

RCW 24.03A.810 For-profit conversion of noncharitable

corporations. (1) A domestic nonprofit corporation, other than a charitable corporation, may become a domestic for-profit corporation pursuant to a plan of for-profit conversion if the for-profit conversion is permitted under Title 23B RCW.

(2) A domestic nonprofit corporation, other than a charitable corporation, may become a foreign for-profit corporation if the for-profit conversion is permitted by the laws of the foreign jurisdiction. Regardless of whether the laws of the foreign jurisdiction require the adoption of a plan of for-profit conversion, the foreign for-profit conversion must be approved by the adoption by the domestic nonprofit corporation of a plan of for-profit conversion in the manner provided in RCW 24.03A.755 through 24.03A.880.

(3) The plan of for-profit conversion shall include:

(a) The terms and conditions of the conversion;

(b) The manner and basis of:

(i) Issuing at least one share in the corporation following its conversion; and

(ii) Otherwise reclassifying the memberships in the corporation, if any, following its conversion into shares and other securities, obligations, rights to acquire shares or other securities, cash, other property, or any combination of the foregoing;

(c) If the corporation is holding assets for charitable purposes, a plan setting forth how the corporation will comply with RCW 24.03A.770 (1) through (3);

(d) Any desired changes to the articles or bylaws of the corporation following its conversion; and

(e) If the domestic nonprofit corporation is to be converted to a foreign for-profit corporation, a statement of the jurisdiction in which the corporation will be incorporated after the conversion.

(4) The plan of for-profit conversion may also include a provision that the plan may be amended before filing articles of for-profit conversion, except that after approval of the plan by the members the plan may not be amended without the approval of the members to change:

(a) The amount or kind of shares and other securities, obligations, rights to acquire shares or other securities, cash, or other property to be received by the members under the plan;

(b) The articles of incorporation as they will be in effect immediately following the conversion, except for changes permitted by RCW 24.03A.655; or

(c) Any of the other terms or conditions of the plan if the change would adversely affect any of the members in any material respect.

(5) Terms of a plan of for-profit conversion may be made dependent upon facts objectively ascertainable outside the plan in accordance with RCW 24.03A.060(3).

(6) If any debt security, note, or similar evidence of indebtedness for money borrowed, whether secured or unsecured, or a contract of any kind, issued, incurred, or executed by a domestic nonprofit corporation before January 1, 2022, contains a provision applying to a merger of the corporation and the document does not refer to a for-profit conversion of the corporation, then the provision is deemed to apply to a for-profit conversion of the corporation until the provision is later amended. [2021 c 176 § 3312.]

Effective date—2021 c 176: See note following RCW 24.03A.005.