

1                   **NONPROFIT CORPORATION ACT AMENDMENTS**

2                                   2015 GENERAL SESSION

3                                   STATE OF UTAH

4                           **Chief Sponsor: Lyle W. Hillyard**

5                           House Sponsor: V. Lowry Snow

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7 **LONG TITLE**

8 **General Description:**

9           This bill amends the Utah Revised Nonprofit Corporation Act.

10 **Highlighted Provisions:**

11           This bill:

- 12           ▶ modifies definition provisions;
- 13           ▶ provides for use of electronic transmissions;
- 14           ▶ addresses private foundations;
- 15           ▶ addresses incorporation;
- 16           ▶ provides for mutual benefit corporations to purchase memberships;
- 17           ▶ modifies provision addressing no property rights;
- 18           ▶ addresses action without meeting and action by written ballot;
- 19           ▶ modifies provision related to voting entitlement;
- 20           ▶ modifies provisions related to board of directors;
- 21           ▶ addresses authorized actions of a committee of the board;
- 22           ▶ modifies provisions related to conflicting interest transactions;
- 23           ▶ modifies provisions related to court-ordered indemnification of a director;
- 24           ▶ addresses provisions related to articles of incorporation;
- 25           ▶ provides for voting members to vote on amendment to convert to a corporation;
- 26           ▶ modifies effect of dissolution provision; and
- 27           ▶ makes technical and conforming changes.



28 **Money Appropriated in this Bill:**

29 None

30 **Other Special Clauses:**

31 None

32 **Utah Code Sections Affected:**

33 AMENDS:

- 34 **16-6a-102**, as last amended by Laws of Utah 2009, Chapter 386
- 35 **16-6a-103**, as last amended by Laws of Utah 2009, Chapter 388
- 36 **16-6a-116**, as last amended by Laws of Utah 2002, Chapter 197
- 37 **16-6a-203**, as enacted by Laws of Utah 2000, Chapter 300
- 38 **16-6a-610**, as enacted by Laws of Utah 2000, Chapter 300
- 39 **16-6a-611**, as last amended by Laws of Utah 2007, Chapter 315
- 40 **16-6a-705**, as enacted by Laws of Utah 2000, Chapter 300
- 41 **16-6a-707**, as last amended by Laws of Utah 2002, Chapter 197
- 42 **16-6a-709**, as last amended by Laws of Utah 2010, Chapter 378
- 43 **16-6a-711**, as last amended by Laws of Utah 2007, Chapter 315
- 44 **16-6a-712**, as enacted by Laws of Utah 2000, Chapter 300
- 45 **16-6a-801**, as enacted by Laws of Utah 2000, Chapter 300
- 46 **16-6a-807**, as enacted by Laws of Utah 2000, Chapter 300
- 47 **16-6a-808**, as last amended by Laws of Utah 2014, Chapter 160
- 48 **16-6a-813**, as enacted by Laws of Utah 2000, Chapter 300
- 49 **16-6a-814**, as last amended by Laws of Utah 2009, Chapter 388
- 50 **16-6a-815**, as last amended by Laws of Utah 2006, Chapter 228
- 51 **16-6a-817**, as last amended by Laws of Utah 2001, Chapter 127
- 52 **16-6a-825**, as last amended by Laws of Utah 2007, Chapter 315
- 53 **16-6a-905**, as last amended by Laws of Utah 2006, Chapter 228
- 54 **16-6a-1002**, as last amended by Laws of Utah 2008, Chapter 364
- 55 **16-6a-1003**, as enacted by Laws of Utah 2000, Chapter 300
- 56 **16-6a-1006**, as enacted by Laws of Utah 2000, Chapter 300
- 57 **16-6a-1008**, as last amended by Laws of Utah 2009, Chapter 386
- 58 **16-6a-1302**, as last amended by Laws of Utah 2009, Chapter 386

59 [16-6a-1405](#), as last amended by Laws of Utah 2007, Chapter 315

60 [42-2-6.6](#), as last amended by Laws of Utah 2010, Chapter 218

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62 *Be it enacted by the Legislature of the state of Utah:*

63 Section 1. Section **16-6a-102** is amended to read:

64 **16-6a-102. Definitions.**

65 As used in this chapter:

66 (1) (a) "Address" means a location where mail can be delivered by the United States

67 Postal Service.

68 (b) "Address" includes:

69 (i) a post office box number;

70 (ii) a rural free delivery route number; and

71 (iii) a street name and number.

72 (2) "Affiliate" means a person that directly or indirectly through one or more

73 intermediaries controls, or is controlled by, or is under common control with, the person

74 specified.

75 (3) "Articles of incorporation" include:

76 (a) amended articles of incorporation;

77 (b) restated articles of incorporation;

78 (c) articles of merger; and

79 (d) a document of a similar import to the documents described in Subsections (3)(a)

80 through (c).

81 (4) "Assumed corporate name" means a name assumed for use in this state:

82 (a) by a:

83 (i) foreign corporation pursuant to Section [16-10a-1506](#); or

84 (ii) a foreign nonprofit corporation pursuant to Section [16-6a-1506](#); and

85 (b) because the corporate name of the foreign corporation described in Subsection

86 (4)(a) is not available for use in this state.

87 (5) (a) Except as provided in Subsection (5)(b), "board of directors" means the body

88 authorized to manage the affairs of a domestic or foreign nonprofit corporation.

89 (b) Notwithstanding Subsection (5)(a), a person may not be considered a member of

90 the board of directors because of a power delegated to that person pursuant to Subsection  
91 16-6a-801(2).

92 (6) (a) "Bylaws" means the one or more codes of rules, other than the articles of  
93 incorporation, adopted pursuant to this chapter for the regulation or management of the affairs  
94 of a domestic or foreign nonprofit corporation irrespective of the one or more names by which  
95 the codes of rules are designated.

96 (b) "Bylaws" includes:

97 (i) amended bylaws; and

98 (ii) restated bylaws.

99 (7) (a) "Cash" or "money" means:

100 (i) legal tender;

101 (ii) a negotiable instrument; or

102 (iii) other cash equivalent readily convertible into legal tender.

103 (b) "Cash" and "money" are used interchangeably in this chapter.

104 (8) (a) "Class" means a group of memberships that has the same right with respect to  
105 voting, dissolution, redemption, transfer, or other characteristics.

106 (b) For purposes of Subsection (8)(a), a right is considered the same if it is determined  
107 by a formula applied uniformly to a group of memberships.

108 (9) (a) "Conspicuous" means so written that a reasonable person against whom the  
109 writing is to operate should have noticed the writing.

110 (b) "Conspicuous" includes printing or typing in:

111 (i) italics;

112 (ii) boldface;

113 (iii) contrasting color;

114 (iv) capitals; or

115 (v) underlining.

116 (10) "Control" or a "controlling interest" means the direct or indirect possession of the  
117 power to direct or cause the direction of the management and policies of an entity by:

118 (a) the ownership of voting shares;

119 (b) contract; or

120 (c) a means other than those specified in Subsection (10)(a) or (b).

- 121 (11) Subject to Section 16-6a-207, "cooperative nonprofit corporation" or  
122 "cooperative" means a nonprofit corporation organized or existing under this chapter.
- 123 (12) "Corporate name" means:
- 124 (a) the name of a domestic corporation as stated in the domestic corporation's articles  
125 of incorporation;
- 126 (b) the name of a domestic nonprofit corporation as stated in the domestic nonprofit  
127 corporation's articles of incorporation;
- 128 (c) the name of a foreign corporation as stated in the foreign corporation's:
- 129 (i) articles of incorporation; or  
130 (ii) document of similar import to articles of incorporation; or
- 131 (d) the name of a foreign nonprofit corporation as stated in the foreign nonprofit  
132 corporation's:
- 133 (i) articles of incorporation; or  
134 (ii) document of similar import to articles of incorporation.
- 135 (13) "Corporation" or "domestic corporation" means a corporation for profit that:
- 136 (a) is not a foreign corporation; and  
137 (b) is incorporated under or subject to Chapter 10a, Utah Revised Business Corporation  
138 Act.
- 139 (14) "Delegate" means a person elected or appointed to vote in a representative  
140 assembly:
- 141 (a) for the election of a director; or  
142 (b) on matters other than the election of a director.
- 143 (15) "Deliver" includes delivery by mail or another means of transmission authorized  
144 by Section 16-6a-103, except that delivery to the division means actual receipt by the division.
- 145 (16) "Director" means a member of the board of directors.
- 146 (17) (a) "Distribution" means the payment of a dividend or any part of the income or  
147 profit of a nonprofit corporation to the nonprofit corporation's:
- 148 (i) members;  
149 (ii) directors; or  
150 (iii) officers.
- 151 (b) "Distribution" does not include a fair-value payment for:

152 (i) a good sold; or

153 (ii) a service received.

154 (18) "Division" means the Division of Corporations and Commercial Code.

155 (19) "Effective date," when referring to a document filed by the division, means the  
156 time and date determined in accordance with Section 16-6a-108.

157 (20) "Effective date of notice" means the date notice is effective as provided in Section  
158 16-6a-103.

159 (21) "Electronic transmission" or "electronically transmitted" means a process of  
160 communication not directly involving the physical transfer of paper that is suitable for the  
161 receipt, retention, retrieval, and reproduction of information by the recipient, whether by email,  
162 texting, facsimile, or otherwise.

163 [~~21~~] (22) (a) "Employee" includes an officer of a nonprofit corporation.

164 (b) (i) Except as provided in Subsection [~~21~~] (22)(b)(ii), "employee" does not include  
165 a director of a nonprofit corporation.

166 (ii) Notwithstanding Subsection [~~21~~] (22)(b)(i), a director may accept one or more  
167 duties that make that director an employee of a nonprofit corporation.

168 [~~22~~] (23) "Executive director" means the executive director of the Department of  
169 Commerce.

170 [~~23~~] (24) "Entity" includes:

171 (a) a domestic or foreign corporation;

172 (b) a domestic or foreign nonprofit corporation;

173 (c) a limited liability company;

174 (d) a profit or nonprofit unincorporated association;

175 (e) a business trust;

176 (f) an estate;

177 (g) a partnership;

178 (h) a trust;

179 (i) two or more persons having a joint or common economic interest;

180 (j) a state;

181 (k) the United States; or

182 (l) a foreign government.

183            [~~(24)~~] (25) "Foreign corporation" means a corporation for profit incorporated under a  
184 law other than the laws of this state.

185            [~~(25)~~] (26) "Foreign nonprofit corporation" means an entity:

186            (a) incorporated under a law other than the laws of this state; and

187            (b) that would be a nonprofit corporation if formed under the laws of this state.

188            [~~(26)~~] (27) "Governmental entity" means:

189            (a) (i) the executive branch of the state;

190            (ii) the judicial branch of the state;

191            (iii) the legislative branch of the state;

192            (iv) an independent entity, as defined in Section [63E-1-102](#);

193            (v) a political subdivision of the state;

194            (vi) a state institution of higher education, as defined in Section [53B-3-102](#);

195            (vii) an entity within the state system of public education; or

196            (viii) the National Guard; or

197            (b) any of the following that is established or controlled by a governmental entity listed  
198 in Subsection [~~(26)~~] (27)(a) to carry out the public's business:

199            (i) an office;

200            (ii) a division;

201            (iii) an agency;

202            (iv) a board;

203            (v) a bureau;

204            (vi) a committee;

205            (vii) a department;

206            (viii) an advisory board;

207            (ix) an administrative unit; or

208            (x) a commission.

209            [~~(27)~~] (28) "Governmental subdivision" means:

210            (a) a county;

211            (b) a city;

212            (c) a town; or

213            (d) another type of governmental subdivision authorized by the laws of this state.

214 [~~(28)~~] (29) "Individual" means:

- 215 (a) a natural person;
- 216 (b) the estate of an incompetent individual; or
- 217 (c) the estate of a deceased individual.

218 [~~(29)~~] (30) "Internal Revenue Code" means the federal "Internal Revenue Code of  
219 1986," as amended from time to time, or to corresponding provisions of subsequent internal  
220 revenue laws of the United States of America.

221 [~~(30)~~] (31) (a) "Mail," "mailed," or "mailing" means deposit, deposited, or depositing  
222 in the United States mail, properly addressed, first-class postage prepaid.

223 (b) "Mail," "mailed," or "mailing" includes registered or certified mail for which the  
224 proper fee is paid.

225 [~~(31)~~] (32) (a) "Member" means one or more persons identified or otherwise appointed  
226 as a member of a domestic or foreign nonprofit corporation as provided:

- 227 (i) in the articles of incorporation;
- 228 (ii) in the bylaws;
- 229 (iii) by a resolution of the board of directors; or
- 230 (iv) by a resolution of the members of the nonprofit corporation.

231 (b) "Member" includes "voting member."

232 [~~(32)~~] (33) "Membership" refers to the rights and obligations of a member or members.

233 [~~(33)~~] (34) "Mutual benefit corporation" means a nonprofit corporation:

234 (a) that issues shares of stock to its members evidencing a right to receive distribution  
235 of water or otherwise representing property rights; or

236 (b) all of whose assets are contributed or acquired by or for the members of the  
237 nonprofit corporation or their predecessors in interest to serve the mutual purposes of the  
238 members.

239 [~~(34)~~] (35) "Nonprofit corporation" or "domestic nonprofit corporation" means an  
240 entity that:

- 241 (a) is not a foreign nonprofit corporation; and
- 242 (b) is incorporated under or subject to this chapter.

243 [~~(35)~~] (36) "Notice" ~~[is as provided]~~ means the same as that term is defined in Section  
244 16-6a-103.

- 245            [~~(36)~~] (37) "Party related to a director" means:
- 246            (a) the spouse of the director;
- 247            (b) a child of the director;
- 248            (c) a grandchild of the director;
- 249            (d) a sibling of the director;
- 250            (e) a parent of the director;
- 251            (f) the spouse of an individual described in Subsections [~~(36)~~] (37)(b) through (e);
- 252            (g) an individual having the same home as the director;
- 253            (h) a trust or estate of which the director or another individual specified in this
- 254 Subsection [~~(36)~~] (37) is a substantial beneficiary; or
- 255            (i) any of the following of which the director is a fiduciary:
- 256            (i) a trust;
- 257            (ii) an estate;
- 258            (iii) an incompetent;
- 259            (iv) a conservatee; or
- 260            (v) a minor.
- 261            [~~(37)~~] (38) "Person" means an:
- 262            (a) individual; or
- 263            (b) entity.
- 264            [~~(38)~~] (39) "Principal office" means:
- 265            (a) the office, in or out of this state, designated by a domestic or foreign nonprofit
- 266 corporation as its principal office in the most recent document on file with the division
- 267 providing that information, including:
- 268            (i) an annual report;
- 269            (ii) an application for a certificate of authority; or
- 270            (iii) a notice of change of principal office; or
- 271            (b) if no principal office can be determined, a domestic or foreign nonprofit
- 272 corporation's registered office.
- 273            [~~(39)~~] (40) "Proceeding" includes:
- 274            (a) a civil suit;
- 275            (b) arbitration;

- 276 (c) mediation;
- 277 (d) a criminal action;
- 278 (e) an administrative action; or
- 279 (f) an investigatory action.

280 ~~[(40)]~~ (41) "Receive," when used in reference to receipt of a writing or other document  
281 by a domestic or foreign nonprofit corporation, means the writing or other document is actually  
282 received:

- 283 (a) by the domestic or foreign nonprofit corporation at:
  - 284 (i) its registered office in this state; or
  - 285 (ii) its principal office;
- 286 (b) by the secretary of the domestic or foreign nonprofit corporation, wherever the  
287 secretary is found; or
- 288 (c) by another person authorized by the bylaws or the board of directors to receive the  
289 writing or other document, wherever that person is found.

290 ~~[(41)]~~ (42) (a) "Record date" means the date established under Part 6, Members, or Part  
291 7, Member Meetings and Voting, on which a nonprofit corporation determines the identity of  
292 the nonprofit corporation's members.

293 (b) The determination described in Subsection ~~[(41)]~~ (42)(a) shall be made as of the  
294 close of business on the record date unless another time for doing so is specified when the  
295 record date is fixed.

296 ~~[(42)]~~ (43) "Registered agent" means the registered agent of:

- 297 (a) a domestic nonprofit corporation; or
- 298 (b) a foreign nonprofit corporation.

299 ~~[(43)]~~ (44) "Registered office" means the office within this state designated by a  
300 domestic or foreign nonprofit corporation as its registered office in the most recent document  
301 on file with the division providing that information, including:

- 302 (a) articles of incorporation;
- 303 (b) an application for a certificate of authority; or
- 304 (c) a notice of change of registered office.

305 ~~[(44)]~~ (45) "Secretary" means the corporate officer to whom the bylaws or the board of  
306 directors delegates responsibility under Subsection 16-6a-818(3) for:

- 307 (a) the preparation and maintenance of:
- 308 (i) minutes of the meetings of:
- 309 (A) the board of directors; or
- 310 (B) the members; and
- 311 (ii) the other records and information required to be kept by the nonprofit corporation
- 312 pursuant to Section [16-6a-1601](#); and
- 313 (b) authenticating records of the nonprofit corporation.
- 314 ~~[(46)]~~ [\(46\)](#) "Share" means a unit of interest in a nonprofit corporation.
- 315 ~~[(45)]~~ [\(47\)](#) "Shareholder" means a person in whose name a share is registered in the
- 316 records of a nonprofit corporation.
- 317 ~~[(47)]~~ [\(48\)](#) "State," when referring to a part of the United States, includes:
- 318 (a) a state;
- 319 (b) a commonwealth;
- 320 (c) the District of Columbia;
- 321 (d) an agency or governmental and political subdivision of a state, commonwealth, or
- 322 District of Columbia;
- 323 (e) territory or insular possession of the United States; or
- 324 (f) an agency or governmental and political subdivision of a territory or insular
- 325 possession of the United States.
- 326 ~~[(48)]~~ [\(49\)](#) "Street address" means:
- 327 (a) (i) street name and number;
- 328 (ii) city or town; and
- 329 (iii) United States post office zip code designation; or
- 330 (b) if, by reason of rural location or otherwise, a street name, number, city, or town
- 331 does not exist, an appropriate description other than that described in Subsection ~~[(48)]~~ [\(49\)](#)(a)
- 332 fixing as nearly as possible the actual physical location, but only if the information includes:
- 333 (i) the rural free delivery route;
- 334 (ii) the county; and
- 335 (iii) the United States post office zip code designation.
- 336 ~~[(49)]~~ [\(50\)](#) "Tribe" means a tribe, band, nation, pueblo, or other organized group or
- 337 community of Indians, including an Alaska Native village, that is legally recognized as eligible

338 for and is consistent with a special program, service, or entitlement provided by the United  
339 States to Indians because of their status as Indians.

340 [~~(50)~~] (51) "Tribal nonprofit corporation" means a nonprofit corporation:

341 (a) incorporated under the law of a tribe; and

342 (b) that is at least 51% owned or controlled by the tribe.

343 [~~(51)~~] (52) "United States" includes a district, authority, office, bureau, commission,  
344 department, and another agency of the United States of America.

345 [~~(52)~~] (53) "Vote" includes authorization by:

346 (a) written ballot; and

347 (b) written consent.

348 [~~(53)~~] (54) (a) "Voting group" means all the members of one or more classes of  
349 members or directors that, under this chapter, the articles of incorporation, or the bylaws, are  
350 entitled to vote and be counted together collectively on a matter.

351 (b) All members or directors entitled by this chapter, the articles of incorporation, or  
352 the bylaws to vote generally on a matter are for that purpose a single voting group.

353 [~~(54)~~] (55) (a) "Voting member" means a person entitled to vote for all matters  
354 required or permitted under this chapter to be submitted to a vote of the members, except as  
355 otherwise provided in the articles of incorporation or bylaws.

356 (b) A person is not a voting member solely because of:

357 (i) a right the person has as a delegate;

358 (ii) a right the person has to designate a director; or

359 (iii) a right the person has as a director.

360 (c) Except as the bylaws may otherwise provide, "voting member" includes a  
361 "shareholder" if the nonprofit corporation has shareholders.

362 Section 2. Section **16-6a-103** is amended to read:

363 **16-6a-103. Notice.**

364 (1) Notice given under this chapter shall be in writing unless oral notice is reasonable  
365 under the circumstances.

366 (2) (a) Notice may be communicated:

367 (i) in person;

368 (ii) by telephone;

- 369 (iii) by [~~any form of electronic communication~~] electronic transmission; or
- 370 (iv) by mail or private carrier.
- 371 (b) If the forms of personal notice described in Subsection (2)(a) are impracticable,
- 372 notice may be communicated by:
  - 373 (i) (A) a newspaper of general circulation in the county or similar governmental
  - 374 subdivision in which the corporation's principal or registered office is located; and
  - 375 (B) as required in Section 45-1-101; or
  - 376 (ii) radio, television, or other form of public broadcast communication in the county or
  - 377 similar governmental subdivision in which the corporation's principal or registered office is
  - 378 located.
- 379 (3) Written notice to a domestic or foreign nonprofit corporation authorized to conduct
- 380 affairs in this state may be addressed to:
  - 381 (a) its registered agent at its registered office; or
  - 382 (b) the corporation's secretary at its principal office.
- 383 (4) (a) Written notice by a domestic or foreign nonprofit corporation to its members, is
- 384 effective as to each member when mailed, if:
  - 385 (i) in a comprehensible form; and
  - 386 (ii) addressed to the member's address shown in the domestic or foreign nonprofit
  - 387 corporation's current record of members.
- 388 (b) If three successive notices given to a member pursuant to Subsection (5) have been
- 389 returned as undeliverable, further notices to that member are not necessary until another
- 390 address of the member is made known to the nonprofit corporation.
- 391 (5) Except as provided in Subsection (4), written notice, if in a comprehensible form, is
- 392 effective at the earliest of the following:
  - 393 (a) when received;
  - 394 (b) five days after it is mailed; or
  - 395 (c) on the date shown on the return receipt if:
    - 396 (i) sent by registered or certified mail;
    - 397 (ii) sent return receipt requested; and
    - 398 (iii) the receipt is signed by or on behalf of the addressee.
- 399 (6) Oral notice is effective when communicated if communicated in a comprehensible

400 manner.

401 (7) Notice by publication is effective on the date of first publication.

402 (8) A written notice or report delivered as part of a newsletter, magazine, or other  
403 publication regularly sent to members shall constitute a written notice or report if:

404 (a) addressed or delivered to the member's address shown in the nonprofit corporation's  
405 current list of members; or

406 (b) if two or more members are residents of the same household and have the same  
407 address in the nonprofit corporation's current list of members, addressed or delivered to one of  
408 the members at the address appearing on the current list of members.

409 (9) (a) If this chapter prescribes notice requirements for particular circumstances, the  
410 notice requirements for the particular circumstances govern.

411 (b) If articles of incorporation or bylaws prescribe notice requirements not inconsistent  
412 with this section or other provisions of this chapter, the notice requirements of the articles of  
413 incorporation or bylaws govern.

414 Section 3. Section **16-6a-116** is amended to read:

415 **16-6a-116. Private foundations.**

416 Except [~~as otherwise specified in the articles of incorporation or as provided~~] when  
417 otherwise determined by a court of competent jurisdiction, a nonprofit corporation that is a  
418 private foundation as defined in Section 509(a), Internal Revenue Code:

419 (1) shall make distributions for each taxable year at the time and in the manner as not  
420 to subject the nonprofit corporation to tax under Section 4942, Internal Revenue Code;

421 (2) may not engage in any act of self-dealing as defined in Section 4941(d), Internal  
422 Revenue Code;

423 (3) may not retain any excess business holdings as defined in Section 4943(c), Internal  
424 Revenue Code;

425 (4) may not make any investments that would subject the nonprofit corporation to  
426 taxation under Section 4944, Internal Revenue Code; and

427 (5) may not make any taxable expenditures as defined in Section 4945(d), Internal  
428 Revenue Code.

429 Section 4. Section **16-6a-203** is amended to read:

430 **16-6a-203. Incorporation.**

431 (1) A nonprofit corporation is incorporated, and its corporate existence begins:  
432 (a) when the articles of incorporation are filed by the division; or  
433 (b) if a delayed effective date is specified pursuant to Subsection 16-6a-108(2), on the  
434 delayed effective date, unless a certificate of withdrawal is filed prior to the delayed effective  
435 date.

436 (2) [~~The~~] Notwithstanding Subsection 16-6a-110(4), the filing of the articles of  
437 incorporation by the division is conclusive proof that all conditions precedent to incorporation  
438 have been satisfied, except in a proceeding by the state to:

- 439 (a) cancel or revoke the incorporation; or  
440 (b) involuntarily dissolve the nonprofit corporation.

441 Section 5. Section 16-6a-610 is amended to read:

442 **16-6a-610. Purchase of memberships.**

443 (1) Unless otherwise provided by the bylaws, a nonprofit corporation may not purchase  
444 the membership of a member:

- 445 (a) who resigns; or  
446 (b) whose membership is terminated.

447 (2) (a) If so authorized, a nonprofit corporation may purchase the membership of a  
448 member who resigns or whose membership is terminated for the amount and pursuant to the  
449 conditions set forth in or authorized by:

- 450 (i) its bylaws; or  
451 (ii) agreement with the affected member.  
452 (b) A payment permitted under Subsection (2)(a) may not violate:  
453 (i) Section 16-6a-1301; or  
454 (ii) any other provision of this chapter.

455 (3) A mutual benefit corporation may purchase a member's membership if, after the  
456 purchase is completed:

457 (a) the mutual benefit corporation would be able to pay its debts as they become due in  
458 the usual course of its activities; and

459 (b) the mutual benefit corporation's total assets would at least equal the sum of its total  
460 liabilities.

461 Section 6. Section 16-6a-611 is amended to read:

462           **16-6a-611. No property right.**

463           A member does not have any vested property right including any right relating to  
464 management, control, purpose, or duration of the nonprofit corporation, except as provided by:

465           (1) the bylaws of a mutual benefit corporation; or

466           (2) other applicable law.

467           Section 7. Section **16-6a-705** is amended to read:

468           **16-6a-705. Waiver of notice.**

469           (1) (a) A member may waive any notice required by this chapter or by the bylaws,  
470 whether before or after the date or time stated in the notice as the date or time when any action  
471 will occur or has occurred.

472           (b) A waiver described in Subsection (1) shall be:

473           (i) in writing;

474           (ii) signed by the member entitled to the notice; and

475           (iii) delivered to the nonprofit corporation for:

476           (A) inclusion in the minutes; or

477           (B) filing with the corporate records.

478           (c) A waiver satisfies the requirements of Subsection (1)(b) if communicated by  
479 electronic transmission.

480           ~~[(c)]~~ (d) The delivery and filing required under Subsection (1)(b) may not be conditions  
481 of the effectiveness of the waiver.

482           (2) A member's attendance at a meeting:

483           (a) waives objection to lack of notice or defective notice of the meeting, unless the  
484 member at the beginning of the meeting objects to holding the meeting or transacting business  
485 at the meeting because of lack of notice or defective notice; and

486           (b) waives objection to consideration of a particular matter at the meeting that is not  
487 within the purpose or purposes described in the meeting notice, unless the member objects to  
488 considering the matter when it is presented.

489           Section 8. Section **16-6a-707** is amended to read:

490           **16-6a-707. Action without meeting.**

491           (1) Unless otherwise provided in the articles of incorporation and Subsection (5), and  
492 subject to the limitations of Subsection [16-6a-1704\(3\)](#), any action that may be taken at any

493 annual or special meeting of members may be taken without a meeting and without prior  
494 notice, if one or more consents in writing, setting forth the action taken, are signed by the  
495 members having not less than the minimum voting power that would be necessary to authorize  
496 or take the action at a meeting at which all members entitled to vote on the action were present  
497 and voted.

498 (2) (a) Unless the written consents of all members entitled to vote have been obtained,  
499 notice of any member approval without a meeting shall be given at least 10 days before the  
500 consummation of the transaction, action, or event authorized by the member action to:

501 (i) those members entitled to vote who have not consented in writing; and

502 (ii) those members:

503 (A) not entitled to vote; and

504 (B) to whom this chapter requires that notice of the proposed action be given.

505 (b) The notice required pursuant to Subsection (2)(a) shall contain or be accompanied  
506 by the same material that under this chapter would have been required to be sent in a notice of  
507 meeting at which the proposed action would have been submitted to the members for action.

508 (3) Any member giving a written consent, or the member's proxyholder or a personal  
509 representative of the member or their respective proxyholder, may revoke the consent by a  
510 signed writing:

511 (a) describing the action;

512 (b) stating that the member's prior consent is revoked; and

513 (c) that is received by the nonprofit corporation prior to the effectiveness of the action.

514 (4) (a) A member action taken pursuant to this section is not effective unless all written  
515 consents on which the nonprofit corporation relies for the taking of an action pursuant to  
516 Subsection (1) are:

517 (i) received by the nonprofit corporation within a 60-day period; and

518 (ii) not revoked pursuant to Subsection (3).

519 (b) Action taken by the members pursuant to this section is effective:

520 (i) as of the date the last written consent necessary to effect the action is received by  
521 the nonprofit corporation; or

522 (ii) if all of the written consents necessary to effect the action specify a later date as the  
523 effective date of the action, the later date specified in the consents.

524 (c) If the nonprofit corporation has received written consents in accordance with  
525 Subsection (1) signed by all members entitled to vote with respect to the action, the effective  
526 date of the member action may be any date that is specified in all the written consents as the  
527 effective date of the member action.

528 ~~[(d) Unless otherwise provided by the bylaws, a written consent under this Subsection~~  
529 ~~(4) may be received by the nonprofit corporation by electronically transmitted facsimile or~~  
530 ~~other form of communication providing the nonprofit corporation with a complete copy of the~~  
531 ~~written consent, including a copy of the signature to the written consent.]~~

532 (d) (i) Unless otherwise provided by the bylaws, a member may deliver a written  
533 consent under this section by an electronic transmission that provides the nonprofit corporation  
534 with a complete copy of the written consent.

535 (ii) An electronic transmission consenting to an action under this section is considered  
536 to be written, signed, and dated for purposes of this section if the electronic transmission is  
537 delivered with information from which the corporation can determine:

538 (A) that the electronic transmission is transmitted by the member; and

539 (B) the date on which the electronic transmission is transmitted.

540 (iii) The date on which an electronic transmission is transmitted is considered the date  
541 on which a consent is signed.

542 (5) Notwithstanding Subsection (1), directors may not be elected by written consent  
543 except by unanimous written consent of all members entitled to vote for the election of  
544 directors.

545 (6) If not otherwise determined under Section 16-6a-703 or 16-6a-706, the record date  
546 for determining the members entitled to take action without a meeting or entitled to be given  
547 notice under Subsection (2) of action taken without a meeting is the date the first member  
548 delivers to the nonprofit corporation a writing upon which the action is taken pursuant to  
549 Subsection (1).

550 (7) Action taken under this section has the same effect as action taken at a meeting of  
551 members and may be so described in any document.

552 Section 9. Section 16-6a-709 is amended to read:

553 **16-6a-709. Action by written ballot.**

554 (1) Unless otherwise provided by the bylaws, any action that may be taken at any

555 annual, regular, or special meeting of members may be taken without a meeting if the nonprofit  
556 corporation delivers a written ballot to every member entitled to vote on the matter.

557 (2) A written ballot described in Subsection (1) shall:

558 (a) set forth each proposed action; and

559 (b) provide an opportunity to vote for or against each proposed action.

560 (3) (a) Approval by written ballot pursuant to this section shall be valid only when:

561 (i) the time, as determined under Subsection ~~[(8)]~~ (7), by which all ballots must be  
562 received by the nonprofit corporation has passed so that a quorum can be determined; and

563 (ii) the number of approvals equals or exceeds the number of votes that would be  
564 required to approve the matter at a meeting at which the total number of votes cast was the  
565 same as the number of votes cast by ballot.

566 (b) Unless otherwise provided in this chapter or in accordance with Section 16-6a-716,  
567 for purposes of taking action by written ballot the number of votes cast by written ballot  
568 pursuant to this section constitute a quorum for action on the matter.

569 (4) All solicitations for votes by written ballot shall:

570 (a) indicate the number of responses needed to meet the quorum requirements;

571 (b) state the percentage of approvals necessary to approve each matter other than  
572 election of directors;

573 (c) specify the time by which a ballot must be received by the nonprofit corporation in  
574 order to be counted; and

575 (d) be accompanied by written information sufficient to permit each person casting the  
576 ballot to reach an informed decision on the matter.

577 (5) Unless otherwise provided by the bylaws, a written ballot may not be revoked.

578 (6) Action taken under this section has the same effect as action taken at a meeting of  
579 members and may be described as such in any document.

580 ~~[(7) Unless otherwise provided by the bylaws, a written ballot delivered to every~~  
581 ~~member entitled to vote on the matter or matters therein, as described in this section, may also~~  
582 ~~be used in connection with any annual, regular, or special meeting of members, thereby~~  
583 ~~allowing members the choice of either voting in person or by written ballot delivered by a~~  
584 ~~member to the nonprofit corporation in lieu of attendance at such meeting. Any written ballot~~  
585 ~~shall comply with the requirements of Subsection (2) and shall be counted equally with the~~

586 ~~votes of members in attendance at any meeting for every purpose, including satisfaction of a~~  
587 ~~quorum requirement.]~~

588       ~~[(8)]~~ (7) (a) Members shall be provided a fair and reasonable amount of time before the  
589 day on which the nonprofit corporation must receive ballots.

590       (b) An amount of time is considered to be fair and reasonable if:

591       (i) members are given at least 15 days from the day on which the notice is mailed, if  
592 the notice is mailed by first-class or registered mail;

593       (ii) members are given at least 30 days from the day on which the notice is mailed, if  
594 the notice is mailed by other than first-class or registered mail; or

595       (iii) considering all the circumstances, the amount of time is otherwise reasonable.

596 Section 10. Section **16-6a-711** is amended to read:

597       **16-6a-711. Voting entitlement generally.**

598       (1) Unless otherwise provided by the bylaws:

599       (a) only voting members may vote with respect to any matter required or permitted  
600 under this chapter to be submitted to a vote of the members;

601       (b) all references in this chapter to votes of or voting by the members permit voting  
602 only by the voting members; and

603       (c) voting members may vote with respect to all matters required or permitted under  
604 this chapter to be submitted to a vote of the members.

605       (2) Unless otherwise provided by the ~~[articles of incorporation]~~ bylaws, each member  
606 entitled to vote may cast:

607       (a) one vote on each matter submitted to a vote of members for nonprofit corporations  
608 other than those in Subsection (2)(b); and

609       (b) one vote for each share held by the member on each matter submitted for a vote of  
610 members if the nonprofit corporation issues shares to its members.

611       (3) Unless otherwise provided by the bylaws, if a membership stands of record in the  
612 names of two or more persons, the membership's acts with respect to voting have the following  
613 effect:

614       (a) If only one votes, the act binds all of the persons whose membership is jointly held.

615       (b) If more than one votes, the vote is divided on a pro-rata basis.

616 Section 11. Section **16-6a-712** is amended to read:

617 **16-6a-712. Proxies.**

618 (1) Unless otherwise provided by the bylaws, a member entitled to vote may vote or  
619 otherwise act in person or by proxy.

620 (2) Without limiting the manner in which a member may appoint a proxy to vote or  
621 otherwise act for the member, Subsections (2)(a) and (b) constitute valid means of appointing a  
622 proxy.

623 (a) A member may appoint a proxy by signing an appointment form, either personally  
624 or by the member's attorney-in-fact.

625 (b) (i) Subject to Subsection (2)(b)(ii) a member may appoint a proxy by transmitting  
626 or authorizing the transmission of a telegram, teletype, facsimile, or other electronic  
627 transmission providing a written statement of the appointment to:

628 (A) the proxy;

629 (B) a proxy solicitor;

630 (C) a proxy support service organization;

631 (D) another person duly authorized by the proxy to receive appointments as agent for  
632 the proxy; or

633 (E) the nonprofit corporation.

634 (ii) An appointment transmitted under Subsection (2)(b)(i) shall set forth or be  
635 transmitted with written evidence from which it can be determined that the member transmitted  
636 or authorized the transmission of the appointment.

637 (3) (a) An appointment of a proxy is effective against the nonprofit corporation when  
638 received by the nonprofit corporation, including receipt by the nonprofit corporation of an  
639 appointment transmitted pursuant to Subsection (2)(b).

640 (b) An appointment is valid for 11 months unless a different period is expressly  
641 provided in the appointment form.

642 (4) Any complete copy, including an [~~electronically transmitted facsimile~~] electronic  
643 transmission, of an appointment of a proxy may be substituted for or used in lieu of the original  
644 appointment for any purpose for which the original appointment could be used.

645 (5) An appointment of a proxy is revocable by the member.

646 (6) An appointment of a proxy is revoked by the person appointing the proxy:

647 (a) attending any meeting and voting in person; or

648 (b) signing and delivering to the secretary or other officer or agent authorized to  
649 tabulate proxy votes:

650 (i) a writing stating that the appointment of the proxy is revoked; or

651 (ii) a subsequent appointment form.

652 (7) The death or incapacity of the member appointing a proxy does not affect the right  
653 of the nonprofit corporation to accept the proxy's authority unless notice of the death or  
654 incapacity is received by the secretary or other officer or agent authorized to tabulate votes  
655 before the proxy exercises the proxy's authority under the appointment.

656 (8) Subject to Section 16-6a-713 and to any express limitation on the proxy's authority  
657 appearing on the appointment form, a nonprofit corporation is entitled to accept the proxy's  
658 vote or other action as that of the member making the appointment.

659 Section 12. Section 16-6a-801 is amended to read:

660 **16-6a-801. Requirement for board of directors.**

661 (1) A nonprofit corporation shall have a board of directors.

662 (2) (a) Except as may otherwise be provided in this chapter [or], including Subsection  
663 (2)(b), all corporate powers shall be exercised by or under the authority of, and the business  
664 and affairs of the nonprofit corporation managed under the direction of, the board of directors.

665 (b) (i) The articles of incorporation may authorize one or more persons to exercise  
666 some or all of the powers that would otherwise be exercised by the board of directors.

667 (ii) To the extent the articles of incorporation authorize a person other than the board of  
668 directors to have the authority and perform a duty of the board of directors, the directors shall  
669 be relieved to that extent from such authority and duty.

670 (3) The board of directors may be divided into classes, each with such respective rights  
671 and duties as the articles of incorporation or bylaws may provide.

672 (4) The board of directors and the directors may be known by any other name  
673 designated in the bylaws.

674 Section 13. Section 16-6a-807 is amended to read:

675 **16-6a-807. Resignation of directors.**

676 (1) A director may resign at any time by giving written notice of resignation to the  
677 [nonprofit corporation] board of directors, the board's chair, or the nonprofit corporation's  
678 secretary.

679 (2) A resignation of a director is effective when the notice is received by the nonprofit  
680 corporation unless the notice specifies a later effective date.

681 (3) A director who resigns may deliver to the division for filing a statement that the  
682 director resigns pursuant to Section 16-6a-1608.

683 (4) The failure to attend or meet obligations shall be effective as a resignation at the  
684 time of the board of director's vote to confirm the failure if:

685 (a) at the beginning of a director's term on the board, the bylaws provide that a director  
686 may be considered to have resigned for failing to:

687 (i) attend a specified number of board meetings; or

688 (ii) meet other specified obligations of directors; and

689 (b) the failure to attend or meet obligations is confirmed by an affirmative vote of the  
690 board of directors.

691 Section 14. Section 16-6a-808 is amended to read:

692 **16-6a-808. Removal of directors.**

693 (1) Directors elected by voting members or directors may be removed as provided in  
694 Subsections (1)(a) through [~~(g)~~] (f).

695 (a) The voting members may remove one or more directors elected by them with or  
696 without cause unless the bylaws provide that directors may be removed only for cause.

697 (b) If a director is elected by a voting group, only that voting group may participate in  
698 the vote to remove that director.

699 (c) Unless otherwise provided in the bylaws, a director may be removed:

700 (i) when the director is elected by the voting members, only if a majority of the voting  
701 members votes to remove the director; or

702 (ii) when the director is elected by a voting group, only if a majority of the voting  
703 group votes to remove the director.

704 (d) A director elected by voting members may be removed by the voting members  
705 only:

706 (i) at a meeting called for the purpose of removing that director; and

707 (ii) if the meeting notice states that the purpose, or one of the purposes, of the meeting  
708 is removal of the director.

709 (e) An entire board of directors may be removed under Subsections (1)(a) through (d).

710 (f) (i) Except as provided in Subsection (1)(f)(ii), a director elected by the board of  
711 directors may be removed with or without cause by the vote of a majority of the directors then  
712 in office or such greater number as is set forth in the bylaws.

713 (ii) A director elected by the board of directors to fill the vacancy of a director elected  
714 by the voting members may be removed without cause by the voting members but not the  
715 board of directors.

716 ~~[(g) Notwithstanding Subsections (1)(a) through (f), if provided in the bylaws, any~~  
717 ~~director no longer qualified to serve, under standards set forth in the bylaws, may be removed~~  
718 ~~by a vote of a majority of the directors then in office or such greater number as set forth in the~~  
719 ~~bylaws.]~~

720 ~~[(h)]~~ (g) A director who is removed pursuant to this section may deliver to the division  
721 for filing a statement to that effect pursuant to Section 16-6a-1608.

722 (2) Unless otherwise provided in the bylaws:

723 (a) an appointed director may be removed without cause by the person appointing the  
724 director;

725 (b) the person described in Subsection (2)(a) shall remove the director by giving  
726 written notice of the removal to:

727 (i) the director; and

728 (ii) the nonprofit corporation; and

729 (c) unless the written notice described in Subsection (2)(b) specifies a future effective  
730 date, a removal is effective when the notice is received by both:

731 (i) the director to be removed; and

732 (ii) the nonprofit corporation.

733 (3) A designated director, as provided in Subsection 16-6a-804(5), may be removed by  
734 an amendment to the bylaws deleting or changing the designation.

735 (4) Removal of a director under this section is not affected by Subsection 16-6a-805(5).

736 Section 15. Section 16-6a-813 is amended to read:

737 **16-6a-813. Action without meeting.**

738 (1) Unless otherwise provided in the bylaws, any action required or permitted by this  
739 chapter to be taken at a board of directors' meeting may be taken without a meeting if each and  
740 every member of the board in writing either:

- 741 (a) votes for the action; or  
742 (b) (i) (A) votes against the action; or  
743 (B) abstains from voting; and  
744 (ii) waives the right to demand that action not be taken without a meeting.

745 (2) Action is taken under this section only if the affirmative vote for the action equals  
746 or exceeds the minimum number of votes that would be necessary to take the action at a  
747 meeting at which all of the directors then in office were present and voted.

748 (3) (a) An action taken pursuant to this section may not be effective unless the  
749 nonprofit corporation receives writings:

- 750 (i) describing the action taken;  
751 (ii) otherwise satisfying the requirements of Subsection (1);  
752 (iii) signed by all directors; and  
753 (iv) not revoked pursuant to Subsection (4).

754 ~~[(b) Unless otherwise provided by the bylaws, a writing described in Subsection (3)(a)~~  
755 ~~may be received by the nonprofit corporation by electronically transmitted facsimile or other~~  
756 ~~form of wire or wireless communication providing the nonprofit corporation with a complete~~  
757 ~~copy of the document, including a copy of the signature on the document.]~~

758 (b) (i) Unless otherwise provided by the bylaws, a director may deliver a written  
759 consent under this section by an electronic transmission that provides the nonprofit corporation  
760 with a complete copy of the written consent.

761 (ii) An electronic transmission consenting to an action under this section is considered  
762 to be written, signed, and dated for purposes of this section if the electronic transmission is  
763 delivered with information from which the corporation can determine:

764 (A) that the electronic transmission is transmitted by the director; and

765 (B) the date on which the electronic transmission is transmitted.

766 (iii) The date on which an electronic transmission is transmitted is considered the date  
767 on which the consent is signed.

768 (c) A director's right to demand that action not be taken without a meeting shall be  
769 considered to have been waived if the nonprofit corporation receives a writing satisfying the  
770 requirements of Subsection (1) that has been signed by the director and not revoked pursuant to  
771 Subsection (4).

772 (d) Action taken pursuant to this section shall be effective when the last writing  
773 necessary to effect the action is received by the nonprofit corporation, unless the writings  
774 describing the action taken set forth a different effective date.

775 (4) If the writing is received by the nonprofit corporation before the last writing  
776 necessary to effect the action is received by the nonprofit corporation, any director who has  
777 signed a writing pursuant to this section may revoke the writing by a writing signed and dated  
778 by the director:

779 (a) describing the action; and

780 (b) stating that the director's prior vote with respect to the writing is revoked.

781 (5) Action taken pursuant to this section:

782 (a) has the same effect as action taken at a meeting of directors; and

783 (b) may be described as an action taken at a meeting of directors in any document.

784 Section 16. Section **16-6a-814** is amended to read:

785 **16-6a-814. Notice of meeting.**

786 (1) (a) A nonprofit corporation shall give to each director entitled to vote at an annual  
787 meeting notice of the annual meeting consistent with the nonprofit corporation's bylaws in a  
788 fair and reasonable manner.

789 (b) Any notice that conforms to the requirements of Subsection (1)(c) is fair and  
790 reasonable, but other means of giving notice may also be fair and reasonable when all the  
791 circumstances are considered.

792 (c) Notice under Subsection (1)(a) is fair and reasonable if the nonprofit corporation  
793 notifies each director of the place, date, and time of the annual meeting:

794 (i) no fewer than 10 days before the meeting, unless otherwise provided by the bylaws;

795 (ii) if notice is mailed by other than first-class or registered mail, no fewer than 30  
796 days, nor more than 60 days before the meeting date; and

797 (iii) if notice is given:

798 (A) by newspaper as provided in Subsection 16-6a-103(2)(b)(i)(A), by publication  
799 three separate times with:

800 (I) the first of the publications no more than 60 days before the meeting date; and

801 (II) the last of the publications no fewer than 10 days before the meeting date; and

802 (B) (I) as provided in Subsection 16-6a-103(2)(b)(i)(B); and

803 (II) for 60 days before the meeting date.

804 (2) Unless otherwise provided in this chapter or in the bylaws, regular meetings of the  
805 board of directors may be held without notice of the date, time, place, or purpose of the  
806 meeting.

807 (3) (a) Unless the bylaws provide for a longer or shorter period, special meetings of the  
808 board of directors shall be preceded by at least two days notice of the date, time, and place of  
809 the meeting.

810 (b) The notice required by Subsection (3)(a) need not describe the purpose of the  
811 special meeting unless otherwise required by this chapter or the bylaws.

812 Section 17. Section **16-6a-815** is amended to read:

813 **16-6a-815. Waiver of notice.**

814 (1) (a) A director may waive any notice of a meeting before or after the time and date  
815 of the meeting stated in the notice.

816 (b) Except as provided by Subsection (2), the waiver shall be:

817 (i) ~~be~~ in writing;

818 (ii) signed by the director entitled to the notice; and

819 (iii) ~~be~~ delivered to the nonprofit corporation for filing with the corporate records.

820 (c) A waiver satisfies the requirements of Subsection (1)(b) if communicated by  
821 electronic transmission.

822 ~~(c)~~ (d) The delivery and filing required by Subsection (1)(b) may not be conditions of  
823 the effectiveness of the waiver.

824 (2) A director's attendance at or participation in a meeting waives any required notice  
825 to that director of the meeting unless:

826 (a) (i) at the beginning of the meeting or promptly upon the director's later arrival, the  
827 director objects to holding the meeting or transacting business at the meeting because of lack of  
828 notice or defective notice; and

829 (ii) after objecting, the director does not vote for or assent to action taken at the  
830 meeting; or

831 (b) if special notice was required of a particular purpose pursuant to Subsection  
832 **16-6a-814(3)**:

833 (i) the director objects to transacting business with respect to the purpose for which the

834 special notice was required; and

835 (ii) after objecting, the director does not vote for or assent to action taken at the  
836 meeting with respect to the purpose.

837 Section 18. Section **16-6a-817** is amended to read:

838 **16-6a-817. Committees of the board.**

839 (1) Unless otherwise provided in the bylaws [~~and subject to the provisions of Section~~  
840 ~~16-6a-906~~], the board of directors may:

841 (a) create one or more committees of the board; and

842 (b) appoint two or more directors to serve on the committees created under Subsection  
843 (1)(a).

844 (2) Unless otherwise provided in the bylaws, the creation of a committee of the board  
845 and appointment of directors to it shall be approved by the greater of:

846 (a) a majority of all the directors in office when the action is taken; or

847 (b) the number of directors required by the bylaws to take action under Section  
848 ~~16-6a-816~~.

849 (3) Unless otherwise provided in the bylaws, a committee of the board and the  
850 members of the committee are subject to Sections ~~16-6a-812~~ through ~~16-6a-816~~, which govern:

851 (a) meetings;

852 (b) action without meeting;

853 (c) notice;

854 (d) waiver of notice; and

855 (e) quorum and voting requirements.

856 [~~(4) To the extent specified in the bylaws or by the board of directors, and subject to~~  
857 ~~Subsection (6)(b), each committee of the board shall have the authority of the board of~~  
858 ~~directors under Section ~~16-6a-801~~.~~]

859 (4) To the extent stated in the bylaws or by the board of directors, each committee of  
860 the board shall have the authority of the board of directors as described in Section ~~16-6a-801~~,  
861 except that a committee of the board may not:

862 (a) authorize distributions;

863 (b) approve or propose to members any action required by this chapter to be approved  
864 by members;

- 865 (c) elect, appoint, or remove a director;  
 866 (d) amend articles of incorporation;  
 867 (e) adopt, amend, or repeal bylaws;  
 868 (f) approve a plan of conversion or a plan of merger not requiring member approval; or  
 869 (g) approve a sale, lease, exchange, or other disposition of all, or substantially all, of its  
 870 property, with or without goodwill, otherwise than in the usual and regular course of business.

871 (5) The creation of, delegation of authority to, or action by a committee does not alone  
 872 constitute compliance by a director with the standards of conduct described in Section  
 873 [16-6a-822](#).

874 (6) (a) Subject to Subsection (6)(b), nothing in this part shall prohibit or restrict a  
 875 nonprofit corporation from establishing in its bylaws or by action of the board of directors or  
 876 otherwise one or more committees, advisory boards, auxiliaries, or other bodies of any kind:

877 (i) having the members and rules of procedure as the bylaws or board of directors may  
 878 provide;

879 (ii) established to provide the advice, service, and assistance to the nonprofit  
 880 corporation as may be specified in the bylaws or by the board of directors; and

881 (iii) established to carry out the duties and responsibilities for the nonprofit  
 882 corporation, as may be specified in the bylaws or by the board of directors.

883 (b) Notwithstanding Subsection (6)(a), if any committee or other body established  
 884 under Subsection (6)(a) has one or more members who are entitled to vote on committee  
 885 matters and who are not then also directors, the committee or other body may not exercise any  
 886 power or authority reserved to the board of directors, in this chapter or in the bylaws.

887 Section 19. Section **16-6a-825** is amended to read:

888 **16-6a-825. Conflicting interest transaction.**

889 (1) As used in this section~~[-"conflicting"]~~:

890 (a) "Conflicting interest transaction" means a contract, transaction, or other financial  
 891 relationship between a nonprofit corporation and:

892 [~~(a)~~] (i) a director of the nonprofit corporation;

893 [~~(b)~~] (ii) a party related to a director; or

894 [~~(c)~~] (iii) an entity in which a director of the nonprofit corporation:

895 [~~(i)~~] (A) is a director or officer; or

896 [(†)] (B) has a financial interest.

897 (b) "Natural person related to a director or officer" means one of the following in

898 regards to a director or officer:

899 (i) a spouse;

900 (ii) a descendent;

901 (iii) an ancestor;

902 (iv) a sibling;

903 (v) the spouse or descendent of a sibling; or

904 (vi) the spouse of a descendent.

905 (2) Except as otherwise provided in this section, upon the finding of a conflicting  
906 interest transaction, in an action properly brought before it, a court may:

907 (a) rule that the conflicting interest transaction is void or voidable;

908 (b) enjoin or set aside the conflict of interest transaction; or

909 (c) determine that the conflicting interest transaction gives rise to an award of damages  
910 or other sanctions.

911 (3) (a) A loan may not be made directly or indirectly by a nonprofit corporation to:

912 (i) a director or officer of the nonprofit corporation; ~~or~~

913 (ii) a natural person related to a director or officer~~[-];~~ or

914 (iii) an entity in which a director, officer, or natural person related to a director or  
915 officer has any ownership, management right, or financial interest.

916 (b) A director or officer who assents to or participates in the making of a loan in  
917 violation of Subsection (3)(a) shall be liable to the nonprofit corporation for the amount of the  
918 loan until the repayment of the loan.

919 (4) (a) If the conditions of Subsection (4)(b) are met, a conflicting interest transaction  
920 may not be void or voidable or be enjoined, set aside, or give rise to an award of damages or  
921 other sanctions in a proceeding by a member or by or in the right of the nonprofit corporation,  
922 solely because:

923 (i) the conflicting interest transaction involves:

924 (A) a director of the nonprofit corporation;

925 (B) a party related to a director; or

926 (C) an entity in which a director of the nonprofit corporation is a director or officer or

927 has a financial interest;

928 (ii) the director is present at or participates in the meeting of the nonprofit corporation's  
929 board of directors or of the committee of the board of directors that authorizes, approves, or  
930 ratifies the conflicting interest transaction; or

931 (iii) the director's vote is counted for the purpose described in Subsection (4)(a)(ii).

932 (b) Subsection (4)(a) applies if:

933 (i) (A) the material facts as to the director's relationship or interest and as to the  
934 conflicting interest transaction are disclosed or are known to the board of directors or the  
935 committee; and

936 (B) the board of directors or committee in good faith authorizes, approves, or ratifies  
937 the conflicting interest transaction by the affirmative vote of a majority of the disinterested  
938 directors, even though the disinterested directors are less than a quorum;

939 (ii) (A) the material facts as to the director's relationship or interest and as to the  
940 conflicting interest transaction are disclosed or are known to the members entitled to vote on  
941 the conflicting interest transaction; and

942 (B) the conflicting interest transaction is specifically authorized, approved, or ratified  
943 in good faith by a vote of the members entitled to vote thereon;

944 (iii) the conflicting interest transaction is consistent with a provision in the articles of  
945 incorporation or bylaws which:

946 (A) commits the nonprofit corporation to support one or more other nonprofit  
947 corporations, charitable trusts, or charitable entities; or

948 (B) authorizes one or more directors to exercise discretion in making gifts or  
949 contributions to one or more other nonprofit corporations, charitable trusts, or charitable  
950 entities; or

951 (iv) the conflicting interest transaction is fair as to the nonprofit corporation.

952 (5) Common or interested directors may be counted in determining the presence of a  
953 quorum at a meeting of the board of directors or of a committee that authorizes, approves, or  
954 ratifies the conflicting interest transaction.

955 (6) For purposes of this section, "a natural person related to a director or officer" means  
956 any natural person whose familial, financial, professional, or employment relationship with the  
957 director or officer would, under the circumstances, reasonably be expected to exert an influence

958 on the director's or officer's judgment when voting on a transaction.

959 Section 20. Section **16-6a-905** is amended to read:

960 **16-6a-905. Court-ordered indemnification of directors.**

961 (1) Unless a nonprofit corporation's [~~bylaws~~] articles of incorporation provide  
962 otherwise, a director of the nonprofit corporation who is or was a party to a proceeding may  
963 apply for indemnification to:

964 (a) the court conducting the proceeding; or

965 (b) another court of competent jurisdiction.

966 (2) On receipt of an application described in Subsection (1), the court, after giving any  
967 notice the court considers necessary, may order indemnification in the following manner:

968 (a) if the court determines that the director is entitled to mandatory indemnification  
969 under Section **16-6a-903**, the court shall:

970 (i) order indemnification; and

971 (ii) order the nonprofit corporation to pay the director's reasonable expenses incurred to  
972 obtain court-ordered indemnification; and

973 (b) if the court determines that the director is fairly and reasonably entitled to  
974 indemnification in view of all the relevant circumstances, whether or not the director met the  
975 applicable standard of conduct set forth in Section **16-6a-902** or was adjudged liable as  
976 described in Subsection **16-6a-902**(4), the court may order indemnification as the court  
977 determines to be proper, except that the indemnification with respect to any proceeding in  
978 which liability has been adjudged in the circumstances described in Subsection **16-6a-902**(4) is  
979 limited to reasonable expenses incurred.

980 Section 21. Section **16-6a-1002** is amended to read:

981 **16-6a-1002. Amendment of articles of incorporation by board of directors or**  
982 **incorporators.**

983 (1) Unless otherwise provided in the articles of incorporation, the board of directors  
984 may adopt, without member approval, one or more amendments to the articles of incorporation  
985 to:

986 (a) delete the names and addresses of the initial directors;

987 (b) change the information required by Subsection **16-17-203**(1), but an amendment is  
988 not required to change the information;

989 (c) change the corporate name by:

990 (i) substituting the word "corporation," "incorporated," "company," "limited," or an  
991 abbreviation of any such word for a similar word or abbreviation in the name; or

992 (ii) adding, deleting, or changing a geographical attribution; or

993 (d) make any other change expressly permitted by this chapter to be made without  
994 member action.

995 (2) The board of directors may adopt, without member action, one or more  
996 amendments to the articles of incorporation to change the corporate name, if necessary, in  
997 connection with the reinstatement of a nonprofit corporation pursuant to Section 16-6a-1412.

998 (3) (a) Subject to any approval required pursuant to Section 16-6a-1013, if a nonprofit  
999 corporation has no members, no members entitled to vote on amendments, or no members yet  
1000 admitted to membership, one or more amendments to the nonprofit corporation's articles of  
1001 incorporation may be adopted by:

1002 (i) its incorporators until directors have been chosen; or

1003 (ii) its directors after the directors have been chosen.

1004 (b) A nonprofit corporation described in Subsection (3)(a) shall provide notice of any  
1005 meeting at which an amendment is to be voted upon.

1006 (c) The notice required by Subsection (3)(b) shall:

1007 (i) be in accordance with Section 16-6a-814;

1008 (ii) state that the purpose, or one of the purposes, of the meeting is to consider a  
1009 proposed amendment to the articles of incorporation; and

1010 (iii) (A) contain or be accompanied by a copy or summary of the amendment; or

1011 (B) state the general nature of the amendment.

1012 (d) An amendment described in Subsection (3)(a) shall be approved:

1013 (i) by a majority of the incorporators, until directors have been chosen; or

1014 (ii) after directors are chosen by a majority of the directors in office at the time the  
1015 amendment is adopted or such greater number as is set forth in the bylaws.

1016 Section 22. Section 16-6a-1003 is amended to read:

1017 **16-6a-1003. Amendment of articles of incorporation by board of directors and**  
1018 **members.**

1019 (1) The board of directors or the members representing at least 10% of all of the votes

1020 entitled to be cast on the amendment may propose an amendment to the articles of  
1021 incorporation for submission to the members unless a different vote or voting class is required  
1022 by:

- 1023 (a) this chapter;
- 1024 (b) the articles of incorporation;
- 1025 (c) the bylaws; or
- 1026 (d) the members or the board of directors acting pursuant to Subsection (5).

1027 (2) For an amendment to the articles of incorporation to be adopted pursuant to

1028 Subsection (1):

1029 (a) the board of directors shall recommend the amendment to the members unless:

- 1030 (i) the amendment is proposed by members; or
- 1031 (ii) the board of directors:

1032 (A) determines that because of conflict of interest or other special circumstances it  
1033 should make no recommendation; and

1034 (B) communicates the basis for its determination to the members with the amendment;  
1035 and

1036 (b) the members entitled to vote on the amendment shall approve the amendment as  
1037 provided in Subsection (5).

1038 (3) The proposing board of directors or the proposing members may condition the  
1039 effectiveness of the amendment on any basis.

1040 (4) (a) The nonprofit corporation shall give notice, in accordance with Section  
1041 [16-6a-704](#), to each member entitled to vote on the amendment of the members' meeting at  
1042 which the amendment will be voted upon.

1043 (b) The notice required by Subsection (4)(a) shall:

1044 (i) state that the purpose, or one of the purposes, of the meeting is to consider the  
1045 amendment; and

1046 (ii) (A) contain or be accompanied by a copy or a summary of the amendment; or  
1047 (B) shall state the general nature of the amendment.

1048 (5) The amendment shall be approved by the votes required by Sections [16-6a-714](#) and  
1049 [16-6a-715](#) by every voting group entitled to vote on the amendment unless a greater vote is  
1050 required by:

- 1051 (a) this chapter;
- 1052 (b) the articles of incorporation;
- 1053 (c) bylaws adopted by the members; or
- 1054 (d) the proposing board of directors or the proposing members acting pursuant to
- 1055 Subsection (3).
- 1056 (6) If the board of directors or the members seek to have the amendment approved by
- 1057 the members by written consent or by written ballot, the material soliciting the approval shall
- 1058 contain or be accompanied by a copy or summary of the amendment.
- 1059 Section 23. Section **16-6a-1006** is amended to read:
- 1060 **16-6a-1006. Restated articles of incorporation.**
- 1061 (1) (a) The board of directors may restate the articles of incorporation at any time with
- 1062 or without member action.
- 1063 (b) The incorporators of a nonprofit corporation may restate the articles of incorporation
- 1064 at any time if the nonprofit corporation:
- 1065 (i) has no members; and
- 1066 (ii) no directors have been chosen.
- 1067 (2) (a) The restatement may include one or more amendments to the articles of
- 1068 incorporation.
- 1069 (b) Notwithstanding Subsection (1), if the restatement includes an amendment
- 1070 requiring member approval, it shall be adopted as provided in Section **16-6a-1003**.
- 1071 (3) (a) If the board of directors submits a restatement for member action, the nonprofit
- 1072 corporation shall give notice, in accordance with Section **16-6a-704**, to each member entitled to
- 1073 vote on the restatement of the members' meeting at which the restatement will be voted upon.
- 1074 (b) The notice required by Subsection (3)(a) shall:
- 1075 (i) state that the purpose, or one of the purposes, of the meeting is to consider the
- 1076 restatement; and
- 1077 (ii) contain or be accompanied by a copy of the restatement that identifies any
- 1078 amendment or other change it would make in the articles of incorporation.
- 1079 (4) A nonprofit corporation restating its articles of incorporation shall deliver to the
- 1080 division for filing articles of restatement setting forth:
- 1081 (a) the name of the nonprofit corporation;

- 1082 (b) the text of the restated articles of incorporation;
- 1083 (c) if the restatement contains an amendment to the articles of incorporation that was  
1084 adopted by the members, the information required by Subsection 16-6a-1005(5); ~~and~~
- 1085 (d) if the restatement was adopted by the board of directors or incorporators without  
1086 member action, a statement to that effect and that member action was not required~~[-];~~ and
- 1087 (e) the restatement does not need to contain the name or address of the incorporator or  
1088 incorporators that were included in the articles of incorporation when originally filed.
- 1089 (5) Upon filing by the division or at any later effective date determined pursuant to  
1090 Section 16-6a-108, restated articles of incorporation supersede the original articles of  
1091 incorporation and all prior amendments to the original articles of incorporation.
- 1092 Section 24. Section 16-6a-1008 is amended to read:
- 1093 **16-6a-1008. Conversion to a business corporation.**
- 1094 (1) (a) A domestic nonprofit corporation may convert to a corporation subject to [~~Title~~  
1095 ~~16,~~] Chapter 10a, Utah Revised Business Corporation Act, by filing an amendment of its  
1096 articles of incorporation with the division pursuant to this section.
- 1097 (b) The day on which a nonprofit domestic corporation files an amendment under this  
1098 section, the domestic nonprofit corporation becomes a corporation subject to [~~Title 16,~~]  
1099 Chapter 10a, Utah Revised Business Corporation Act, except that, notwithstanding Section  
1100 16-10a-203, the existence of the nonprofit corporation is considered to commence on the day  
1101 on which the converting corporation:
- 1102 (i) commenced its existence under this chapter; or
- 1103 (ii) otherwise was created, formed, incorporated, or came into being.
- 1104 (2) The amendment of the articles of incorporation to convert to a corporation shall:
- 1105 (a) revise the statement of purpose;
- 1106 (b) delete:
- 1107 (i) the authorization for members; and
- 1108 (ii) any other provisions relating to memberships;
- 1109 (c) authorize shares:
- 1110 (i) stating the number of shares; and
- 1111 (ii) including the information required by Section 16-10a-601 with respect to each class  
1112 of shares the corporation is to be authorized to issue;

- 1113 (d) make such other changes as may be necessary or desired; and  
1114 (e) if the corporation has any members, provide for:  
1115 (i) the cancellation of the memberships; or  
1116 (ii) the conversion of the memberships to shares of the corporation.
- 1117 (3) If the nonprofit corporation has any voting members, an amendment to convert to a  
1118 corporation shall be approved by all of the voting members regardless of limitations or  
1119 restrictions on the voting rights of the members.
- 1120 (4) If an amendment to the articles of incorporation filed pursuant to this section is  
1121 included in a merger agreement, this section applies, except that any provisions for cancellation  
1122 or conversion of memberships:  
1123 (a) shall be in the merger agreement; and  
1124 (b) may not be in the amendment of the articles of incorporation.
- 1125 (5) A conversion under this section may not result in a violation, directly or indirectly,  
1126 of:  
1127 (a) Section [16-6a-1301](#); or  
1128 (b) any other provision of this chapter.
- 1129 (6) The conversion of a nonprofit corporation into a corporation does not affect:  
1130 (a) an obligation or liability of the converting nonprofit corporation incurred before its  
1131 conversion to a corporation; or  
1132 (b) the personal liability of any person incurred before the conversion.
- 1133 (7) (a) (i) When a conversion is effective under this section, for purposes of the laws of  
1134 this state, the things listed in Subsection (7)(a)(ii):  
1135 (A) vest in the corporation to which the nonprofit corporation converts;  
1136 (B) are the property of the corporation; and  
1137 (C) are not considered transferred by the converting nonprofit corporation to the  
1138 corporation by operation of this Subsection (7)(a).
- 1139 (ii) This Subsection (7)(a) applies to the following of the converting nonprofit  
1140 corporation:  
1141 (A) its rights, privileges, and powers;  
1142 (B) its interests in property, whether real, personal, or mixed;  
1143 (C) debts due to the converting nonprofit corporation;

- 1144 (D) the debts, liabilities, and duties of the converting nonprofit corporation;
- 1145 (E) the rights and obligations under contract of the converting nonprofit corporation;
- 1146 and
- 1147 (F) other things and causes of action belonging to the converting nonprofit corporation.
- 1148 (b) The title to any real property vested by deed or otherwise in a nonprofit corporation
- 1149 converting to a corporation does not revert and is not in any way impaired by reason of this
- 1150 chapter or of the conversion.
- 1151 (c) A right of a creditor or a lien on property of a converting nonprofit corporation that
- 1152 is described in Subsection (6)(a) or (b) is preserved unimpaired.
- 1153 (d) A debt, liability, or duty of a converting nonprofit corporation:
- 1154 (i) remains attached to the corporation to which the nonprofit corporation converts; and
- 1155 (ii) may be enforced against the corporation to the same extent as if the debts,
- 1156 liabilities, and duties had been incurred or contracted by the corporation in its capacity as a
- 1157 corporation.
- 1158 (e) A converted nonprofit corporation upon conversion to a corporation pursuant to this
- 1159 section is considered the same entity as the corporation.
- 1160 (f) In connection with a conversion of a nonprofit corporation to a corporation under
- 1161 this section, the interests or rights in the nonprofit corporation which is to be converted may be
- 1162 exchanged or converted into one or more of the following:
- 1163 (i) cash, property, interests, or rights in the corporation to which it is converted; or
- 1164 (ii) cash, property or interests in, or rights in another entity.
- 1165 (g) Unless otherwise agreed:
- 1166 (i) a converting nonprofit corporation is not required solely as a result of the
- 1167 conversion to:
- 1168 (A) wind up its affairs;
- 1169 (B) pay its liabilities; or
- 1170 (C) distribute its assets; and
- 1171 (ii) a conversion is not considered to constitute a dissolution of the nonprofit
- 1172 corporation, but constitutes a continuation of the existence of the nonprofit corporation in the
- 1173 form of a corporation.
- 1174 Section 25. Section **16-6a-1302** is amended to read:

1175 **16-6a-1302. Authorized distributions.**

1176 (1) A nonprofit corporation may:

1177 (a) make distributions or distribute the nonprofit corporation's assets to a member:

1178 (i) that is a domestic or foreign nonprofit corporation;

1179 (ii) of a mutual benefit corporation, not inconsistent with its bylaws; or

1180 (iii) that is a governmental entity;

1181 (b) pay compensation in a reasonable amount to its members, directors, or officers for  
1182 services rendered;1183 (c) if a cooperative nonprofit corporation, make distributions consistent with its  
1184 purposes; and

1185 (d) confer benefits upon its members in conformity with its purposes.

1186 (2) A nonprofit corporation may make distributions upon dissolution as follows:

1187 (a) to a member that is a domestic or foreign nonprofit corporation;

1188 (b) to its members if it is a mutual benefit corporation;

1189 (c) to another nonprofit corporation, including a nonprofit corporation organized to  
1190 receive the assets of and function in place of the dissolved nonprofit corporation; and1191 (d) otherwise in conformity [~~to this chapter~~] with Part 14, Dissolution.1192 [~~(3) A mutual benefit corporation may purchase a member's membership in conformity~~  
1193 ~~with Section 16-6a-610 if, after the purchase is completed:]~~1194 [~~(a) the mutual benefit corporation would be able to pay its debts as they become due~~  
1195 ~~in the usual course of its activities; and]~~1196 [~~(b) the mutual benefit corporation's total assets would at least equal the sum of its total~~  
1197 ~~liabilities.]~~1198 [(4)] (3) Authorized distributions by a dissolved nonprofit corporation may be made by  
1199 authorized officers or directors, including those elected, hired, or otherwise selected after  
1200 dissolution if the election, hiring, or other selection after dissolution is not inconsistent with the  
1201 articles of incorporation and bylaws existing at the time of dissolution.1202 Section 26. Section **16-6a-1405** is amended to read:1203 **16-6a-1405. Effect of dissolution.**1204 (1) A dissolved nonprofit corporation continues its corporate existence but may not  
1205 carry on any activities except as is appropriate to wind up and liquidate its affairs, including:

- 1206 (a) collecting its assets;
- 1207 (b) returning, transferring, or conveying assets held by the nonprofit corporation upon a
- 1208 condition requiring return, transfer, or conveyance, which condition occurs by reason of the
- 1209 dissolution, in accordance with the condition;
- 1210 (c) transferring, subject to any contractual or legal requirements, its assets as provided
- 1211 in or authorized by its articles of incorporation or bylaws;
- 1212 (d) discharging or making provision for discharging its liabilities; and
- 1213 (e) doing every other act necessary to wind up and liquidate its assets and affairs.

1214 ~~[(2) Notwithstanding any other provision of this chapter, the distribution of assets of a~~  
1215 ~~nonprofit corporation upon its dissolution shall be consistent with all applicable requirements~~  
1216 ~~and limitations set forth in the Internal Revenue Code.]~~

1217 ~~[(3)]~~ (2) Dissolution of a nonprofit corporation does not:

- 1218 (a) transfer title to the nonprofit corporation's property including title to water rights,
- 1219 water conveyance facilities, or other assets of a nonprofit corporation organized to divert or
- 1220 distribute water to its members;
- 1221 (b) subject its directors or officers to standards of conduct different from those
- 1222 prescribed in this chapter;
- 1223 (c) change quorum or voting requirements for its board of directors or members;
- 1224 (d) change provisions for selection, resignation, or removal of its directors or officers,
- 1225 or both;
- 1226 (e) change provisions for amending its bylaws or its articles of incorporation;
- 1227 (f) prevent commencement of a proceeding by or against the nonprofit corporation in
- 1228 its corporate name; or
- 1229 (g) abate or suspend a proceeding pending by or against the nonprofit corporation on
- 1230 the effective date of dissolution.

1231 ~~[(4)]~~ (3) Nothing in this section may be applied in a manner inconsistent with a court's

1232 power of judicial dissolution exercised in accordance with Section [16-6a-1414](#) or [16-6a-1415](#).

1233 Section 27. Section **42-2-6.6** is amended to read:

1234 **42-2-6.6. Assumed name.**

- 1235 (1) The assumed name:
- 1236 (a) may not contain any word or phrase that indicates or implies that the business is

1237 organized for any purpose other than one or more of the purposes contained in its application;

1238 (b) shall be distinguishable from any registered name or trademark of record in the  
1239 offices of the Division of Corporations and Commercial Code, as defined in Subsection

1240 [16-10a-401](#)(5), except as authorized by the Division of Corporations and Commercial Code  
1241 pursuant to Subsection (2);

1242 (c) without the written consent of the United States Olympic Committee, may not  
1243 contain the words:

1244 (i) "Olympic";

1245 (ii) "Olympiad"; or

1246 (iii) "Citius Altius Fortius";

1247 (d) without the written consent of the Division of Consumer Protection issued in  
1248 accordance with Section [13-34-114](#), may not contain the words:

1249 (i) "university";

1250 (ii) "college"; or

1251 (iii) "institute" or "institution"; and

1252 (e) an assumed name authorized for use in this state on or after May 1, 2000, may not  
1253 contain the words:

1254 (i) "incorporated";

1255 (ii) "inc."; or

1256 (iii) a variation of "incorporated" or "inc."

1257 (2) Notwithstanding Subsection (1)(e), an assumed name may contain a word listed in  
1258 Subsection (1)(e) if the Division of Corporations and Commercial Code authorizes the use of  
1259 the name by a corporation as defined in:

1260 (a) Subsection [16-6a-102](#)~~(25)~~(26);

1261 (b) Subsection [16-6a-102](#)~~(34)~~(35);

1262 (c) Subsection [16-10a-102](#)(11); or

1263 (d) Subsection [16-10a-102](#)(20).

1264 (3) The Division of Corporations and Commercial Code shall authorize the use of the  
1265 name applied for if:

1266 (a) the name is distinguishable from one or more of the names and trademarks that are  
1267 on the division's records; or

1268 (b) the applicant delivers to the division a certified copy of the final judgment of a  
1269 court of competent jurisdiction establishing the applicant's right to use the name applied for in  
1270 this state.

1271 (4) The assumed name, for purposes of recordation, shall be either translated into  
1272 English or transliterated into letters of the English alphabet if it is not in English.

1273 (5) The Division of Corporations and Commercial Code may not approve an  
1274 application for an assumed name to any person violating this section.

1275 (6) The director of the Division of Corporations and Commercial Code shall have the  
1276 power and authority reasonably necessary to interpret and efficiently administer this section  
1277 and to perform the duties imposed on the division by this section.

1278 (7) A name that implies by any word in the name that it is an agency of the state or of  
1279 any of its political subdivisions, if it is not actually such a legally established agency, may not  
1280 be approved for filing by the Division of Corporations and Commercial Code.

1281 (8) Section 16-10a-403 applies to this chapter.

1282 (9) (a) The requirements of Subsection (1)(d) do not apply to a person who filed a  
1283 certificate of assumed and of true name with the Division of Corporations and Commercial  
1284 Code on or before May 4, 1998, until December 31, 1998.

1285 (b) On or after January 1, 1999, any person who carries on, conducts, or transacts  
1286 business in this state under an assumed name shall comply with the requirements of Subsection  
1287 (1)(d).

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**Legislative Review Note**  
**as of 2-17-15 11:01 AM**

**Office of Legislative Research and General Counsel**