

490.935 Effect of conversion.

1. When a conversion becomes effective all of the following shall apply:

a. All property owned by, and every contract right possessed by, the converting entity remain the property and contract rights of the converted entity without transfer, reversion, or impairment.

b. All debts, obligations, and other liabilities of the converting entity remain the debts, obligations, and other liabilities of the converted entity.

c. The name of the converted entity may but need not be substituted for the name of the converting entity in any pending action or proceeding.

d. If the converted entity is a filing entity or a domestic business corporation or a domestic or foreign nonprofit corporation, its public organic record and its private organic rules become effective.

e. If the converted entity is a nonfiling entity, its private organic rules become effective.

f. If the converted entity is a limited liability partnership, the filing required to become a limited liability partnership and its private organic rules become effective.

g. The shares or eligible interests of the converting entity are reclassified into shares, eligible interests or other securities, obligations, rights to acquire shares, eligible interests or other securities, cash, or other property in accordance with the terms of the conversion, and the shareholders or interest holders of the converting entity are entitled only to the rights provided to them by those terms and to any appraisal rights they may have under the organic law of the converting entity.

h. The converted entity is all of the following:

(1) Incorporated or organized under and subject to the organic law of the converted entity.

(2) The same entity without interruption as the converting entity.

(3) Deemed to have been incorporated or otherwise organized on the date that the converting entity was originally incorporated or organized.

2. When a conversion of a domestic corporation to a foreign eligible entity becomes effective, the converted entity is deemed to have done all of the following:

a. Appointed the secretary of state as its agent for service of process in a proceeding to enforce the rights of shareholders who exercise appraisal rights in connection with the conversion.

b. Agreed that it will promptly pay the amount, if any, to which such shareholders are entitled under [subchapter XIII](#).

3. Except as otherwise provided in the articles of incorporation of a domestic corporation or the organic law or organic rules of a foreign corporation or a domestic or foreign eligible entity, a shareholder or eligible interest holder who becomes subject to interest holder liability in respect of a domestic corporation or eligible entity as a result of the conversion shall have such interest holder liability only in respect of interest holder liabilities that arise after the conversion becomes effective.

4. Except as otherwise provided in the organic law or the organic rules of the eligible entity, the interest holder liability of an interest holder in a converting eligible entity that converts to a domestic corporation who had interest holder liability in respect of such converting eligible entity before the conversion becomes effective shall be as follows:

a. The conversion does not discharge that prior interest holder liability with respect to any interest holder liabilities that arose before the conversion became effective.

b. The provisions of the organic law of the eligible entity shall continue to apply to the collection or discharge of any interest holder liabilities preserved by paragraph "a", as if the conversion had not occurred.

c. The eligible interest holder shall have such rights of contribution from other persons as are provided by the organic law of the eligible entity with respect to any interest holder liabilities preserved by paragraph "a", as if the conversion had not occurred.

d. The eligible interest holder shall not, by reason of such prior interest holder liability, have interest holder liability with respect to any interest holder liabilities that arise after the conversion becomes effective.

5. A conversion does not require the converting entity to wind up its affairs and does not constitute or cause the dissolution or termination of the entity.

6. Property held for charitable purposes under the laws of this state by a corporation or a domestic or foreign eligible entity immediately before a conversion shall not, as a result of the transaction, be diverted from the objects for which it was donated, granted, devised, or otherwise transferred except and to the extent permitted by or pursuant to the laws of this state addressing cy pres or dealing with nondiversion of charitable assets.

7. A bequest, devise, gift, grant, or promise contained in a will or other instrument of donation, subscription, or conveyance which is made to the converting entity and which takes effect or remains payable after the conversion inures to the converted entity.

8. A trust obligation that would govern property if transferred to the converting entity applies to property that is transferred to the converted entity after the conversion takes effect.

[2021 Acts, ch 165, §139, 230](#)