

RCW 24.03A.825 Effect of for-profit conversion. (1) Except as provided in RCW 24.03A.770, when a conversion of a domestic nonprofit corporation to a domestic or foreign for-profit corporation becomes effective:

(a) The title to all real and personal property, both tangible and intangible, of the corporation remains in the corporation without reversion or impairment;

(b) The liabilities of the corporation remain the liabilities of the corporation;

(c) An action or proceeding pending against the corporation continues against the corporation as if the conversion had not occurred;

(d) The articles of the domestic or foreign for-profit corporation become effective;

(e) The memberships of the corporation are reclassified into shares or other securities, obligations, rights to acquire shares or other securities, or into cash or other property in accordance with the plan of conversion, and the members are entitled only to the rights provided in the plan of for-profit conversion;

(f) A devise, bequest, gift, grant, or promise contained in a will or other instrument, in trust or otherwise, made to or for the corporation before or after the for-profit conversion, continues to inure to the corporation, subject to the express terms of the will or other instrument; and

(g) The corporation is deemed to:

(i) Be a domestic or foreign for-profit corporation for all purposes; and

(ii) Be the same corporation without interruption as the nonprofit corporation.

(2) The interest holder liability of a member in a domestic nonprofit corporation that converts to a domestic for-profit corporation is as follows:

(a) The conversion does not discharge any interest holder liability of the member as a member of the nonprofit corporation to the extent the interest holder liability arose before the effective time of the articles of for-profit conversion.

(b) The member does not have interest holder liability for any debt, obligation, or liability of the for-profit corporation that arises after the effective time of the articles of for-profit conversion.

(c) The laws of this state continue to apply to the collection or discharge of any interest holder liability preserved by (a) of this subsection, as if the conversion had not occurred.

(d) The member has whatever rights of contribution from other members are provided by the laws of this state with respect to any interest holder liability preserved by (a) of this subsection, as if the conversion had not occurred.

(3) A member who becomes subject to interest holder liability for some or all of the debts, obligations, or liabilities of the for-profit corporation has interest holder liability only for those debts, obligations, or liabilities of the for-profit corporation that arise after the effective time of the articles of for-profit conversion.

[2021 c 176 s 3315.]

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