

The bill creates the following sections of the Florida Statutes: 617.0606, 617.0607, 617.0608, 617.07401, 617.1102, 617.1301, 617.1302, 617.1407, 617.1408 and 617.1703.

The bill repeals the following sections of the Florida Statutes: 617.1421 and 617.2103.

II. Present Situation:

Corporations Not For Profit

The Florida Not For Profit Corporation Act (the act), codified in ch. 617, F.S., provides for the incorporation of corporations not for profit (NFP). A “corporation not for profit” is defined in the act as “a corporation no part of the income or profit of which is distributable to its members, directors, or officers.”¹ NFPs vary in size and activities, such as religious institutions, recreational clubs, public service organizations, and charitable organizations. The governing instruments of NFPs are the statutory requirements, articles of incorporation, and bylaws.

The act underwent its last major revision in 1990, concurrent with substantial changes to ch. 607, F.S., regarding for-profit corporations. Because basic organizational structure, filing requirements, membership provisions, creditors’ rights, and fiduciary principles are generally very similar for both NFPs and for-profit corporations, chs. 617 and 607, F.S., are generally sought to be in conformity as much as is appropriate. However, numerous changes have been made in recent years to ch. 607, F.S., without concurrent changes to ch. 617, F.S.²

Administrative Matters

Over the years, differences in filing and record-keeping requirements have occurred as a result of changes to ch. 607, F.S., that have not been made to ch. 617, F.S. These differences have created administrative problems for the Department of State Division of Corporations.

Membership Rights and Distributions

Chapter 617, F.S., currently does not address several issues regarding membership rights and distributions. In addition, rights accorded to shareholders of for-profit corporations are not explicitly provided in ch. 617, F.S., such as the right of members to call special meetings, the right to participate in meetings through electronic means, and the right to bring derivative actions on behalf of the corporation in instances of alleged wrongdoing by directors and officers.

Similarly, although the basic rule for NFPs is that no dividends or income can be distributed to members, there are exceptions to this rule, especially for private membership-type clubs. The current statute recognizes such exceptions, but the provisions in this regard are unclear as to the scope of the exceptions.

¹ Section 617.01401(5), F.S.

² Chapter 617 Revision Committee, the Business Section of The Florida Bar, *Proposed Amendments to Chapter 617 Florida Not for Profit Corporation Act, Executive Summary* (December, 2007) (on file with Judiciary Committee).

Creditors' Rights

Unlike ch. 607, F.S., there are no provisions in ch. 617, F.S., regarding how to treat creditors when corporations dissolve. In recent years, provisions have been added to ch. 607, F.S., dealing with both known and unknown claims existing at the time of dissolution, and providing clear standards for how for-profit corporations should treat such claims.

Specially Regulated Not For Profits

NFPs are generally formed under and regulated by ch. 617, F.S., except for certain organizations for which special statutes apply, such as condominium corporations (ch. 718, F.S.), cooperatives (ch. 719, F.S.), homeowners' associations (ch. 720, F.S.), and mobile home park lots (ch. 723, F.S.). Because such specially regulated organizations are NFPs formed under ch. 617, F.S., the regulatory relationship between ch. 617, F.S., and the other statutes is not clear. Provisions in ch. 617 apply in some instances, while the provisions of the special statutes are intended to apply in other instances. However, the division is not clear, and substantial questions often arise as to whether and which statutory provisions should apply to important matters such as termination or transfers of memberships, purchases of members' property, and record-keeping requirements.

III. Effect of Proposed Changes:

This bill makes revisions to the Florida Not For Profit Corporation Act relating to administrative matters, membership rights, distributions, and creditors' rights applicable to corporations not for profit (NFPs). Additionally, the bill clarifies what provisions govern specially regulated NFPs. Most of the provisions of the bill are in conformity with the Revised Model Nonprofit Corporation Act (Model Act). Following is a section-by-section analysis of the bill.

General Provisions

Section 1 amends s. 617.01201, F.S., which relates to filing requirements of NFPs, to permit electronic transmission of a document. This section is also amended to be consistent with recent changes to ch. 607, F.S., to provide signature requirements.

Section 2 amends s. 617.0122, F.S., which relates to fees for filing documents and issuing certificates, to provide for payment of a \$35 fee if a registered agent resigns from an "inactive" corporation. Current law provides for the \$35 fee if an agent resigns from an "administratively dissolved" corporation.

Section 3 amends s. 617.0124, F.S., which relates to correcting filed documents, to increase the time to correct a document filed by the Department of State (the department) to 30 days from 10 days. The department reports that 10 days is not ample time for the filer of a document to receive acknowledgment after filing, to review the document for accuracy, and to prepare it for possible return for correction.

This section also allows for the correction of documents submitted electronically. Subparagraph (2)(a)1. is also amended for consistency with ch. 607, F.S. It is the current practice of the department not to require a copy of the corrected document to be returned.

Section 4 amends s. 617.01401, F.S., which sets forth definitions in the act, to amend the definition of a “corporation not for profit.” The present definition sets forth that distributions are not made to members of NFPs. Adding the phrase “except as otherwise provided” to the end of this prohibition against disbursement reflects the fact that in some specified instances distributions may be made to members.

A new subsection (6) is added to define the term “department” as the “Department of State.”

A new subsection (7) is added to define the term “distribution.” Several statutory provisions use the term, but it is not defined in the act. The definition is taken from the Model Act.

A new subsection (13) is added to define a “mutual benefit corporation.” There are several current statutory provisions specifically directed at this type of corporation (distributions, transfers of interests, and dissolutions). A “mutual benefit corporation,” which is not a charitable, religious, or public service organization but instead serves the private interests of its members (such as a golf club), has different rules in the current statute (consistent with other states) with regard to various matters such as distributions, transfers of interest, and dissolution. The current statute does not clearly delineate this type of corporation. In order to distinguish such corporations from others, a definition of mutual benefit corporations is added to this section.

A new subsection (15) is added to define “successor entity.”

A new subsection (16) is added to define “voting power.” There are several statutory provisions that use this term, but the act does not define the term. The definition is taken from the Model Act, and defines voting power by reference to the number of votes that a member is entitled to cast in the election of directors.

Incorporation

Section 5 amends s. 617.0205, F.S., which relates to organizational meetings of directors, to add the words “of incorporation” after the word “articles” in paragraph (1)(b). This is a technical, clarifying change to the provision.

Purposes and Powers

Section 6 amends s. 617.0302, F.S., which relates to corporate powers, to allow corporations to make guaranties. This makes this section consistent with ch. 607, F.S. This section also recognizes that an NFP can merge with other business entities as identified in ch. 607, F.S.

Office and Agent

Section 7 amends s. 617.0503, F.S., which relates to registered agents, to provide the process for withdrawal of a registered agent by an alien business organization. Specifically, an application must be delivered to the Department of State with information that the NFP no longer has to have a registered agent in Florida.

Section 8 amends s. 617.0505, F.S., which prohibits distributions of dividends to NFPs, to be consistent with s. 617.1302, F.S., created in section 29 of the bill. A mutual benefit corporation is exempted from the general restriction on distributions. In addition, a reference to s. 617.1302, F.S., is added to clarify that the exemption applies to both mutual benefit corporations and other corporations when they “make distributions upon dissolution in conformity with the dissolution provisions of this chapter.”

Subsections (2) and (3), referring to the issuance of stock certificates, have been transferred to s. 617.0601, F.S., as the subject matter of these provisions is not within the distribution ambit.

The catch line is also revised to delete unnecessary or duplicative language. The definition of the term distribution is added in section 4 of the bill.

Finally, this section exempts from the prohibition on making distributions the following: condominium corporations (ch. 718, F.S.), cooperatives (ch. 719, F.S.), homeowners’ associations (ch. 720, F.S.), and mobile home park lots (ch. 723, F.S.) or a corporation where membership in the corporation is required.

Membership and Distribution

Section 9 amends s. 617.0601, F.S., which relates to members, to include the reference to issuance of stock certificates, which is deleted from s. 617.0505, F.S., by section 8 of the bill.

This section is also amended to replace an outdated statutory reference. The statutory reference in paragraph (1)(b) is incorrect because of statutory revisions and is amended to reflect the revised statutory provisions.

Subsection (5) is amended to reflect the fact that new resignation and termination provisions have been adopted.

Section 10 creates s. 617.0605, F.S., to provide for the possible transfer of a membership interest in a mutual benefit corporation. Transfers are restricted to the terms set forth in the articles of incorporation or bylaws. Transfers are not permitted for any other type of NFP.

Section 11 creates s. 617.0606, F.S., to provide for the resignation of members of mutual benefit corporations and the effect thereof on any member obligations previously incurred. Specifically, a member, unless provided for in the articles of incorporation or bylaws, may not transfer a membership or membership right. Additionally, resignation does not relieve a member from his or her obligations incurred prior to the resignation.

Section 12 creates s. 617.0607, F.S., to provide for the possibility and procedures for involuntary termination of a membership. Specifically, a member may only be terminated, expelled, or suspended by a “fair and reasonable” process that must be “carried out in good faith.” A member who has been expelled or suspended may be liable for dues, assessments, fees, or other obligations made prior to expulsion or suspension.

Section 13 creates s. 617.0608, F.S., to provide that, except as otherwise set forth in the statute,

no membership interests may be purchased by the NFP, except under certain conditions for mutual benefit corporations. This proposed change is consistent with section 8 of the bill, which amends s. 617.0505, F.S., and section 29 of the bill which creates s. 617.1302, F.S.

Member Meetings and Derivative Actions

Section 14 amends s. 617.0701, F.S., which relates to meetings of members, to permit special meetings to be called on demand of the holders of at least 5 percent of the voting power of the NFP. There is currently no provision specifically permitting members to call special meetings.

This section also increases the number of days, to 90 from 60, for members to provide written consent for corporate action. In addition, the bill increases the number of days, to 30 from 10, after obtaining written consent, to provide notice to members who are entitled to vote on corporate action.

Section 15 amends s. 617.0721, F.S., which relates to voting by members, to provide for a member's participation in a meeting through remote communication, if authorized by the board of directors. This section is amended to be consistent with ch. 607, F.S. This section also provides that a corporation may reject a vote, consent, waiver, or proxy appointment if there is a reasonable basis for doubting the validity of the signature or the authority to sign for the member.

Section 16 amends s. 617.0725, F.S., which relates to quorums, to require the approval of the voting requirement which was in effect or which is being proposed, whichever is greater, when an amendment is made to the articles of incorporation. These changes bring the procedures for NFPs more in line with for-profit corporations.

Section 17 creates s. 617.07401, F.S., to establish the ability of members to bring derivative actions on behalf of the corporation. A derivative action is a suit brought by a shareholder to enforce a corporate cause of action.³ The right to bring a derivative action existed in the statute until 1994, when the elimination of the "bridge provision" to ch. 607, F.S., resulted in no specific statutory provision for a derivative action. Case law in Florida indicates that despite the lack of a specific provision, the derivative action exists as a matter of law.⁴

This section provides the process for bringing an action, and when a court may dismiss an action. Specifically, a court may dismiss a derivative proceeding if, on motion by the NFP, the court finds that one of the groups specified below has made a determination in good faith after conducting a reasonable investigation that the maintenance of the derivative suit is not in the best interests of the corporation. The NFP has the burden of proving the independence and good faith of the group making the determination and the reasonableness of the investigation. The determination must be made by:

- A majority vote of independent directors present at a meeting of the board of directors, if the independent directors constitute a quorum;

³ *Chemplex Florida v. Norelli*, 790 So. 2d 547, 549 (Fla. 4th DCA 2001).

⁴ *Fox v. Professional Wrecker Operators of Florida, Inc.*, 801 So. 2d 175, 180 (Fla. 5th DCA 2001).

- A majority vote of a committee consisting of two or more independent directors appointed by a majority vote of independent directors present at a meeting of the board of directors, whether or not such independent directors constitute a quorum; or
- A panel of one or more independent persons appointed by the court upon motion by the NFP.

This section also provides that a proceeding commenced under this section may not be discontinued or settled without the approval of the court. If the court determines that a proposed discontinuance or settlement will substantially affect the interest of the members of the corporation, or a class, series, or voting group of members, the court must require that notice be given to the members affected.

The court may require the plaintiff to pay any defendant's reasonable expenses, including reasonable attorney's fees, if it finds that the proceeding was commenced without reasonable cause. The court may also award reasonable expenses, including reasonable attorney's fees, to a successful plaintiff or to the person commencing the proceeding who receives any relief, and may require that the person account for the remainder of any proceeds to the NFP. However, this subsection does not apply to any relief rendered for the benefit of injured members only and limited to a recovery of the loss or damage of the injured members.

Section 18 amends s. 617.0801, F.S., which relates to duties of the board of directors, to amend the catch line of the section. This is a technical change that removes redundant language.

Directors

Section 19 amends s. 617.0806, F.S., which relates to staggered terms of directors, to provide that the adoption of a staggered board must be authorized in the articles of incorporation or the bylaws.

Section 20 amends s. 617.0808, F.S., which relates to removal of directors, to adopt processes for removal of directors not covered in the current statute, such as the removal powers of directors and members, assuring that directors elected by a particular class can only be removed by a vote of that class, the removal of directors elected by cumulative voting, removal based on absences from meetings if so provided in the articles or bylaws, and removal by directors of a director elected or appointed by the directors.

In addition, this section is amended to include the exception currently afforded to a corporation described in s. 501(c) of the Internal Revenue Code of 1986, as amended. This exception was contained in s. 617.2103, F.S., which is repealed in section 47 of the bill. Specifically, a director may be removed from office pursuant to the articles of incorporation or the bylaws.

Section 21 amends s. 617.0809, F.S., which relates to vacancy on boards, to include a cross-reference regarding filling of board vacancies created after removal at a membership meeting. Under the bill, a director that has been removed is not eligible to stand for reelection until the next annual meeting of the members.

Subsection (2) is amended to provide that the respective powers of the members and directors to

fill vacancies on the board are based upon the group or subgroup that made the initial election.

Subsection (3) is amended to provide that the term of a replacement director expires at the next annual meeting. Where director terms are for multiple terms, this assures that the replacement director will stand for election at the next annual meeting, rather than serve multiple years without election.

Section 22 amends s. 617.0832, F.S., which relates to director conflicts of interest, to provide specific guidelines for quorum and voting by directors on conflict-of-interest transactions. This provision is also provided for in s. 607.0832, F.S. According to the new language, a conflict-of-interest transaction is authorized, approved, or ratified when a majority of the directors who have no interest in the transaction vote for it.

Subsection (3) is a new provision that sets forth standards for member voting on conflict-of-interest transactions, consistent with shareholder voting provisions in s. 607.0831, F.S. Specifically, a director who has an interest in the transaction may not vote to authorize, approve, or ratify the transaction.

Section 23 amends s. 617.0833, F.S., which relates to loans to directors or officers, to make technical changes to the statute.

Section 24 amends s. 617.0834, F.S., which relates to officers' and directors' immunity from civil liability, to make technical changes to the statute.

Organic Changes and Amendments

Section 25 amends s. 617.1007, F.S., which relates to restated articles of incorporation, to clarify that "article" means "articles of incorporation." This is a technical, clarifying change to the provision.

Section 26 amends s. 617.1101, F.S., which relates to plans of merger, to require in the NFP's plan of merger disclosure of the manner and basis of converting memberships into memberships of the surviving NFP or into other forms of consideration. No disclosure obligation exists in the current statute.

Section 27 creates s. 617.1102, F.S., to provide that the surviving corporation in a merger between a for-profit corporation and an NFP must be an NFP.

Distributions

Section 28 creates s. 617.1301, F.S., to prohibit distributions to members unless otherwise provided by s. 617.505, F.S., as amended by section 8 of the bill, or s. 617.1302, F.S., which is created in section 29 of the bill. Generally, distributions to members are prohibited in all instances except for distributions to members in the mutual benefit corporation context.

Section 29 creates s. 617.1302, F.S., to provide when NFPs may make distributions to members. Specifically, before a mutual benefit corporation may make distributions, it must be able to pay

its debts, and the total assets must be at least equal to the sum of its total liabilities. An NFP may also make distributions upon dissolution.

Dissolution

Section 30 amends s. 617.1405, F.S., which relates to the effects of dissolution, to provide that for an NFP to assume or use the name of a dissolved NFP, the dissolved NFP must provide the Department of State with an affidavit permitting the immediate assumption or use of the name. This change promotes consistency with ch. 607, F.S.

Section 31 creates s. 617.1407, F.S., to provide for the treatment of claims against an NFP that were unknown at the time of dissolution. In the absence of such a provision, there is doubt as to the proper treatment of unknown claims that arise after dissolution. A similar provision was recently added to ch. 607, F.S., and this amendment is adapted from that provision.

A dissolved NFP may choose one of the following options:

- Filing a notice of dissolution with the Department of State and requesting that unknown claims against the NFP be presented. The notice must state the name of the NFP, describe the information that must be included in the claim, provide a mailing address, and state that a claim will be barred unless a proceeding is commenced within four years after filing the notice.
- Within 10 days of filing the articles of dissolution with the Department of State, publishing a “Notice of Corporate Dissolution” once a week for two consecutive weeks in a newspaper of general circulation in a county in the state in which the NFP has its principal office or where the NFP owns real or personal property.

If an NFP complies with the procedures under this proposed section, claims are barred unless the claimant commences a proceeding within four years after the date of filing the notice with the Department of State or the date of the second consecutive weekly publication.

Claims may be made against the dissolved NFP, to the extent of its undistributed assets, or against distributed assets, as specified.

Section 32 creates s. 617.1408, F.S., to provide a process for resolving claims that are known to exist at the time of dissolution. If the process is followed, the NFP and its members are protected against subsequent claims by persons who had been given the proper notice and who had not asserted their rights during the timeframe provided. The provision provides some certainty to the handling of known claims.

Generally, a dissolved NFP must give written notice to all known claimants. If a dissolved NFP rejects a claim, it must do so in writing at least 150 days before expiration of three years after the effective date of the dissolution. Procedures for addressing contingent claims, petitions in circuit court to resolve compensation issues, payment of claims, and distribution of remaining funds (if any) are also provided.

If an NFP does not follow this section’s proposed procedures, it must pay or make reasonable

provisions to pay all known claims and obligations. If there are sufficient funds, the claims must be paid in full. If there are insufficient funds, claims must be paid in order of priority. Additionally, a dissolved NFP must distribute remaining funds, after claims are settled, to members in accordance with s. 617.1406, F.S., which provides for the plan of distribution of assets.

The provision provides certainty to the handling of known claims and sets forth immunity from liability for NFP directors and members who have complied with procedures for handling known claims against dissolved corporations. These provisions are analogous to ch. 607, F.S.⁵

Section 33 repeals subsection (6) of s. 617.1421, F.S., which relates to restrictions on use of the name of a dissolved NFP. This provision is transferred to s. 617.1422(4), F.S., in section 34 of the bill.

Section 34 amends s. 617.1422, F.S., which relates to reinstatement following administrative dissolution, to reword the conditions and application requirements for reinstatement of an NFP. This section is amended to be consistent with ch. 607, F.S.

This section also provides that the name of the NFP is not available for use until one year after the effective date of the dissolution unless the dissolved NFP provides the Department of State with an affidavit permitting the immediate use of the name. This provision is transferred from s. 617.1421(6), F.S., which was repealed in section 33 of the bill.

Section 35 amends s. 617.1430, F.S., which relates to grounds for judicial dissolution, to raise the standing requirement for a dissolution suit brought by a member. As currently written, any member may bring a suit for dissolution. This provision increases that requirement, where not otherwise specified in the articles of incorporation or bylaws, to (a) at least 50 members; (b) members holding 10 percent⁶ or more of the voting power; or (c) a director or other person authorized in the articles of incorporation. This provision may protect NFPs from experiencing disruptive and expensive lawsuits brought by only one or a few members of the NFP.

Foreign Corporations

Section 36 amends s. 617.1503, F.S., which relates to applications for certificates of authority, in order to make style changes to the provision.

Section 37 amends s. 617.1504, F.S., which relates to amended certificates of authority, to increase the time frame to 90 days from 30 days for filers to make corrections.

Section 38 amends s. 617.1506, F.S., which relates to corporate names of foreign NFPs, to add the words “other business entity” in the list of types of entities that cannot be included in the name of the foreign NFP. The effect of this change is to include limited liability companies, which will prevent name conflicts. This section also provides that an alternate name must be cross-referenced to the real corporate name. The alternate name is selected at the time of filing

⁵ See 607.1406, F.S.

⁶ The Model Act suggests a 5-percent voting power threshold.

and is denoted on the foreign application form. Currently, DOS does not require submission of a copy of the resolution of the board of directors to be filed, so this provision is stricken from subsection (1)(b). These revisions are consistent with ch. 607, F.S.

Section 39 amends s. 617.1530, F.S., which relates to grounds for revocation of authority to conduct affairs, to make a technical word change.

Records and Reports

Section 40 amends s. 617.1601, F.S., which relates to corporate records, to clarify that “article” means “articles of incorporation.” This is a technical, clarifying change to the provision.

Section 41 amends s. 617.1602, F.S., which relates to inspection of records by members, to permit inspection of certain records to be conducted at either the corporation’s principal office “or at a reasonable location specified by the corporation.” This section also expands, to 10 from 5, the number of days advance notice is required for an inspection of records request.

This section also deletes an obsolete reference to s. 617.0730(6), F.S., which does not exist.

Section 42 amends s. 617.1605, F.S., which relates to financial reports for members, to require that corporations provide annual financial statements to members requesting the reports. Current law requires that financial statements be routinely sent to all members. The section also delineates the nature of the financial statements to be provided.

Miscellaneous Provisions

Section 43 creates s. 617.1703, F.S., to provide that when there is a conflict between ch. 617, F.S., and provisions relating to condominium corporations (ch. 718, F.S.), cooperatives (ch. 719, F.S.), homeowners’ associations (ch. 720, F.S.), and mobile home owners’ associations (ch. 723, F.S.), the provisions of those chapters apply.

This section also provides that proposed new ss. 617.0605-617.0608, F.S. (transfer of membership rights, resignation of members, termination of members, and purchases of memberships), shall not apply to NFPs regulated by any of the above mentioned chapters or to certain other NFPs that are subject to other regulatory requirements.

Section 44 amends s. 617.1803, F.S., which relates to domestication of foreign NFPs, to describe and clarify the legal consequences of domestication. This is a suggested provision included in the Model Act. Specifically, when domestication becomes effective:

- The title to all real and personal property of the foreign NFP remains in the domesticated NFP;
- The liabilities of the foreign NFP remain the liabilities of the domesticated NFP;
- An action or proceeding against the foreign NFP continues against the domesticated NFP as if the domestication has not occurred;
- The articles of incorporation attached to the certificate of domestication constitute the articles of incorporation of the domesticated NFP; and

- Membership interests in the foreign NFP remain identical in the domesticated NFP.

Section 45 amends s. 617.1806, F.S., which relates to conversion to an NFP, to provide a cross-reference to s. 617.1805, F.S., which relates to when for-profit corporations may become NFPs.

Section 46 amends s. 617.1907, F.S., which relates to the effect of repeals of prior acts, to add the phrase “or amendment” to each reference to “repeal,” to clarify that prior rights and liabilities are not affected by an amendment to any provision of ch. 617, F.S.

Section 47 repeals s. 617.2103, F.S., which exempts certain NFPs from provisions in this chapter, and provides alternative record keeping requirements, member inspection rights, and financial reporting for these exempt NFPs. Under this bill, all NFPs will be subject to the same requirements. This proposed change is prospective and should not affect current practices for existing NFPs.

Effective Date

Section 48 provides an effective date of October 1, 2008.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

Incorporation of provisions from the model act should create consistency with the for-profit corporation statutes (ch. 607, F.S.), providing a more streamline process for the Department of State.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Judiciary on April 1, 2008:

The committee substitute removes multiple references in the bill which attempt to incorporate subsequently adopted acts of Congress relating to the Internal Revenue Code.

CS by Commerce on March 11, 2008:

This committee substitute makes a number of technical changes to the bill as filed. It also makes the following substantive changes:

- In section 4, makes the following changes to definitions for ch. 617, F.S.:
 - Creates a definition for “department” to mean “Department of State.”
 - Amends the definition for “distribution” to provide that a donation or transfer of corporate assets or income to or from another corporation not for profit (NFP) that is exempt from federal and state income taxes is not a distribution for the purpose of ch. 617, F.S., the not for profit act.
 - Amends the definition for “mutual benefit corporation,” as created in the bill, to exempt condominium corporations (ch. 718, F.S.), cooperatives (ch. 719, F.S.), homeowners’ associations (ch. 720, F.S.), and mobile home park lots (ch. 723, F.S.).
 - Creates a definition for “successor entity.”
 - Amends the definition for “voting power,” to replace “holders of the shares” with “members.”
- In section 8, exempts from the prohibition on making distributions the following: condominium corporations (ch. 718, F.S.), cooperatives (ch. 719, F.S.), homeowners’ associations (ch. 720, F.S.), and mobile home park lots (ch. 723, F.S.) or an NFP where membership in the NFP is required.
- In section 12, deletes the specification as to what will be considered “fair and reasonable” when a member is expelled or suspended.
- In section 14:
 - Increases the number of days, from 60 to 90, for members to provide written consent for corporate action; and
 - Increases the number of days, from 10 to 30, after obtaining written consent, to provide notice to members who are entitled to vote on corporate action.

- In section 15, provides that an NFP may reject a vote, consent, waiver, or proxy appointment if there is a reasonable basis for doubting the validity of the signature or the authority to sign for the member.
- Deletes section 22 of the original bill, which relates to general standards of directors, to restore current law.
- In section 32:
 - Deletes the definition for “successor entity” as it is included, by this amendment, in section 4 of the bill; and
 - Requires that a dissolved NFP must distribute remaining funds, after claims are settled, to members in accordance with s. 617.1406, F.S., which provides for the plan of distribution of assets.
- In section 43, replaces the term “mobile home park lot tenancies” with “mobile home owners’ associations.”
- Deletes section 47, which relates to circuit judges authority in conversions to NFPs, to restore current law.

B. Amendments:

None.