

§952. Entity conversion authorized

1. Domestic other entity. A domestic business corporation may become a domestic unincorporated entity pursuant to a plan of entity conversion. If the organic law of the unincorporated entity does not provide for such a conversion, section 957 governs the effect of converting to that form of unincorporated entity.

[PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

2. Foreign unincorporated entity. A domestic business corporation may become a foreign unincorporated entity only if the entity conversion is permitted by the laws of the foreign jurisdiction. The laws of the foreign jurisdiction govern the effect of converting to an unincorporated entity in that jurisdiction.

[PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

3. Entity conversion. A domestic unincorporated entity may become a domestic business corporation. Section 957 governs the effect of converting to a domestic business corporation. If the organic law of a domestic unincorporated entity does not provide procedures for the approval of an entity conversion, the conversion must be adopted and approved, and the entity conversion effectuated, in the same manner as a merger of the unincorporated entity, and its interest holders are entitled to appraisal rights if appraisal rights are available upon any type of merger under the organic law of the unincorporated entity. If the organic law of a domestic unincorporated entity does not provide procedures for the approval of either an entity conversion or a merger, a plan of entity conversion must be adopted and approved, the entity conversion effectuated and appraisal rights exercised in accordance with the procedures in this subchapter and chapter 13. Without limiting the provisions of this subsection, a domestic unincorporated entity whose organic law does not provide procedures for the approval of an entity conversion is subject to subsection 5 and section 954, subsection 8. For purposes of applying this subchapter and chapter 13:

A. The unincorporated entity and its interest holders, interests and organic documents taken together are deemed to be a domestic business corporation and its shareholders, shares and articles of incorporation, respectively and vice versa, as the context may require; and [PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

B. If the business and affairs of the unincorporated entity are managed by a group of persons that is not identical to the interest holders, that group is deemed to be the board of directors. [PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

[PL 2003, c. 344, Pt. B, §86 (AMD).]

4. Authorization to become corporation. A foreign unincorporated entity may become a domestic business corporation if the organic law of the foreign unincorporated entity authorizes it to become a corporation in another jurisdiction. The laws of this State govern the effect of conversion to a domestic business corporation pursuant to this subchapter.

[PL 2001, c. 640, Pt. A, §2 (NEW); PL 2001, c. 640, Pt. B, §7 (AFF).]

5. Transitional rule. 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 signed by a domestic business corporation before July 1, 2003, applies to a merger of the corporation and the document does not refer to an entity conversion of the corporation, the provision is deemed to apply to an entity conversion of the corporation until the provision is amended.

[PL 2011, c. 274, §45 (AMD).]

SECTION HISTORY

PL 2001, c. 640, §A2 (NEW). PL 2001, c. 640, §B7 (AFF). PL 2003, c. 344, §B86 (AMD). PL 2011, c. 274, §45 (AMD).

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