

Article - Corporations and Associations

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§5–208.

(a) Except as otherwise provided in this section, the dissolution or forfeiture of the charter of a nonstock corporation shall be effected as provided in Title 3 of this article. In dissolution or on forfeiture of the charter of the corporation, the directors have the powers and duties of directors of a stock corporation under this article.

(b) If a Maryland nonstock corporation dissolves or its charter is forfeited:

(1) Every liability and obligation of the corporation shall be paid and discharged or adequate provision for payment and discharge shall be made;

(2) Assets held by the corporation subject to legally valid requirements for their return, transfer, or conveyance on dissolution or forfeiture shall be disposed of in accordance with these requirements;

(3) Assets held by the corporation subject to limitations permitting their use only for charitable, religious, eleemosynary, benevolent, educational, or similar purposes, but not held subject to legally valid requirements for their return, transfer, or conveyance by reason of dissolution or forfeiture, shall be transferred or conveyed under a plan of distribution, adopted in the manner and by the vote required for authorization of dissolution of the corporation, to one or more Maryland or foreign corporations or associations having a similar or analogous character or purpose, or associated or connected with the corporation;

(4) Other assets shall be distributed as provided in the charter or the bylaws to the extent that the charter or bylaws determine the distributive rights of members or any class or classes of members, or provide for distribution to others; and

(5) Any remaining assets may be distributed to any person, society, organization, or Maryland or foreign corporation specified in a plan of distribution, adopted in the manner and by the vote required for authorization of dissolution of the corporation.

(c) Unless the decree of a court of competent jurisdiction provides otherwise, the provisions of § 3–412 of this article relating to distributions in dissolution of stock corporations or §§ 3–517 and 3–518 of this article relating to distributions on forfeiture of the charters of stock corporations, as the case may be, apply to the distribution of assets to any member or other person entitled or otherwise designated to receive a distribution in liquidation of a nonstock corporation. For

purposes of this section, the term “stockholders” in §§ 3–412, 3–517, and 3–518 of this article includes every person so entitled or designated to receive a distribution in liquidation.

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