

HB483 INTRODUCED



1 HB483
2 4UV5A3R-1
3 By Representatives Brinyark, Shaw
4 RFD: Economic Development and Tourism
5 First Read: 19-Feb-26



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4 SYNOPSIS:

5 This bill would authorize the formation and
6 operation of decentralized unincorporated nonprofit
7 associations as a subtype of unincorporated nonprofit
8 associations, which are authorized under existing law.

9 This bill would allow a decentralized
10 unincorporated nonprofit association to use distributed
11 ledger technology and smart contracts for its
12 governance and operation.

13 This bill would permit decentralized
14 unincorporated nonprofit associations to acquire and
15 maintain property and engage in profit-making
16 activities, subject to certain standards relating to
17 the distribution of proceeds.

18 This bill would provide for the duties,
19 obligations, and liabilities of the members and
20 administrators of a decentralized unincorporated
21 nonprofit association.

22 This bill would also provide for the dissolution
23 and winding up of a decentralized unincorporated
24 nonprofit association.

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A BILL
TO BE ENTITLED



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AN ACT

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31 Relating to corporations, partnerships, and
32 associations; to designate Sections 10A-17-1.01 through
33 10A-17-1.18, Code of Alabama 1975, inclusive, as Article 1;
34 and to add Article 2, commencing with Section 10A-17-2.01, to
35 Chapter 17 of Title 10A of the Code of Alabama 1975; to
36 provide for the formation, management, and governance of
37 decentralized unincorporated nonprofit associations; to
38 provide for the duties, obligations, and liabilities of
39 members and administrators of decentralized unincorporated
40 nonprofit associations; and to provide for the dissolution and
41 winding up of decentralized unincorporated nonprofit
42 associations.

43 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

46 Section 2. Article 2, commencing with Section
47 10A-17-2.01, is added to Chapter 17 of Title 10A of the Code
48 of Alabama 1975, to read as follows:

49 §10A-17-2.01

50 This article together with applicable provisions of
51 Chapter 1 shall be known and may be cited as the Decentralized
52 Unincorporated Nonprofit Association Law.

53 §10A-17-2, 02

54 For the purposes of this article, the following terms
55 have the following meanings:

56 (1) ADMINISTRATOR. A person authorized by the members



57 of a decentralized unincorporated nonprofit association to
58 fulfill administrative or operational tasks at the direction
59 of the membership.

60 (2) DECENTRALIZED UNINCORPORATED NONPROFIT ASSOCIATION
61 or NONPROFIT ASSOCIATION. An unincorporated nonprofit
62 association that meets the following requirements:

63 a. Consists of at least 100 members joined by mutual
64 consent in digital activity under an agreement, which may be
65 in writing or inferred from conduct, for a common nonprofit
66 purpose, including, but not limited to, administering the
67 affairs of a distributed ledger technology or network of smart
68 contracts.

69 b. Has elected to be formed under this article.

70 c. Is not formed under any other law governing the
71 nonprofit association's organization or operation.

72 (3) DIGITAL ASSET. A representation of economic,
73 proprietary, or access rights that is stored in a computer
74 readable format and is either a digital consumer asset,
75 digital security, or virtual currency.

76 (4) DISTRIBUTED LEDGER TECHNOLOGY. A distributed ledger
77 protocol and supporting infrastructure, including blockchain,
78 which uses a distributed, shared, and replicated ledger,
79 whether public or private, permissioned or permissionless, and
80 which may include the use of digital assets as a medium of
81 electronic exchange.

82 (5) ESTABLISHED PRACTICES. The practices used by a
83 decentralized unincorporated nonprofit association without
84 material change during the most recent five years of the



85 nonprofit association's existence, or if the nonprofit
86 association has existed for less than five years, during the
87 nonprofit association's entire existence.

88 (6) GOVERNING PRINCIPLES. All agreements and any
89 amendment or restatement of those agreements, including any
90 decentralized unincorporated nonprofit association agreements,
91 consensus formation algorithms, smart contracts, or enacted
92 governance proposals, which govern the purpose or operation of
93 a decentralized unincorporated nonprofit association and the
94 rights and obligations of the nonprofit association's members
95 and administrators, whether contained in a record, implied
96 from the nonprofit association's established practices, or
97 both.

98 (7) MEMBER. A person who, under the governing
99 principles of a decentralized unincorporated nonprofit
100 association, may participate in the selection of the
101 decentralized unincorporated nonprofit association's
102 administrators or the development of the policies and
103 activities of the decentralized unincorporated nonprofit
104 association.

105 (8) MEMBERSHIP INTEREST. A member's voting rights in a
106 decentralized unincorporated nonprofit association determined
107 by the decentralized unincorporated nonprofit association's
108 governing principles, including as ascertained from
109 decentralized ledger technology on which the decentralized
110 unincorporated nonprofit association relies to determine a
111 member's voting rights.

112 (9) NONPROFIT PURPOSE. Any purpose for which a



113 nonprofit corporation could be organized under Article 1, and
114 where no part of income or profit is distributable to its
115 members or administrators.

116 (10) PERSON. An individual, corporation, business
117 trust, estate, trust, partnership, association, agency, joint
118 venture, government, governmental subdivision or
119 instrumentality, or any other legal commercial entity.

120 (11) RECORD. Information that is inscribed on a
121 tangible medium or stored in an electronic or other medium
122 that is retrievable in perceivable form.

123 (12) SMART CONTRACT. An automated transaction, as
124 defined in any substantially similar analogue or code, script,
125 or programming language relying on distributed ledger
126 technology, including blockchain, which may include
127 facilitating and instructing transfers of an asset,
128 administrating membership interest votes with respect to a
129 decentralized unincorporated nonprofit association, or issuing
130 executable instructions for these actions based on the
131 occurrence or nonoccurrence of specified conditions.

132 (13) STATE. A state of the United States, the District
133 of Columbia, the Commonwealth of Puerto Rico, or any territory
134 or insular possession subject to the jurisdiction of the
135 United States.

136 §10A-17-2.03

137 (a) The law of this state governs any decentralized
138 unincorporated nonprofit association that is formed in this
139 state.

140 (b) Each decentralized unincorporated nonprofit



141 association's governing principles shall identify the
142 jurisdiction in which the decentralized unincorporated
143 nonprofit association is formed.

144 \$10A-17-2.04

145 (a) A decentralized unincorporated nonprofit
146 association may engage in profit-making activities. Profits
147 from any activities shall be used in furtherance of, or set
148 aside for, the nonprofit association's common nonprofit
149 purpose.

150 (b) Except as provided in subsection (c), a
151 decentralized unincorporated nonprofit association may not
152 make distributions to its members or administrators.

153 (c) A decentralized unincorporated nonprofit
154 association may do all of the following:

155 (1) Pay reasonable compensation or reimburse reasonable
156 expenses to its members, administrators, and persons outside
157 of the nonprofit association for services rendered, including
158 with respect to the administration and operation of the
159 nonprofit association, which may include the provision of
160 collateral for the self-insurance of the nonprofit
161 association, voting, or participation in the nonprofit
162 association's operations and activities.

163 (2) Confer benefits on its members and administrators
164 in conformity with its common nonprofit purpose.

165 (3) Repurchase membership interests to the extent
166 authorized by the nonprofit association's governing
167 principles.

168 (4) Make distributions of property to members upon

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169 winding up and termination of the decentralized unincorporated
170 nonprofit association to the extent permitted by Section
171 10A-17-2.26.

172 \$10A-17-2.05

173 (a) Unless prohibited or otherwise limited by its
174 written rules or governing documents, a decentralized
175 unincorporated nonprofit association in its name may acquire,
176 hold, encumber, or transfer an estate or interest in real or
177 personal property.

178 (b) Unless prohibited or otherwise limited by its
179 written rules or governing documents, a decentralized
180 unincorporated nonprofit association may be a legatee,
181 devisee, or beneficiary of a trust or contract.

182 (c) Real and personal property in Alabama may be
183 acquired, held, encumbered, and transferred by a decentralized
184 unincorporated nonprofit association, whether it or a member
185 has any other relationship to Alabama.

186 \$10A-17-2.06

187 (a) A decentralized unincorporated nonprofit
188 association shall execute and record a statement of authority
189 to transfer an estate or interest in real property in the name
190 of the nonprofit association.

191 (b) An estate or interest in real property in the name
192 of a decentralized unincorporated nonprofit association may be
193 transferred by a person so authorized in a statement of
194 authority recorded in the office of the judge of probate of
195 the county in which the real property is located.

196 (c) A statement of authority shall set forth:



197 (1) The name of the decentralized unincorporated
198 nonprofit association;

199 (2) The address in Alabama, including the street
200 address, if any, of the decentralized unincorporated nonprofit
201 association, or, if the decentralized unincorporated nonprofit
202 association does not have an address in Alabama, its address
203 out of state;

204 (3) The name or title of a person authorized to
205 transfer an estate or interest in real property held in the
206 name of the decentralized unincorporated nonprofit
207 association; and

208 (4) The action, procedure, or vote of the decentralized
209 unincorporated nonprofit association which authorizes the
210 person to transfer the real property of the decentralized
211 unincorporated nonprofit association and which authorizes the
212 person to execute the statement of authority.

213 (d) A statement of authority shall be executed and
214 recorded in the same manner as a deed by a person who is not
215 the person authorized to transfer the estate or interest.

216 (e) The judge of probate shall collect a fee for
217 recording a statement of authority in accordance with Article
218 4 of Chapter 1.

219 (f) An amendment, including a cancellation, of a
220 statement of authority shall meet the requirements for
221 execution and recording, and be accompanied by payment of the
222 same recording fee payable to and for the judge of probate, of
223 an original statement. Unless canceled earlier, a recorded
224 statement of authority as amended is canceled by operation of



225 law five years after the date of the most recent amended
226 statement of authority.

227 (g) If the record title to real property is in the name
228 of a decentralized unincorporated nonprofit association and
229 the statement of authority is recorded in the office of the
230 judge of probate of the county in which the real property is
231 located, the authority of the person named in a statement of
232 authority is conclusive in favor of a person who gives value
233 without notice that the person lacks authority.

234 \$10A-17-2.07

235 (a) A decentralized unincorporated nonprofit
236 association is a legal entity separate from its members for
237 the purposes of determining and enforcing rights, duties, and
238 liabilities in contract and tort.

239 (b) A person is not liable for a breach of a
240 decentralized unincorporated nonprofit association's contract
241 merely because the person is a member, administrator,
242 authorized to participate in the management of the affairs of
243 the nonprofit association, or considered a member by the
244 nonprofit association.

245 (c) A person is not liable for a tortious act or
246 omission for which a decentralized unincorporated nonprofit
247 association is liable merely because the person is a member or
248 administrator of the nonprofit association, authorized to
249 participate in the management of the affairs of the nonprofit
250 association, or considered a member by the nonprofit
251 association.

252 (d) A tortious act or omission of a member,



253 administrator, or other person for which a decentralized
254 unincorporated nonprofit association is liable is not imputed
255 to a person merely because the person is a member or
256 administrator of the nonprofit association, authorized to
257 participate in the management of the affairs of the nonprofit
258 association, or considered a member by the nonprofit
259 association.

260 (e) A member, administrator, person authorized to
261 participate in the management of the affairs of the nonprofit
262 association, or person considered a member by the nonprofit
263 association may assert a claim against the decentralized
264 unincorporated nonprofit association. A decentralized
265 unincorporated nonprofit association may assert a claim
266 against a member, administrator, person authorized to
267 participate in the management of the affairs of the nonprofit
268 association, or person considered a member by the nonprofit
269 association.

270 \$10A-17-2.08

271 (a) A decentralized unincorporated nonprofit
272 association, in its own name, may institute, defend,
273 intervene, or participate in a judicial, administrative, or
274 other governmental proceeding or in an arbitration, mediation,
275 or any other form of alternative dispute resolution.

276 (b) A decentralized unincorporated nonprofit
277 association may assert a claim on behalf of its members if all
278 of the following apply:

279 (1) One or more members of the nonprofit association
280 have standing to assert a claim in their own right.



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281 (2) The interests the nonprofit association seeks to
282 protect are germane to the nonprofit association's purposes.

283 (3) Neither the claim asserted, nor the relief
284 requested, requires the participation of a member.

285 §10A-17-2.09

286 A judgment or order against a decentralized
287 unincorporated nonprofit association is not by itself a
288 judgment or order against a member or administrator of the
289 nonprofit association.

290 §10A-17-2.10

291 (a) A decentralized unincorporated nonprofit
292 association may deliver to the Secretary of State for filing a
293 statement appointing an agent authorized to receive service of
294 process.

295 (b) A statement appointing an agent shall set forth:

296 (1) The name of the nonprofit association;

297 (2) The address in Alabama, including the street
298 address, if any, of the decentralized unincorporated nonprofit
299 association, or, if the decentralized unincorporated nonprofit
300 association does not have an address in Alabama, its address
301 out of state; and

302 (3) The name of the person in Alabama authorized to
303 receive service of process and the person's address, including
304 the street address, in Alabama.

305 (c) A statement appointing an agent shall be signed and
306 acknowledged by a person authorized to manage the affairs of
307 the decentralized unincorporated nonprofit association. The
308 statement shall also be signed and acknowledged by the person



309 appointed agent, who thereby accepts appointment.

310 (d) The appointed agent may resign by delivering to the
311 Secretary of State for filing a resignation, and by giving
312 notice to the decentralized unincorporated nonprofit
313 association. The appointment of the agent shall terminate upon
314 the expiration of 30 days after the Secretary of State has
315 filed the resignation.

316 (e) The Secretary of State may collect a fee for filing
317 a statement appointing an agent to receive service of process,
318 an amendment, or a resignation in the amount charged for
319 filing similar documents for nonprofit corporations.

320 (f) An amendment to a statement appointing an agent to
321 receive service of process shall meet the requirements for
322 execution of an original statement.

323 §10A-17-2.11

324 In an action or proceeding against a decentralized
325 unincorporated nonprofit association, a summons and complaint
326 shall be served on the agent authorized by appointment in
327 Section 10A-17-2.10 to receive service of process, on a person
328 authorized to administer the affairs of the nonprofit
329 association, or in any manner otherwise provided in the
330 Alabama Rules of Civil Procedure. If, after reasonable efforts
331 to accomplish service through the methods provided in this
332 section, service cannot be accomplished, then service may be
333 made on a member of the nonprofit association.

334 §10A-17-2.12

335 A claim for relief against a decentralized
336 unincorporated nonprofit association shall not abate merely



337 because of a change in its members or persons authorized to
338 administer the affairs of the nonprofit association.

339 \$10A-17-2.13

340 Venue shall be:

341 (1) As provided in Section 6-3-6; or

342 (2) The county in which the agent authorized to receive
343 service of process under Section 10A-17-2.10 resides.

344 \$10A-17-2.14

345 (a) A decentralized unincorporated nonprofit
346 association shall have perpetual existence unless its
347 governing principles otherwise specify.

348 (b) A decentralized unincorporated nonprofit
349 association may be dissolved as follows:

350 (1) If the governing principles of the nonprofit
351 association provide a time or method for dissolution, by that
352 method.

353 (2) If the governing principles of the nonprofit
354 association do not provide a method for dissolution, by
355 approval of its members pursuant to Section 10A-17-2.20.

356 (3) If membership in the decentralized unincorporated
357 nonprofit association falls below 100 members and the
358 decentralized unincorporated nonprofit association does not
359 meet the requirements of Sections 10A-17-2.01 through
360 10A-17-2.15. In the event membership in the nonprofit
361 association falls below 100 members and the nonprofit
362 association meets the requirements of Sections 10A-17-2.01
363 through 10A-17-2.15, the entity shall automatically transition
364 to an Alabama unincorporated nonprofit association unless the



365 governing principles otherwise specify.

366 (4) By court order.

367 (c) After dissolution, a decentralized unincorporated
368 nonprofit association continues in existence until its
369 activities are wound up and terminated pursuant to Section
370 10A-17-2.26.

371 §10A-17-2.15

372 (a) (1) A person may become a member of a decentralized
373 unincorporated nonprofit association in accordance with the
374 governing principles of that decentralized unincorporated
375 nonprofit association.

376 (2) If there are no applicable governing principles, a
377 person shall be considered a member upon the purchase or
378 assumption of ownership of a membership interest.

379 (3) A person shall continue as a member absent the
380 person's suspension, dismissal, or expulsion pursuant to
381 subsection (b), resignation pursuant to Section 10A-17-2.16,
382 or the decentralized unincorporated nonprofit association's
383 dissolution and winding-up pursuant to this article.

384 (b) Subject to the governing principles of the
385 decentralized unincorporated nonprofit association, a member
386 may be suspended, dismissed, or expelled. If there are no
387 applicable governing principles, a member may be suspended,
388 dismissed, or expelled by approval of the membership in
389 accordance with Section 10A-17-2.20.

390 (c) Unless otherwise provided for in the governing
391 principles, suspension, dismissal, or expulsion of a member
392 does not relieve the member of any obligation incurred, or



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393 commitment made by the member, before the suspension,
394 dismissal, or expulsion.

395 \$10A-17-2.16

396 (a) (1) A member may resign as a member of a
397 decentralized unincorporated nonprofit association in
398 accordance with the governing principles of that decentralized
399 unincorporated nonprofit association.

400 (2) If there are no applicable governing principles, a
401 member shall be deemed to have resigned as a member upon the
402 disposal, whether voluntary or involuntary, of all membership
403 interests or other property or instruments that confer upon
404 the person a voting right within the nonprofit association.

405 (b) Unless otherwise provided for in the governing
406 principles, resignation of a member does not relieve the
407 member of any obligation incurred or commitment made by the
408 member before the resignation.

409 \$10A-17-2.17

410 (a) Unless otherwise provided for in the governing
411 principles, a member shall not have any fiduciary duty to a
412 decentralized unincorporated nonprofit association or to any
413 other member of the decentralized unincorporated nonprofit
414 association merely by reason of being a member.

415 (b) A member acting on behalf of the decentralized
416 unincorporated nonprofit association shall discharge his or
417 her duties in a manner the member reasonably believes to be in
418 the best interest of the nonprofit association.

419 \$10A-17-2.18

420 (a) A member is not an agent of a decentralized



421 unincorporated nonprofit association merely by being a member.

422 (b) A person's status as a member does not prevent or
423 restrict laws other than this article from imposing liability
424 on a decentralized unincorporated nonprofit association
425 because of a member's conduct.

426 \$10A-17-2.19

427 Except as otherwise provided in the decentralized
428 unincorporated nonprofit association's governing principles, a
429 member's interest or any right granted pursuant to the
430 governing principles is freely transferable to another person
431 through conveyance of the membership interest.

432 \$10A-17-2.20

433 (a) Except as otherwise provided in the governing
434 principles, a decentralized unincorporated nonprofit
435 association shall have the approval of a majority of the
436 membership interests participating in a vote to do any of the
437 following:

438 (1) Suspend, dismiss, or expel a member.

439 (2) Select or dismiss an administrator.

440 (3) Adopt, amend, or repeal the governing principles.

441 (4) Sell, lease, exchange, or otherwise dispose of the
442 property of the decentralized unincorporated nonprofit
443 association.

444 (5) Dissolve the decentralized unincorporated nonprofit
445 association under Section 10A-17-2.14.

446 (6) Undertake any other act outside of the ordinary
447 course of the decentralized unincorporated nonprofit
448 association's activities.



449 (7) Determine the policy and purpose of the
450 decentralized unincorporated nonprofit association.

451 (b) In order to perform any act or exercise any right
452 that the governing principles require to be approved by the
453 membership, a decentralized unincorporated nonprofit
454 association must have the approval of the membership to act in
455 accordance with its governing principles.

456 (c) Unless otherwise provided for in the governing
457 principles, membership interest in a decentralized
458 unincorporated nonprofit association shall be calculated in
459 proportion to a member's voting rights within the nonprofit
460 association.

461 §10A-17-2.21

462 (a) A decentralized unincorporated nonprofit
463 association may provide for its governance, in whole or in
464 part, through distributed ledger technology including, but not
465 limited to, smart contracts.

466 (b) The governing principles for a decentralized
467 unincorporated nonprofit association may include, but not be
468 limited to, the following provisions:

469 (1) Specify whether any distributed ledger technology
470 used or enabled by the decentralized unincorporated nonprofit
471 association will be fully immutable or subject to change by
472 the decentralized unincorporated nonprofit association and
473 whether any distributed ledger will be fully or partially
474 public or private, including the extent of a member's access
475 to information.

476 (2) Adopt voting procedures, which may include smart



477 contracts deployed to distributed ledger technology and which
478 may provide for all of the following:

479 a. Proposals from members or administrators in the
480 decentralized unincorporated nonprofit association for
481 upgrades, modifications, or additions to software systems or
482 protocols.

483 b. Other proposed changes to the decentralized
484 unincorporated nonprofit association's governing principles.

485 c. Any other matters of governance or activities within
486 the purpose of the decentralized unincorporated nonprofit
487 association.

488 §10A-17-2.22

489 In accordance with its governing principles, a
490 decentralized unincorporated nonprofit association may do both
491 of the following:

492 (1) Adopt any reasonable algorithmic means for
493 establishing consensus for the validation of records, as well
494 as for establishing requirements, processes, and procedures
495 for conducting operations or making organizational decisions
496 with respect to the distributed ledger technology used by the
497 nonprofit association.

498 (2) In accordance with any procedure specified pursuant
499 to Section 10A-17-2.21, modify the consensus mechanism, as
500 well as the requirements, processes, and procedures or
501 substitute a new consensus mechanism, requirements, processes,
502 or procedures that comply with this state's law and the
503 governing principles of the nonprofit association.

504 §10A-17-2.23



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505 (a) Unless otherwise provided for in the decentralized
506 unincorporated nonprofit association's governing principles,
507 the members of the nonprofit association may select the
508 nonprofit association's administrators in accordance with
509 Section 10A-17-2.20.

510 (b) If no administrators are selected, none of the
511 members may be considered administrators for the decentralized
512 unincorporated nonprofit association.

513 (c) No decentralized unincorporated nonprofit
514 association shall be required to have an administrator, and
515 the rights and duties of all administrators shall be
516 established as part of the authorization of authority to act
517 as an administrator.

518 (d) If in a record, the governing principles of a
519 decentralized unincorporated nonprofit association may limit
520 or eliminate the liability of an administrator to the
521 decentralized unincorporated nonprofit association or its
522 members for money damages for any action taken, or failure to
523 take any action, as an administrator except liability for any
524 of the following:

525 (1) The amount of financial benefit improperly received
526 by an administrator.

529 (3) An intentional violation of criminal law.

530 (4) Breach of the duty of loyalty should one exist,
531 unless, following full disclosure of all material facts to the
532 nonprofit association members, the specific act or transaction



533 that would otherwise breach the duty of loyalty is authorized
534 or ratified by approval of the disinterested members pursuant
535 to Section 10A-17-2.20.

536 (5) Improper distributions.

537 §10A-17-2.24

538 (a) Except as provided by subsection (b), on reasonable
539 notice, a member or administrator of a decentralized
540 unincorporated nonprofit association is entitled to an
541 electronic record of any record maintained by the nonprofit
542 association regarding the nonprofit association's activities,
543 financial condition, and other circumstances, to the extent
544 the information is material to the member's or administrator's
545 rights and duties under the decentralized unincorporated
546 nonprofit association's governing principles or this article.

547 (b) A decentralized unincorporated nonprofit
548 association is not obligated to provide records requested from
549 a member or administrator if access to the information is
550 contained in a record available to the member or administrator
551 in a medium available to the member, including distributed
552 ledger technology.

553 (c) (1) A decentralized unincorporated nonprofit
554 association may impose reasonable restrictions on access to
555 and use of information that may be provided under this
556 section, including by designating the information confidential
557 and imposing nondisclosure or other safeguarding obligations
558 on the recipient of the information.

559 (2) In a dispute concerning the reasonableness of a
560 restriction under this subsection, the decentralized



561 unincorporated nonprofit association shall have the burden of
562 proving reasonableness.

563 (d) A former member or administrator may have access to
564 information to which the former member or administrator was
565 entitled to as a member or administrator if all of the
566 following apply:

567 (1) The information relates to the period of time
568 during which the former member or administrator was a member
569 or administrator.

570 (2) The former member or administrator seeks the
571 information in good faith.

572 (3) The former member or administrator satisfies the
573 requirements of subsections (a) through (c) with respect to
574 the information.

575 (e) A decentralized unincorporated nonprofit
576 association shall not be obligated to collect and maintain a
577 list of members or information on an individual member,
578 including the names or addresses of members.

579 \$10A-17-2.25

580 (a) Unless otherwise provided in its governing
581 principles, a decentralized unincorporated nonprofit
582 association may reimburse a member or administrator for
583 authorized expenses reasonably incurred on behalf of the
584 nonprofit association.

585 (b) A decentralized unincorporated nonprofit
586 association may indemnify a member or administrator for any
587 debt, obligation, or other liability incurred in the course of
588 the member or administrator's activities on behalf of the



589 nonprofit association. To be eligible for indemnification, an
590 administrator must have complied with the duties stated in
591 Section 10A-17-2.23. If in a record, a nonprofit association's
592 governing principles may broaden or limit this right of
593 indemnification.

594 (c) If a person is made or threatened to be made a
595 party in a proceeding based on that person's conduct in the
596 affairs of a decentralized unincorporated nonprofit
597 association, that person is entitled, upon written request to
598 the decentralized unincorporated nonprofit association,
599 including through distributed ledger technology, to receive
600 payment of or reimbursement by the nonprofit association, of
601 reasonable expenses, including attorney fees and
602 disbursements, incurred by that person in advance of the final
603 disposition of the proceeding. To be entitled to these
604 payments or advances, the person making the request shall make
605 a written affirmation that the person has a good faith belief
606 that the criteria for indemnification in subsection (b) has
607 been satisfied and that the person will repay the amounts paid
608 or reimbursed if it is determined that the criteria for
609 reimbursement has not been satisfied. No payment or
610 reimbursement under this subsection shall be made without
611 prior approval, in a record, of the disinterested members
612 under Section 10A-17-2.20.

613 (d) A decentralized unincorporated nonprofit
614 association may purchase and maintain insurance on behalf of a
615 member or administrator for liability asserted against or
616 incurred by the member or administrator in that capacity, even



617 if the decentralized unincorporated nonprofit association
618 would not have the power to indemnify or advance expenses to
619 the member or administrator against the same liability under
620 this section.

621 (e) These rights of reimbursement, indemnification, and
622 advancement of expense apply to former members or
623 administrators for activities undertaken on behalf of the
624 decentralized unincorporated nonprofit association while they
625 were members or administrators.

626 \$10A-17-2.26

627 (a) A dissolved decentralized unincorporated nonprofit
628 association shall wind up its operations and may continue
629 after dissolution only for the purpose of winding up.

630 (b) In winding up a decentralized unincorporated
631 nonprofit association, the members shall discharge the
632 decentralized unincorporated nonprofit association's debts,
633 obligations, and other liabilities, settle and close the
634 decentralized unincorporated nonprofit association's business,
635 and distribute any remaining property as follows:

636 (1) To another entity or person with similar nonprofit
637 purposes, if required by law other than this article.

638 (2) In accordance with the decentralized unincorporated
639 nonprofit association's governing principles. In the absence
640 of applicable governing principles, to the current members of
641 the decentralized unincorporated nonprofit association in
642 proportion to their membership interests.

643 (3) If neither subdivision (1) or (2) applies, in
644 accordance with the law of unclaimed property contained in



645 Article 2A, Chapter 12 of Title 35, Code of Alabama 1975.

646 (c) In winding up a decentralized unincorporated
647 nonprofit association, the members may do all of the
648 following:

649 (1) Authorize an administrator to wind up the
650 decentralized unincorporated nonprofit association in
651 accordance with Section 10A-17-2.14. Any authorized
652 administrator shall owe the nonprofit association a duty of
653 care in the conduct or winding up of the decentralized
654 unincorporated nonprofit association to refrain from grossly
655 negligent or reckless conduct, willful or intentional
656 misconduct, or a knowing violation of the law.

657 (2) Preserve the decentralized unincorporated nonprofit
658 association's operations and property as a going concern for a
659 reasonable time.

660 (3) Prosecute and defend actions and proceedings,
661 whether civil, criminal, or administrative.

662 (4) Transfer the decentralized unincorporated nonprofit
663 association's property.

664 (5) Settle disputes by mediation or arbitration.

665 (6) Perform other acts necessary or appropriate to the
666 winding up.

667 (d) If the members of a decentralized unincorporated
668 nonprofit association do not appoint an administrator or
669 administrators to wind up the decentralized unincorporated
670 nonprofit association, the members shall owe the decentralized
671 unincorporated nonprofit association a duty of care in the
672 conduct or winding up of the decentralized unincorporated

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673 nonprofit association's operations to refrain from engaging in
674 grossly negligent or reckless conduct, willful or intentional
675 misconduct, or a knowing violation of the law.

676 \$10A-17-2.27

677 A decentralized unincorporated nonprofit association
678 may effect a merger or conversion by complying with the
679 applicable provisions of Chapter 1 and its governing
680 principles.

681 \$10A-17-2.28

682 Principles of law and equity supplement this chapter
683 unless displaced by a specific provision of this chapter.

684 Section 3. This act shall become effective on October
685 1, 2026.