

504.1102 Limitations on mergers by public benefit or religious corporations.

1. Without the prior approval of the district court, a public benefit or religious corporation may merge only with one of the following:

a. A public benefit or religious corporation.

b. A foreign corporation which would qualify under this chapter as a public benefit or religious corporation.

c. A wholly owned foreign or domestic business or mutual benefit corporation, provided the public benefit or religious corporation is the surviving corporation and continues to be a public benefit or religious corporation after the merger.

d. A business or mutual benefit corporation or limited liability company, provided that all of the following apply:

(1) On or prior to the effective date of the merger, assets with a value equal to the greater of the fair market value of the net tangible and intangible assets, including goodwill, of the public benefit or religious corporation or the fair market value of the public benefit or religious corporation if it were to be operated as a business concern are transferred or conveyed to one or more persons who would have received its assets under section 504.1405, subsection 1, paragraphs "e" and "f", had it dissolved.

(2) The business or mutual benefit corporation or limited liability company shall return, transfer, or convey any assets held by it upon condition requiring return, transfer, or conveyance, which condition occurs by reason of the merger, in accordance with such condition.

(3) The merger is approved by a majority of directors of the public benefit or religious corporation who are not and will not become members or shareholders in or officers, employees, agents, or consultants of the surviving corporation.*

2. Without the prior approval of the district court in a proceeding in which a guardian ad litem has been appointed to represent the interests of the corporation, a member of a public benefit or religious corporation shall not receive or keep anything as a result of a merger other than a membership in the surviving public benefit or religious corporation. The court shall approve the transaction if it is in the public interest.

2004 Acts, ch 1049, §126, 192

*The term "entity" not "corporation" probably intended; corrective legislation is pending