

TAKE JUDICIAL NOTICE

Amendments To The Not-For-Profit Corporation Law

The following changes will go into effect July 1, 2014:

1. The current classification system which puts Not-For-Profit corporations into one of the four types (A, B, C, or D) will be replaced with just two, specifically "Charitable" and "Non-Charitable" corporations.
 - New paragraph 3-a of Section 102 defines a "Charitable" Corporation as one formed for charitable purposes. Paragraph 3-b goes on to say that charitable purpose means purposes contained in a certificate of incorporation that are charitable, educational, religious, scientific, literary, cultural, or for the prevention of cruelty to children or animals.
 - Non-charitable will consist of organizations founded for any of the following non pecuniary purposes: civic, patriotic, political, social, fraternal, athletic, agricultural, animal husbandry, commercial, professional, industrial trade association.
2. Section 510(a)(3) has been amended to provide that the sale, lease, exchange, or other disposition of all or substantially all of the assets of a "charitable corporation" shall now require either a court order obtained in accordance with NFP Section 511 or the approval of the New York State Attorney General in accordance with NFP Section 511-a
3. Section 509 of the NFP Law has been changed to permit a majority of the board of directors, instead of the entire board as is now required, to approve non-substantial real estate transactions. A two-thirds majority is still required in transactions involving the sale of all or substantially all of the assets of a "charitable corporation."
4. NFP Law Section 907 which presently requires court approval for mergers and consolidations of type B or C NFP corporations has been amended to provide that Attorney General approval can substitute for a court order.

In general, the most important change made is the ability to substitute Attorney General approval for a court order.