

RCW 24.03A.865 Action on a plan of entity conversion. In the case of an entity conversion of a domestic nonprofit corporation to a domestic or foreign unincorporated entity:

(1) The plan of entity conversion must be adopted by a vote of the majority of the directors in office.

(2) If there are no members entitled to vote on the plan, then the plan must be adopted by a vote of the majority of directors then in office. If a membership corporation has no members entitled to vote on the plan, then the corporation shall deliver notice of the proposed entity conversion to all members of the corporation at least ten days before the meeting at which the board is to adopt the plan.

(3) After adopting the plan of entity conversion, the board shall submit the plan to the members for their approval if there are members entitled to vote on the plan. The board shall also deliver to the members a recommendation that the members approve the plan, unless the board determines that because of conflicts of interest or other special circumstances it should not make such a recommendation, in which case the board shall deliver to the members the basis for that determination.

(4) The board may condition its submission of the plan of entity conversion to the members on any basis.

(5) If the approval of the members is to be given at a meeting, then the corporation shall notify each member, whether or not entitled to vote, of the meeting of members at which the plan of entity conversion is to be submitted for approval. The notice shall state that the purpose, or one of the purposes, of the meeting is to consider the plan and must contain or be accompanied by a copy or summary of the plan. The notice shall include a copy of the organic documents as they will be in effect immediately after the entity conversion. The notice may additionally be accompanied by a summary of the required materials. If a summary is provided in lieu of a copy of the plan, then a copy of the plan must be available to members upon request and this fact must be stated in the notice. Such copy of the plan may be made available to members electronically.

(6) Unless the articles, or the board acting pursuant to subsection (3) of this section, requires a greater vote or a greater number of votes to be present, the approval of the plan of entity conversion by the members entitled to vote thereon requires the approval of a majority of those members at a meeting at which a quorum is present, and, if any class of members is entitled to vote as a separate group on the plan of entity conversion, the approval of a majority of the members of each separate voting group entitled to vote at a meeting at which a quorum of the voting group is present.

(7) If any provision of the articles, bylaws, or an agreement to which any of the directors or members are parties, adopted or entered into before January 1, 2022, applies to a merger of the corporation and the document does not refer to an entity conversion of the corporation, then the provision is deemed to apply to an entity conversion of the corporation until the provision is later amended.

(8) If, as a result of the conversion, one or more members of the corporation would become subject to interest holder liability for the debts, obligations, or liabilities of any other person or entity, then approval of the plan of conversion requires the execution, by each affected member, of a separate written consent to become subject to interest holder liability. [2021 c 176 § 3323.]

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