**§194-C. Notice and approval for conversion transaction**

**1. Notice or approval required.**  Prior to completing a conversion transaction, a public charity must:

A. If the fair market value of assets to be converted in the transaction is $500,000 or more, obtain approval of the court in accordance with section 194‑F; [PL 2001, c. 550, Pt. A, §2 (NEW).]

B. If the fair market value of assets to be converted in the transaction is less than $500,000 but at least $50,000, obtain approval from the Attorney General in accordance with section 194‑E or, if the Attorney General does not approve the transaction, obtain approval from the court in accordance with section 194‑F; or [PL 2001, c. 550, Pt. A, §2 (NEW).]

C. If the value of the transaction is less than $50,000, provide notice to the Attorney General in accordance with section 194‑D. [PL 2001, c. 550, Pt. A, §2 (NEW).]

[PL 2001, c. 550, Pt. A, §2 (NEW).]

**2. Appraisal required.**  Fair market value must be determined by an independent appraisal for conversion transactions with a fair market value of $50,000 or more. If the appraisal provides a range of values, the highest point of the range determines which section of law applies to the transaction pursuant to subsection 1.

[PL 2001, c. 550, Pt. A, §2 (NEW).]

**3. Failure to comply with this section or sections 194-D to 194-H.**  A transaction consummated in violation of any provision of this section or sections 194‑D to 194‑H is voidable. Officers and directors who receive private inurement or excess benefits from such a transaction are subject to the civil penalties provided in section 194‑K.

[PL 2001, c. 550, Pt. A, §2 (NEW).]

**4. Applicability to nonprofit hospital or medical service organizations.**  This section, section 194‑B and sections 194‑D to 194‑K do not apply to a corporation or other entity licensed under Title 24, chapter 19. A conversion of a corporation or other entity licensed under Title 24, chapter 19 is governed by section 194‑A and Title 24, section 2301, subsection 9‑D.

[PL 2001, c. 550, Pt. A, §2 (NEW).]

SECTION HISTORY

PL 2001, c. 550, §A2 (NEW).

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