

501B.30 Mergers.

1. For purposes of this section all of the following definitions apply:

a. “*Constituent organization*” means an organization that is merged with one or more other organizations including the surviving organization.

b. “*Nonsurviving organization*” means a constituent organization that is not the surviving organization.

c. “*Organization*” means an unincorporated nonprofit association; a general partnership, including a limited liability partnership; limited partnership, including a limited liability limited partnership; limited liability company; business or statutory trust; corporation; or any other legal or commercial entity having a statute governing its formation and operation. “*Organization*” includes a for-profit or nonprofit organization.

d. “*Surviving organization*” means an organization into which one or more other organizations are merged.

2. An unincorporated nonprofit association may merge with any organization that is authorized by law to merge with an unincorporated nonprofit association.

3. A merger involving an unincorporated nonprofit association is subject to the following rules:

a. Each constituent organization shall comply with its governing law.

b. Each party to the merger shall approve a plan of merger. The plan, which must be in a record, must include all of the following provisions:

(1) The name and form of each organization that is a party to the merger.

(2) The name and form of the surviving organization and, if the surviving organization is to be created by the merger, a statement to that effect.

(3) If the surviving organization is to be created by the merger, the surviving organization’s organizational documents that are proposed to be in a record.

(4) If the surviving organization is not to be created by the merger, any amendments to be made by the merger to the surviving organization’s organizational documents that are, or are proposed to be, in a record.

(5) The terms and conditions of the merger, including the manner and basis for converting the interests in each constituent organization into any combination of money, interests in the surviving organization, and other consideration except that the plan of merger may not permit members of an unincorporated nonprofit association to receive merger consideration if a distribution of such consideration would not be permitted in the absence of a merger under section 501B.26 or 501B.29.

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

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

e. Following approval of the plan, a merger under this section is effective as follows:

(1) If a constituent organization is required to give notice to or obtain the approval of a governmental agency or officer in order to be a party to a merger, when the notice has been given and the approval has been obtained.

(2) For the surviving organization the following apply:

(a) If the surviving organization is an unincorporated nonprofit association, as specified in the plan of merger and upon compliance by any constituent organization that is not an association with any requirements, including any required filings in the office of the secretary of state, of the organization’s governing statute.

(b) If the surviving organization is not an unincorporated nonprofit association, as provided by the statute governing the surviving organization.

4. When a merger becomes effective all of the following apply:

a. The surviving organization continues or comes into existence.

b. Each constituent organization that merges into the surviving organization ceases to exist as a separate entity.

c. All property owned by each constituent organization that ceases to exist vests in the surviving organization.

d. All debts, obligations, or other liabilities of each nonsurviving organization continue as debts, obligations, or other liabilities of the surviving organization.

e. An action or proceeding pending by or against any nonsurviving organization may be continued as if the merger had not occurred.

f. Except as prohibited by law other than this chapter, all of the rights, privileges, immunities, powers, and purposes of each constituent organization that ceases to exist vest in the surviving organization.

g. Except as otherwise provided in the plan of merger, the terms and conditions of the plan of merger take effect.

h. The merger does not affect the personal liability, if any, of a member or manager of a constituent organization for a debt, obligation, or other liability incurred before the merger is effective.

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

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

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

2010 Acts, ch 1112, §30, 33

Referred to in §501B.16