”

Act of May 24, 1923 (P.L.438, No.232), entitled “An act authorizing corporations incorporated under the laws of any other State of the United States to acquire, use, encumber, and dispose of such real estate, and rights, and interests in, in the nature of or in respect to real estate, in Pennsylvania, as

may be necessary and proper for the exercise of such of their corporate purposes as it may be lawful for them to exercise in this State; defining certain of their powers, rights, and liabilities in connection therewith; regulating the exercise of said rights by foreign public service corporations; repealing certain acts; and validating certain titles, rights, and interests heretofore acquired."

Act of June 15, 1939 (P.L.344, No.201), entitled "An act to validate mortgages on real estate in this Commonwealth given by a foreign corporation unauthorized to hold title to the said real estate."

Act of January 14, 1952 (1951 P.L.1946, No.546), entitled "An act to validate and quiet the title to real estate in this Commonwealth held by a foreign corporation not authorized to transact business in Pennsylvania, and heretofore conveyed to a citizen or citizens of the United States or a corporation authorized to hold such real estate."

Act of November 19, 1959 (P.L.1541, No.549), entitled "An act to validate and quiet the title to real estate in this Commonwealth held by a foreign corporation not authorized to transact business in Pennsylvania and heretofore conveyed to a citizen or citizens of the United States or a corporation authorized to hold such real estate."

(d) The following acts and parts of acts are repealed insofar as they are inconsistent with 15 Pa.C.S. § 1511 (relating to additional powers of certain public utility corporations):

Section 3 of the act of April 16, 1838 (P.L.626, No.96), entitled "An act granting certain powers to the Authorities of the cities of Lancaster and Philadelphia, and for other purposes."

Last paragraph of section 18 of the act of May 11, 1911 (P.L.244, No.158), entitled "An act providing for the original location, laying out and construction of public roads or highways in the several counties of this Commonwealth, and for the permanent improvement of certain public roads or highways therein; making such originally constructed or improved roads and highways county roads; authorizing the relocation, opening, straightening, widening, extension and alteration of the same, and the vacation of so much of any road as may thereby become unnecessary; providing that the county commissioners of any county may prescribe rules regulating the use of roads constructed or maintained by the various counties, and prescribing penalties for the violation thereof; providing for the taking of property for such improvement, the compensation to be paid therefor, and the payment of damages resulting from such taking, and the manner in which such damages may be determined; providing for the payment of the costs and expenses of such construction or improvement and in thereafter repairing and maintaining said roads; authorizing the levy of a tax or the issuing of bonds to provide a fund for the expense thereof; prescribing a method for improving a county road lying within or traversing a borough, and apportioning the cost of such improvement; and authorizing the vacation of any county road."

Section 1057 of the act of June 23, 1931 (P.L.932, No.317), known as The Third Class City Code.

Clause LVII of section 1502 and section 2084 of the act of June 24, 1931 (P.L.1206, No.331), known as The First Class Township Code.

Section 1156 of the act of May 1, 1933 (P.L.103, No.69), known as The Second Class Township Code.

Section 1202 of the act of February 1, 1966 (1965 P.L.1656, No.581), known as The Borough Code.

(e)(1) Title 59 of the Pennsylvania Consolidated Statutes is repealed.

(2) In printing the Pennsylvania Consolidated Statutes, after the repeal of 59 Pa.C.S. Ch. 5 has taken effect pursuant to section 304(a)(5) of this act, the Legislative Reference Bureau shall change the title of Title 59 to "(Reserved)" and shall not indicate any division of Title 59 into chapters or major subdivisions.

(f) All other parts of those acts which are specified in this section and all other acts and parts of acts are repealed insofar as they are in any manner inconsistent with this act.

Section 303. Preparation of act for printing.

In editing and preparing this act for printing in the Laws of Pennsylvania, or pursuant to 1 Pa.C.S. Ch. 5 (relating to official publication of the Consolidated Statutes), the Director of the Legislative Reference Bureau shall insert the date of enactment, pamphlet law page number and act number of this act in the appropriate blanks of the enrolled bill version of this act, without obtaining the approvals or marking the notations required under 1 Pa.C.S. § 1105 (relating to editing statutes for printing).

Section 304. Effective date and applicability.

(a) This act shall take effect October 1, 1989, except that:

(1) Sections 101, 104, 301, 303 and 304 shall take effect immediately.

(2) The following provisions of Title 15 and as much of the act as may be necessary to make those provisions operative shall take effect immediately and shall be retroactive to January 27, 1987, insofar as relates to the implementation of 42 Pa.C.S. Ch. 83 Subch. F (relating to corporate directors' liability): 15 Pa.C.S. § 1102(b) (relating to coordination with other laws), 15 Pa.C.S. § 1310(a) (relating to organization meeting), 15 Pa.C.S. § 1504(c) (relating to bylaw provisions in articles), 15 Pa.C.S. § 1757(a) (relating to action by shareholders), 15 Pa.C.S. § 1762(c) (relating to controlled shares) and 15 Pa.C.S. § 1766 (relating to consent of shareholders in lieu of meeting).

(3) The amendment to 54 Pa.C.S. § 311(b)(1) (relating to use of corporate designators) shall take effect immediately and shall be retroactive to March 16, 1983.

(4) Section 138 (relating to statement of correction) of Title 15 shall take effect immediately and shall be retroactive to January 1, 1980, insofar as relates to filings under the Business Corporation Law of 1933. With respect to matters covered by this paragraph, the one-year period of the last sentence of 15 Pa.C.S. § 138(c) shall run from the later of the date of enactment of this act or the date upon which such filing was or is made by or with respect to a corporation subject to the Business Corporation Law of 1933.

(5) Section 302(e), insofar as it repeals 59 Pa.C.S. Ch. 5 (relating to limited partnerships), and section 103, insofar as it enacts 15 Pa.C.S. § 8502(a) (relating to applicability of chapter to existing limited partnerships), shall take effect 90 days after the Governor publishes a proclamation in the Pennsylvania Bulletin stating that the Governor has found that the United States Internal Revenue Service has determined that 15 Pa.C.S. Ch. 85 (relating to limited partnerships) corresponds to the Uniform Limited Partnership Act for purposes of 26 CFR § 301.7701-2. The Governor shall issue such a proclamation upon being furnished with a copy of a ruling by the Internal Revenue Service to that effect. Delay in the repeal of 59 Pa.C.S. Ch. 5 and enactment of 15 Pa.C.S. § 8502(a) shall not postpone the effective date of 15 Pa.C.S. Ch. 85, and pending repeal of 59 Pa.C.S. Ch. 5, persons may utilize either statute at their election, which shall be expressed in the partnership agreement, for the government and regulation of the affairs of the limited partnership. A partnership agreement that fails to identify expressly the statute applicable to the partnership shall be deemed to contain an election to be governed by 59 Pa.C.S. Ch. 5. On the effective date of the repeal of 59 Pa.C.S. Ch. 5, any partnership then governed by that chapter shall thereafter be governed by 15 Pa.C.S. Ch. 85.

(6) Section 103, insofar as it enacts 15 Pa.C.S. § 8571(c) (relating to modification by agreement), shall take effect 90 days after the Governor publishes a proclamation in the Pennsylvania Bulletin stating that the Governor has found that the United States Internal Revenue Service has determined that the effectiveness of that subsection will not cause 15 Pa.C.S. Ch. 85 (relating to limited partnerships) not to correspond to the Uniform Limited Partnership Act for purposes of 26 CFR § 301.7701-2. The Governor shall issue such proclamation upon being furnished with a copy of a ruling by the Internal Revenue Service to that effect.

(7) The amendments to 15 Pa.C.S. Ch. 87 (relating to electing partnerships) shall take effect immediately and shall be retroactive to July 10, 1981.

(8) Section 103, insofar as it enacts 15 Pa.C.S. Ch. 77 (relating to workers' cooperative corporations), shall take effect in 180 days.

(b) The provisions of Title 15 that are derived from 42 Pa.C.S. Ch. 83 Subch. F (relating to corporate directors' liability):

(1) shall not be construed to repeal or otherwise affect or impair 15 Pa.C.S. § 1728 (relating to interested directors or officers; quorum) or 1770 (relating to interested shareholders) or 42 Pa.C.S. § 8332.2 (relating to officer, director, or trustee of nonprofit organization negligence standard); and

(2) shall not apply to:

(i) any actions filed prior to January 27, 1987, nor to any breach of performance of duty or any failure of performance of duty by any director or officer of a business corporation occurring prior to that date; or

(ii) any actions filed against or any breach of performance of duty or any failure of performance of duty by any director or officer of any other domestic corporation for profit or not-for-profit occurring prior to the date that such corporation first became or becomes subject to 42 Pa.C.S. Ch. 83 Subch. F or 15 Pa.C.S. Ch. 5 Subch. B (relating to indemnification and corporate directors' liability).

SOURCE NOTES

DIVISION I

Section 101: New.

Section 102: The provisions repealed by this section are supplied by this act as follows (an asterisk indicates that a provision is repealed in part):

| Official Citation | Superseding Provision |
|----------------------|----------------------------------|
| 15 Pa.C.S. § 101(a) | 15 Pa.C.S. § 502(a) |
| (b) | 15 Pa.C.S. § 1102(c) |
| (c) | Section 104 of Act |
| 15 Pa.C.S. § 102 | 15 Pa.C.S. §§ 102, 1103, 5103 |
| 15 Pa.C.S. § 103 | 15 Pa.C.S. § 103 |
| 15 Pa.C.S. § 104 | 15 Pa.C.S. § 104 |
| 15 Pa.C.S. § 105 | 15 Pa.C.S. § 105 |
| 15 Pa.C.S. § 106 | 15 Pa.C.S. § 501(a) |
| 15 Pa.C.S. § 108 | 15 Pa.C.S. § 106 |
| 15 Pa.C.S. § 109 | 15 Pa.C.S. § 504 |
| 15 Pa.C.S. § 110 | 15 Pa.C.S. § 505 |
| 15 Pa.C.S. § 111 | 15 Pa.C.S. § 107 |
| 15 Pa.C.S. § 112 | 15 Pa.C.S. § 108 |
| 15 Pa.C.S. § 131 | 15 Pa.C.S. § 132 |
| 15 Pa.C.S. § 132 | 15 Pa.C.S. § 133(a)-(d) |
| 15 Pa.C.S. § 133 | 15 Pa.C.S. § 135(a) |
| 15 Pa.C.S. § 134 | 15 Pa.C.S. § 136 |
| 15 Pa.C.S. § 135 | 15 Pa.C.S. § 137 |
| 15 Pa.C.S. § 136 | 15 Pa.C.S. § 138 |

Section 103: The source notes for the affected provisions of Title 15 are as follows:

15 Pa.C.S. § 101: Compare new 15 Pa.C.S. §§ 502, 1102, 2101, 2301, 2501, 2701, 2901 and 4101. As to subsection (c), compare 1 Pa.C.S. § 1937.

15 Pa.C.S. § 102: Derived from former 15 Pa.C.S. § 102. The definition of "court" is revised and made subject to general rules. The definitions of "association," "credit union," "domestic corporation" and "verified" are new. The definitions of "business corporation" and "foreign insurance corporation" appear in new 15 Pa.C.S. § 1103. The definitions of "corporation for profit," "corporation not-for-profit" and "nonprofit corporation" appear in new 15 Pa.C.S. § 1103. The definition of "officially publish" appears in new 15 Pa.C.S. § 1103. The definition of "written" is supplied by

1 Pa.C.S. § 1991. The definitions of "foreign business corporation" and "unconsolidated utility corporation" are omitted from this section as a result of the clarification and redefinition of the applicability of the various provisions of new Title 15.

15 Pa.C.S. § 103: Generalization of former 15 Pa.C.S. § 103. See act of May 5, 1933 (P.L.364, No.106), § 6D (15 P.S. § 1006D).

15 Pa.C.S. § 104: Derived from act of May 5, 1933 (P.L.364, No.106), § 6D (last sentence) (15 P.S. § 1006D (last sentence)), and former 15 Pa.C.S. § 104. As to jurisdiction of courts, see 42 Pa.C.S. § 931.

15 Pa.C.S. § 105: Reenactment of former 15 Pa.C.S. § 105. Derived from act of May 5, 1933 (P.L.364, No.106), § 7 (15 P.S. § 1007).

15 Pa.C.S. § 106: Reenactment of former 15 Pa.C.S. § 108, except for reference to a statutory provision varying the rule of this section. An example of such a statutory provision is 42 Pa.C.S. § 8364 when the bylaw provision authorized by that section is included in the articles pursuant to new 15 Pa.C.S. § 1504(c). Derived from act of May 5, 1933 (P.L.364, No.106), § 9 (15 P.S. § 1009).

15 Pa.C.S. § 107: Generalization of former 15 Pa.C.S. § 111.

15 Pa.C.S. § 108: Generalization of former 15 Pa.C.S. § 112. Provision on change of name of agent is patterned in general after Delaware General Corporation Law § 134(b).

15 Pa.C.S. § 109: New.

15 Pa.C.S. § 110: Patterned in part after 13 Pa.C.S. § 1103.

15 Pa.C.S. § 131: Derived from 54 Pa.C.S. § 102.

15 Pa.C.S. § 132: Subsections (a), (b) and (c) are a generalization of former 15 Pa.C.S. § 131. Subsection (d) is a reenactment of section 5(a) of the act of December 16, 1982 (P.L.1309, No.295), except the last sentence, which is new.

15 Pa.C.S. § 133: Subsections (a)-(d) are substantially a reenactment of former 15 Pa.C.S. § 132, except for the penultimate sentence of subsection (d). Subsection (e) is a generalization of section 5(c) of the act of December 16, 1982 (P.L.1309, No.295).

15 Pa.C.S. § 134: Derived from act of May 5, 1933 (P.L.364, No.106), § 206B and C (15 P.S. § 1206B and C).

15 Pa.C.S. § 135: Subsection (a) is a generalization of former 15 Pa.C.S. § 133. References to the docketing statement required by new 15 Pa.C.S. § 134 and the provision on documents setting forth a name or mark have been added. Reference to submission of proofs of publication to the Department of State omitted as obsolete. Subsection (b) is intended to abrogate 19 Pa. Code § 13.8(b). Subsection (c) is a generalization of section 5(b) of the act of December 16, 1982 (P.L.1309, No.295).

15 Pa.C.S. § 136: Substantially a reenactment of former 15 Pa.C.S. § 134.

15 Pa.C.S. § 137: Generalization of former 15 Pa.C.S. § 135.

15 Pa.C.S. § 138: Generalization of former 15 Pa.C.S. § 136. The description of the document to be filed is changed from a "certificate" to a "statement." Execution of the statement by business corporations is governed by new 15 Pa.C.S. § 1108.

15 Pa.C.S. § 139: Derived from act of July 11, 1957 (P.L.691, No.366) (15 P.S. §§ 806 and 807).

15 Pa.C.S. § 151: Patterned in part after Delaware General Corporation Law § 388. Compare 15 Pa.C.S. § 4161.

15 Pa.C.S. § 152: Patterned in part after Delaware General Corporation Law § 389.

15 Pa.C.S. § 501: Derived from Constitution, Article 10, §§ 2 and 3; former 15 Pa.C.S. § 106; act of January 18, 1966 (1965 P.L.1443, No.521), § 3 (15 P.S. § 3); act of May 3, 1855 (P.L.423, No.448), § 1 (15 P.S. § 101); and act of May 5, 1933 (P.L.364, No.106), §§ 3B and 211 (15 P.S. §§ 1003B and 1211). See also act of May 5, 1933 (P.L.289, No.105), § 3B, as added by act of January 18, 1966 (1965 P.L.1406, No.520) (former 15 P.S. § 7003B), and act of May 17, 1921 (P.L.682, No.284), § 106 (40 P.S. § 366).

15 Pa.C.S. § 502: Derived from former 15 Pa.C.S. § 101. Former subsection (b) is omitted from this section as a result of the clarification and redefinition of the applicability of new 15 Pa.C.S. Part II, Subpart B.

15 Pa.C.S. § 503: Generalization of former 15 Pa.C.S. § 7990 and act of May 5, 1933 (P.L.364, No.106), § 1112 (15 P.S. § 2112).

15 Pa.C.S. § 504: Reenactment of former 15 Pa.C.S. § 109. See also act of May 5, 1933 (P.L.364, No.106), § 12 (15 P.S. § 1012).

15 Pa.C.S. § 505: Substantially a reenactment of former 15 Pa.C.S. § 110. See also act of May 5, 1933 (P.L.364, No.106), § 13 (15 P.S. § 1013). The term "clerk" includes "prothonotary." See 42 Pa.C.S. Ch. 27.

15 Pa.C.S. § 506: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 14 (15 P.S. § 1014). Section 15 of the act of May 5, 1933 (P.L.364, No.106) (15 P.S. § 1015) which limited the applicability of this section is omitted.

15 Pa.C.S. § 507: Patterned in general after new 15 Pa.C.S. §§ 504 and 505.

15 Pa.C.S. § 511: Reenactment of 42 Pa.C.S. § 8363.

15 Pa.C.S. § 512: Reenactment of 42 Pa.C.S. § 8364.

15 Pa.C.S. § 513: Reenactment of 42 Pa.C.S. § 8365.

15 Pa.C.S. § 521: Substantially a reenactment of act of August 19, 1953 (P.L.1075, No.280), § 2 (15 P.S. § 113).

15 Pa.C.S. § 522: Derived from act of April 18, 1945 (P.L.253, No.114) § 4 (15 P.S. § 410).

15 Pa.C.S. § 523: Derived from act of April 18, 1945 (P.L.253, No.114), §§ 1, 2 and 3 (15 P.S. §§ 432, 433 and 434).

15 Pa.C.S. § 1101: Derived from act of May 5, 1933 (P.L.364, No.106), § 1 (15 P.S. § 1001). Patterned after former 15 Pa.C.S. § 7301.

15 Pa.C.S. § 1102: Subsections (a), (d) and (e) are derived from act of May 5, 1933 (P.L.364, No.106), §§ 3 and 4 (15 P.S. §§ 1003 and 1004). Former subsections 3B and 4C and D are omitted as supplied by section 104 of the act of December 21, 1988 (P.L.1444, No.177), known as the General Association Act of 1988 (15 P.S. §§ 20101 et seq.), and otherwise obsolete. Subsection (b) is new and is intended to apply to statutes such as 42 Pa.C.S. § 8364. As to subsection (b), see section 304(a)(2) of the act of December 21,

1988 (P.L.1444, No.177), known as the General Association Act of 1988 (15 P.S. §§ 20101 et seq.). Subsection (c) is derived from former 15 Pa.C.S. § 101(b). Former unconsolidated utility corporations are made subject exclusively to new Title 15. Subsection (a) is patterned after former 15 Pa.C.S. § 7102.

15 Pa.C.S. § 1103: Derived from act of May 5, 1933 (P.L.364, No.106), § 2 (15 P.S. § 1002), and former 15 Pa.C.S. § 102. Patterned in part after former 15 Pa.C.S. § 7103. The definitions of "amendment," "articles," "authorized shares," "board of directors," "business corporation," "business development credit corporation," "bylaws," "closely held corporation," "corporation not-for-profit," "court," "credit union," "directors," "dissenters rights," "distribution," "employee," "entitled to vote," "fair value," "foreign business corporation," "foreign domiciliary corporation," "full age," "issue," "management corporation," "nonqualified foreign corporation," "nonregistered corporation," "nonstock corporation," "obligation," "officer," "officially publish," "plan," "preference," "professional corporation," "public utility corporation," "qualified foreign business corporation," "reclassification," "registered corporation," "representative," "share certificate," "shareholder," "shares," "special treatment," "statutory close corporation," "subscriber," "unless (or "except as") otherwise provided," "unless (or "except as") otherwise restricted," and "voting" are new or revised. The terms "assets," "capital surplus," "earned surplus," "insolvency," "net assets," "open-end investment company," "stated capital," "surplus," "treasury shares," "unreserved," and "unrestricted" are omitted. The term "close corporation" is supplied by "statutory close corporation." The definitions of "cooperative corporation" and "unconsolidated utility corporation" are omitted from this section as a result of the clarification and redefinition of the applicability of new Title 15. The definition of "distribution" is patterned after Revised Model Business Corporation Act § 1.40(6) (1984). The definitions of "person" and "written" are supplied by 1 Pa.C.S. § 1991. The term "unlisted corporation" is supplied by "registered corporation."

15 Pa.C.S. § 1104: New.

15 Pa.C.S. § 1105: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), §§ 5E and 515K (15 P.S. § 1005E and 1515K), except last sentence which is new. See new 15 Pa.C.S. § 1904. See also new 15 Pa.C.S. Subch. 17F.

15 Pa.C.S. § 1106: Generalization of act of May 5, 1933 (P.L.364, No.106), § 5D (15 P.S. § 1005D). Patterned after former 15 Pa.C.S. § 7105. Former paragraphs (3)(ii) and (iv) and (4) are omitted. Subsection (b)(3)(i), (ii) and (v)-(viii) is new.

15 Pa.C.S. § 1107: Derived from act of May 5, 1933 (P.L.364, No.106), § 6C (15 P.S. § 1006C). Patterned after former 15 Pa.C.S. § 7107. The concurrent incorporation of unconsolidated utility corporations is abolished.

15 Pa.C.S. § 1108: New.

15 Pa.C.S. § 1301: Derived from act of May 5, 1933 (P.L.364, No.106), § 201 (15 P.S. § 1201). Patterned after former 15 Pa.C.S. § 7311.

15 Pa.C.S. § 1302: Derived from act of May 5, 1933 (P.L.364, No.106), § 201 (15 P.S. § 1201). Patterned after former 15 Pa.C.S. § 7312.

15 Pa.C.S. § 1303: Derived from act of May 5, 1933 (P.L.364, No.106), § 202A, B, C, D and F (15 P.S. § 1202A, B, C, D and F). Patterned after former 15 Pa.C.S. § 7313. Subsection (a) is patterned in part after N.J.S.A. § 14A:1-6(1)(a). Restrictions on use of the terms “company” and “Co.” are omitted. Subsection (a)(3) is patterned after Delaware General Corporation Law § 102(a)(1). “Confusingly” substituted for “deceptively” to avoid any implication that the provisions of subsection (b) are operative only in cases of deceit (see N.J.S.A. § 14A:2-2(1)(b)). References to domestic and qualified foreign limited partnerships are added to subsection (b)(1). Reference to the former bonus reports is omitted from subsection (b)(1)(i)(B). Subsection (b)(1)(i)(C) is new. The reference to bank holding companies in subsection (c)(1)(ii) is derived from section 805(b)(vii) of the Banking Code of 1965, as added by the act of July 6, 1984 (P.L.621, No.128), § 8. The word “seminary” is added to subsection (c)(2)(i). Subsection (c)(2)(iv) and (v) are new. The last sentence of subsection (d) is patterned after Revised Model Business Corporation Act § 4.01(c)(2) (1984). See new 15 Pa.C.S. § 1106(b)(2) as to the status of certain nonconforming names of existing corporations.

15 Pa.C.S. § 1304: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 202E and G (15 P.S. § 1202E and G). Patterned after former 15 Pa.C.S. § 7314. The three-year period for filing reports appears in new 15 Pa.C.S. § 1303(b)(1)(i)(B). “Confusingly” substituted for “deceptively” to avoid any implication that the provisions are operative only in cases of deceit (see N.J.S.A. § 14A:2-2(1)(b)).

15 Pa.C.S. § 1305: Derived from act of May 5, 1933 (P.L.364, No.106), § 203 (15 P.S. § 1203). Patterned after former 15 Pa.C.S. § 7315. The restrictions on who may reserve a name are omitted. The reservation period is increased to 120 days (see N.J.S.A. § 14A:2-3(2) and Revised Model Business Corporation Act § 4.02(a) (1984)).

15 Pa.C.S. § 1306: Derived from act of May 5, 1933 (P.L.364, No.106), § 204 (15 P.S. § 1204). Patterned after former 15 Pa.C.S. § 7316. Subsection (a)(1) is patterned in part after N.J.S.A. § 14A:1-6(1)(a). The reference in subsection (a)(4) to organization upon a nonstock basis is new (see new 15 Pa.C.S. § 2101). The second sentence of subsection (a)(4)(i) is new. A reference to “voting rights” is added to subsection (a)(4)(ii) and (iii). In subsection (a)(6) the duration of a corporation is made perpetual in the absence of a provision in the articles to the contrary. Subsection (a)(7) is new. Provisions on par value and the purpose of the corporation are made optional by transfer to subsection (a)(8). The requirement that the incorporators subscribe for shares is omitted.

15 Pa.C.S. § 1307: Derived from act of May 5, 1933 (P.L.364, No.106), § 205 (15 P.S. § 1205). Patterned after former 15 Pa.C.S. § 7317. The requirements that the advertisement state the date that the articles will be or were filed with the Department of State and the purpose of the corporation are omitted.

15 Pa.C.S. § 1308: Derived from act of May 5, 1933 (P.L.364, No.106), § 206A (15 P.S. § 1206A). Patterned after former 15 Pa.C.S. § 7318. The requirement for issuance of a certificate of incorporation is supplied by new 15 Pa.C.S. § 133(e).

15 Pa.C.S. § 1309: Derived from act of May 5, 1933 (P.L.364, No.106), § 207 (15 P.S. § 1207). Patterned after former 15 Pa.C.S. § 7319. Reference to subscribers automatically becoming shareholders is omitted. Subscribers, however, are shareholders under the definition of the latter term in 15 Pa.C.S. § 1103. Reference to effective date specified in the articles is new (see new 15 Pa.C.S. § 1306(a)(7)).

15 Pa.C.S. § 1310: Subsections (a) and (b) are derived from act of May 5, 1933 (P.L.364, No.106), § 210 (15 P.S. § 1210). The last sentences of subsections (a) and (b) and all of subsection (c) are new. Patterned after former 15 Pa.C.S. § 7320. As to subsection (a), see section 304(a)(2) of the act of December 21, 1988 (P.L.1444, No.177), known as the General Association Act of 1988 (15 P.S. §§ 20101 et seq.). In subsection (b) the number of persons required to call a meeting is reduced to any one director or incorporator.

15 Pa.C.S. § 1311: Generalization of act of July 9, 1970 (P.L.461, No.160), § 4(d) (15 P.S. § 2904(d)). Patterned after former 15 Pa.C.S. § 7321. The last sentence of subsection (a)(4) and subsections (b) and (c) are new. The designation of the document is changed from "certificate" to "statement." Execution of the statement of summary of record is governed by new 15 Pa.C.S. § 1108.

15 Pa.C.S. § 1341: Patterned in part after Delaware General Corporation Law § 312.

15 Pa.C.S. § 1501: Derived from act of May 5, 1933 (P.L.364, No.106), § 301 (15 P.S. § 1301). Patterned after former 15 Pa.C.S. § 7501. The limitation on corporate capacity to acts necessary to accomplish the corporation's purposes is omitted as obsolete (*cf.* new 15 Pa.C.S. § 1301).

15 Pa.C.S. § 1502: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 302, 314, 315, 316 and 613B (15 P.S. §§ 1302, 1314, 1315, 1316 and 1613B). Patterned after former 15 Pa.C.S. § 7502. Subsection (a)(1) is patterned in part after Revised Model Business Corporation Act § 3.02 (1984). References to "evidences of indebtedness" are supplied by the definition of "obligation" in new 15 Pa.C.S. § 1103. The limitations in former paragraph 302(8) on the consideration receivable for the issuance of debt obligations are omitted as obsolete, and those on the reacquisition of shares are supplied by new 15 Pa.C.S. § 1551. The power to make, alter, amend and repeal bylaws appears in new 15 Pa.C.S. § 1504. Subsection (a)(5) is patterned in part after Revised Model Business Corporation Act § 3.02(5) (1984). Subsection (a)(9) is patterned in general after Revised Model Business Corporation Act § 3.02(13) and (15) (1984). Subsection (a)(14) is patterned in part after Revised Model Business Corporation Act § 3.02(12) (1984). The express statement in subsection (a)(16) of the power to lend money and credit to representatives of the corporation is patterned after Revised Model Business Corporation Act § 3.02(11) (1984). The power to dissolve and wind up

appears in new 15 Pa.C.S. §§ 1971 and 1972. The first sentence of the final paragraph of former section 302 is omitted as obsolete. Former section 613B is supplied by new subsection (a)(15) and (16), the general principles of agency incorporated by new 15 Pa.C.S. § 110 and new 15 Pa.C.S. § 1508.

15 Pa.C.S. § 1503: Derived from act of May 5, 1933 (P.L.364, No.106), § 303 (15 P.S. § 1303). Patterned after former 15 Pa.C.S. § 7503. Subsection (a) expanded to include limitations on the business, purpose or powers of the corporation contained in the bylaws. Subsection (b) expanded to include conveyances or transfers made by employees or agents.

15 Pa.C.S. § 1504: The first three sentences of subsection (a) and subsection (d) are derived from act of May 5, 1933 (P.L.364, No.106), § 304 (15 P.S. § 1304). The balance of subsection (a) and subsections (b) and (c) are new. Requirement that notice be given that a purpose of a meeting is to change the bylaws has been limited to meetings of the shareholders. Patterned after former 15 Pa.C.S. § 7504. As to subsection (c), see section 304(a)(2) of the act of December 21, 1988 (P.L.1444, No.177), known as the General Association Act of 1988 (15 P.S. §§ 20101 et seq.).

15 Pa.C.S. § 1505: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 305 (first sentence) (15 P.S. § 1305 (first sentence)) as modified by Act No. 1986-145. Patterned after former 15 Pa.C.S. § 7505.

15 Pa.C.S. § 1506: Derived from act of May 5, 1933 (P.L.364, No.106), § 305 (except first sentence) (15 P.S. § 1305 (except first sentence)). Patterned after former 15 Pa.C.S. § 7506. Subsection (a) is extended to execution by one or more officers or agents having actual or apparent authority. In subsection (b) the exception relating to inconsistent statutes is omitted (*cf.* new 15 Pa.C.S. § 1108).

15 Pa.C.S. § 1507: Subsections (a) and (b) are derived from act of May 5, 1933 (P.L.364, No.106), §§ 306 and 307 (15 P.S. §§ 1306 and 1307), and are patterned after former 15 Pa.C.S. § 7507. The second sentence of former section 306 is supplied by new 15 Pa.C.S. § 1306(a)(2). Requirement of an absolute majority vote of the board of directors to change the registered office is supplied by new 15 Pa.C.S. § 1727. The reference in subsection (b) to change of registered office by amendment of the articles has been added. Execution of the statement of change of registered office is governed by new 15 Pa.C.S. § 1108. The final paragraph of former section 307 is supplied by new 15 Pa.C.S. § 136(c). Subsections (c) and (d) are new.

15 Pa.C.S. § 1508: Derived from act of May 5, 1933 (P.L.364, No.106), § 308 (15 P.S. § 1308). Patterned after former 15 Pa.C.S. § 7508. Specific reference to text of the bylaws, and requirement that corporate records, other than the share register, be kept at the registered office or principal place of business of the corporation, are omitted. The last sentence of subsection (a) is patterned after Revised Model Business Corporation Act § 16.01(d) (1984) (see also N.J.S.A. § 14A:5-28(1)). The reference in prior law to venue is supplied by the definition of "court" in new 15 Pa.C.S. § 1103. See also new 15 Pa.C.S. § 1554.

15 Pa.C.S. § 1509: Derived from act of May 5, 1933 (P.L.364, No.106), § 321 (15 P.S. § 1321). Regular bylaws may restrict the adoption of emer-

agency bylaws, and offices of the corporation may be changed. Subsection (a) is patterned in part after Revised Model Business Corporation Act § 3.03(d) (1984). Subsection (c)(2) is patterned after the last sentence of Model Business Corporation Act § 27A, last paragraph (1971) (see also N.J.S.A. § 14A:2-10(7)).

15 Pa.C.S. § 1510: Derived from act of May 5, 1933 (P.L.364, No.106), § 313 (15 P.S. § 1313). Patterned after former 15 Pa.C.S. § 7544. The general reference to the lawful rate of interest (rather than 6%) is added. The reference in subsection (a) to finance, service and default charges and subsection (b) are intended, *inter alia*, to make clear that the policy of this section applies to installment sale contracts subject to the act of June 28, 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales Finance Act (69 P.S. §§ 601 et seq.), and all other economic regulation of interest paid or incurred by *bona fide corporations*.

15 Pa.C.S. § 1511: Derived from act of May 5, 1933 (P.L.364, No.106), § 322 (15 P.S. § 1322), and the act of November 26, 1978 (P.L.1375, No.325), § 15 (32 P.S. § 693.15), as supplemented as to oxygen or nitrogen pipeline transportation by the act of November 18, 1968 (P.L.1050, No.321), § 2 (15 P.S. § 4382). Reference in subsection (e) to "other statutes" eliminated as obsolete. Reference in subsection (f) to "agricultural" based on act of June 30, 1981 (P.L.128, No.43), § 13 (3 P.S. § 913). Subsection (g)(2) is derived from act of April 29, 1874 (P.L.73, No.32), § 41 (15 P.S. §§ 3021-3) and act of April 17, 1929 (P.L.531, No.234) §§ 1 and 2 (15 P.S. §§ 115 and 116) (see 40 P.S. §§ 831 and 835). The distance in subsection (b)(1)(i) is converted from 300 feet to 100 meters. The Eminent Domain Code procedure is made available as an alternative to the "lines" condemnation procedure of the Corporation Act of 1874 as to electric, underground telephone or telegraph, gas, oil and petroleum products condemnations, and as a substitute for the 1874 Act procedure in the case of water and aerial, telephone and telegraph condemnations.

15 Pa.C.S. § 1521: Derived from act of May 5, 1933 (P.L.364, No.106), § 601 (15 P.S. § 1601). The fourth sentence of former section 601 is omitted. Whether or not a class vote will be available to a series of shares will depend on the substantive effect of any particular fundamental transaction on the series. The penultimate sentence of former section 601 is omitted in light of 15 Pa.C.S. § 1721(a). The last sentence of former section 601 is omitted as redundant. The last sentence of subsection (a) is patterned after New York Business Corporation Law § 803(b). Subsection (b)(1) is new and, except for the second sentence of subsection (b)(1)(i), is patterned after Revised Model Business Corporation Act § 6.01(c) (1984). The second sentence of subsection (b)(1)(i) is substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 701A (second sentence) (15 P.S. § 1701A (second sentence)). See also new 15 Pa.C.S. § 1906. Subsection (b)(2) is new (*cf.* similar provisions added in new 15 Pa.C.S. Ch.19). The first sentence of subsection (b)(3) is intended as a codification of existing law. *West Chester and Philadelphia R.R. Co. v. Jackson*, 77 Pa. 321 (1875) (dividends); *Warren v. Queen & Co.*, 240 Pa. 154, 87 At. 595 (1913) (redemption). Subsection (c) is new (*cf.* new 15 Pa.C.S § 1504(b)).

15 Pa.C.S. § 1522: Derived from act of May 5, 1933 (P.L.364, No.106), § 602 (15 P.S. § 1602). Patterned after N.J.S.A. § 14A:7-2. See new 15 Pa.C.S. § 1914(c). Execution of the statement with respect to shares is governed by new 15 Pa.C.S. § 1108. Subsections (c)(5) and (e) are new.

15 Pa.C.S. § 1523: Derived from act of May 5, 1933 (P.L.364, No.106), § 603 (15 P.S. § 1603). Provisions on the payment of subscriptions are supplied by new 15 Pa.C.S. § 1524. Reference to treasury shares omitted since the sale or other disposition of treasury shares is included in the definition of "issue" in 15 Pa.C.S. § 1103 and is therefore covered by this section. Under new 15 Pa.C.S. § 1524(c), all shares are deemed fully paid. Former subsections B and C are omitted as obsolete.

15 Pa.C.S. § 1524: Subsections (a) and (c) are derived from act of May 5, 1933 (P.L.364, No.106), §§ 604, 605, 606 and 610 (15 P.S. §§ 1604, 1605, 1606 and 1610). The references to future services or the note or obligation of a shareholder as good consideration are new. Calls on shares are abolished and all shares are deemed fully paid, except against the subscriber, but shares may be assessable only if and to the extent provided by a regulatory law. Subsection (b) is derived from act of May 5, 1933 (P.L.364, No.106), § 702.1 (15 P.S. § 1702.1). Subsection (d) is new (*cf.* the definitions of "shareholder" and "subscriber" in new 15 Pa.C.S. § 1103). Subsection (e) is new.

15 Pa.C.S. § 1525: Subsections (a), (b) and (c) are a reenactment of act of May 5, 1933 (P.L.364, No.106), § 611A (except clause(2)), D and E (15 P.S. § 1611A, D and E). Subsections (d) and (e) derived from act of May 5, 1933 (P.L.364, No.106), § 612 (15 P.S. § 1612).

15 Pa.C.S. § 1526: Derived from act of May 5, 1933 (P.L.364, No.106), § 609 (first sentence) (15 P.S. § 1609 (first sentence)). The balance of former section 609 is omitted as obsolete.

15 Pa.C.S. § 1527: Derived from act of May 5, 1933 (P.L.364, No.106), § 608 (15 P.S. § 1608). Provision for uncertificated fractions of a share has been added (*cf.* new 15 Pa.C.S. § 1528(f)). Subsection (a) is patterned after Delaware General Corporation Law § 155 (first three sentences). Reference to "fair value" in subsection (a)(2) is not intended to imply that the procedures of new Subchapter 15D are available since fair value is to be determined in the manner provided in the plan, amendment or resolution of the board providing for the creation of the fractional interests, but it is intended that the standard for fair value in new 15 Pa.C.S. § 1572 will apply. Subsection (b) is substantially a reenactment of the last sentence of former section 608. See 15 Pa.C.S. § 1502(c).

15 Pa.C.S. § 1528: Subsection (a) is new. Subsections (b) - (e) are derived from act of May 5, 1933 (P.L.364, No.106), § 607 (15 P.S. § 1607). Former subsection A(4) and former subsection C are omitted as obsolete. Reference to voting rights in subsection (d) and the use of any form of execution of a share certificate in subsection (e) are new. Subsection (f) is patterned after Revised Model Business Corporation Act §§ 6.25(a) and 6.26 (1984).

15 Pa.C.S. § 1529: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 613A and 613.1 (15 P.S. §§ 1613A and 1613.1). Provisions regarding uncertificated securities in subsection (f) are new (*cf.* new 15 Pa.C.S. § 1528(f)).

15 Pa.C.S. § 1530: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 611A(2), B and C (15 P.S. § 1611A(2), B and C).

15 Pa.C.S. § 1531: Derived from act of May 5, 1933 (P.L.364, No.106), § 309.1 (15 P.S. § 1309.1). Patterned after former 15 Pa.C.S. § 7768. See new 15 Pa.C.S. § 1725(c).

15 Pa.C.S. § 1532: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 615 (15 P.S. § 1615), except that the applicability to divisions is new (*cf.* new 15 Pa.C.S. Ch.19D).

15 Pa.C.S. § 1551: Patterned in part after Revised Model Business Corporation Act § 6.40 (1984). Subsection (e) patterned after Revised Model Business Corporation Act § 6.40(g) (1987). Compare act of May 5, 1933 (P.L.364, No.106), §§ 702 and 703 (15 P.S. §§ 1702 and 1703). Subsections (c) and (d) are intended to overrule *In re Trimble Co.*, 339 F.2d 838 (3d Cir. 1964).

15 Pa.C.S. § 1552: Patterned in part after Revised Model Business Corporation Act § 6.31 (1984). Compare act of May 5, 1933 (P.L.364, No.106), §§ 701, 708 and 709 (15 P.S. §§ 1701, 1708 and 1709).

15 Pa.C.S. § 1553: Derived from act of May 5, 1933 (P.L.364, No.106), § 707 (15 P.S. § 1707) and Act No. 1986-145. Patterned in part after Revised Model Business Corporation Act § 8.33 (1984), except that a restriction on the declaration of distributions by the directors may be contained in the bylaws.

15 Pa.C.S. § 1554: Subsection (a) is derived from act of May 5, 1933 (P.L.364, No.106), § 318 (15 P.S. § 1318), and is patterned in part after Revised Model Business Corporation Act § 16.20 (1984). Subsections (b), (c) and (d) are new.

15 Pa.C.S. § 1571: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 311F and 515A, L and M (15 P.S. §§ 1311F and 1515A, L and M). Subsection (a) is patterned in part after Model Business Corporation Act § 80(a) (1978). Subsection (b)(1) reflects the expansion of the exclusion in the Delaware General Corporation Law to cover all national securities exchanges and to reduce the number of shareholders from 2,500 to 2,000. See Delaware General Corporation Law § 262(b)(1). Subsection (b)(3) is broadened to eliminate dissenters rights on all "de facto merger" purchases of shares, property or assets and is intended to overrule footnote seven of *Terry v. Penn Central Corp.*, 668 F.2d 188, 194 (3rd Cir. 1981) (see new 15 Pa.C.S. § 1904).

15 Pa.C.S. § 1572: Patterned after Model Business Corporation Act § 81(a) (1978). The reference to consideration of all relevant factors in the definition of "fair value" is patterned after Delaware General Corporation Law § 262(h), and is intended as a codification of *Weinberger v. UOP, Inc.*, 457 A.2d 701 (Del. 1983). The definition of "interest" is patterned after Delaware General Corporation Law § 262(h).

15 Pa.C.S. § 1573: Derived from act of May 5, 1933 (P.L.364, No.106), § 515B (fourth sentence) (15 P.S. § 1515B (fourth sentence)). Patterned after Model Business Corporation Act § 80(b) (1978).

15 Pa.C.S. § 1574: Derived from act of May 5, 1933 (P.L.364, No.106), § 515B (15 P.S. § 1515B). Patterned in part after Model Business Corporation Act § 81(c) (1980).

15 Pa.C.S. § 1575: Patterned after Model Business Corporation Act § 81(d) (1978).

15 Pa.C.S. § 1576: Derived from act of May 5, 1933 (P.L.364, No.106), § 515I (15 P.S. § 1515I). Patterned after Model Business Corporation Act § 81(e) (1978).

15 Pa.C.S. § 1577: Derived from act of May 5, 1933 (P.L.364, No.106), § 515D, E and I (15 P.S. § 1515D, E and I). Patterned in part after Model Business Corporation Act § 81(f) (1978) and Delaware General Corporation Law § 262.

15 Pa.C.S. § 1578: Patterned in part after Model Business Corporation Act § 81(g) (1978).

15 Pa.C.S. § 1579: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 515C, F and G (15 P.S. §§ 1515C, F and G). Patterned in part after Model Business Corporation Act § 81(h) (1978).

15 Pa.C.S. § 1580: Derived from act of May 5, 1933 (P.L.364, No.106), § 515H (15 P.S. § 1515H) and 42 Pa.C.S. § 2503. Patterned after Model Business Corporation Act § 81(i) (1978).

15 Pa.C.S. § 1701: Patterned after former 15 Pa.C.S. § 7701.

15 Pa.C.S. § 1702: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 8A, 404 (last sentence) and 502 (last sentence) (15 P.S. §§ 1008A, 1404 (last sentence) and 1502 (last sentence)). Patterned after former 15 Pa.C.S. § 7702. The last clause of subsection (b) is patterned in part after Delaware General Corporation Law § 222(c).

15 Pa.C.S. § 1703: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), §§ 402(4) and 404 (except last sentence) (15 P.S. §§ 1402(4) and 1404 (except last sentence)). Patterned after former 15 Pa.C.S. § 7704.

15 Pa.C.S. § 1704: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 8A (last sentence), 501A, 501C (except first sentence) and 502 (first sentence) (15 P.S. §§ 1008A (last sentence), 1501A, 1501C (except first sentence) and 1502 (first sentence)). Patterned after former 15 Pa.C.S. § 7705.

15 Pa.C.S. § 1705: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 8B and C (15 P.S. § 1008B and C). Patterned after former 15 Pa.C.S. § 7706. Reference to attendance by proxy appears in new 15 Pa.C.S. § 1759(a)(2). The requirement in subsection (b) that objection be made at the beginning of the meeting is new.

15 Pa.C.S. § 1706: Derived from act of May 5, 1933 (P.L.364, No.106), § 8D (15 P.S. § 1008D). Patterned after former 15 Pa.C.S. § 7707.

15 Pa.C.S. § 1707: Subsection (a) is patterned after 15 Pa.C.S. § 7708. Subsection (b) is new.

15 Pa.C.S. § 1708: Derived from act of May 5, 1933 (P.L.364, No.106), § 8E (15 P.S. § 1008E). The reference in section 8E to committees of the board has been deleted in light of new 15 Pa.C.S. § 1731(c). Patterned after former 15 Pa.C.S. § 7709. The requirement of an enabling bylaw provision is omitted.

15 Pa.C.S. § 1721: Subsection (a) is derived from act of May 5, 1933 (P.L.364, No.106), § 401 (first sentence) (15 P.S. § 1401 (first sentence)), and patterned after Revised Model Business Corporation Act § 8.01 (b) (1984). Subsections (b), (c) and (d) are a reenactment (as to business corporations) of 42 Pa.C.S. § 8363. Subsection (e) is substantially a reenactment (as to business corporations) of 42 Pa.C.S. § 8364. Subsection (f) is patterned after Revised Model Business Corporation Act § 8.24(d) (1984), except that the last sentence is derived from S.B. 943 (P.N.2271).

15 Pa.C.S. § 1722: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 401 (first sentence) and 402 (first sentence) (15 P.S. §§ 1401 (first sentence) and 1402 (first sentence)). Patterned after former 15 Pa.C.S. § 7722.

15 Pa.C.S. § 1723: Derived from act of May 5, 1933 (P.L.364, No.106), § 402 (second sentence and paragraph (2)) (15 P.S. § 1402 (second sentence and paragraph (2))). Patterned after former 15 Pa.C.S. § 7723. The requirement of a minimum size of the board is omitted.

15 Pa.C.S. § 1724: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 401 (second sentence), 402(1) and 403 (except first and last sentences) (15 P.S. §§ 1401 (second sentence), 1402(1) and 1403 (except first and last sentences)). Patterned after former 15 Pa.C.S. § 7724. The restrictions that the first directors may serve only until the first annual meeting and that members of a class of directors shall not be elected for a period shorter than one year are omitted. The last sentence of subsection (a) is patterned after Revised Model Business Corporation Act § 8.05(c) (1984).

15 Pa.C.S. § 1725: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 401 (third sentence), 402 (first sentence), 402(3) and 403 (first sentence) (15 P.S. §§ 1401 (third sentence), 1402 (first sentence), 1402(3) and 1403 (first sentence)). Patterned after former 15 Pa.C.S. § 7725. The reference to a sole remaining director in subsection (b)(1)(i) is new. The last clause of subsection (b)(1)(i) reverses the prior law. Subsection (b)(1)(ii) and subsections (c) and (d) are new. Subsection (b)(2) is patterned after Delaware General Corporation Law § 223(b).

15 Pa.C.S. § 1726: Derived from act of May 5, 1933 (P.L.364, No.106), § 405 (15 P.S. § 1405). Patterned after former 15 Pa.C.S. § 7726. The introductory clauses of subsections (a)(1) and (b) and all of subsection (a)(2) and (4) are added. Provision in subsection (a)(1) that directors may be removed by vote of the class or series of shares entitled to elect them is patterned after Delaware General Corporation Law § 141(k). See also Md. Corps. and Ass'ns Code Ann. § 2-406(b). The last sentence of subsection (a)(1) is patterned after Delaware General Corporation Law § 141(k)(i). In subsection (b) conviction of a crime punishable by imprisonment for more than one year is substituted for conviction of a felony (*cf.* 18 Pa.C.S. § 106), and a requirement for cause specified in the bylaws is added. In subsection (c) the references to application by a director and to removal for other proper cause are new. The last clause of subsection (c) substitutes for the prior requirement that a petitioning shareholder hold at least a 10% stock interest. The reference in prior law to venue is supplied by the definition of "court" in new 15 Pa.C.S. § 1103. Subsection (d) is patterned after N.J.S.A. § 14A:6-6(5).

15 Pa.C.S. § 1727: Derived from act of May 5, 1933 (P.L.364, No.106), § 402(5) and 402(7) (15 P.S. § 1402(5) and (7)). Patterned after former 15 Pa.C.S. § 7727. The introductory clauses of subsections (a) and (b) are added. The words “and voting” in subsection (a) are added. The reference in subsection (b) to consents prior or subsequent to an action is added. The reference to action by a committee of the board appears in new 15 Pa.C.S. § 1731(c).

15 Pa.C.S. § 1728: Subsections (a) and (b) are substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 409.1 A and B (15 P.S. § 1409.1 A and B), and are patterned after former 15 Pa.C.S. § 7728(a) and (b), except that the reference in subsection (a) to an “other” interest is added, and the voting procedure in subsection (a)(1) is clarified. The standard of conduct for the board appears in new 15 Pa.C.S. § 1721(b). Subsection (c) is patterned after former 15 Pa.C.S. § 7728(c).

15 Pa.C.S. § 1729: Patterned after former 15 Pa.C.S. § 7729.

15 Pa.C.S. § 1730: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 401 (penultimate and last sentences) (15 P.S. § 1401 (penultimate and last sentences)). Patterned after former 15 Pa.C.S. § 7730.

15 Pa.C.S. § 1731: Subsection (a) is derived from act of May 5, 1933 (P.L.364, No.106), § 402(6) (15 P.S. § 1402(6)), and is patterned after former 15 Pa.C.S. § 7731(a). The requirement that committees must be established by at least the specified majority of the directors is added. The restrictions in subsection (a)(1) are added. Subsection (b) is patterned after former 15 Pa.C.S. § 7731(b). Subsection (c) is patterned after the penultimate and last sentences of the definition of “board of directors” in former 15 Pa.C.S. § 7103.

15 Pa.C.S. § 1732: Derived from act of May 5, 1933 (P.L.364, No.106), § 406 (15 P.S. § 1406). Patterned after former 15 Pa.C.S. § 7732. The requirement that a corporation have a president, secretary and treasurer, by name, is omitted. The reference in the seventh sentence of subsection (a) to election or appointment in a manner or for a term fixed pursuant to the bylaws is added. The eighth, ninth and tenth sentences of subsection (a) are new. The powers of the board of directors to elect and fix the compensation of officers and fill vacancies appear in new 15 Pa.C.S. § 1502(a)(16).

15 Pa.C.S. § 1733: Derived from act of May 5, 1933 (P.L.364, No.106), § 407 (15 P.S. § 1407). Patterned after former 15 Pa.C.S. § 7733. The standard of conduct of the board of directors appears in 42 Pa.C.S. § 8363 and new 15 Pa.C.S. §§ 511 and 1721. The last two sentences are patterned after Revised Model Business Corporation Act § 8.44 (1984).

15 Pa.C.S. § 1741: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 410A (15 P.S. § 1410A), except that the introductory clause is new (but see new 15 Pa.C.S. § 1743). Patterned after former 15 Pa.C.S. § 7741.

15 Pa.C.S. § 1742: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 410B (15 P.S. § 1410B), except that the introductory clause is new (but see new 15 Pa.C.S. § 1743). Patterned after former 15 Pa.C.S. § 7742.

15 Pa.C.S. § 1743: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 410C (15 P.S. § 1410C). Patterned after former 15 Pa.C.S. § 7743.

15 Pa.C.S. § 1744: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 410D (15 P.S. § 1410D). Patterned after former 15 Pa.C.S. § 7744.

15 Pa.C.S. § 1745: Reenactment (as to business corporations) of 42 Pa.C.S. § 8365(d). The determination to advance expenses may be made by the board, subject to the generally applicable standard of care (see 42 Pa.C.S. § 8363 and new 15 Pa.C.S. §§ 511 and 1721).

15 Pa.C.S. § 1746: Substantially a reenactment (as to business corporations) of 42 Pa.C.S. § 8365(a), (b) and (c).

15 Pa.C.S. § 1747: Derived from act of May 5, 1933 (P.L.364, No.106), § 410G (15 P.S. § 1410G). Patterned after former 15 Pa.C.S. § 7747. The introductory clause of subsection (a) is new. The final sentence of subsection (a) is intended to overrule *Nationwide Mutual Ins. Co. v. Hassinger*, 325 Pa. Super. 484, 473 A.2d 171 (1984), insofar as it relates to the purchase and maintenance of insurance coverage under this section against intentional acts.

15 Pa.C.S. § 1748: Patterned after former 15 Pa.C.S. § 7748.

15 Pa.C.S. § 1749: Patterned after Delaware General Corporation Law § 145(i).

15 Pa.C.S. § 1750: Substantially a reenactment (as to business corporations) of 42 Pa.C.S. § 8365(e). See also act of May 5, 1933 (P.L.364, No.106), § 410F (15 P.S. § 1410F).

15 Pa.C.S. § 1755: Derived from act of May 5, 1933 (P.L.364, No.106), § 501B, C and D (15 P.S. § 1501B, C and D). Patterned after former 15 Pa.C.S. § 7755. The right of a shareholder to call the annual meeting as set forth in the text is substituted for the right to call the meeting during the next calendar year. The right of the president to call a special meeting is omitted. Requirements on notice of special meetings appear in new 15 Pa.C.S. § 1704(b).

15 Pa.C.S. § 1756: Derived from act of May 5, 1933 (P.L.364, No.106), § 503A (15 P.S. § 1503A). Patterned in part after former 15 Pa.C.S. § 7756. Subsection (b)(2) is added.

15 Pa.C.S. § 1757: Subsections (a) and (b) are derived from act of May 5, 1933 (P.L.364, No.106), § 503A(1) and B (15 P.S. § 1503A(1) and B), and are patterned after former 15 Pa.C.S. § 7757. Subsection (c) is new. As to subsection (a), see section 304(a)(2) of the act of December 21, 1988 (P.L.1444, No.177), known as the General Association Act of 1988 (15 P.S. §§ 20101 et seq.).

15 Pa.C.S. § 1758: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 403 (last sentence), 504A (first sentence), 504B and 505 (15 P.S. § 1403 (last sentence), 1504A (first sentence), 1504B and 1505). Patterned in part after former 15 Pa.C.S. § 7758. The last sentence of subsection (a) is intended as a codification of existing law. *Detwiler v. Commonwealth ex rel. Dickinson*, 131 Pa. 614, 18 At. 990 (1890); *Providence & Worcester Co. v.*

Baker, 378 A.2d 121, 3 ALR4th 1198 (Del. 1977). Compare, e.g., act of June 16, 1836 (P.L.799, No.193), § 3 and act of April 7, 1849 (P.L.563, No.368), § 4, which mandated such provisions. The provision of prior law prohibiting a statutory close corporation from varying the statutory cumulative voting rights has been omitted. The provision of prior law relating to sale of votes has been omitted as uncertain and inappropriate in the context of a modern corporation for profit.

15 Pa.C.S. § 1759: Derived from act of May 5, 1933 (P.L.364, No.106), § 504A (15 P.S. § 1504A). Patterned in part after former 15 Pa.C.S. § 7759. Durational limits on proxies eliminated. See Delaware General Corporation Law § 212. The reference in subsection (b) to written notice of revocation of a proxy is new.

15 Pa.C.S. § 1760: Derived from act of May 5, 1933 (P.L.364, No.106), § 506 (15 P.S. § 1506). See new 15 Pa.C.S. § 1759 as to proxy voting.

15 Pa.C.S. § 1761: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 507 (15 P.S. § 1507).

15 Pa.C.S. § 1762: Subsections (a) and (b) are derived from act of May 5, 1933 (P.L.364, No.106), § 508 (15 P.S. § 1508), and are patterned after former 15 Pa.C.S. § 7760. Provision on voting treasury shares is omitted and subsection (c) is added in view of the elimination of references to treasury shares (*cf.* new 15 Pa.C.S. § 1552). As to subsection (c), see section 304(a)(2) of the act of December 21, 1988 (P.L.1444, No.177), known as the General Association Act of 1988 (15 P.S. §§ 20101 et seq.).

15 Pa.C.S. § 1763: Subsection (a) is derived from act of May 5, 1933 (P.L.364, No.106), § 509 (15 P.S. § 1509), and is patterned after former 15 Pa.C.S. § 7761(a). The concept of the closing of the transfer books is omitted as obsolete. The introductory clause of subsection (a) is added and the maximum record date period is extended. The last sentence of subsection (a) is patterned after Delaware General Corporation Law § 213(c). Subsection (b) is patterned after former 15 Pa.C.S. § 7761(b) and Delaware General Corporation Law § 213(b). Subsection (c) is patterned after the definition of "shareholder" in Model Business Corporation Act § 2(f) (1973).

15 Pa.C.S. § 1764: Derived from act of May 5, 1933 (P.L.364, No.106), § 510 (15 P.S. § 1510). Subsection (a) is patterned in part after Model Business Corporation Act § 31, first paragraph (1971). The first sentence of subsection (b) is patterned after N.J.S.A. § 14A:5-8(2) (last sentence). See new 15 Pa.C.S. § 1759 as to voting by proxy.

15 Pa.C.S. § 1765: Derived from act of May 5, 1933 (P.L.364, No.106), § 512 (15 P.S. § 1512). Patterned after former 15 Pa.C.S. § 7762. Required vote for shareholder action appears in new 15 Pa.C.S. § 1757(a) and reference to attendance by proxy appears in new 15 Pa.C.S. § 1759.

15 Pa.C.S. § 1766: Derived from act of May 5, 1933 (P.L.364, No.106), § 513 (15 P.S. § 1513). Patterned after former 15 Pa.C.S. § 7763. The reference in subsection (a) to consents prior or subsequent to action is added. Subsection (b) is patterned after Delaware General Corporation Law § 228 and N.J.S.A. § 14A:5-6(2). The reference to authorization in the bylaws is added. See Section 304(a)(2) of the act of December 21, 1988 (P.L.1444,

No.177), known as the General Association Act of 1988 (15 P.S. §§ 20101 et seq.).

15 Pa.C.S. § 1767: Derived from act of May 5, 1933 (P.L.364, No.106), § 513.1 (15 P.S. § 1513.1). Patterned after former 15 Pa.C.S. § 7764. Subsection (a)(2) is patterned in part after N.J.S.A. § 14A:12-7(1)(c). Subsection (b) is new. The reference in prior law to venue is supplied by the definition of "court" in new 15 Pa.C.S. § 1103. As to the right of a custodian of a statutory close corporation to liquidate notwithstanding subsection (c), see new 15 Pa.C.S. § 2333(a)(2). See the definition of "officer" in new 15 Pa.C.S. § 1103.

15 Pa.C.S. § 1768: Derived from act of May 5, 1933 (P.L.364, No.106), § 511 (15 P.S. § 1511). It is intended that voting trusts shall be limited, if at all, only by the Rule Against Perpetuities or analogous considerations. Compare 20 Pa.C.S. § 6104.

15 Pa.C.S. § 1769: Patterned in part after N.J.S.A. § 14A:5-22.

15 Pa.C.S. § 1770: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 409.1C (15 P.S. § 1409.1C), as added by act of December 23, 1983 (P.L.395, No.92), § 2.

15 Pa.C.S. § 1782: Derived from act of May 5, 1933 (P.L.364, No.106), § 516 (15 Pa.C.S. § 1516). Patterned after former 15 Pa.C.S. § 7765. The reference in prior law to voting trust certificates is omitted in light of the expansion of subsection (c) to beneficial owners, and the \$50,000 threshold of prior law is increased to the amount set forth in the text.

15 Pa.C.S. § 1791: Patterned after former 15 Pa.C.S. § 7781.

15 Pa.C.S. § 1792: Patterned after former 15 Pa.C.S. § 7782. See Delaware General Corporation Law § 211(c).

15 Pa.C.S. § 1793: Patterned after former 15 Pa.C.S. § 7783. See new 15 Pa.C.S. § 1105.

15 Pa.C.S. § 1901: New. See Delaware General Corporation Law § 251(c).

15 Pa.C.S. § 1902: New.

15 Pa.C.S. § 1903: Subsection (a) is a reenactment of act of May 5, 1933 (P.L.364, No.106), § 319 (15 P.S. § 1319). Subsection (b) is a generalization of act of May 5, 1933 (P.L.364, No.106), § 320 (15 P.S. § 1320).

15 Pa.C.S. § 1904: Generalization of act of November 10, 1959 (P.L.1406, No.502), title, and codification and expansion to fundamental transactions generally of *Terry v. Penn Central Corp.*, 527 F.Supp. 118 (E.D. Pa. 1981), aff'd, 668 F.2d 188 (3rd Cir. 1981). See new 15 Pa.C.S. § 1105.

15 Pa.C.S. § 1905: Generalization of act of May 5, 1933 (P.L.364, No.106), § 1102 (first sentence) (15 P.S. § 2102 (first sentence)).

15 Pa.C.S. § 1906: Derived from act of May 5, 1933 (P.L.364, No.106), § 701A (second sentence) (15 P.S. § 1701A (second sentence)).

15 Pa.C.S. § 1911: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 801 (15 P.S. § 1801). Patterned after former 15 Pa.C.S. § 7901.

15 Pa.C.S. § 1912: Derived from act of May 5, 1933 (P.L.364, No.106), § 802 (15 P.S. § 1802). Patterned after former 15 Pa.C.S. § 7902. The introductory clauses of paragraph (a)(2) and the penultimate sentence of subsection (a) and the last sentence of subsection (a) are new. See Delaware General Corporation Law § 242(b)(1). The last sentence of subsection (b) is patterned in part after Delaware General Corporation Law § 251(b) (last sentence).

15 Pa.C.S. § 1913: Derived from act of May 5, 1933 (P.L.364, No.106), § 803 (15 P.S. § 1803). Patterned after former 15 Pa.C.S. § 7903. The requirement of minimum notice to shareholders appears at new 15 Pa.C.S. § 1704(b).

15 Pa.C.S. § 1914: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 804 and 805 (15 P.S. §§ 1804 and 1805). Patterned after former 15 Pa.C.S. § 7904. The special voting rights requirements of prior law relating to revocation of the authority of the board to fix the relative rights and preferences of series and on changes in the par value of shares are omitted. Subsection (c) is patterned in part after Delaware General Corporation Law § 241, and in part after Revised Model Business Corporation Act § 10.02 (1984). The reference in subsection (c)(3)(ii) to a split of shares is not intended to include a combination of shares although such a combination is sometimes referred to as a "reverse split." Compare new 15 Pa.C.S. § 1504(a).

15 Pa.C.S. § 1915: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 806 and 809 (15 P.S. §§ 1806 and 1809). Patterned after former 15 Pa.C.S. § 7905. Execution of the articles of amendment is governed by new 15 Pa.C.S. § 1108. Former paragraphs (3), (4) and (5) are supplied by new paragraph (4). Paragraph (6) is patterned after Revised Model Business Corporation Act § 10.07(e) (1984).

15 Pa.C.S. § 1916: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 808 and 809 (15 P.S. §§ 1808 and 1809). Patterned in part after former 15 Pa.C.S. § 7906. The requirement of prior law that a certificate of amendment be issued is omitted (*cf.* new 15 Pa.C.S. § 133(e)). The limitation in prior law on attack on the validity of an amendment of articles appears in new 15 Pa.C.S. § 138(c).

15 Pa.C.S. § 1921: Subsections (a) and (b) are substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 901 (15 P.S. § 1901), and are patterned after former 15 Pa.C.S. § 7921. The last clauses of subsections (a) and (b) are patterned after Delaware General Corporation Law § 252(a). Subsection (c) is patterned in general after Delaware General Corporation Law § 254. See the definitions of "shareholder" and "shares" in new 15 Pa.C.S. § 1103.

15 Pa.C.S. § 1922: Subsections (a) and (c) are derived from act of May 5, 1933 (P.L.364, No.106), § 902A and B (first sentence) (15 P.S. § 1902A and B (first sentence)), and are patterned after former 15 Pa.C.S. § 7922. The references in subsection (a)(3) to "property or rights" are added. Provision with respect to cash in lieu of the issuance of fractional shares appears in new 15 Pa.C.S. § 1527. The last sentence of subsection (a) is patterned after Delaware General Corporation Law § 251(b) (last sentence). Subsection (b)

is patterned after Delaware General Corporation Law § 251(d) (last sentence). Subsection (d) is new.

15 Pa.C.S. § 1923: Derived from act of May 5, 1933 (P.L.364, No.106), § 902B (except first sentence) (15 P.S. § 1902B (except first sentence)). Patterned after former 15 Pa.C.S. § 7923.

15 Pa.C.S. § 1924: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 902C and 902.1 (15 P.S. §§ 1902C and 1902.1). Patterned after 15 Pa.C.S. § 7924. The introductory clause of subsection (b)(1) is added. The 15% limitation of the prior law is omitted. Subsection (b)(1)(i) and (iii) are patterned in part after Delaware General Corporation Law § 251(f). Subsection (b)(2) is new. Subsection (b)(1)(ii) and subsection (b)(3) are patterned in general after Delaware General Corporation Law § 253. The provision of subsection (c) relating to termination of a plan of merger or consolidation at any time prior to its effective date, regardless of whether articles of merger or consolidation have been filed, is new. Former subsection 902.1B appears in new 15 Pa.C.S. § 1926(4).

15 Pa.C.S. § 1925: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 902D (15 P.S. § 1902D). Patterned after former 15 Pa.C.S. § 7925.

15 Pa.C.S. § 1926: Derived from act of May 5, 1933 (P.L.364, No.106), § 903 (15 P.S. § 1903). Patterned after former 15 Pa.C.S. § 7926. Execution of the articles of merger or consolidation is governed by new 15 Pa.C.S. § 1108.

15 Pa.C.S. § 1927: Derived from act of May 5, 1933 (P.L.364, No.106), § 905 (15 P.S. § 1905). Patterned after former 15 Pa.C.S. § 7927. The requirement of prior law that a certificate of merger or consolidation be issued is omitted (*cf.* new 15 Pa.C.S. § 133(e)).

15 Pa.C.S. § 1928: Derived from act of May 5, 1933 (P.L.364, No.106), § 906 (15 P.S. § 1906). Patterned after former 15 Pa.C.S. § 7928. The limitation in prior law on attack on the validity of the transaction appears in new 15 Pa.C.S. § 138(c).

15 Pa.C.S. § 1929: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 907 (15 P.S. § 1907). Patterned after former 15 Pa.C.S. § 7929. The last clause of the first sentence of subsection (b) is intended as a codification of existing law and is patterned after Revised Model Business Corporation Act § 11.06(a)(2) (1984) and N.J.S.A. § 14A:10-6(d). Provisions of prior law to the effect that the liabilities of shareholders, directors and officers and the rights of creditors cannot be affected by a merger or consolidation are omitted.

15 Pa.C.S. § 1930: The first sentence of subsection (a) is substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 908A (15 P.S. § 1908A). The subject matter of former subsection 908B is supplied by new 15 Pa.C.S. § 1571(b)(3). Subsections (b) and (c) are new.

15 Pa.C.S. § 1931: New. Subsections (a) and (b) are patterned in general after Revised Model Business Corporation Act § 11.02 (1984).

15 Pa.C.S. § 1932: Derived from act of May 5, 1933 (P.L.364, No.106), § 311A-E (15 P.S. § 1311A-E). The final two sentences of former subsec-

tion 311A are supplied by new 15 Pa.C.S. Chs. 19F and 19G. The reference in subsection (b) to transactions involving distributions or division is added. The requirement for a "plan of asset transfer" is new. The fourth sentence of subsection (b) is patterned in part after Delaware General Corporation Law § 251(b) (last sentence). The last sentence of subsection (b) and subsection (c)(2) are new. Subsection (d)(3) is intended as a codification of existing law. *Jennings v. Pittsburgh Mercantile Co.*, 112 P.L.J. 84 (C.P. Allegh. Cty. 1963), rev'd on other grounds, 414 Pa. 641 (1964).

15 Pa.C.S. § 1951: Patterned after former 15 Pa.C.S. § 7941.

15 Pa.C.S. § 1952: Patterned after former 15 Pa.C.S. § 7942. The last sentence of subsection (a) is patterned in part after Delaware General Corporation Law § 251(b) (last sentence).

15 Pa.C.S. § 1953: New.

15 Pa.C.S. § 1954: Patterned after former 15 Pa.C.S. § 7943.

15 Pa.C.S. § 1955: Patterned after former 15 Pa.C.S. § 7944.

15 Pa.C.S. § 1956: Patterned after former 15 Pa.C.S. § 7945.

15 Pa.C.S. § 1957: Patterned after former 15 Pa.C.S. § 7946. The last clause of the first sentence of subsection (b)(1) is patterned in part after Revised Model Business Corporation Act § 11.06(a)(2) (1984) and N.J.S.A. § 14A:10-6(d).

15 Pa.C.S. § 1961: Derived from former 15 Pa.C.S. § 7951(a) and (c).

15 Pa.C.S. § 1962: Derived from former 15 Pa.C.S. § 7952. The last sentence of subsection (a) is patterned in part after Delaware General Corporation Law § 251(b) (last sentence).

15 Pa.C.S. § 1963: Patterned after former 15 Pa.C.S. § 7953. Execution of the articles of conversion is governed by new 15 Pa.C.S. § 1108.

15 Pa.C.S. § 1964: Subsection (a) is patterned after former 15 Pa.C.S. § 7954.

15 Pa.C.S. § 1965: Patterned after former 15 Pa.C.S. § 7955.

15 Pa.C.S. § 1966: Substantially a reenactment of former 15 Pa.C.S. § 7956(a).

15 Pa.C.S. § 1971: Derived from act of May 5, 1933 (P.L.364, No.106), § 1101 (15 P.S. § 2101). Patterned after former 15 Pa.C.S. § 7961. The first clause of subsection (a)(2) is added. In subsection (a)(6) the unanimous consent requirement of the prior law is reduced to the vote set forth in the text.

15 Pa.C.S. § 1972: Derived from act of May 5, 1933 (P.L.364, No.106), § 1102 (first sentence) (15 P.S. § 2102 (first sentence)). Patterned after former 15 Pa.C.S. § 7962.

15 Pa.C.S. § 1973: Derived from act of May 5, 1933 (P.L.364, No.106), § 1102 (second and third sentences) (15 P.S. § 2102 (second and third sentences)). Patterned after former 15 Pa.C.S. § 7963. The requirement of prior law that notice be given to shareholders not entitled to vote is omitted.

15 Pa.C.S. § 1974: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 1102 (last sentence) and 1103.1 (15 P.S. §§ 2102 (last sentence) and 2103.1). Patterned after former 15 Pa.C.S. § 7964. The last sentence of subsection (a) and subsection (b) are added. The provisions of prior law relating to certificate of election to dissolve are omitted.

15 Pa.C.S. § 1975: Derived from act of May 5, 1933 (P.L.364, No.106), § 1104A, B and C (15 P.S. § 2104A, B and C). Patterned after former 15 Pa.C.S. § 7967. Reference to collection of unpaid subscriptions is supplied by new 15 Pa.C.S. § 1979(b).

15 Pa.C.S. § 1976: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 1104D (15 P.S. § 2104D). Patterned after former 15 Pa.C.S. § 7968(a). The reference in prior law to venue is supplied by the definition of "court" in new 15 Pa.C.S. § 1103.

15 Pa.C.S. § 1977: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 1103 and 1105 (15 P.S. §§ 2103 and 2105). Patterned after former 15 Pa.C.S. § 7969. Execution of the articles of dissolution is governed by new 15 Pa.C.S. § 1108. The requirement of prior law that proofs of publication be filed is omitted. The requirement that a certificate of dissolution be issued is omitted (*cf.* new 15 Pa.C.S. § 133(e)).

15 Pa.C.S. § 1978: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 1106 (15 P.S. § 2106). Patterned after former 15 Pa.C.S. § 7970.

15 Pa.C.S. § 1979: Derived from act of May 5, 1933 (P.L.364, No.106), § 1111 (15 P.S. § 2111). Patterned after former 15 Pa.C.S. § 7971. The first and last sentences of subsection (b) are added. The reference in prior law to venue is supplied by the definition of "court" in new 15 Pa.C.S. § 1103.

15 Pa.C.S. § 1980: New.

15 Pa.C.S. § 1981: Derived from act of May 5, 1933 (P.L.364, No.106), § 1107A (15 P.S. § 2107A). Patterned after former 15 Pa.C.S. § 7981. The reference to a director in the introductory clause is added. Former paragraph A(1) is omitted. The last sentence of paragraph (3) is added (*cf.* 15 Pa.C.S. § 1767(b)).

15 Pa.C.S. § 1982: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 1107B (15 P.S. § 2107B). Patterned after former 15 Pa.C.S. § 7982. The venue as set forth in prior law is restricted by the definition of "court" in new 15 Pa.C.S. § 1103.

15 Pa.C.S. § 1984: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 1108A (15 P.S. § 2108A). Patterned after former 15 Pa.C.S. § 7984. The reference to assets wherever situated is added.

15 Pa.C.S. § 1985: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 1108B (15 P.S. § 2108B). Patterned after former 15 Pa.C.S. § 7985. Reference in prior law to the power of a liquidating receiver to collect any unpaid consideration for shares is supplied by new 15 Pa.C.S. § 1526. The references to the disposition of corporate assets and to jurisdiction of the corporation and its property, wherever situated, are added. The former last sentence is supplied by 42 Pa.C.S. § 912. See the definition of "officer" in new 15 Pa.C.S. § 1103.

15 Pa.C.S. § 1986: Derived from act of May 5, 1933 (P.L.364, No.106), § 1108C (15 P.S. § 2108C). Patterned after former 15 Pa.C.S. § 7986. Reference in prior law to residence as a qualification is omitted.

15 Pa.C.S. § 1987: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 1108D (15 P.S. § 2108D), except that references to pre-

scription of the form of proofs of claim and to bar date extensions by the court are added. Patterned after former 15 Pa.C.S. § 7987.

15 Pa.C.S. § 1988: Patterned after Model Business Corporation Act § 101 (1971). Compare act of May 5, 1933 (P.L.364, No.106), § 1109 (15 P.S. § 2109).

15 Pa.C.S. § 1989: Derived from act of May 5, 1933 (P.L.364, No.106), § 1110 (15 P.S. § 2110). Patterned after former 15 Pa.C.S. § 7989. Dissolution is postponed from issuance of the decree, as provided by the prior law, to the time set forth in the text.

15 Pa.C.S. § 1991: New. Patterned after Delaware General Corporation Law § 280(e).

15 Pa.C.S. § 1992: New. Patterned after Delaware General Corporation Law § 280(a)(1) and (b)(1).

15 Pa.C.S. § 1993: New. Patterned after Delaware General Corporation Law § 280(a)(2).

15 Pa.C.S. § 1994: New. Patterned in general after Delaware General Corporation Law § 280(b)(2).

15 Pa.C.S. § 1995: New. Patterned in general after Delaware General Corporation Law § 280(c).

15 Pa.C.S. § 1996: New. Patterned after Delaware General Corporation Law § 280(d).

15 Pa.C.S. § 1997: New. Patterned after Delaware General Corporation Law § 281.

15 Pa.C.S. § 1998: New. Patterned after Delaware General Corporation Law § 282.

15 Pa.C.S. § 2101: New. Compare new 15 Pa.C.S. §§ 2301, 2501, 2701 and 2901.

15 Pa.C.S. § 2102: New. Compare new 15 Pa.C.S. §§ 2303 and 2903.

15 Pa.C.S. § 2103: New. Compare new 15 Pa.C.S. § 2304.

15 Pa.C.S. § 2104: New. Compare new 15 Pa.C.S. §§ 2305, 2702 and 2905.

15 Pa.C.S. § 2105: New. Compare new 15 Pa.C.S. §§ 2307 and 2906.

15 Pa.C.S. § 2121: New.

15 Pa.C.S. § 2122: New.

15 Pa.C.S. § 2123: New.

15 Pa.C.S. § 2124: New.

15 Pa.C.S. § 2125: New.

15 Pa.C.S. § 2126: New.

15 Pa.C.S. § 2301: Derived from act of May 5, 1933 (P.L.364, No.106), § 371 (15 P.S. § 1371). The prohibition against a management corporation electing statutory close corporation status is new. Compare new 15 Pa.C.S. §§ 2101, 2501, 2701 and 2901.

15 Pa.C.S. § 2302: Subsection (a) is patterned in part after the Statutory Close Corporation Supplement to the Model Business Corporation Act (1982). See, 37 Bus. Law. 269, 278-9 (1981). Subsection (b) is a generalization of act of May 5, 1933 (P.L.364, No.106), § 376B (15 P.S. § 1376B).

15 Pa.C.S. § 2303: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 373 (15 P.S. § 1373). Patterned in part after the Statutory Close Corporation Supplement to the Model Business Corporation Act § 3(a) (1982). Compare new 15 Pa.C.S. §§ 2102 and 2903.

15 Pa.C.S. § 2304: Derived from act of May 5, 1933 (P.L.364, No.106), § 372 (15 P.S. § 1372). Statutory limitation on the number of shareholders omitted. *Cf.*, Comment 1 to section 3 of the Proposed Statutory Close Corporation Supplement to the Model Business Corporation Act (1981), 37 Bus. Law. 269, 277-8 (1981). Subsection (c) is new except as to record holders in joint or common tenancy or by the entireties. Compare new 15 Pa.C.S. § 2103.

15 Pa.C.S. § 2305: Derived from act of May 5, 1933 (P.L.364, No.106), § 374 (15 P.S. § 1374). Patterned in part after the Statutory Close Corporation Supplement to the Model Business Corporation Act § 3(b) (1982). Compare new 15 Pa.C.S. §§ 2104, 2702 and 2905.

15 Pa.C.S. § 2306: Derived from act of May 5, 1933 (P.L.364, No.106), § 375 (15 P.S. § 1375).

15 Pa.C.S. § 2307: Derived from act of May 5, 1933 (P.L.364, No.106), § 376A (15 P.S. § 1376A). Patterned in part after the Statutory Close Corporation Supplement to the Model Business Corporation Act § 8(a) (1982). Compare new 15 Pa.C.S. §§ 2105 and 2906.

15 Pa.C.S. § 2308: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 377 (15 P.S. § 1377). The reference in subsection (a) to section 2321(c) is added. Former subsection C and paragraph (3) of subsection D are supplied by new 15 Pa.C.S. § 2323.

15 Pa.C.S. § 2309: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 378 (15 P.S. § 1378). Execution of the certificates filed in the Department of State is governed by new 15 Pa.C.S. § 1108. The reference in prior law to venue is supplied by the definition of "court" in new 15 Pa.C.S. § 1103. The reference to enjoining or setting aside a transfer that is in breach of a transfer restriction is supplied by new 15 Pa.C.S. § 2323.

15 Pa.C.S. § 2321: Subsection (a) is new (*cf.* new 15 Pa.C.S. § 1528). Subsection (b) is derived from act of May 5, 1933 (P.L.364, No.106), § 379 (15 P.S. § 1379). The reference in the introductory clause of subsection (b)(1) to a bylaw adopted by the shareholders is added. Reference to issuing or selling treasury shares is omitted (*cf.* new 15 Pa.C.S. § 1552). Subsection (c) is patterned after the Statutory Close Corporation Supplement to the Model Business Corporation Act § 5 (1982).

15 Pa.C.S. § 2322: Patterned after the Statutory Close Corporation Supplement to the Model Business Corporation Act § 4 (1982).

15 Pa.C.S. § 2323: Patterned after the Statutory Close Corporation Supplement to the Model Business Corporation Act § 6 (1982).

15 Pa.C.S. § 2324: Derived from act of May 5, 1933 (P.L.364, No.106), § 380 (15 P.S. § 1380). The references to new 15 Pa.C.S. § 2322(a) and new 15 Pa.C.S. Ch. 15D are added.

15 Pa.C.S. § 2325: Patterned after the Statutory Close Corporation Supplement to the Model Business Corporation Act § 14 (1982).

15 Pa.C.S. § 2331: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 381 (15 P.S. § 1381).

15 Pa.C.S. § 2332: Derived from act of May 5, 1933 (P.L.364, No.106), § 382 (15 P.S. § 1382). References to the bylaws are added.

15 Pa.C.S. § 2333: Derived from act of May 5, 1933 (P.L.364, No.106), § 383 (15 P.S. § 1383). The reference in prior law to venue is supplied by the definition of "court" in new 15 Pa.C.S. § 1103. The last sentence of subsection (a) is added. See the definition of "officer" in new 15 Pa.C.S. § 1103.

15 Pa.C.S. § 2334: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 384 (15 P.S. § 1384), except that reference in subsection (b)(1) to a bylaw is added. The reference in prior law to venue is supplied by the definition of "court" in new 15 Pa.C.S. § 1103.

15 Pa.C.S. § 2335: Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 385 (15 P.S. § 1385). The final clause is patterned after the Statutory Close Corporation Supplement to the Model Business Corporation Act § 17 (1982).

15 Pa.C.S. § 2336: Patterned in part after the Statutory Close Corporation Supplement to the Model Business Corporation Act § 7 (1982).

15 Pa.C.S. § 2337: Derived from act of May 5, 1933 (P.L.364, No.106), § 386 (15 P.S. § 1386). References to the bylaws are added. Patterned after the Statutory Close Corporation Supplement to the Model Business Corporation Act § 15 (1982).

15 Pa.C.S. § 2501: New. Compare new 15 Pa.C.S. §§ 2101, 2301, 2701 and 2901.

15 Pa.C.S. § 2502: New.

15 Pa.C.S. § 2503: New.

15 Pa.C.S. § 2504: New.

15 Pa.C.S. § 2511: Codification of existing law as to registered corporations. Compare new 15 Pa.C.S. § 1554.

15 Pa.C.S. § 2512: New.

15 Pa.C.S. § 2513: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 611D (last clause) (15 P.S. § 1611D (last clause)).

15 Pa.C.S. § 2521: New. Compare new 15 Pa.C.S. § 1755(b). See new 15 Pa.C.S. § 2535.

15 Pa.C.S. § 2522: New. Compare new 15 Pa.C.S. § 1755(c).

15 Pa.C.S. § 2523: New.

15 Pa.C.S. § 2524: Patterned in general after Delaware General Corporation Law § 228. Compare new 15 Pa.C.S. § 1766(b).

15 Pa.C.S. § 2535: New. Compare new 15 Pa.C.S. § 1912(a)(2). See new 15 Pa.C.S. § 2521.

15 Pa.C.S. § 2536: New. Compare new 15 Pa.C.S. § 1981.

15 Pa.C.S. § 2537: New. Compare new 15 Pa.C.S. § 1932(c)(1).

15 Pa.C.S. § 2541: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 910A (except first clause) and G (first paragraph) (15 P.S. § 1910A (except first clause) and G (first paragraph)).

15 Pa.C.S. § 2542: Derived from act of May 5, 1933 (P.L.364, No.106), § 910B(4), E(1) (last sentence) and G (second paragraph) (15 P.S. § 1910B(4), E(1) (last sentence) and G (second paragraph)).

15 Pa.C.S. § 2543: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 910B(1), (2) and (3) (15 P.S. § 1910B(1), (2) and (3)).

15 Pa.C.S. § 2544: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 910A (first clause) (15 P.S. § 1910A (first clause)).

15 Pa.C.S. § 2545: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 910C (15 P.S. § 1910C), except last clause of subsection (a)(2), which is new.

15 Pa.C.S. § 2546: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 910D and E(1) (first sentence) (15 P.S. § 1910D and E(1) (first sentence)).

15 Pa.C.S. § 2547: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 910E(2)-(8) (15 P.S. § 1910E(2)-(8)), except provisions relating to uncertificated shares, which are new.

15 Pa.C.S. § 2548: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 910F (15 P.S. § 1910F).

15 Pa.C.S. § 2551: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 911A(6), C and D (15 P.S. § 1911A(6), C and D).

15 Pa.C.S. § 2552: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 911A (except clauses (5) and (11)) (15 P.S. § 1911A except clauses (5) and (11)).

15 Pa.C.S. § 2553: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 911A(11) (15 P.S. § 1911A(11)).

15 Pa.C.S. § 2554: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 911A(5) (15 P.S. § 1911A(5)).

15 Pa.C.S. § 2555: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 911B(1), (2), (3) and (4) (first clause) (15 P.S. § 1911B(1), (2), (3) and (4) (first clause)).

15 Pa.C.S. § 2556: Reenactment of act of May 5, 1933 (P.L.364, No.106), § 911B(4) (except first clause) (15 P.S. § 1911B(4) (except first clause)).

15 Pa.C.S. § 2701: New. Compare new 15 Pa.C.S. §§ 2101, 2301, 2501 and 2901.

15 Pa.C.S. § 2702: New. Compare new 15 Pa.C.S. §§ 2104, 2305 and 2905.

15 Pa.C.S. § 2703: New.

15 Pa.C.S. § 2704: New.

15 Pa.C.S. § 2711: New.

15 Pa.C.S. § 2712: New.

15 Pa.C.S. § 2721: New. The provisions of new 15 Pa.C.S. Subchapter 27C are intended to provide enabling legislation consistent with the proposals for mutual fund governance in S.E.C. Investment Company Act Release 12,888 (December 10, 1982) (CCH Fed. Sec. L. Rep. Par. 83,303). See new 15 Pa.C.S. § 2722.

15 Pa.C.S. § 2722: New. See new 15 Pa.C.S. § 2721.

15 Pa.C.S. § 2901: Derived from act of July 9, 1970 (P.L.461, No.160), §§ 5(a) and 6(a) (15 P.S. §§ 2905(a) and 2906(a)). The prohibition against a management corporation electing professional corporation status is new. Compare new 15 Pa.C.S. §§ 2101, 2301, 2501 and 2701.

15 Pa.C.S. § 2902: Derived from act of July 9, 1970 (P.L.461, No.160), § 2 (15 P.S. § 2902). The definitions of "business corporation" and "professional corporation" appear in new 15 Pa.C.S. § 1103.

15 Pa.C.S. § 2903: Substantially a reenactment of act of July 9, 1970 (P.L.461, No.160), §§ 3 (first paragraph), 6(a) and 7 (except last sentence of subsection (a)) (15 P.S. §§ 2903 (first paragraph), 2906(a) and 2907 (except last sentence of subsection (a))), except that the reference in subsection (a) to a heading is added. Compare new 15 Pa.C.S. §§ 2102 and 2303.

15 Pa.C.S. § 2904: Derived from act of July 9, 1970 (P.L.461, No.160), § 5(b) (15 P.S. § 2905(b)). Articles of amendment substituted for certificate of acceptance under prior law. Compare new 15 Pa.C.S. §§ 2305 and 2702.

15 Pa.C.S. § 2905: Substantially a reenactment of act of July 9, 1970 (P.L.461, No.160), § 4(a), (b) and (c) (15 P.S. § 2904(a), (b) and (c)). The designation of the document filed is changed from "certificate" to "statement." Former subsection (d) appears as new 15 Pa.C.S. § 1311(a)(6).

15 Pa.C.S. § 2906: New. Compare new 15 Pa.C.S. §§ 2105 and 2307.

15 Pa.C.S. § 2907: Substantially a reenactment of act of July 9, 1970 (P.L.461, No.160), § 11(b), (c) and (d). (15 P.S. § 2911(b), (c) and (d)). The reference in prior law to venue is supplied by the definition of "court" in new 15 Pa.C.S. § 1103.

15 Pa.C.S. § 2921: Substantially a reenactment of act of July 9, 1970 (P.L.461, No.160), § 8(a) and (b) (15 P.S. § 2908 (a) and (b)), except that reference to the term "P.C." is added.

15 Pa.C.S. § 2922: Subsection (a) is a reenactment of act of July 9, 1970 (P.L.461, No.160), § 7(a) (third sentence) (15 P.S. § 2907(a) (third sentence)). Subsection (b) is derived from act of July 10, 1981 (P.L.237, No.77), § 7 (59 Pa.C.S. § 701 note) and is otherwise intended as a codification of existing law.

15 Pa.C.S. § 2923: Derived from act of July 9, 1970 (P.L.461, No.160), §§ 10 and 11(a) (15 P.S. §§ 2910 and 2911(a)), and act of July 10, 1981 (P.L.237, No.77), § 7 (59 Pa.C.S. § 701 note).

15 Pa.C.S. § 2924: Reenactment of act of July 9, 1970 (P.L.461, No.160), § 12 (15 P.S. § 2912).

15 Pa.C.S. § 2925: Substantially a reenactment of act of July 9, 1970 (P.L.461, No.160), § 13 (15 P.S. § 2913). As to the nonassessability of shares in subsections (b) and (c), see new 15 Pa.C.S. § 1524(c).

15 Pa.C.S. § 4101: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 3 and 4B(3) (15 P.S. §§ 1003 and 1004B(3)). Subsection (a) is patterned after 15 Pa.C.S. § 8101.

15 Pa.C.S. § 4102: Patterned in part after California General Corporation Law § 2115(a) and (e). See former 15 Pa.C.S. § 8145(a) and new 15 Pa.C.S. § 2502.

15 Pa.C.S. § 4103: Patterned in part after California General Corporation Law § 2115(c). See new 15 Pa.C.S. § 2503.

15 Pa.C.S. § 4104: Patterned in part after California General Corporation Law § 2115(d). See new 15 Pa.C.S. § 2504.

15 Pa.C.S. § 4121: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 3C and 1001A (15 P.S. §§ 1003C and 2001A). Patterned after former 15 Pa.C.S. § 8121. The last sentence of subsection (b) is added.

15 Pa.C.S. § 4122: Derived from act of May 5, 1933 (P.L.364, No.106), § 1001B (15 P.S. § 2001B). Patterned after former 15 Pa.C.S. § 8122. Subsection (a)(7) and (8) is patterned in part after Revised Model Business Corporation Act § 15.01(b)(7) and (8) (1984).

15 Pa.C.S. § 4123: Derived from act of May 5, 1933 (P.L.364, No.106), § 1002 (15 P.S. § 2002). Patterned after former 15 Pa.C.S. § 8123. Subsection (b)(1) is added. The requirement of prior law that the application for a certificate of authority contain a statement of the business that the applicant corporation proposes to transact in this Commonwealth appears in new 15 Pa.C.S. § 134(a).

15 Pa.C.S. § 4124: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 1003 and 1004 (15 P.S. §§ 2003 and 2004). Patterned after former 15 Pa.C.S. § 8124. The requirements of prior law that a current subsistence certificate be submitted in order to qualify, that the official publication of notice of qualification include the character and nature of the business to be done and the date of qualification, and that the application for a certificate of authority state the business proposed to be done and that such business is authorized by the articles are omitted. Execution of the application for a certificate of authority is governed by new 15 Pa.C.S. § 1108. Provisions regarding the corporate name are supplied by new 15 Pa.C.S. § 4123.

15 Pa.C.S. § 4125: Derived from act of May 5, 1933 (P.L.364, No.106), § 1005 (15 P.S. § 2005). Patterned after former 15 Pa.C.S. § 8125.

15 Pa.C.S. § 4126: Derived from act of May 5, 1933 (P.L.364, No.106), § 1007 (15 P.S. § 2007). Patterned after former 15 Pa.C.S. § 8126. Former subsection B is omitted. The requirement of prior law that a current subsistence certificate be submitted with an application for an amended certificate of authority reflecting a change of name is omitted. Execution of the application for an amended certificate of authority is governed by new 15 Pa.C.S. § 1108.

15 Pa.C.S. § 4127: Compare act of May 5, 1933 (P.L.364, No.106), § 1009 (15 P.S. § 2009). Patterned after former 15 Pa.C.S. § 8127. Execution of the statement of merger, consolidation or division is governed by new 15 Pa.C.S. § 1108.

15 Pa.C.S. § 4128: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 1013 and 1016 (15 P.S. §§ 2013 and 2016). Patterned after former 15 Pa.C.S. § 8128.

15 Pa.C.S. § 4129: Derived from act of May 5, 1933 (P.L.364, No.106), § 1015 (15 P.S. § 2015). Patterned after former 15 Pa.C.S. § 8129. Subsection (a)(5) is added. Execution of the application for a certificate of withdrawal is governed by new 15 Pa.C.S. § 1108.

15 Pa.C.S. § 4130: Patterned after former 15 Pa.C.S. § 8130.

15 Pa.C.S. § 4131: Patterned in general after Revised Model Business Corporation Act § 4.03 (1984).

15 Pa.C.S. § 4141: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 4B(3) and 1014 (15 P.S. §§ 1004B(3) and 2014). Patterned after former 15 Pa.C.S. § 8141. The last clause of subsection (b) is intended to make clear that, since at least 1966, escheat of property has not been a penalty for failure to qualify as a foreign corporation for profit.

15 Pa.C.S. § 4142: Subsection (a) is derived from act of May 5, 1933 (P.L.364, No.106), § 1010A (15 P.S. § 2010A), and patterned in part after former 15 Pa.C.S. § 8142. Subsection (b) is new.

15 Pa.C.S. § 4143: Derived from act of May 5, 1933 (P.L.364, No.106), §§ 1010B and 1012 (15 P.S. §§ 2010B and 2012). Patterned after former 15 Pa.C.S. § 8143.

15 Pa.C.S. § 4144: Derived from act of May 5, 1933 (P.L.364, No.106), § 1006 (15 P.S. § 2006). Patterned after former 15 Pa.C.S. § 8144.

15 Pa.C.S. § 4145: Patterned in part after former 15 Pa.C.S. § 8145.

15 Pa.C.S. § 4146: New.

15 Pa.C.S. § 4161: Derived from act of May 5, 1933 (P.L.364, No.106), § 909 (15 P.S. § 1909). Subsection (b)(1) is patterned in part after N.J.S.A. § 14A:1-6(1)(a). The requirement for issuance of a certificate of domestication is supplied by new 15 Pa.C.S. § 133(e).

15 Pa.C.S. § 4162: New.

15 Pa.C.S. §§ 5101 through 6145: Renumbered from former 15 Pa.C.S. §§ 7101 through 8145, without change in substance except as indicated below (references are to new section numbers).

15 Pa.C.S. § 5101: Derived from former 15 Pa.C.S. § 7301.

15 Pa.C.S. § 5102: Derived from former 15 Pa.C.S. § 7302.

15 Pa.C.S. § 5103: Conforming changes.

15 Pa.C.S. § 5104: New.

15 Pa.C.S. § 5109: New.

15 Pa.C.S. former § 7301: 15 Pa.C.S. § 5101.

15 Pa.C.S. former § 7302: 15 Pa.C.S. § 5102.

15 Pa.C.S. former § 7745: Supplied by 42 Pa.C.S. § 8365(d).

15 Pa.C.S. former § 7951(a): Supplied by 15 Pa.C.S. § 1961(a).

15 Pa.C.S. former § 7952(c): Supplied by 15 Pa.C.S. § 1962(c).

15 Pa.C.S. former § 7956(a): Supplied by 15 Pa.C.S. § 1966.

15 Pa.C.S. former § 7990: Supplied by 15 Pa.C.S. § 503.

15 Pa.C.S. § 7101: New.

15 Pa.C.S. § 7102: Subsections (a) and (b) are a generalization of act of June 7, 1887 (P.L.365, No.252) (15 P.S. § 12001 et seq.). Subsection (c) is new.

15 Pa.C.S. § 7103: Generalization of act of June 7, 1887 (P.L.365, No.252) (15 P.S. § 12001 et seq.).

15 Pa.C.S. § 7111: Generalization of act of June 7, 1887 (P.L.365, No.252) (15 P.S. § 12001 et seq.).

15 Pa.C.S. § 7112: Generalization of act of June 7, 1887 (P.L.365, No.252) (15 P.S. § 12001 et seq.).

15 Pa.C.S. § 7121: New.

- 15 Pa.C.S. § 7122:* New.
- 15 Pa.C.S. § 7123:* New.
- 15 Pa.C.S. § 7124:* New.
- 15 Pa.C.S. § 7125:* New.
- 15 Pa.C.S. § 7301:* New.
- 15 Pa.C.S. § 7502:* New.
- 15 Pa.C.S. § 8101:* New.
- 15 Pa.C.S. § 8102:* New.
- 15 Pa.C.S. § 8301:* Subsection (a) is a reenactment of former 59 Pa.C.S. § 301. Subsection (b) is new. See new 15 Pa.C.S. § 101(b).
- 15 Pa.C.S. § 8302:* Reenactment of former 59 Pa.C.S. § 302, except the first clause of the definition of "business," which is new.
- 15 Pa.C.S. § 8303:* Reenactment of former 59 Pa.C.S. § 303.
- 15 Pa.C.S. § 8304:* Reenactment of former 59 Pa.C.S. § 304. See new 15 Pa.C.S. § 110.
- 15 Pa.C.S. § 8305:* Reenactment of former 59 Pa.C.S. § 305. See new 15 Pa.C.S. § 110.
- 15 Pa.C.S. § 8311:* Substantially a reenactment of former 59 Pa.C.S. § 311.
- 15 Pa.C.S. § 8312:* Reenactment of former 59 Pa.C.S. § 312.
- 15 Pa.C.S. § 8313:* Reenactment of former 59 Pa.C.S. § 313.
- 15 Pa.C.S. § 8321:* Reenactment of former 59 Pa.C.S. § 321.
- 15 Pa.C.S. § 8322:* Reenactment of former 59 Pa.C.S. § 322.
- 15 Pa.C.S. § 8323:* Reenactment of former 59 Pa.C.S. § 323.
- 15 Pa.C.S. § 8324:* Reenactment of former 59 Pa.C.S. § 324.
- 15 Pa.C.S. § 8325:* Reenactment of former 59 Pa.C.S. § 325.
- 15 Pa.C.S. § 8326:* Reenactment of former 59 Pa.C.S. § 326.
- 15 Pa.C.S. § 8327:* Reenactment of former 59 Pa.C.S. § 327.
- 15 Pa.C.S. § 8328:* Reenactment of former 59 Pa.C.S. § 328.
- 15 Pa.C.S. § 8329:* Reenactment of former 59 Pa.C.S. § 329.
- 15 Pa.C.S. § 8331:* Reenactment of former 59 Pa.C.S. § 331.
- 15 Pa.C.S. § 8332:* Reenactment of former 59 Pa.C.S. § 332.
- 15 Pa.C.S. § 8333:* Reenactment of former 59 Pa.C.S. § 333.
- 15 Pa.C.S. § 8334:* Reenactment of former 59 Pa.C.S. § 334.
- 15 Pa.C.S. § 8335:* Reenactment of former 59 Pa.C.S. § 335.
- 15 Pa.C.S. § 8336:* Reenactment of former 59 Pa.C.S. § 336.
- 15 Pa.C.S. § 8341:* Reenactment of former 59 Pa.C.S. § 341.
- 15 Pa.C.S. § 8342:* Reenactment of former 59 Pa.C.S. § 342.
- 15 Pa.C.S. § 8343:* Reenactment of former 59 Pa.C.S. § 343.
- 15 Pa.C.S. § 8344:* Reenactment of former 59 Pa.C.S. § 344.
- 15 Pa.C.S. § 8345:* Reenactment of former 59 Pa.C.S. § 345.
- 15 Pa.C.S. § 8351:* Reenactment of former 59 Pa.C.S. § 351.
- 15 Pa.C.S. § 8352:* Reenactment of former 59 Pa.C.S. § 352.
- 15 Pa.C.S. § 8353:* Reenactment of former 59 Pa.C.S. § 353.
- 15 Pa.C.S. § 8354:* Substantially a reenactment of former 59 Pa.C.S. § 354. The words "the court shall decree a dissolution" are added to subsection (b) to supply an error in the original text of the Uniform Partnership Act

§ 32. See Uniform Partnership Act (U.L.A.) § 32 (Supp. 1987) for similar amendments in other adopting jurisdictions.

15 Pa.C.S. § 8355: Reenactment of former 59 Pa.C.S. § 355.

15 Pa.C.S. § 8356: Reenactment of former 59 Pa.C.S. § 356.

15 Pa.C.S. § 8357: Reenactment of former 59 Pa.C.S. § 357.

15 Pa.C.S. § 8358: Reenactment of former 59 Pa.C.S. § 358.

15 Pa.C.S. § 8359: Reenactment of former 59 Pa.C.S. § 359.

15 Pa.C.S. § 8360: Reenactment of former 59 Pa.C.S. § 360.

15 Pa.C.S. § 8361: Reenactment of former 59 Pa.C.S. § 361.

15 Pa.C.S. § 8362: Reenactment of former 59 Pa.C.S. § 362.

15 Pa.C.S. § 8363: Reenactment of former 59 Pa.C.S. § 363.

15 Pa.C.S. § 8364: Reenactment of former 59 Pa.C.S. § 364.

15 Pa.C.S. § 8365: Reenactment of former 59 Pa.C.S. § 365.

15 Pa.C.S. § 8501: Derived from former 59 Pa.C.S. § 501. Patterned after Revised Uniform Limited Partnership Act § 1102 (1985).

15 Pa.C.S. § 8502: Subsection (a) is derived from former 59 Pa.C.S. § 502. Subsection (b) is patterned in part after Revised Uniform Limited Partnership Act § 1104 (1985). See section 304(a)(5) of the act of December 21, 1988 (P.L.1444, No.177), known as the General Association Act of 1988 (15 P.S. §§ 20101 et seq.).

15 Pa.C.S. § 8503: Derived from former 59 Pa.C.S. §§ 511 and 561. Patterned after Revised Uniform Limited Partnership Act § 101 (1985). The definitions of "person" and "state" in the Revised Uniform Act appear in 1 Pa.C.S. § 1991. The last two sentences of the definition of "certificate of limited partnership" are patterned after the definition of "articles" in new 15 Pa.C.S. § 1103. The definitions of "court," "department," "entitled to vote," "except as otherwise provided," "obligation" and "registered office" are patterned after new 15 Pa.C.S. § 1103. The definition of "distribution" is patterned after D.C. Code § 41-401(5). The definitions of "liquidating trustee" and partnership agreement" are patterned after 6 Del. Code § 17-101. The definition of "registered investment company" is used in new 15 Pa.C.S. §§ 8523 and 8532.

15 Pa.C.S. § 8504: Derived from former 59 Pa.C.S. § 503. Patterned after Revised Uniform Limited Partnership Act § 1105 (1985). See new 15 Pa.C.S. § 110.

15 Pa.C.S. § 8505: Subsection (a) is derived from former 59 Pa.C.S. § 515(a), and is patterned in part after Revised Uniform Limited Partnership Act § 102 (1985). Subsection (a)(3) is patterned after 6 Del. Code § 17-102(2). Subsection (b) is patterned in part after Revised Uniform Limited Partnership Act § 103 (1985).

15 Pa.C.S. § 8506: Patterned after new 15 Pa.C.S. § 1507. Subsection (a) is patterned in part after Revised Uniform Limited Partnership Act § 104 (1985).

15 Pa.C.S. § 8507: Patterned in part after Revised Uniform Limited Partnership Act § 105 (1985). Compare new 15 Pa.C.S. § 1508(a) and (b).

15 Pa.C.S. § 8508: Reenactment of former 59 Pa.C.S. § 513. Patterned after Revised Uniform Limited Partnership Act § 106 (1985).

15 Pa.C.S. § 8509: Derived from former 59 Pa.C.S. § 527. Patterned after Revised Uniform Limited Partnership Act § 107 (1985) and 6 Del. Code § 17-107.

15 Pa.C.S. § 8510: Patterned after 42 Pa.C.S. § 8365.

15 Pa.C.S. § 8511: Derived from former 59 Pa.C.S. § 512. Patterned in part after Revised Uniform Limited Partnership Act § 201 (1985). Subsection (c) is substantially a reenactment of former 59 Pa.C.S. § 512(c).

15 Pa.C.S. § 8512: Derived from former 59 Pa.C.S. §§ 542(b) and 543(a). Patterned in part after Revised Uniform Limited Partnership Act § 202 (1985). Subsection (a)(4) is patterned after new 15 Pa.C.S. § 1915(3). Subsection (b)(1) is patterned in part after 6 Del. Code § 17-202(c)(3). Subsection (e) is patterned after new 15 Pa.C.S. § 1916(b), 6 Del. Code § 17-202(e) and Revised Uniform Limited Partnership Act § 206(b) (1985).

15 Pa.C.S. § 8513: Derived from former 59 Pa.C.S. §§ 542(a) and 543(b). Patterned after Revised Uniform Limited Partnership Act §§ 203 and 206(b) (1985).

15 Pa.C.S. § 8514: Patterned in part after Revised Uniform Limited Partnership Act §§ 204 and 206(a) (second sentence) (1985). Section 204(c) of the Revised Uniform Act is supplied by 18 Pa.C.S. § 4904.

15 Pa.C.S. § 8515: Derived from former 59 Pa.C.S. § 543(c). Patterned in part after Revised Uniform Limited Partnership Act §§ 205 and 206(b) (1985).

15 Pa.C.S. § 8516: Derived from former 59 Pa.C.S. § 516. Patterned after Revised Uniform Limited Partnership Act § 207 (1985). The tests of materiality and reasonable reliance are patterned after 6 Del. Code § 17-207.

15 Pa.C.S. § 8517: Patterned in part after Revised Uniform Limited Partnership Act § 208 (1985).

15 Pa.C.S. § 8518: Patterned in part after Revised Uniform Limited Partnership Act § 209 (1985).

15 Pa.C.S. § 8519: Derived from former 59 Pa.C.S. § 544. Compare new 15 Pa.C.S. § 1311.

15 Pa.C.S. § 8521: Derived from former 59 Pa.C.S. §§ 522 and 533. Patterned in part after Revised Uniform Limited Partnership Act § 301 (1985). Deletion of the requirement of the Revised Uniform Act that consent under subsection (b)(1) be written is patterned after 6 Del. Code § 17-301(1).

15 Pa.C.S. § 8522: Patterned after 6 Del. Code § 17-302. Subsection (b) is patterned in part after Revised Uniform Limited Partnership Act § 302 (1985).

15 Pa.C.S. § 8523: Derived from former 59 Pa.C.S. §§ 515(b) and 521. Patterned after Revised Uniform Limited Partnership Act § 303 (1985), and 6 Del. Code § 17-303. Subsection (b)(9) is patterned after former Nebraska Statutes § 67-210(3). Subsection (b)(12) is patterned after D.C. Code § 41-433(8).

15 Pa.C.S. § 8524: Derived from former 59 Pa.C.S. § 525. Patterned in part after Revised Uniform Limited Partnership Act § 304 (1985). Test of action within reasonable time in subsection (a) and requirements of reasonable reliance in subsection (b) are patterned after 6 Del. Code § 17-304.

15 Pa.C.S. § 8525: Derived from former 59 Pa.C.S. § 524(a). Patterned in part after Revised Uniform Limited Partnership Act § 305 (1985) and 6 Del. Code § 17-305.

15 Pa.C.S. § 8531: Derived from former 59 Pa.C.S. § 543(a)(2). Patterned after Revised Uniform Limited Partnership Act § 401 (1985). Reference in subsection (a) to consent by a majority in interest of the limited partners is patterned after D.C. Code § 41-441.

15 Pa.C.S. § 8532: Subsection (a) is derived from former 59 Pa.C.S. § 534, and is patterned after Revised Uniform Limited Partnership Act § 402 (1985). Subsection (b) is new.

15 Pa.C.S. § 8533: Derived from former 59 Pa.C.S. § 523. Patterned after Revised Uniform Limited Partnership Act § 403 (1985).

15 Pa.C.S. § 8534: Derived from former 59 Pa.C.S. § 526. Patterned after Revised Uniform Limited Partnership Act § 404 (1985).

15 Pa.C.S. § 8535: Patterned after Revised Uniform Limited Partnership Act § 405 (1985) and 6 Del. Code § 17-405.

15 Pa.C.S. § 8541: Derived from former 59 Pa.C.S. § 514. Patterned after Revised Uniform Limited Partnership Act § 501 (1985).

15 Pa.C.S. § 8542: Derived from former 59 Pa.C.S. § 531. Patterned in part after Revised Uniform Limited Partnership Act § 502 (1985).

15 Pa.C.S. § 8543: Derived from former 59 Pa.C.S. § 524(b). Patterned in part after Revised Uniform Limited Partnership Act § 503 (1985).

15 Pa.C.S. § 8544: Derived from former 59 Pa.C.S. § 528. Patterned in part after Revised Uniform Limited Partnership Act § 504 (1985).

15 Pa.C.S. § 8545: Patterned after new 15 Pa.C.S. § 1921.

15 Pa.C.S. § 8546: Patterned after new 15 Pa.C.S. §§ 1922, 1923, 1924 and 1925.

15 Pa.C.S. § 8547: Patterned after new 15 Pa.C.S. §§ 1901, 1926 and 1927.

15 Pa.C.S. § 8548: Patterned after new 15 Pa.C.S. § 1928.

15 Pa.C.S. § 8549: Patterned after new 15 Pa.C.S. § 1929.

15 Pa.C.S. § 8551: Patterned after Revised Uniform Limited Partnership Act § 601 (1985).

15 Pa.C.S. § 8552: Patterned after Revised Uniform Limited Partnership Act § 602 (1985) and 6 Del. Code § 17-602. Compare new 15 Pa.C.S. § 8360.

15 Pa.C.S. § 8553: Derived from former 59 Pa.C.S. § 530(a)(3) and (b). Subsection (a) is patterned after Revised Uniform Limited Partnership Act § 603 (1985). Subsection (b) is patterned after 6 Del. Code § 17-603 (last sentence).

15 Pa.C.S. § 8554: Derived from former 59 Pa.C.S. § 530(a)(2). Patterned after Revised Uniform Limited Partnership Act § 604 (1985).

15 Pa.C.S. § 8555: Derived from former 59 Pa.C.S. § 530(c). Patterned after Revised Uniform Limited Partnership Act § 605 (1985).

15 Pa.C.S. § 8556: Patterned after Revised Uniform Limited Partnership Act § 606 (1985) and 6 Del. Code § 17-606.

15 Pa.C.S. § 8557: Derived from former 59 Pa.C.S. §§ 529 and 530(a)(1). Patterned after Revised Uniform Limited Partnership Act § 607 (1985), as adopted in California. See Cal. Corp. Code § 15666.

15 Pa.C.S. § 8558: Derived from former 59 Pa.C.S. § 531. Patterned in part after Revised Uniform Limited Partnership Act § 608 (1985).

15 Pa.C.S. § 8561: Derived from former 59 Pa.C.S. § 532. Patterned after Revised Uniform Limited Partnership Act § 701 (1985).

15 Pa.C.S. § 8562: Derived from former 59 Pa.C.S. § 533. Patterned after 6 Del. Code § 17-702. Subsection (a) is patterned in part after Revised Uniform Limited Partnership Act § 702 (1985).

15 Pa.C.S. § 8563: Derived from former 59 Pa.C.S. § 536. Patterned after Revised Uniform Limited Partnership Act § 703 (1985).

15 Pa.C.S. § 8564: Derived from former 59 Pa.C.S. § 533. Patterned after Revised Uniform Limited Partnership Act § 704 (1985).

15 Pa.C.S. § 8565: Derived from former 59 Pa.C.S. § 535. Patterned after Revised Uniform Limited Partnership Act § 705 (1985).

15 Pa.C.S. § 8571: Subsection (a) is derived from former 59 Pa.C.S. §§ 523(7) and 534, and is patterned after Revised Uniform Limited Partnership Act § 801 (1985). The balance of the section is added. As to subsection (c), see section 304(a)(6) of the act of December 21, 1988 (P.L.1444, No.177), known as the General Association Act of 1988 (15 P.S. §§ 20101 et seq.).

15 Pa.C.S. § 8572: Patterned after Revised Uniform Limited Partnership Act § 802 (1985).

15 Pa.C.S. § 8573: Patterned after Revised Uniform Limited Partnership Act § 803 (1985) and 6 Del. Code § 17-803(a). Compare new 15 Pa.C.S. § 8359.

15 Pa.C.S. § 8574: Derived from former 59 Pa.C.S. § 541. Patterned after Revised Uniform Limited Partnership Act § 804 (1985) and 6 Del. Code § 17-804.

15 Pa.C.S. § 8575: Patterned after new 15 Pa.C.S. § 1979.

15 Pa.C.S. § 8581: Derived from former 59 Pa.C.S. § 562. Patterned after Revised Uniform Limited Partnership Act § 901 (1985).

15 Pa.C.S. § 8582: Subsection (a) is derived from former 59 Pa.C.S. § 563 and is patterned in part after Revised Uniform Limited Partnership Act § 902 (1985). Subsection (b) is patterned after Conn. G.S.A. § 34-380 and Mich. Con. L.A. § 449.1909.

15 Pa.C.S. § 8583: Substantially a reenactment of former 59 Pa.C.S. § 564. Patterned in part after Revised Uniform Limited Partnership Act § 903 (1985).

15 Pa.C.S. § 8584: Reenactment of former 59 Pa.C.S. § 565. Patterned in part after Revised Uniform Limited Partnership Act § 904 (1985).

15 Pa.C.S. § 8585: Subsection (a) is derived from former 59 Pa.C.S. § 566, and is patterned in part after Revised Uniform Limited Partnership Act § 905 (1985). Subsections (b) and (c) are new.

15 Pa.C.S. § 8586: Subsection (a) is derived from former 59 Pa.C.S. § 567, and is patterned in part after Revised Uniform Limited Partnership

Act § 906 (1985). Subsection (b) is patterned after new 15 Pa.C.S. § 4129(d).

15 Pa.C.S. § 8587: Subsections (a)-(c) are derived from former 59 Pa.C.S. § 568 and are patterned in part after Revised Uniform Limited Partnership Act § 907(a)-(c) (1985). The second sentence of subsection (a) is patterned after the second sentence of new 15 Pa.C.S. § 4141(a). Subsections (d) and (e) are patterned after new 15 Pa.C.S. § 4143(a) and (b). Section 907(d) of the Revised Uniform Act is supplied by 42 Pa.C.S. Ch. 53 Subch. B.

15 Pa.C.S. § 8588: Substantially a reenactment of former 59 Pa.C.S. § 569. Patterned after Revised Uniform Limited Partnership Act § 908 (1985).

15 Pa.C.S. § 8589: Patterned after new 15 Pa.C.S. § 4142.

15 Pa.C.S. § 8591: Patterned after Revised Uniform Limited Partnership Act § 1001 (1985). The last sentence is patterned after D.C. Code § 41-499.11.

15 Pa.C.S. § 8592: Subsection (a) is patterned after Revised Uniform Limited Partnership Act § 1002 (1985). Subsection (b) is patterned after new 15 Pa.C.S. § 1782(b).

15 Pa.C.S. § 8593: Patterned after Revised Uniform Limited Partnership Act § 1003 (1985). The introductory proviso is derived from Pa. Const. Art. V, § 10 and 42 Pa.C.S. § 1722.

15 Pa.C.S. § 8594: The first sentence of subsection (a) is patterned after Revised Uniform Limited Partnership Act § 1004 (1985). The introductory proviso of subsection (a) is derived from Pa. Const. Art. V, § 10 and 42 Pa.C.S. § 1726. The second sentence of subsection (a) is patterned after 6 Del. Code § 17-1004. Subsection (b) is patterned after new 15 Pa.C.S. § 1782(c).

15 Pa.C.S. § 8701: Subsections (a), (b) and (c) are substantially a reenactment of former 59 Pa.C.S. § 701. The designation of the document filed in the Department of State is changed from "certificate" to "statement." Subsection (d) is new.

15 Pa.C.S. § 8702: Reenactment of former 59 Pa.C.S. § 702.

15 Pa.C.S. § 8703: Substantially a reenactment of former 59 Pa.C.S. § 703. The designation of the document is changed from "certificate" to "statement."

15 Pa.C.S. § 8704: Reenactment of former 59 Pa.C.S. § 704.

15 Pa.C.S. § 8705: Reenactment of former 59 Pa.C.S. § 705, except that subsection (b)(1) is new and is intended as a codification of existing law. See section 304(a)(7) of the act of December 21, 1988 (P.L.1444, No.177), known as the General Association Act of 1988 (15 P.S. §§ 20101 et seq.).

15 Pa.C.S. § 8706: Reenactment of former 59 Pa.C.S. § 706.

15 Pa.C.S. § 8707: Derived from former 59 Pa.C.S. § 707. The words "of the partnership in addition to or in contravention of the changes" in the second sentence of subsection (a) are intended as a codification of existing law. See section 304(a)(7) of the act of December 21, 1988 (P.L.1444, No.177), known as the General Association Act of 1988 (15 P.S. §§ 20101 et seq.).

15 Pa.C.S. § 9101: Intended as a codification of existing law. See new 15 Pa.C.S. § 110.

15 Pa.C.S. § 9102: Substantially a reenactment of act of April 28, 1876 (P.L.53, No.45), § 1 (15 P.S. §12903).

15 Pa.C.S. § 9103: Substantially a reenactment of act of June 30, 1923 (P.L.984, No.404), §§ 1, 2 and 4 (15 P.S. §§ 12501, 12502 and 12503).

15 Pa.C.S. § 9301: Derived from act of August 7, 1961 (P.L.941, No.416), § 1 (15 P.S. §12601).

15 Pa.C.S. § 9302: New. Compare act of August 7, 1961 (P.L.941, No.416), § 3 (15 P.S. § 12603).

15 Pa.C.S. § 9303: Derived from act of August 7, 1961 (P.L.941, No.416), § 2 (15 P.S. § 12602). The reference to Chapter 29 in the definition of "profession" is added. The definition of "professional association" is supplied by new 15 Pa.C.S. § 9302.

15 Pa.C.S. § 9304: Reenactment of act of August 7, 1961 (P.L.941, No.416), § 4 (15 P.S. § 12604).

15 Pa.C.S. § 9305: Subsections (a) and (b) are derived from act of August 7, 1961 (P.L.941, No.416), § 5 (15 P.S. § 12605). The provision for filing new articles of association is omitted and the place of filing amended articles of association is changed from the prothonotary to the place stated in the text. Subsections (c) and (d) are new.

15 Pa.C.S. § 9306: Substantially a reenactment of act of August 7, 1961 (P.L.941, No.416), § 6 (15 P.S. § 12606).

15 Pa.C.S. § 9307: Substantially a reenactment of act of August 7, 1961 (P.L.941, No.416), § 7 (15 P.S. § 12607).

15 Pa.C.S. § 9308: Substantially a reenactment of act of August 7, 1961 (P.L.941, No.416), § 8 (15 P.S. § 12608).

15 Pa.C.S. § 9309: Reenactment of act of August 7, 1961 (P.L.941, No.416), § 9 (15 P.S. § 12609).

15 Pa.C.S. § 9310: Substantially a reenactment of act of August 7, 1961 (P.L.941, No.416), § 10 (15 P.S. § 12610).

15 Pa.C.S. § 9311: Reenactment of act of August 7, 1961 (P.L.941, No.416), § 11 (15 P.S. § 12611).

15 Pa.C.S. § 9312: Substantially a reenactment of act of August 7, 1961 (P.L.941, No.416), § 12 (15 P.S. § 12612).

15 Pa.C.S. § 9313: Substantially a reenactment of act of August 7, 1961 (P.L.941, No.416), § 13 (15 P.S. § 12613).

15 Pa.C.S. § 9314: Reenactment of act of August 7, 1961 (P.L.941, No.416), § 14 (15 P.S. § 12614).

15 Pa.C.S. § 9315: Reenactment of act of August 7, 1961 (P.L.941, No.416), § 15 (15 P.S. § 12615).

15 Pa.C.S. § 9316: Reenactment of act of August 7, 1961 (P.L.941, No.416), § 16 (15 P.S. § 12616).

15 Pa.C.S. § 9317: Reenactment of act of August 7, 1961 (P.L.941, No.416), § 17 (15 P.S. § 12617).

15 Pa.C.S. § 9318: Reenactment of act of August 7, 1961 (P.L.941, No.416), § 18 (15 P.S. § 12618).

15 Pa.C.S. § 9319: Subsections (a), (b) and (d) are derived from act of August 7, 1961 (P.L.941, No.416), § 19 (15 P.S. § 12619). The requirement of prior law for 60 days' registered or certified mail notice is replaced by the requirement set forth in the text. Subsection (c) is new.

15 Pa.C.S. § 9501: New. As to taxation of business trusts, see 61 Pa. Code §§ 153.1(b)(1) and 155.1(b). No change in the law is intended.

15 Pa.C.S. § 9502: Intended as a codification of *Pennsylvania Company for Insurance of Lives and Granting Annuities v. Wallace*, 346 Pa.532 (1943). Patterned after 60 Okla. Stat. § 171.

15 Pa.C.S. § 9503: New. Patterned in part after 60 Okla. Stat. § 172.

15 Pa.C.S. § 9504: New. Patterned in part after 15 Pa.C.S. §§ 1306(a)(2) and 1507.

15 Pa.C.S. § 9505: New. Patterned after 60 Okla. Stat. § 173.

15 Pa.C.S. § 9506: New. Subsection (a) patterned after 60 Okla. Stat. § 174.

AMENDATORY BILL

Section 104: New. Compare former 15 Pa.C.S. § 101(c) and 15 P.S. § 4 note.

Section 105: Derived from act of November 15, 1972 (P.L.1063, No.271), § 7 (former 15 Pa.C.S. § 101 note).

Section 106: Substantially a reenactment of act of July 10, 1981 (P.L.237, No.77), § 6 (former 59 Pa.C.S.A. § 701 note).

Section 107: New.

DIVISION II

Section 202: New.

Section 203: New.

Section 204: New. See section 304(a)(3) of the act of December 21, 1988 (P.L.1444, No.177), known as the General Association Act of 1988 (15 P.S. §§ 20101 et seq.), as to the effectiveness of the amendment to 54 Pa.C.S. § 311(b)(1).

Section 205: New. Repeals 66 Pa.C.S. § 3103 as obsolete since business corporations may be organized for public utility purposes without specific statutory authority.

Section 206: New. The unofficial citations of the statutes affected by this section are as follows:

| <i>Act</i> | <i>Section</i> | <i>Unofficial Citation</i> |
|---------------------|----------------|----------------------------|
| 1921, No.284 | 751(a) | 40 P.S. § 910-51(a) |
| 1937, No.66 | 3 | 7 P.S. § 6203 |
| | 7 | 7 P.S. § 6207 |
| | 13 | 7 P.S. § 6213 |
| | 2 | 63 P.S. § 9.2 |
| 1947, No.140 | 8.4 | 63 P.S. § 9.8d |
| | 8.6 | 63 P.S. § 9.8f |
| | 8(b) | 63 P.S. § 479.8(b) |
| 1952, (1951) No.522 | 8(b) | 63 P.S. § 479.8(b) |

| | | |
|--------------|------|--------------------|
| | 8(d) | 63 P.S. § 479.8(d) |
| 1959, No.606 | 4 | 15 P.S. § 2704 |
| | 8 | 15 P.S. § 2708 |
| | 9.1 | 15 P.S. § 2709.1 |
| 1965, No.356 | 802 | 7 P.S. § 802 |
| | 1204 | 7 P.S. § 1204 |
| | 1207 | 7 P.S. § 1207 |
| | 1222 | 7 P.S. § 1222 |

DIVISION III**Section 301:** New.

Section 302(a): The provisions repealed by this subsection are supplied in this act as follows (an asterisk indicates that a provision is repealed in part):

| Repealed Act | Section | Unofficial Citation | Superseding Provision of Title 15 (unless otherwise noted) |
|--------------|---------|---------------------|---|
| 1838, No.22 | - | 15 P.S. § 4064 | Obsolete |
| 1840, No.91 | 1 | 15 P.S. § 4313 | Obsolete |
| | 2 | 15 P.S. § 4314 | Obsolete |
| 1842, No.14 | 1 | 15 P.S. § 4301 | note Obsolete |
| 1843, No.173 | 1-7 | - | Special |
| | 8 | - | Repealed 1917 |
| | 9 | - | Special |
| | 10 | 15 P.S. § 4320 | Obsolete |
| | 11-18 | - | Special |
| 1845, No.243 | 1 | 15 P.S. § 4163 | Obsolete |
| 1847, No.273 | 1 | 15 P.S. § 4002 | 1755(a), 1732(a) |
| | 2 | 15 P.S. § 4012 | Obsolete |
| 1847, No.276 | 1 | 15 P.S. § 4161 | 66 Pa.C.S. § 2701 |
| 1848, No.1 | 1 | 15 P.S. § 4315 | Obsolete |
| | 2 | - | Obsolete |
| | 3 | 15 P.S. § 4321 | Obsolete |
| | 4 | - | Obsolete |
| 1848, No.363 | 1-3 | - | Obsolete |
| | 4 | 15 P.S. § 4316 | Obsolete |
| | 5 | - | Obsolete |
| 1849, No.76 | 1 | 15 P.S. § 3953 | Obsolete |
| | 2 | 15 P.S. § 3901 | Ch.13A |
| | 3 | 15 P.S. § 3902 | 1310, 1504, 1732 |
| | 4 | 15 P.S. § 3965 | Chs.11 to 19 |
| | 5 | 15 P.S. § 4003 | Ch.17D |
| | 6 | 15 P.S. § 4020 | Chs.11 to 19 |
| | 7 | 15 P.S. § 3954 | Ch.15B |
| | 8 | 15 P.S. § 3955 | Ch.15B |
| | 9 | 15 P.S. § 3956 | Ch.15C |

| | | | |
|--------------|----|---------------------|--|
| | 10 | 15 P.S. § 4061 | 1511 |
| | 11 | - | Repealed 1978 |
| | 12 | - | Repealed 1978 |
| | 13 | 15 P.S. § 4067 | 66 Pa.C.S. § 2704 |
| | 14 | - | Repealed 1978 |
| | 15 | - | Repealed 1972 |
| | 16 | - | Repealed 1860 |
| | 17 | - | Repealed 1968 |
| | 18 | - | Repealed 1978 |
| | 19 | 15 P.S. § 4062 | Obsolete |
| | 20 | 15 P.S. § 3903 | 501 |
| 1853, No.239 | 1 | 15 P.S. § 4072 note | Obsolete |
| 1856, No.74 | 1 | 15 P.S. § 4208 | 1510 |
| 1857, No.595 | 1 | 15 P.S. § 4206 | 1903 |
| 1857, No.664 | 1 | 15 P.S. § 4317 | 66 Pa.C.S. § 2702 |
| 1858, No.402 | 1 | 15 P.S. § 4318 | 1511 |
| 1859, No.293 | 1 | 15 P.S. § 4254 | Obsolete |
| 1861, No.3 | 1 | 68 P.S. § 55 | 4143(a), Sec. 302(a) of Act 1903 |
| 1861, No.262 | 1 | 15 P.S. § 118 | 1903 |
| | 2 | - | Supplied 1878 |
| 1861, No.379 | 1 | 15 P.S. § 4255 | 1502 |
| 1861, No.405 | 1 | 68 P.S. § 32 | 4143(a) |
| | | 68 P.S. § 51 | Section 302(a) of Act |
| 1861, No.453 | 1 | 15 P.S. § 4254 note | Obsolete |
| 1861, No.657 | 1 | 15 P.S. § 4262 | 1921 |
| | 2 | 15 P.S. § 4263 | 1922-24 |
| | 3 | 15 P.S. § 4264 | Ch.15D, 1928-30 |
| 1862, No.148 | 1 | 15 P.S. § 4301 note | Obsolete |
| | 2 | 15 P.S. § 4301 note | Obsolete |
| | 3 | 15 P.S. § 4301 note | Obsolete |
| 1862, No.490 | 1 | 15 P.S. § 4077 | 1511 |
| 1863, No.530 | 1 | 15 P.S. § 4073 | Obsolete |
| 1865, No.18 | 1 | 15 P.S. § 4071 | 1511 |
| 1865, No.28 | 1 | - | Repealed 1968 |
| | 2 | 15 P.S. § 4019 | 1723 |
| 1865, No.35 | 1 | 15 P.S. § 4272 | 1921 |
| | 2 | 15 P.S. § 4273 | 1922-24 |
| | 3 | 15 P.S. § 4274 | 1928 |
| | 4 | 15 P.S. § 4275 | 1929(a) |
| | 5 | 15 P.S. § 4276 | 1926 |
| | 6 | 15 P.S. § 4277 | 1929(b) |
| | 7 | 15 P.S. § 4278 | 1929(c) |
| | 8 | 15 P.S. § 4279 | 1930 |
| 1865, No.626 | 2 | 68 P.S. § 59 | 4143(a), Sec. 302(a) of Act |
| 1865, No.837 | 1 | 15 P.S. § 3966 | 1758(a) |

| | | | |
|---------------|----|----------------------|--------------------------------|
| 1865, No.839 | 1 | 15 P.S. § 4162 | Obsolete |
| 1865, No.841 | 1 | 15 P.S. § 4213 | 1903 |
| 1866, No.273 | 1 | 53 P.S. § 16433 note | Obsolete |
| | 2 | - | Obsolete |
| | 3 | - | Obsolete |
| | 4 | 53 P.S. § 16433 | Obsolete |
| | 5 | 53 P.S. § 16434 | Obsolete |
| 1866, No.95 | 1 | 15 P.S. § 4004 | 1765 |
| 1867, No.1283 | 1 | 15 P.S. § 4001 | 1722 |
| 1867, No.40 | 1 | 15 P.S. § 3962 | 1523 |
| 1868, No.4 | 1 | 15 P.S. § 4013 | 1755(a), 1732(a) |
| 1868, No.267 | 1 | 15 P.S. § 118 note | Obsolete |
| 1868, No.335 | 1 | 15 P.S. § 118 note | Obsolete |
| 1868, No.17 | 1 | 15 P.S. § 111 | 1502(a) |
| 1868, No.20 | 1 | 15 P.S. § 4271 | Obsolete |
| 1868, No.29 | 1 | 15 P.S. § 3904 | Ch.13A, 1502 |
| | 2 | 15 P.S. § 3906 | Obsolete |
| | 3 | - | Repealed 1978 |
| | 4 | 15 P.S. § 3951 | Obsolete |
| | 5 | 15 P.S. § 3909 | 1309 |
| | 6 | - | Repealed 1968 |
| | 7 | 15 P.S. § 4018 | 1722, 1723 |
| | 8 | - | Repealed 1968 |
| | 9 | 15 P.S. § 4070 note | Supplied 1917 |
| | 10 | - | Repealed 1978 |
| | 11 | - | Repealed 1978 |
| | 12 | 15 P.S. § 3912 | Obsolete |
| | 13 | 15 P.S. § 3913 | 501 |
| 1868, No.61 | 1 | 15 P.S. § 4260 | 1502(a)(6) |
| 1869, No.9 | 1 | 15 P.S. § 4042 | 1502(a)(6)-(8) |
| 1869, No.10 | 1 | 15 P.S. § 4010 | 1722, 1723, 1730, 1732 |
| | 2 | 15 P.S. § 3941 | 1502(a)(15), 1703, 1704 |
| 1869, No.11 | 1 | 15 P.S. § 4081 | 1511 |
| | 2 | 15 P.S. § 4082 | 1511 |
| 1869, No.16 | 1 | 15 P.S. § 4303 | 1511 |
| 1869, No.24 | 1 | 15 P.S. § 4269 | 1929 |
| 1869, No.33 | 1 | 15 P.S. § 4041 | 1502(a)(6)-(8) |
| 1869, No.70 | 1 | 68 P.S. § 55 note | 4143(a), Sec. 302(a) of Act |
| 1870, No.8 | 1 | 15 P.S. § 4259 | Obsolete |
| 1870, No.26 | 1 | 15 P.S. § 856 | 503 |
| 1870, No.46 | 1 | 15 P.S. § 4204 | 1502(a)(6) |
| 1870, No.13 | 1 | 15 P.S. § 3903 note | 503, 66 Pa.C.S. § 503 |
| 1870, No.48 | 1 | 15 P.S. § 4270 | 1502, 1921 |
| 1870, No.1170 | 1 | 15 P.S. § 4281 | 1921 |

| | | | |
|--------------|----------|---------------------|---------------------------|
| 1871, No.61 | 1 | 15 P.S. § 4322 | 66 Pa.C.S. § 1102 |
| 1871, No.232 | 1 | 15 P.S. § 3917 | 1301 |
| | 2 | 15 P.S. § 3918 | Obsolete |
| 1871, No.234 | 1 | 15 P.S. § 4083 | 1511 |
| 1871, No.830 | 1 | 15 P.S. § 4261 | 1502, 1921 |
| 1871, No.263 | 1 | 15 P.S. § 3952 | Obsolete |
| 1872, No.25 | 1 | 15 P.S. § 4084 | 1511 |
| 1872, No.39 | 1 | 15 P.S. § 851 | 1985 |
| | 2 | - | Repealed 1971 |
| | 3 | - | Repealed 1978 |
| 1873, No.95 | 1 | 15 P.S. § 4063 note | Obsolete |
| 1873, No.450 | 1 | 15 P.S. § 3601 note | Supplied 1901 |
| | 2 | 15 P.S. § 3601 note | Supplied 1901 |
| 1873, No.219 | 1 | 15 P.S. § 4011 | 1732 |
| 1873, No.303 | 1 | 15 P.S. § 4323 | Obsolete |
| | 2 | 15 P.S. § 4324 | Obsolete |
| 1874, No.13 | 1 | 15 P.S. § 3017 note | 505 |
| 1874, No.36 | 1 | 15 P.S. § 853 | Chs. 19F, 19G |
| 1874, No.32 | 1 | 15 P.S. § 3012 | 1301 |
| | 2 subd.1 | - | Repealed 1933 |
| | 2 subd.2 | 15 P.S. § 3014 | 1301 |
| | 2.1 | 15 P.S. § 3011 | 1305 |
| | 3 | 15 P.S. § 3016 | 1306, 1307, 1308, 1309 |
| | 4 | 15 P.S. § 3015 | 501, 1502(a)(1) |
| | 5 | 15 P.S. § 3101 | 1504 |
| | | 15 P.S. § 3102 | Ch.17B |
| | 6 | 15 P.S. § 3104 | 1756 |
| | 7 | - | Repealed 1966 |
| | 8 | - | Repealed 1966 |
| | 9 | 15 P.S. § 3106 | 1725(c) |
| | 10 | 15 P.S. § 3105 note | 1758 |
| | 11 | 15 P.S. § 3132 | 1529 |
| | 12 | 15 P.S. § 3135 | 1502, Ch.15B |
| | 13 | - | Repealed 1966 |
| | 14 | 15 P.S. § 3136 | 1526 |
| | 15 | 15 P.S. § 3137 | 1553 |
| | 16 | - | Repealed 1913 |
| | 17 | 15 P.S. § 3131 | Ch.15B |
| | 18 | 15 P.S. § 3025 | 1924 |
| | 19 | 15 P.S. § 3026 | Ch.19C |
| | 20 | 15 P.S. § 3027 | 1765 |
| | 21 | 15 P.S. § 3028 | Ch.17D |
| | 22 | 15 P.S. § 3029 | 1927 |
| | 23 | 15 P.S. § 3024 | 1921 |
| | 24 | 15 P.S. § 3139 | 1526 |
| | 25 | 15 P.S. § 3020 | Obsolete |
| | 26 | - | Repealed 1966 |

| | | | |
|--------------|-----------|---------------------|---|
| | 27 | 40 P.S. § 382 note | Supplied 1876 |
| | 28 | 40 P.S. § 552 | Supplied 1876 |
| | 29 | - | Supplied 1921 |
| | 30 | - | Repealed 1966 |
| | 31 | - | Repealed 1966 |
| | 32 | - | Repealed 1966 |
| | 33 | 15 P.S. § 3301 | 66 Pa.C.S. § 1103 |
| | 33cl.1 | 15 P.S. § 3302 | 1511 |
| | 33cl.2 | 15 P.S. § 3303 | 1511 |
| | 33cl.3 | - | Repealed 1966 |
| | 33cl.4 | - | Repealed 1968 |
| | 33cl.5 | - | Repealed 1966 |
| | 34 | 15 P.S. § 3201 | Obsolete |
| | 34cl.1 | 15 P.S. § 3221 | 1511 |
| | 34cl.2 | 15 P.S. § 3241 | 1511 |
| | 34cl.3 | - | Repealed 1966 |
| | 34cl.4 | 15 P.S. § 3248 | 1511 |
| | 34cl.5 | - | Repealed 1972 |
| | 34cl.6 | - | Repealed 1972 |
| | 34cl.7 | 15 P.S. § 3202 | Repealed 1985, Sec. 302(a) of Act |
| | 35 | - | Repealed 1963 |
| | 36 | - | Repealed 1963 |
| | 37 | - | Repealed 1966 |
| | 38 | - | Repealed 1959 |
| | 39 | 15 P.S. § 3133 | Obsolete |
| | 39cl.1 | - | Repealed 1913 |
| | 39cl.2 | 15 P.S. § 3134 | 1524 |
| | 39cl.3-5 | - | Repealed 1966 |
| | 39cl.6 | - | Repealed 1968 |
| | 39cl.7-10 | - | Repealed 1966 |
| | 39cl.11 | - | Repealed 1968 |
| | 39cl.12 | - | Repealed 1966 |
| | 39cl.13 | - | Repealed 1968 |
| | 40 | 15 P.S. § 3166 | Ch.19B |
| | 41 | 15 P.S. § 3021 | 1511(g)(2) |
| | | 15 P.S. § 3022 | |
| | | 15 P.S. § 3023 | |
| | 42 | - | Repealed 1963 |
| | 43 | - | Repealed 1966 |
| | 44 | - | Repealed 1966 |
| | 45 | - | Repealed 1963 |
| | 46 | - | Repealer |
| 1874, No.64 | 1 | 15 P.S. § 3017 note | Obsolete |
| 1874, No.117 | 1 | 15 P.S. § 4149 | Obsolete |
| | 2 | 15 P.S. § 4150 | Obsolete |
| 1874, No.162 | 1 | 15 P.S. § 3907 | Obsolete |

| | | | |
|--------------|---|---------------------|--------------------------------|
| | 2 | 15 P.S. § 3910 | Obsolete |
| | 3 | 15 P.S. § 3911 | 1309 |
| | 4 | - | Repealer |
| 1874, No.169 | 1 | 15 P.S. § 4078 | 66 Pa.C.S. § 2702 |
| 1874, No.175 | 1 | 15 P.S. § 3942 | 1508 |
| 1875, No.9 | 1 | 15 P.S. § 4063 | Obsolete |
| 1875, No.30 | 1 | 15 P.S. § 3919 | Obsolete |
| 1876, No.36 | 1 | 15 P.S. § 3105 | 1758(c) |
| 1876, No.45 | 1 | 15 P.S. § 12903 | 9102 |
| 1876, No.52 | 1 | 15 P.S. § 3305 | 1511 |
| | 2 | 15 P.S. § 3306 | 1511 |
| | 3 | 15 P.S. § 3307 | Obsolete |
| | 4 | 15 P.S. § 3308 | 1511 |
| 1876, No.57 | 1 | 15 P.S. § 4212 | 1903 |
| 1876, No.93 | 1 | 68 P.S. § 57 note | 4143(a), Sec. 302(a) of Act |
| 1876, No.128 | 1 | 15 P.S. § 3916 | Obsolete |
| 1878, No.108 | 1 | 68 P.S. § 60 | 4143(a), Sec. 302(a) of Act |
| 1878, No.184 | 1 | 15 P.S. § 118 | Amendatory |
| | 2 | 15 P.S. § 119 | Obsolete |
| | 3 | - | Repealed 1968 |
| 1878, No.224 | 1 | 15 P.S. § 4203 | Obsolete |
| 1879, No.26 | 1 | 15 P.S. § 4201 note | Obsolete |
| 1881, No.8 | 1 | 66 P.S. § 57 note | 4143(a), Sec. 302(a) of Act |
| 1881, No.31 | 1 | 15 P.S. § 3920 | Obsolete |
| | 2 | 15 P.S. § 3921 | Obsolete |
| | 3 | - | Repealed 1968 |
| 1881, No.30 | 1 | 15 P.S. § 3909 note | Obsolete |
| 1883, No.40 | 1 | 15 P.S. § 3909 note | Obsolete |
| 1883, No.52 | 1 | 15 P.S. § 4068 | 1511 |
| | 2 | 15 P.S. § 4069 | Ch.19B |
| 1883, No.54 | 1 | 15 P.S. § 3014 note | Amendatory |
| | 2 | 15 P.S. § 3351 | 1511 |
| | 3 | 15 P.S. § 3352 | 1511 |
| | | 15 P.S. § 3353 | |
| | | 15 P.S. § 3354 | |
| 1883, No.108 | 1 | 15 P.S. § 3161 | Ch.19B |
| | 2 | 15 P.S. § 3162 | Ch.19B |
| | 3 | 15 P.S. § 3163 | Ch.19B |
| | 4 | 15 P.S. § 3164 | Ch.19B |
| | 5 | - | Repealed 1966 |
| | 6 | - | Repealed 1966 |
| | 7 | 15 P.S. § 3001 | Obsolete |
| | | 15 P.S. § 3160 | Obsolete |
| 1883, No.165 | 1 | 15 P.S. § 4325 | Obsolete |
| 1885, No.32 | 1 | 15 P.S. § 3541 | Ch.13A |

| | | | |
|--------------|-------|-----------------|--------------------------------|
| | 2 | 15 P.S. § 3542 | Ch.13A |
| | | 15 P.S. § 3543 | |
| | 3 | - | Repealed 1966 |
| | 4 | - | Repealed 1966 |
| | 5 | 15 P.S. § 3546 | Ch.19B |
| | 6-9 | - | Repealed 1966 |
| | 10 | 15 P.S. § 3547 | 1511 |
| | | 15 P.S. § 3549 | |
| | | 15 P.S. § 3550 | |
| | | 15 P.S. § 3551 | |
| | | 15 P.S. § 3552 | |
| | 11 | 15 P.S. § 3553 | 1511 |
| | 12 | - | Repealed 1978 |
| | 13 | 15 P.S. § 3555 | 1511 |
| | 14-16 | - | Repealed 1966 |
| | 17 | 15 P.S. § 3545 | Ch.19C |
| | 18 | - | Repealed 1972 |
| | 19 | - | Repealed 1966 |
| | 20 | - | Repealed 1921 |
| | 21 | - | Repealed 1966 |
| | 22 | - | Repealed 1921 |
| | 23 | - | Repealer |
| 1885, No.155 | - | 15 P.S. § 4211 | 1903 |
| 1887, No.44 | 1 | 15 P.S. § 3958 | 1524 |
| | 2 | 15 P.S. § 3959 | 1524 |
| | 3 | - | Repealed 1968 |
| | 4 | 15 P.S. § 3960 | Obsolete |
| | 5 | 15 P.S. § 3961 | Obsolete |
| 1887, No.162 | 1 | 15 P.S. § 4079 | 66 Pa.C.S. § 2702 |
| | 2 | 15 P.S. § 4080 | 66 Pa.C.S. § 2702 |
| 1887, No.242 | 1 | 68 P.S. § 57 | 4143(a), Sec. 302(a) of Act |
| 1887, No.252 | 1 | 15 P.S. § 12001 | Ch.71 |
| | 2 | 15 P.S. § 12002 | Ch.71 |
| | 3 | 15 P.S. § 12003 | Ch.71 |
| | 4 | 15 P.S. § 12004 | Ch.71 |
| | 5 | 15 P.S. § 12005 | Ch.71 |
| | 6 | 15 P.S. § 12006 | Ch.71 |
| | 7 | 15 P.S. § 12007 | Ch.71 |
| | 8 | 15 P.S. § 12008 | Ch.71 |
| | 9 | 15 P.S. § 12009 | Ch.71 |
| | 10 | 15 P.S. § 12010 | Ch.71 |
| | 11 | 15 P.S. § 12011 | Ch.71 |
| | 12 | 15 P.S. § 12012 | Ch.71 |
| | 13 | 15 P.S. § 12013 | Ch.71 |
| | 14 | 15 P.S. § 12014 | Ch.71 |
| | 15 | 15 P.S. § 12015 | Ch.71 |
| | 16 | 15 P.S. § 12016 | Ch.71 |

| | | | |
|--------------|----|---------------------|--------------------------------|
| | 17 | 15 P.S. § 12017 | Ch.71 |
| | 18 | 15 P.S. § 12018 | Ch.71 |
| | 19 | 15 P.S. § 12019 | Ch.71 |
| | 20 | 15 P.S. § 12020 | Ch.71 |
| | 21 | 15 P.S. § 12021 | Ch.71 |
| | 22 | 15 P.S. § 12022 | Ch.71 |
| | 23 | 15 P.S. § 12023 | Ch.71 |
| | 24 | - | Repealer |
| 1889, No.108 | 1 | 15 P.S. § 425 | Ch.17D |
| | 2 | 15 P.S. § 426 | Ch.17D |
| 1889, No.153 | 1 | 15 P.S. § 3014 note | Amendatory |
| | 2 | 15 P.S. § 3271 | 1511 |
| | 3 | 15 P.S. § 3274 | Obsolete |
| | 4 | 15 P.S. § 3272 | 1511 |
| 1889, No.223 | 1 | 15 P.S. § 4282 | Ch.19C |
| | 2 | 15 P.S. § 4283 | Ch.19C |
| | 3 | - | Effective date |
| 1891, No.231 | 1 | 15 P.S. § 3923 | Ch.19B |
| | 2 | 15 P.S. § 3924 | Ch.19B |
| 1893, No.90 | 1 | 15 P.S. § 425 | Amendatory |
| | 2 | 15 P.S. § 426 | Amendatory |
| | 3 | 15 P.S. § 427 | 1760 |
| 1893, No.103 | 1 | 15 P.S. § 3249 | 1511 |
| | 2 | 15 P.S. § 3250 | 1511 |
| | 3 | 15 P.S. § 3251 | 1511 |
| 1893, No.289 | 1 | 15 P.S. § 420 | 1507, 1704, 1755 |
| 1895, No.116 | 1 | 15 P.S. § 3252 | 1502 |
| 1895, No.172 | 1 | 15 P.S. § 721 | 1528 |
| | 2 | - | Repealer |
| 1895, No.176 | 1 | 68 P.S. § 56 | 4143(a), Sec. 302(a) of Act |
| 1895, No.302 | 1 | 15 P.S. § 3243 | 1511 |
| | 2 | 15 P.S. § 3244 | 1511 |
| 1895, No.309 | 1 | 15 P.S. § 3242 | 1502 |
| 1901, No.1 | 1 | 15 P.S. § 681 | Ch.15B |
| | 2 | 15 P.S. § 682 | Ch.15B |
| | 3 | 15 P.S. § 683 | Ch.15B |
| | 4 | 15 P.S. § 107 | 1502 |
| 1901, No.2 | 1 | 15 P.S. § 4005 | 1724(b) |
| | | 15 P.S. § 4006 | 1724(b) |
| | | 15 P.S. § 4007 | 1724(b) |
| | | 15 P.S. § 4008 | 1725(c) |
| | | 15 P.S. § 4009 | 1724 |
| 1901, No.20 | 1 | 15 P.S. § 4284 | Ch.19C |
| | 2 | 15 P.S. § 4285 | Ch.19C |
| | | 15 P.S. § 4286 | Ch.19C |
| | | 15 P.S. § 4287 | Ch.19C |
| | 3 | 15 P.S. § 4288 | Ch.19C |

| | | | |
|--------------|---|---------------------|----------------|
| | | 15 P.S. § 4289 | Ch.15D |
| | 4 | 15 P.S. § 4290 | 1502 |
| 1901, No.29 | 1 | 15 P.S. § 4280 | 1511 |
| 1901, No.36 | 1 | 15 P.S. § 7701 note | Obsolete |
| 1901, No.177 | 1 | 15 P.S. § 3245 | 1502 |
| 1901, No.207 | 1 | 15 P.S. § 3013 | 1302 |
| 1901, No.329 | 1 | 15 P.S. § 3017 note | Obsolete |
| 1903, No.41 | 1 | 15 P.S. § 121 | 1502 |
| 1903, No.52 | 1 | 15 P.S. § 430 | 1755, 1765 |
| | 2 | - | Repealer |
| 1903, No.185 | 1 | 15 P.S. § 904 | Ch.19B |
| | 2 | - | Repealer |
| 1903, No.208 | 1 | 15 P.S. § 4072 | Obsolete |
| 1905, No.39 | 1 | - | Amendatory |
| | 2 | 15 P.S. § 3135 note | Obsolete |
| 1905, No.184 | 1 | 15 P.S. § 4043 | 1502 |
| 1907, No.287 | 1 | 15 P.S. § 3211 | 1511 |
| 1909, No.154 | 1 | 15 P.S. § 3017 note | Obsolete |
| 1909, No.229 | 1 | 15 P.S. § 801 | Ch.19C |
| | 2 | 15 P.S. § 802 | Ch.19C |
| | 3 | 15 P.S. § 803 | Ch.19C |
| | 4 | 15 P.S. § 804 | Ch.19C |
| | 5 | 15 P.S. § 805 | Ch.15D |
| 1911, No.15 | 1 | 15 P.S. § 3017 note | Obsolete |
| 1911, No.165 | 1 | 15 P.S. § 854 | 1985 |
| | 2 | 15 P.S. § 855 | 1985 |
| | 3 | 15 P.S. § 855 note | Validating act |
| | 4 | - | Repealer |
| 1911, No.243 | 1 | - | Amendatory |
| | 2 | 15 P.S. § 3014 note | Obsolete |
| 1913, No.77 | 1 | 15 P.S. § 855 note | Obsolete |
| 1913, No.149 | 1 | 15 P.S. § 3271 note | Obsolete |
| 1913, No.304 | 1 | 15 P.S. § 3271 note | Obsolete |
| | 2 | 15 P.S. § 3271 note | Obsolete |
| 1917, No.61 | 1 | 15 P.S. § 3548 | 1511 |
| 1917, No.78 | 1 | 15 P.S. § 3017 note | Obsolete |
| 1917, No.126 | 1 | 15 P.S. § 409 | 1730 |
| 1917, No.258 | 1 | 15 P.S. § 903 | 1502(a)(13) |
| 1917, No.382 | 1 | 15 P.S. § 4070 | 1511 |
| 1919, No.52 | 1 | 15 P.S. § 907 | Obsolete |
| 1919, No.132 | 1 | 15 P.S. § 118 note | Obsolete |
| 1919, No.135 | 1 | 15 P.S. § 3544 | Ch.19B |
| | 2 | - | Repealer |
| 1919, No.249 | 1 | 15 P.S. § 3273 | 1502 |
| | 2 | - | Repealer |
| 1919, No.456 | 1 | 15 P.S. § 3309 | Ch.13A |
| | 2 | 15 P.S. § 3310 | 1511 |
| | 3 | 15 P.S. § 3311 | 1511 |

| | | | |
|--------------|----|----------------------|----------------|
| | 4 | 15 P.S. § 3323 | 1502 |
| | 5 | 15 P.S. § 3324 | Ch.19C |
| | 6 | 15 P.S. § 3325 | Ch.15D |
| | 7 | 15 P.S. § 3326 | 1502 |
| | 8 | 15 P.S. § 3327 | 1502 |
| | 9 | 15 P.S. § 3312 | Obsolete |
| | 10 | 15 P.S. § 3313 | Obsolete |
| | 11 | 15 P.S. § 3314 | Obsolete |
| | 12 | 15 P.S. § 3315 | Obsolete |
| | 13 | - | Repealer |
| 1921, No.334 | 1 | 15 P.S. § 3328 | 1502 |
| | 2 | 15 P.S. § 3329 | 1502 |
| | 3 | 15 P.S. § 3330 | Ch.19C |
| | 4 | 15 P.S. § 3331 | Ch.19C |
| | 5 | 15 P.S. § 3332 | Ch.15D |
| | 6 | 15 P.S. § 3333 | 1502 |
| | 7 | 15 P.S. § 3334 | 1502 |
| | 8 | 15 P.S. § 3335 | 1502 |
| | 9 | 15 P.S. § 3336 | 1502 |
| | 10 | 15 P.S. § 3337 | Omitted |
| | 11 | 15 P.S. § 3338 | Ch.15D |
| | 12 | 15 P.S. § 3339 | Obsolete |
| | 13 | - | Repealer |
| 1921, No.426 | 1 | - | Repealed 1966 |
| | 2 | 15 P.S. § 604 | Obsolete |
| | 3 | - | Repealed 1949 |
| | 4 | 15 P.S. § 419 | 1704(b) |
| | 5 | - | Repealed 1966 |
| | 6 | - | Repealer |
| 1923, No.19 | 1 | 15 Pa.S. § 3017 note | Obsolete |
| 1923, No.185 | 1 | - | Repealed 1933 |
| | 2 | - | Repealed 1933 |
| | 3 | - | Validating act |
| 1923, No.404 | 1 | 15 P.S. § 12501 | 9103(a) |
| | 2 | 15 P.S. § 12502 | 9103(b) |
| | 3 | - | Repealed 1929 |
| | 4 | 15 P.S. § 12503 | 9103(c) |
| | 5 | - | Repealer |
| 1925, No.7 | 1 | 15 P.S. § 3017 note | Obsolete |
| 1925, No.131 | 2 | 15 P.S. § 102 note | Obsolete |
| 1927, No.32 | 1 | 15 P.S. § 3017 note | Obsolete |
| 1927, No.97 | 1 | 15 P.S. § 3222 | 1502 |
| 1927, No.169 | 1 | 15 P.S. § 4371 | 1502 |
| | 2 | 15 P.S. § 4372 | Ch.19C |
| | 3 | 15 P.S. § 4373 | Ch.19C |
| | 4 | 15 P.S. § 4374 | Ch.19C |
| | 5 | 15 P.S. § 4375 | Ch.19C |
| | 6 | 15 P.S. § 4376 | Obsolete |

| | | | |
|--------------|-------|---------------------|-------------------|
| | 7 | 15 P.S. § 4377 | 66 Pa.C.S. § 1102 |
| 1927, No.327 | 1 | 15 P.S. § 12901 | Obsolete |
| | 2 | 15 P.S. § 12902 | Obsolete |
| | 3 | - | Repealer |
| 1929, No.84 | 1 | - | Amendatory |
| | 2 | 15 P.S. § 110 note | Obsolete |
| 1929, No.175 | 805* | 71 P.S. § 275* | Ch.1B |
| 1929, No.176 | 730* | 72 P.S. § 730* | Obsolete |
| | 1401* | 72 P.S. § 1401* | 1957(c), 5957(c) |
| 1929, No.200 | 1 | 15 P.S. § 3017 note | Obsolete |
| 1929, No.234 | 1 | 15 P.S. § 115 | 1511(g)(2) |
| | 2 | 15 P.S. § 116 | 1511(g)(2) |
| 1929, No.241 | 1 | - | Amendatory |
| | 2 | 15 P.S. § 110 note | Obsolete |
| 1931, No.338 | 1 | 15 P.S. § 4251 | 1502 |
| | 2 | 15 P.S. § 4252 | Ch.19C |
| | 3 | - | Repealed 1978 |
| | 4 | - | Repealer |
| | 5 | - | Effective date |
| 1933, No.28 | 1 | 15 P.S. § 3017 note | Obsolete |
| 1933, No.80 | 1 | 15 P.S. § 651 | Ch.15B |
| | 2 | 15 P.S. § 652 | Ch.15B |
| | 3 | 15 P.S. § 653 | Ch.15B |
| | 4 | 15 P.S. § 654 | Ch.15B |
| | 5 | 15 P.S. § 655 | Ch.15B |
| | 6 | 15 P.S. § 656 | Ch.15B |
| | 7 | 15 P.S. § 657 | Ch.15B |
| | 8 | 15 P.S. § 658 | Ch.15B |
| | 9 | 15 P.S. § 659 | Ch.15C |
| | 10 | 15 P.S. § 660 | Ch.19B |
| | 11 | 15 P.S. § 661 | Ch.15B |
| | 12 | 15 P.S. § 662 | Ch.15B |
| | 13 | 15 P.S. § 663 | Obsolete |
| | 14 | - | Repealer |
| | 15 | 15 P.S. § 664 | Obsolete |
| | 16 | - | Effective date |
| 1933, No.106 | 1 | 15 P.S. § 1001 | 1101 |
| | 2 | 15 P.S. § 1002 | 1103 |
| | 3A | 15 P.S. § 1003A | 1102, 4101 |
| | 3B | 15 P.S. § 1003B | 501 |
| | 3C | 15 P.S. § 1003C | 4121(b) |
| | 4A | 15 P.S. § 1004A | 1102 |
| | 4B | 15 P.S. § 1004B | 1102 |
| | 4B(3) | 15 P.S. § 1004B(3) | 4101, 4141 |
| | 4C | 15 P.S. § 1004C | Sec. 104 of act |
| | 4D | 15 P.S. § 1004D | Sec. 104 of act |
| | 5A | 15 P.S. § 1005A | 110 |

| | | |
|-------|-----------------|----------------------------|
| 5B | 15 P.S. § 1005B | 1 Pa.C.S. § 1962 |
| 5C | 15 P.S. § 1005C | 1 Pa.C.S. §§ 1961, 1976 |
| 5D | 15 P.S. § 1005D | 1106 |
| 5E | 15 P.S. § 1005E | 1105 |
| 6A | 15 P.S. § 1006A | 1 Pa.C.S. § 1925 |
| 6B | 15 P.S. § 1006B | 1 Pa.C.S. § 1937 |
| 6C | 15 P.S. § 1006C | 1107 |
| 6D | 15 P.S. § 1006D | 103, 104 |
| 6E | 15 P.S. § 1006E | 1 Pa.C.S. §§ 1902, 1924 |
| 7 | 15 P.S. § 1007 | 105 |
| 8A | 15 P.S. § 1008A | 1702(a), 1704(b) |
| 8B | 15 P.S. § 1008B | 1705(a) |
| 8C | 15 P.S. § 1008C | 1705(b) |
| 8D | 15 P.S. § 1008D | 1706 |
| 8E | 15 P.S. § 1008E | 1708 |
| 9 | 15 P.S. § 1009 | 106 |
| 10 | 15 P.S. § 1010 | 131-136 |
| 11 | - | Repealed 1978 |
| 12 | 15 P.S. § 1012 | 504 |
| 13 | 15 P.S. § 1013 | 505 |
| 14 | 15 P.S. § 1014 | 506 |
| 15 | 15 P.S. § 1015 | Omitted |
| 16 | 15 P.S. § 1016 | Omitted |
| 201 | 15 P.S. § 1201 | 1301, 1302 |
| 202A | 15 P.S. § 1202A | 1303(a) |
| 202B | 15 P.S. § 1202B | 1303(b) |
| 202C | 15 P.S. § 1202C | 1303(d) |
| 202D | 15 P.S. § 1202D | 1303(e) |
| 202E | 15 P.S. § 1202E | 1304(a) |
| 202F | 15 P.S. § 1202F | 1303(c) |
| 202G | 15 P.S. § 1202G | 1304(b) |
| 203 | 15 P.S. § 1203 | 1305 |
| 204 | 15 P.S. § 1204 | 1306 |
| 205 | 15 P.S. § 1205 | 1307 |
| 206A | 15 P.S. § 1206A | 1308 |
| 206B | 15 P.S. § 1206B | 134 |
| 206C | 15 P.S. § 1206C | 134 |
| 207 | 15 P.S. § 1207 | 1309 |
| 208 | - | Repealed 1957 |
| 209 | - | Repealed 1972 |
| 209.1 | - | Repealed 1972 |
| 209.2 | - | Repealed 1972 |
| 210 | 15 P.S. § 1210 | 1310 |
| 211 | 15 P.S. § 1211 | 501 |
| 301 | 15 P.S. § 1301 | 1501 |
| 302 | 15 P.S. § 1302 | 1502 |

| | | |
|-------|------------------|---|
| 303 | 15 P.S. § 1303 | 1503 |
| 304 | 15 P.S. § 1304 | 1504(a), 1504(d) |
| 305 | 15 P.S. § 1305 | 1505, 1506 |
| 306 | 15 P.S. § 1306 | 1507(a) |
| 307 | 15 P.S. § 1307 | 1507(b) |
| 308 | 15 P.S. § 1308 | 1508 |
| 309 | - | Repealed 1957 |
| 309.1 | 15 P.S. § 1309.1 | 1531 |
| 310 | - | Repealed 1968 |
| 311A | 15 P.S. § 1311A | 1932(a), 1932(d) |
| 311B | 15 P.S. § 1311B | 1932(b) |
| 311C | 15 P.S. § 1311C | 1932(f) |
| 311D | 15 P.S. § 1311D | 1932(c) |
| 311E | 15 P.S. § 1311E | 1932(e) |
| 311F | 15 P.S. § 1311F | 1571(b)(3) |
| 312 | 15 P.S. § 1312 | Omitted |
| 313 | 15 P.S. § 1313 | 1510(a) |
| 314 | 15 P.S. § 1314 | 1502(a)(12) |
| 315 | 15 P.S. § 1315 | 1502(a)(13) |
| 316 | 15 P.S. § 1316 | 1502(a)(14) |
| 317 | - | Repealed 1968 |
| 318 | 15 P.S. § 1318 | 1554 |
| 319 | 15 P.S. § 1319 | 1903(a) |
| 320 | 15 P.S. § 1320 | 1903(b) |
| 321 | 15 P.S. § 1321 | 1509 |
| 322 | 15 P.S. § 1322 | 1511 |
| 371 | 15 P.S. § 1371 | 2301(a)-(c) |
| 372 | 15 P.S. § 1372 | 2304 |
| 373 | 15 P.S. § 1373 | 2303 |
| 374 | 15 P.S. § 1374 | 2305 |
| 375 | 15 P.S. § 1375 | 2306 |
| 376A | 15 P.S. § 1376A | 2307 |
| 376B | 15 P.S. § 1376B | 2302(b) |
| 377 | 15 P.S. § 1377 | 2308 |
| 378 | 15 P.S. § 1378 | 2309 |
| 379 | 15 P.S. § 1379 | 2321(b) |
| 380 | 15 P.S. § 1380 | 2324 |
| 381 | 15 P.S. § 1381 | 2331 |
| 382 | 15 P.S. § 1382 | 2332 |
| 383 | 15 P.S. § 1383 | 2333 |
| 384 | 15 P.S. § 1384 | 2334 |
| 385 | 15 P.S. § 1385 | 2335 |
| 386 | 15 P.S. § 1386 | 2337 |
| 401 | 15 P.S. § 1401 | 1721(a), 1722, 1724(a), 1725(a), 1730 |
| 402 | 15 P.S. § 1402 | 1722, 1723, 1725(b) |

| | | |
|---------|--------------------|------------------------------|
| 402(1) | 15 P.S. § 1402(1) | 1724(a) |
| 402(2) | 15 P.S. § 1402(2) | 1723 |
| 402(3) | 15 P.S. § 1402(3) | 1725(b) |
| 402(4) | 15 P.S. § 1402(4) | 1703(a) |
| 402(5) | 15 P.S. § 1402(5) | 1727(a) |
| 402(6) | 15 P.S. § 1402(6) | 1731(a) |
| 402(7) | 15 P.S. § 1402(7) | 1727(b) |
| 403 | 15 P.S. § 1403 | 1724(b), 1725(d), 1758(b) |
| 404 | 15 P.S. § 1404 | 1702(b), 1703(b) |
| 405 | 15 P.S. § 1405 | 1726(a)-(c) |
| 406 | 15 P.S. § 1406 | 1732 |
| 407 | 15 P.S. § 1407 | 1733 |
| 408 | - | Repealed 1986 |
| 409 | - | Repealed 1968 |
| 409.1A | 15 P.S. § 1409.1A | 1728(a) |
| 409.1B | 15 P.S. § 1409.1B | 1728(b) |
| 409.1C | 15 P.S. § 1409.1C | 1770 |
| 410A | 15 P.S. § 1410A | 1741 |
| 410B | 15 P.S. § 1410B | 1742 |
| 410C | 15 P.S. § 1410C | 1743 |
| 410D | 15 P.S. § 1410D | 1744 |
| 410E | - | Repealed 1986 |
| 410F | 15 P.S. § 1410F | 1746, 1750 |
| 410G | 15 P.S. § 1410G | 1747 |
| 501A | 15 P.S. § 1501A | 1704(a) |
| 501B | 15 P.S. § 1501B | 1755(a) |
| 501C | 15 P.S. § 1501C | 1704(b), 1755(b) |
| 501D | 15 P.S. § 1501D | 1755(c) |
| 502 | 15 P.S. § 1502 | 1702(b), 1704(b) |
| 503A | 15 P.S. § 1503A | 1756(a) |
| 503A(1) | 15 P.S. § 1503A(1) | 1756(a), 1757(a) |
| 503A(2) | 15 P.S. § 1503A(2) | 1756(a) |
| 503A(3) | 15 P.S. § 1503A(3) | 1756(b) |
| 503B | 15 P.S. § 1503B | 1757(b) |
| 504A | 15 P.S. § 1504A | 1758(a), 1759 |
| 504B | 15 P.S. § 1504B | 1758(d) |
| 505 | 15 P.S. § 1505 | 1758(b), (c) |
| 506 | 15 P.S. § 1506 | 1760 |
| 507 | 15 P.S. § 1507 | 1761 |
| 508 | 15 P.S. § 1508 | 1762 |
| 509 | 15 P.S. § 1509 | 1763(a) |
| 510 | 15 P.S. § 1510 | 1764 |
| 511 | 15 P.S. § 1511 | 1768 |
| 512 | 15 P.S. § 1512 | 1765 |
| 513 | 15 P.S. § 1513 | 1766 |
| 513.1 | 15 P.S. § 1513.1 | 1767 |
| 514 | - | Repealed 1966 |

| | | |
|-------|------------------|--|
| 515A | 15 P.S. § 1515A | 1571(a) |
| 515B | 15 P.S. § 1515B | 1573, 1574 |
| 515C | 15 P.S. § 1515C | 1579 |
| 515D | 15 P.S. § 1515D | 1577 |
| 515E | 15 P.S. § 1515E | 1577 |
| 515F | 15 P.S. § 1515F | 1579 |
| 515G | 15 P.S. § 1515G | 1579(d) |
| 515H | 15 P.S. § 1515H | 1580 |
| 515I | 15 P.S. § 1515I | 1576, 1577 |
| 515J | 15 P.S. § 1515J | Omitted |
| 515K | 15 P.S. § 1515K | 1105 |
| 515L | 15 P.S. § 1515L | 1571(b) |
| 515M | 15 P.S. § 1515M | 1571(b) |
| 516 | 15 P.S. § 1516 | 1782 |
| 601 | 15 P.S. § 1601 | 1521 |
| 602 | 15 P.S. § 1602 | 1522 |
| 603 | 15 P.S. § 1603 | 1523 |
| 604 | 15 P.S. § 1604 | 1524 |
| 605 | 15 P.S. § 1605 | 1524 |
| 606 | 15 P.S. § 1606 | 1524 |
| 607 | 15 P.S. § 1607 | 1528(b)-(e) |
| 608 | 15 P.S. § 1608 | 1527 |
| 609 | 15 P.S. § 1609 | 1526 |
| 610 | 15 P.S. § 1610 | 1524(c) |
| 611A | 15 P.S. § 1611A | 1525(a), 1530(a) |
| 611B | 15 P.S. § 1611B | 1530(b) |
| 611C | 15 P.S. § 1611C | 1530(c) |
| 611D | 15 P.S. § 1611D | 1525(b), 2513 |
| 611E | 15 P.S. § 1611E | 1525(c) |
| 612 | 15 P.S. § 1612 | 1525 |
| 613A | 15 P.S. § 1613A | 1529(a) |
| 613B | 15 P.S. § 1613B | 110, 1502(a)(15), 1502(a)(16), 1508 |
| 613.1 | 15 P.S. § 1613.1 | 1529(b)-(f) |
| 614 | 15 P.S. § 1614 | Omitted |
| 615 | 15 P.S. § 1615 | 1532 |
| 701 | 15 P.S. § 1701 | 1521(b), 1552(a), 1906 |
| 702 | 15 P.S. § 1702 | 1551 |
| 702.1 | 15 P.S. § 1702.1 | 1524(b) |
| 703 | 15 P.S. § 1703 | 1551 |
| 704 | 15 P.S. § 1704 | Omitted |
| 705 | - | Repealed 1966 |
| 706 | 15 P.S. § 1706 | Omitted |
| 707 | 15 P.S. § 1707 | 1553 |
| 708 | 15 P.S. § 1708 | 1552(a) |
| 709 | 15 P.S. § 1709 | 1552(a) |
| 801 | 15 P.S. § 1801 | 1911 |

| | | |
|--------|------------------|---------------------------|
| 802 | 15 P.S. § 1802 | 1912 |
| 803 | 15 P.S. § 1803 | 1913 |
| 804 | 15 P.S. § 1804 | 1914 |
| 805 | 15 P.S. § 1805 | 1914 |
| 806 | 15 P.S. § 1806 | 1915 |
| 807 | 15 P.S. § 1807 | Omitted |
| 808 | 15 P.S. § 1808 | 1916(a) |
| 809 | 15 P.S. § 1809 | 1915, 1916(b) |
| 810 | 15 P.S. § 1810 | Omitted |
| 901 | 15 P.S. § 1901 | 1921(a),(b) |
| 902A | 15 P.S. § 1902A | 1922(a) |
| 902B | 15 P.S. § 1902B | 1922(c), 1923 |
| 902C | 15 P.S. § 1902C | 1924(a), (c) |
| 902D | 15 P.S. § 1902D | 1925 |
| 902.1 | 15 P.S. § 1902.1 | 1924(b) |
| 903 | 15 P.S. § 1903 | 1926 |
| 904 | - | Repealed 1966 |
| 905 | 15 P.S. § 1905 | 1927 |
| 906 | 15 P.S. § 1906 | 1928 |
| 907 | 15 P.S. § 1907 | 1929 |
| 908 | 15 P.S. § 1908 | 1930 |
| 909 | 15 P.S. § 1909 | 4161 |
| 910A | 15 P.S. § 1910A | 2541, 2544 |
| 910B | 15 P.S. § 1910B | 2542, 2543 |
| 910C | 15 P.S. § 1910C | 2545 |
| 910D | 15 P.S. § 1910D | 2546 |
| 910E | 15 P.S. § 1910E | 2542, 2546 |
| 910F | 15 P.S. § 1910F | 2548 |
| 910G | 15 P.S. § 1910G | 2541, 2542 |
| 911A | 15 P.S. § 1911A | 2551, 2552, 2553, 2554 |
| 911B | 15 P.S. § 1911B | 2555, 2556 |
| 911C | 15 P.S. § 1911C | 2551 |
| 911D | 15 P.S. § 1911D | 2551 |
| 1001A | 15 P.S. § 2001A | 4121(a) |
| 1001B | 15 P.S. § 2001B | 4122 |
| 1002 | 15 P.S. § 2002 | 4123 |
| 1003 | 15 P.S. § 2003 | 4124(b) |
| 1004 | 15 P.S. § 2004 | 4124(a) |
| 1005 | 15 P.S. § 2005 | 4125 |
| 1006 | 15 P.S. § 2006 | 4144 |
| 1007 | 15 P.S. § 2007 | 4126 |
| 1008 | - | Repealed 1957 |
| 1009 | 15 P.S. § 2009 | 4127 |
| 1010A | 15 P.S. § 2010A | 4142(a) |
| 1010B | 15 P.S. § 2010B | 4143(b) |
| 1011 | - | Repealed 1972 |
| 1011.1 | - | Repealed 1972 |

| | | | |
|--------------|---------|-------------------|------------------------------------|
| | 1012 | 15 P.S. § 2012 | 4143(a) |
| | 1013 | 15 P.S. § 2013 | 4128 |
| | 1014 | 15 P.S. § 2014 | 4141 |
| | 1015 | 15 P.S. § 2015 | 4129 |
| | 1016 | 15 P.S. § 2016 | 4128 |
| | 1101 | 15 P.S. § 2101 | 1971 |
| | 1102 | 15 P.S. § 2102 | 1972, 1973, 1974 |
| | 1103 | 15 P.S. § 2103 | 1977 |
| | 1103.1 | 15 P.S. § 2103.1 | 1974(c) |
| | 1104A | 15 P.S. § 2104A | 1975(a) |
| | 1104B | 15 P.S. § 2104B | 1975(b) |
| | 1104C | 15 P.S. § 2104C | 1975(c) |
| | 1104D | 15 P.S. § 2104D | 1976 |
| | 1105 | 15 P.S. § 2105 | 1977 |
| | 1106 | 15 P.S. § 2106 | 1978 |
| | 1107A | 15 P.S. § 2107A | 1981 |
| | 1107B | 15 P.S. § 2107B | 1982 |
| | 1107C | 15 P.S. § 2107C | 1103 ("court") |
| | 1108A | 15 P.S. § 2108A | 1984 |
| | 1108B | 15 P.S. § 2108B | 1985 |
| | 1108C | 15 P.S. § 2108C | 1986 |
| | 1108D | 15 P.S. § 2108D | 1987 |
| | 1109 | 15 P.S. § 2109 | 1988 |
| | 1110 | 15 P.S. § 2110 | 1989 |
| | 1111 | 15 P.S. § 2111 | 1979 |
| | 1112 | 15 P.S. § 2112 | 503 |
| | 1201 | 15 P.S. § 2201 | Effective date, Sec. 304 of Act |
| | 1202 | 15 P.S. § 2202 | Repealer |
| | 1203 | 15 P.S. § 2203 | Repealer |
| | 1203(b) | 15 P.S. § 2203(b) | Sec. 302(c) of Act |
| | 1204 | 15 P.S. § 2204 | Repealer |
| | 1204(d) | 15 P.S. § 2204(d) | Sec. 302(d) of Act |
| 1933, No.236 | 1 | 15 P.S. § 12201 | Obsolete |
| | 2 | 15 P.S. § 12202 | Obsolete |
| | 3 | 15 P.S. § 12203 | Obsolete |
| | 4 | 15 P.S. § 12204 | Obsolete |
| | 5 | 15 P.S. § 12205 | Obsolete |
| | 6 | 15 P.S. § 12206 | Obsolete |
| | 7 | 15 P.S. § 12207 | Obsolete |
| | 8 | 15 P.S. § 12208 | Obsolete |
| | 9 | 15 P.S. § 12209 | Obsolete |
| | 10 | 15 P.S. § 12210 | Obsolete |
| | 11 | 15 P.S. § 12211 | Obsolete |
| | 12 | 15 P.S. § 12212 | Obsolete |
| | 13 | 15 P.S. § 12213 | Obsolete |

| | | | |
|--------------|----|---------------------|------------------|
| | 14 | 15 P.S. § 12214 | Obsolete |
| | 15 | 15 P.S. § 12215 | Obsolete |
| | 16 | 15 P.S. § 12216 | Obsolete |
| | 17 | - | Repealer |
| | 18 | - | Effective date |
| 1937, No.219 | 1 | 15 P.S. § 1406 note | 1732 |
| 1937, No.600 | 1 | 15 P.S. § 3967 | 1758(e), 1759 |
| | 2 | - | Repealer |
| 1939, No.170 | 1 | 15 P.S. § 3905 | 1755 |
| 1939, No.171 | 1 | 15 P.S. § 4210 | 1502 |
| | 2 | - | Effective date |
| 1945, No.114 | 1 | 15 P.S. § 432 | 523 |
| | 2 | 15 P.S. § 433 | 523 |
| | 3 | 15 P.S. § 434 | 523 |
| | 4 | 15 P.S. § 410 | 522 |
| 1947, No.79 | 1 | 15 P.S. § 4022 | 1703 |
| | 2 | - | Repealer |
| | 3 | - | Effective date |
| 1947, No.136 | 1 | 15 P.S. § 3355 | Ch.19C |
| | 2 | 15 P.S. § 3356 | Ch.19C |
| | 3 | 15 P.S. § 3357 | Ch.19C |
| | 4 | 15 P.S. § 3358 | Omitted |
| | 5 | 15 P.S. § 3359 | Ch.19C |
| | 6 | 15 P.S. § 3360 | Ch.19C |
| | 7 | 15 P.S. § 3361 | Ch.19C |
| | 8 | 15 P.S. § 3362 | Ch.15D |
| 1947, No.196 | 1 | 15 P.S. § 3304 | 1511 |
| 1947, No.243 | 1 | 15 P.S. § 7207 note | Obsolete |
| 1949, No.17 | 1 | 15 P.S. § 4014 | 1502, 1730, 1732 |
| | 2 | 15 P.S. § 4015 | 1502, 1732 |
| | 3 | 15 P.S. § 4016 | 1723 |
| | 4 | 15 P.S. § 4017 | Obsolete |
| | 5 | - | Effective date |
| 1951, No.302 | 1 | - | Amendatory |
| | 2 | - | Amendatory |
| | 3 | - | Amendatory |
| | 4 | 15 P.S. § 801 note | Effective date |
| 1953, No.280 | 2 | 15 P.S. § 113 | 521 |
| | 3 | 15 P.S. § 114 | Obsolete |
| | 4 | - | Effective date |
| 1957, No.169 | 1 | 15 P.S. § 3165 | Ch.19B |
| 1957, No.366 | 1 | 15 P.S. § 806 | 139 |
| | 2 | 15 P.S. § 807 | 139 |
| | 3 | - | Repealer |
| | 4 | - | Effective date |
| 1957, No.368 | 1 | 15 P.S. § 414 | Obsolete |
| | 2 | 15 P.S. § 415 | 1704 |
| | 3 | 15 P.S. § 416 | 1702 |

| | | | |
|--------------|-------|---------------------|-----------------|
| | 4 | 15 P.S. § 417 | 1705(a) |
| | 5 | 15 P.S. § 418 | 1705(b) |
| | 6 | 15 P.S. § 431 | 1766 |
| | 7 | - | Repealer |
| | 8 | - | Effective date |
| 1959, No.508 | 1 | 15 P.S. § 4021 | 1731 |
| | 2 | - | Effective date |
| 1959, No.509 | 1 | 15 P.S. § 3968 | 1759 |
| | 2 | 15 P.S. § 3969 | 1760 |
| | 3 | 15 P.S. § 3970 | 1761 |
| | 4 | - | Repealer |
| | 5 | - | Effective date |
| 1961, No.416 | 1 | 15 P.S. § 12601 | 9301 |
| | 2 | 15 P.S. § 12602 | 9303 |
| | 3 | 15 P.S. § 12603 | Obsolete |
| | 4 | 15 P.S. § 12604 | 9304 |
| | 5 | 15 P.S. § 12605 | 9305(a), (b) |
| | 6 | 15 P.S. § 12606 | 9306 |
| | 7 | 15 P.S. § 12607 | 9307 |
| | 8 | 15 P.S. § 12608 | 9308 |
| | 9 | 15 P.S. § 12609 | 9309 |
| | 10 | 15 P.S. § 12610 | 9310 |
| | 11 | 15 P.S. § 12611 | 9311 |
| | 12 | 15 P.S. § 12612 | 9312 |
| | 13 | 15 P.S. § 12613 | 9313 |
| | 14 | 15 P.S. § 12614 | 9314 |
| | 15 | 15 P.S. § 12615 | 9315 |
| | 16 | 15 P.S. § 12616 | 9316 |
| | 17 | 15 P.S. § 12617 | 9317 |
| | 18 | 15 P.S. § 12618 | 9318 |
| | 19(a) | 15 P.S. § 12619(a) | 9319(a) |
| | 19(b) | 15 P.S. § 12619(b) | 9319(d) |
| | 19(c) | 15 P.S. § 12619(c) | 9319(b) |
| | 20 | - | Effective date |
| 1964, No.6 | 901* | 26 P.S. § 1-901* | 1511 |
| 1965, No.293 | 1 | - | Amendatory |
| | 2 | - | Repealed 1966 |
| | 3 | 15 P.S. § 1202 note | 1105(b)(2) |
| | 4 | - | Effective date |
| 1965, No.356 | 1411 | 7 P.S. § 1411 | 511 |
| 1966, No.521 | 1 | 15 P.S. § 1 | Obsolete |
| | 2 | 15 P.S. § 2 | Sec. 104 of Act |
| | 3 | 15 P.S. § 3 | 501(b) |
| | 4 | 15 P.S. § 4 | Obsolete |
| | 5 | 15 P.S. § 5 | Obsolete |
| | 6 | 15 P.S. § 6 | Obsolete |
| | 7 | 15 P.S. § 7 | Obsolete |
| | 8 | - | Effective date |

| | | | |
|--------------|-------|-------------------------|-------------------------|
| 1966, No.556 | 1 | 15 P.S. § 4351 | 1722 |
| | 2 | 15 P.S. § 4352 | 1722 |
| | 3 | - | Severability Section |
| | 4 | - | Repealer |
| | 5 | - | Effective date |
| 1967, No.345 | 509 | 7 P.S. § 6020-69 | 511 |
| 1968, No.321 | 1 | 15 P.S. § 4381 | Obsolete |
| | 2 | 15 P.S. § 4382 | 1511 |
| | 3 | 15 P.S. § 4383 | Ch.19B |
| | 4 | 15 P.S. § 4384 | 1511 |
| | 5 | 15 P.S. § 4385 | Repealer |
| | 6 | - | Effective date |
| 1970, No.160 | 1 | 15 P.S. § 2901 | Obsolete |
| | 2 | 15 P.S. § 2902 | 2902 |
| | 3(1) | 15 P.S. § 2903 | 2903(b) |
| | 3(2) | 15 P.S. § 2903 | Obsolete |
| | 4(a) | 15 P.S. § 2904(a) | 2905(a) |
| | 4(b) | 15 P.S. § 2904(b) | 2905(b) |
| | 4(c) | 15 P.S. § 2904(c) | 2905(c) |
| | 4(d) | 15 P.S. § 2904(d) | 1311 |
| | 5(a) | 15 P.S. § 2905(a) | 2901(b) |
| | 5(b) | 15 P.S. § 2905(b) | 2904 |
| | 6(a) | 15 P.S. § 2906(a) | 2901(c), 2903(a) |
| | 6(b) | 15 P.S. § 2906(b) | Ch.41 |
| | 7(a) | 15 P.S. § 2907(a) | 2903(c), 2922(a) |
| | 7(b) | 15 P.S. § 2907(b) | 2903(d)(1) |
| | 7(c) | 15 P.S. § 2907(c) | 2903(d)(2) |
| | 8(a) | 15 P.S. § 2908(a) | 2921(a) |
| | 8(b) | 15 P.S. § 2908(b) | 2921(b) |
| | 8(c) | 15 P.S. § 2908(c) | 135 |
| | 9 | 15 P.S. § 2909 | 1723 |
| | 10(a) | 15 P.S. § 2910(a) | 2923(a), (c) |
| | 10(b) | 15 P.S. § 2910(b) | 2923(d) |
| | 11(a) | 15 P.S. § 2911(a) | 2923(b) |
| | 11(b) | 15 P.S. § 2911(b) | 2907(c) |
| | 11(c) | 15 P.S. § 2911(c) | 2907(a) |
| | 11(d) | 15 P.S. § 2911(d) | 2907(b) |
| | 12 | 15 P.S. § 2912 | 2924 |
| | 13 | 15 P.S. § 2913 | 2925 |
| | 14 | 15 P.S. § 2914 | Repealer |
| | 15 | - | Effective date |
| 1972, No.271 | 7 | 15 Pa.C.S.A. § 101 note | Sec. 105 of Act |
| 1981, No.77 | 1 | - | Amendatory |
| | 2 | - | Amendatory |
| | 3 | - | Amendatory |

| | | | |
|--------------|------|-------------------------|---------------------|
| | 4 | 59 Pa.C.S.A. § 561 note | 54 Pa.C.S. § 303(b) |
| | 5 | 59 Pa.C.S.A. § 701 note | 54 Pa.C.S. § 303(b) |
| | 6 | 59 Pa.C.S.A. § 701 note | Sec. 107 of Act |
| | 7 | 59 Pa.C.S.A. § 701 note | 2922, 2923 |
| | 8 | - | Repealer |
| | 9 | - | Effective date |
| 1981, No.135 | 203* | 4 P.S. § 325.203* | Chs.11-19 |
| 1982, No.295 | 5(a) | 54 Pa.C.S.A. § 101 note | Omitted |
| | 5(b) | 54 Pa.C.S.A. § 101 note | 135(c) |
| | 5(c) | 54 Pa.C.S.A. § 101 note | 133(e) |
| 1983, No.92 | 1 | - | Amendatory |
| | 2 | - | Amendatory |
| | 3 | - | Amendatory |
| | 4 | - | Amendatory |
| | 5 | - | 2538(a) |
| | 6 | - | Obsolete |
| | 7 | - | Effective date |

The provision attached to the partial repeal of section 901 of the act of June 22, 1964 (P.L.84, No.6) reverses the result in *Appeal of Conway*, 60 Pa.Cmwlth. 520, 432 A.2d 276 (1981), and cures the constitutional defect in the Eminent Domain Code noted in footnote 3 to the court's opinion in that case, 432 A.2d at 278.

Section 302(b): The provisions repealed by this subsection are supplied in this act as to associations not incorporated under or subject to The Insurance Company Law of 1921 as follows:

| Repealed Act | Section | Unofficial Citation | Superseding Provision of Title 15 (unless otherwise noted) |
|---------------|---------|---------------------|---|
| 1865, No.1119 | 1 | 15 P.S. § 424 | 1703(a), 1704(a) |
| 1869, No.30 | 1 | 15 P.S. § 405 | 1727 |
| 1874, No.118 | 1 | 15 P.S. § 103 | 1309 |
| 1887, No.274 | 1 | 15 P.S. § 406 | 1724 |
| | 2 | - | Validating section |
| | 3 | - | Repealed 1959 |
| 1891, No.77 | 1 | 15 P.S. § 408 | 1730 |
| 1901, No.51 | 1 | 15 P.S. § 403 | 1723 |
| | | 15 P.S. § 404 | 1723 |
| 1901, No.298 | 1 | 15 P.S. § 110 | 1502 |
| | 2 | - | Repealer |
| 1903, No.17 | 1 | 15 P.S. § 429 | 1759 |
| | 2 | - | Repealer |
| 1905, No.26 | 1 | 15 P.S. § 428 | 1760 |
| 1913, No.222 | 1 | 15 P.S. § 751 | 1551 |

| | | | |
|--------------|---|--------------------|--|
| | 2 | - | Repealer |
| 1921, No.28 | 1 | 15 P.S. § 422 | 1755 |
| | 2 | 15 P.S. § 423 | 1704 |
| 1923, No.8 | 1 | 15 P.S. § 905 | Obsolete |
| | 2 | 15 P.S. § 905 note | Validating section |
| | 3 | 15 P.S. § 906 | 42 Pa.C.S. § 6103 42 Pa.C.S. § 6104 |
| 1923, No.443 | 1 | 15 P.S. § 601 | 1523 |
| | 2 | 15 P.S. § 602 | 1530 |
| | 3 | - | Repealer |
| 1925, No.131 | 1 | 15 P.S. § 102 | Obsolete |
| | 2 | - | Validating section |
| | 3 | - | Repealer |
| 1925, No.329 | 1 | 15 P.S. § 401 | 1505 |
| | 2 | 15 P.S. § 402 | 1506 |
| 1925, No.368 | 1 | 15 P.S. § 701 | 1502(a), 1525, 1530 |
| | 2 | 15 P.S. § 702 | Omitted |
| | 3 | - | Repealer |
| 1927, No.260 | 1 | 41 P.S. § 2 | 1510, 5510 |
| | 2 | - | Repealer |
| 1929, No.401 | 1 | 15 P.S. § 411 | 1763 |
| | 2 | 15 P.S. § 412 | 1763 |
| | 3 | 15 P.S. § 413 | 1763 |
| | 4 | - | Repealer |
| 1945, No.249 | 1 | 15 P.S. § 901 | 1502, 7 P.S. § 6020-101, 7 P.S. § 201(a)(vii) |
| | 2 | - | Effective date |
| 1953, No.280 | 1 | 15 P.S. § 703 | 1525, 7 P.S. § 1409 |

Section 302(c): Derived from act of May 5, 1933 (P.L.364, No.106), § 1203(b), added by the act of January 18, 1966 (1965 P.L.1305, No.519), § 50. The provisions repealed by this subsection were repealed as to corporations for profit with the proviso that they were repealed absolutely if repealed as to corporations not for profit by any amendment to the Non-profit Corporation Law of 1933. They were repealed as to corporations not for profit by the act of January 18, 1966 (1965 P.L.1406, No.520), § 26(b), adding § 1103(b) to the Nonprofit Corporation Law of 1933.

Section 302(d): Substantially a reenactment of act of May 5, 1933 (P.L.364, No.106), § 1204(d), added by the act of July 20, 1968 (P.L.459, No.216), § 59.

Section 302(e): See section 304(a)(5) of the act of December 21, 1988 (P.L.1444, No.177), known as the General Association Act of 1988 (15 P.S.

§§ 20101 et seq.), as to the effective date of the repeal of 59 Pa.C.S. Ch. 5. The provisions repealed by this subsection are supplied by this act as follows:

| Official Citation | Superseding Provision |
|------------------------------|----------------------------------|
| 59 Pa.C.S. § 301 | 15 Pa.C.S. § 8301(a) |
| 59 Pa.C.S. § 302 | 15 Pa.C.S. § 8302 |
| 59 Pa.C.S. § 303 | 15 Pa.C.S. § 8303 |
| 59 Pa.C.S. § 304 | 15 Pa.C.S. § 8304 |
| 59 Pa.C.S. § 305 | 15 Pa.C.S. § 8305 |
| 59 Pa.C.S. § 311 | 15 Pa.C.S. § 8311 |
| 59 Pa.C.S. § 312 | 15 Pa.C.S. § 8312 |
| 59 Pa.C.S. § 313 | 15 Pa.C.S. § 8313 |
| 59 Pa.C.S. § 321 | 15 Pa.C.S. § 8321 |
| 59 Pa.C.S. § 322 | 15 Pa.C.S. § 8322 |
| 59 Pa.C.S. § 323 | 15 Pa.C.S. § 8323 |
| 59 Pa.C.S. § 324 | 15 Pa.C.S. § 8324 |
| 59 Pa.C.S. § 325 | 15 Pa.C.S. § 8325 |
| 59 Pa.C.S. § 326 | 15 Pa.C.S. § 8326 |
| 59 Pa.C.S. § 327 | 15 Pa.C.S. § 8327 |
| 59 Pa.C.S. § 328 | 15 Pa.C.S. § 8328 |
| 59 Pa.C.S. § 329 | 15 Pa.C.S. § 8329 |
| 59 Pa.C.S. § 331 | 15 Pa.C.S. § 8331 |
| 59 Pa.C.S. § 332 | 15 Pa.C.S. § 8332 |
| 59 Pa.C.S. § 333 | 15 Pa.C.S. § 8333 |
| 59 Pa.C.S. § 334 | 15 Pa.C.S. § 8334 |
| 59 Pa.C.S. § 335 | 15 Pa.C.S. § 8335 |
| 59 Pa.C.S. § 336 | 15 Pa.C.S. § 8336 |
| 59 Pa.C.S. § 341 | 15 Pa.C.S. § 8341 |
| 59 Pa.C.S. § 342 | 15 Pa.C.S. § 8342 |
| 59 Pa.C.S. § 343 | 15 Pa.C.S. § 8343 |
| 59 Pa.C.S. § 344 | 15 Pa.C.S. § 8344 |
| 59 Pa.C.S. § 345 | 15 Pa.C.S. § 8345 |
| 59 Pa.C.S. § 351 | 15 Pa.C.S. § 8351 |
| 59 Pa.C.S. § 352 | 15 Pa.C.S. § 8352 |
| 59 Pa.C.S. § 353 | 15 Pa.C.S. § 8353 |
| 59 Pa.C.S. § 354 | 15 Pa.C.S. § 8354 |
| 59 Pa.C.S. § 355 | 15 Pa.C.S. § 8355 |
| 59 Pa.C.S. § 356 | 15 Pa.C.S. § 8356 |
| 59 Pa.C.S. § 357 | 15 Pa.C.S. § 8357 |
| 59 Pa.C.S. § 358 | 15 Pa.C.S. § 8358 |
| 59 Pa.C.S. § 359 | 15 Pa.C.S. § 8359 |
| 59 Pa.C.S. § 360 | 15 Pa.C.S. § 8360 |
| 59 Pa.C.S. § 361 | 15 Pa.C.S. § 8361 |
| 59 Pa.C.S. § 362 | 15 Pa.C.S. § 8362 |
| 59 Pa.C.S. § 363 | 15 Pa.C.S. § 8363 |
| 59 Pa.C.S. § 364 | 15 Pa.C.S. § 8364 |
| 59 Pa.C.S. § 365 | 15 Pa.C.S. § 8365 |

| | |
|------------------------|---|
| 59 Pa.C.S. § 501 | 15 Pa.C.S. § 8501 |
| 59 Pa.C.S. § 502 | 15 Pa.C.S. § 8502(a) |
| 59 Pa.C.S. § 503 | 15 Pa.C.S. § 8504 |
| 59 Pa.C.S. § 504 | Omitted |
| 59 Pa.C.S. § 511 | 15 Pa.C.S. § 8503 |
| 59 Pa.C.S. § 512 | 15 Pa.C.S. § 8511 |
| 59 Pa.C.S. § 513 | 15 Pa.C.S. § 8508 |
| 59 Pa.C.S. § 514 | 15 Pa.C.S. § 8541 |
| 59 Pa.C.S. § 515(a) | 15 Pa.C.S. § 8505(a) |
| (b) | 15 Pa.C.S. § 8523(d) |
| 59 Pa.C.S. § 516 | 15 Pa.C.S. § 8516 |
| 59 Pa.C.S. § 521 | 15 Pa.C.S. § 8523 |
| 59 Pa.C.S. § 522 | 15 Pa.C.S. § 8521 |
| 59 Pa.C.S. § 523 | 15 Pa.C.S. § 8533 |
| (7) | 15 Pa.C.S. § 8571 |
| 59 Pa.C.S. § 524(a) | 15 Pa.C.S. § 8525 |
| (b) | 15 Pa.C.S. § 8543 |
| 59 Pa.C.S. § 525 | 15 Pa.C.S. § 8524 |
| 59 Pa.C.S. § 526 | 15 Pa.C.S. § 8534 |
| 59 Pa.C.S. § 527 | 15 Pa.C.S. § 8509 |
| 59 Pa.C.S. § 528 | 15 Pa.C.S. § 8544 |
| 59 Pa.C.S. § 529 | 15 Pa.C.S. § 8557 |
| 59 Pa.C.S. § 530(a)(1) | 15 Pa.C.S. § 8557 |
| (a)(2) | 15 Pa.C.S. § 8554 |
| (a)(3) | 15 Pa.C.S. § 8553 |
| (b) | 15 Pa.C.S. § 8553 |
| (c) | 15 Pa.C.S. § 8555 |
| (d) | Omitted |
| 59 Pa.C.S. § 531 | 15 Pa.C.S. §§ 8542, 8558 |
| 59 Pa.C.S. § 532 | 15 Pa.C.S. § 8561 |
| 59 Pa.C.S. § 533 | 15 Pa.C.S. §§ 8521, 8562, 8564 |
| 59 Pa.C.S. § 534 | 15 Pa.C.S. §§ 8532, 8571 |
| 59 Pa.C.S. § 535 | 15 Pa.C.S. § 8565 |
| 59 Pa.C.S. § 536 | 15 Pa.C.S. § 8563 |
| 59 Pa.C.S. § 541 | 15 Pa.C.S. § 8574 |
| 59 Pa.C.S. § 542(a) | 15 Pa.C.S. § 8513 |
| (b) | 15 Pa.C.S. § 8512(b) |
| 59 Pa.C.S. § 543(a)(1) | 15 Pa.C.S. § 8512(a) |
| (a)(2) | 15 Pa.C.S. § 8531 |
| (b) | 15 Pa.C.S. § 8513 |
| (c) | 15 Pa.C.S. § 8515 |
| (d) | 15 Pa.C.S. §§ 8512(e), 8513, 8515(b) |
| (e) | 15 Pa.C.S. §§ 8503 ("certificate of limited partnership"), 8512 |
| 59 Pa.C.S. § 544 | 15 Pa.C.S. § 8519 |

59 Pa.C.S. § 545
 59 Pa.C.S. § 561
 59 Pa.C.S. § 562
 59 Pa.C.S. § 563
 59 Pa.C.S. § 564
 59 Pa.C.S. § 565
 59 Pa.C.S. § 566
 59 Pa.C.S. § 567
 59 Pa.C.S. § 568
 59 Pa.C.S. § 569
 59 Pa.C.S. § 701
 59 Pa.C.S. § 702
 59 Pa.C.S. § 703
 59 Pa.C.S. § 704
 59 Pa.C.S. § 705
 59 Pa.C.S. § 706
 59 Pa.C.S. § 707

Omitted
 15 Pa.C.S. § 8503
 15 Pa.C.S. § 8581
 15 Pa.C.S. § 8582(a)
 15 Pa.C.S. § 8583
 15 Pa.C.S. § 8584
 15 Pa.C.S. § 8585(a)
 15 Pa.C.S. § 8586(a)
 15 Pa.C.S. § 8587
 15 Pa.C.S. § 8588
 15 Pa.C.S. § 8701
 15 Pa.C.S. § 8702
 15 Pa.C.S. § 8703
 15 Pa.C.S. § 8704
 15 Pa.C.S. § 8705
 15 Pa.C.S. § 8706
 15 Pa.C.S. § 8707

Section 302(f): New.

Section 303: New.

Section 304: New. Cf. Cal Corp. Code § 2300, N.Y. Business Corp. Law § 2001 (Supp. 1981), N.Y. Not-For-Profit Corp. Law XXVIII (McKinney's 1970). Subsection (b) is a reenactment (as to business corporations) of 42 Pa.C.S. §§ 8366 and 8367.

APPROVED—The 21st day of December, A. D. 1988.

ROBERT P. CASEY