

# INTRODUCTION

## TITLE 10A

### **Alabama Business and Nonprofit Entities Code**

The purpose of this Code is primarily non-substantive. It is to make the law encompassed by this Title more accessible and understandable by:

(1) rearranging the kinds of business and non-business organizations and the statutes applicable to them into a more logical order by a non-substantive revision of analogous or comparable provisions found in the prior Alabama Business Corporation Act, Alabama Non-Profit Corporation Act, Alabama Limited Liability Company Act, Alabama Revised Partnership Act, Alabama Revised Limited Partnership Act, Alabama Real Estate Investment Trust Act, Alabama Professional Associations Act, Alabama Professional Associations Act, and other existing provisions of Alabama statutes governing domestic and foreign business and non-profit entities;

(2) employing a format and numbering system designed to facilitate access to and citation of the law and to accommodate future expansion of the law;

(3) eliminating repealed, duplicative, expired, executed, and other ineffective provisions; and

(4) restating the law in modern American English to the greatest extent possible.

This bill would add Title 10A, entitled Alabama Business and Nonprofit Entities Code, to the Code of Alabama 1975. The added title is comprised of sections previously located in Title 10, which are amended and renumbered, and adds additional sections, resulting in a revised, recast, and reordered business and nonprofit entities code. Certain sections of Title 10 are also repealed. The code includes hub provisions applicable to the various entities and spoke provisions applicable to a particular type of entity.

Chapter 1, General Provisions, concerns: Definitions, application, and purposes; purpose and powers of a domestic entity; formation and governance; filings; names of entities, registered agents, and registered

offices; indemnification and insurance; foreign entities; conversions and mergers; and winding up and termination of a domestic entity.

Chapter 2, and applicable portions of Chapter 1, is entitled the Alabama Business Corporation Law. Chapter 2 concerns: General provisions; formation and governing documents; purpose and powers; shares and distributions; shareholders; directors and officers; amendment of articles of incorporation; merger and share exchange; sale or mortgage of assets; dissenter's rights; dissolution; foreign corporations; records and reports; and application.

Chapter 3, and applicable portions of Chapter 1, is entitled the Alabama Nonprofit Corporation Law. Chapter 3 concerns: General provisions; substantive provisions; formation of nonprofit corporations; amendments; mergers and consolidation; sale of assets; dissolution; and miscellaneous provisions.

Chapter 4, and applicable portions of Chapter 1, is entitled the Alabama Professional Corporation Law. Chapter 4 concerns: General provisions; purposes, powers, and organization; shareholders; directors and officers and professional liability; special provisions as to amendments, merger, and consolidation; regulation of professional corporations, foreign professional corporations, and application to existing corporations; and limited liability corporations.

Chapter 5, and applicable portions of Chapter 1, is entitled the Alabama Limited Liability Company Law. Chapter 5 concerns: General provisions; formation; relationship of members and managers to third parties; relationship among members; contributions and distributions; transfer of membership interest; dissolution; and professional services.

Chapters 6 and 7 are reserved for future legislation.

Chapter 8, and applicable portions of Chapter 1, is entitled the Alabama General Partnership Law. Chapter 8 concerns: General provisions; nature of partnership; relations of partners to persons dealing with partnerships; relations to partners to each other and to partnership; transferees and creditors of partners; partners' dissolution; partners' dissolution when business not wound up; winding up partnership business; registered limited liability partnerships; and miscellaneous provisions.

Chapter 9, and applicable provisions of Chapter 1, is entitled the Alabama Limited Partnership Law. Chapter 9 concerns: General

provisions; certificate of limited partnership; limited partners; general partners; finance; distributions and withdrawals; assignment of partnership interests; dissolutions; derivative actions; and miscellaneous provisions.

Chapter 10, and applicable provisions of Chapter 1, is entitled the Alabama Real Estate Investment Trust Law. Chapter 10 concerns: Form; compliance; declaration of trust; classification of shares; removal of trustee powers; investment and use; annual report; inspection of records; filing fees; amendment of declaration; merger; dissolution; liability of trust, shareholders, and trustees; service of process; income tax; and treatment.

Chapter 11, and applicable provisions of Chapter 1, is entitled the Alabama Employee Cooperative Corporations Law. Chapter 11 concerns: Election as employee cooperative and revocation of election; corporate names; members, membership shares, rights, and responsibilities; directors and officers; voting power, amendment of bylaws, protection of shareholders; apportionment of earnings and losses; internal capital accounts; internal capital account cooperatives; and conversion of membership shares and merger of employee cooperatives.

Chapters 12, 13, 14, and 15 are reserved for future legislation.

Chapter 16, Business Trusts, concerns: Establishment and purpose; powers and liabilities of trustees and liability of trust; certificate of ownership and liability of beneficial owners; contents and recordation of declaration of trust; duration and suits against trust; and attachment and execution.

Chapter 17, and applicable provisions of Chapter 1, is entitled the Alabama Unincorporated Nonprofit Association Law. Chapter 17 concerns: Governance; association as legatee, devisee, or beneficiary; statement of authority; liability in tort and contract; capacity to assert and defend and standing effect of judgment or order; disposition of personal property of inactive or dissolved association; appointment of agent; claims, venue, and service; transition; and acts not repealed, saving clause, and uniformity of application.

Chapters 18 and 19 are reserved for future legislation.

Chapter 20, Special Purpose Entities, concerns: Bishop of diocese; churches, public societies, and graveyard owners; conferences of ministers; state conventions and association of churches; educational

institutions; health care service plans; industrial development corporations; local fraternal orders; single tax and mutual economic associations; private foundations; charters of medical, dental, pharmaceutical, or similar associations; charters of corporations not of a business character; retail merchants' associations, wholesale merchants' associations; water and power companies; and liability of officers of nonprofit organizations.

Chapter 21, Certain Powers, Rights, and Duties of Corporations, concerns: Corporate political contributions; corporate powers of eminent domain; and prosecution of corporations.

Chapters 22 to 29, inclusive, are reserved for future legislation.

Chapter 30, Provisions Applicable to Existing Entities of a Type that May No Longer Be Formed, concerns: Unincorporated professional associations and close corporations.

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