

**SB277 ENGROSSED**



1 SB277  
2 L5IXZYA-2  
3 By Senator Bell  
4 RFD: Fiscal Responsibility and Economic Development  
5 First Read: 10-Feb-26



**SB277 Engrossed**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

A BILL  
TO BE ENTITLED  
AN ACT

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Sections 10A-17-1.01 through 10A-17-1.18, Code of Alabama 1975, inclusive, are designated as Article 1.

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

§10A-17-2.01

This article together with applicable provisions of



## SB277 Engrossed

29 Chapter 1 shall be known and may be cited as the Decentralized  
30 Unincorporated Nonprofit Association Law.

31 §10A-17-2.02

32 For the purposes of this article, the following terms  
33 have the following meanings:

34 (1) ADMINISTRATOR. A person authorized by the members  
35 of a decentralized unincorporated nonprofit association to  
36 fulfill administrative or operational tasks at the direction  
37 of the membership.

38 (2) DECENTRALIZED UNINCORPORATED NONPROFIT ASSOCIATION  
39 or NONPROFIT ASSOCIATION. An unincorporated nonprofit  
40 association that meets the following requirements:

41 a. Consists of at least 100 members joined by mutual  
42 consent in digital activity under an agreement, which may be  
43 in writing or inferred from conduct, for a common nonprofit  
44 purpose, including, but not limited to, administering the  
45 affairs of a distributed ledger technology or network of smart  
46 contracts.

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

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

50 (3) DIGITAL ASSET. A representation of economic,  
51 proprietary, or access rights that is stored in a computer  
52 readable format and is either a digital consumer asset,  
53 digital security, or virtual currency.

54 (4) DISTRIBUTED LEDGER TECHNOLOGY. A distributed ledger  
55 protocol and supporting infrastructure, including blockchain,  
56 which uses a distributed, shared, and replicated ledger,



## SB277 Engrossed

57 whether public or private, permissioned or permissionless, and  
58 which may include the use of digital assets as a medium of  
59 electronic exchange.

60 (5) ESTABLISHED PRACTICES. The practices used by a  
61 decentralized unincorporated nonprofit association without  
62 material change during the most recent five years of the  
63 nonprofit association's existence, or if the nonprofit  
64 association has existed for less than five years, during the  
65 nonprofit association's entire existence.

66 (6) GOVERNING PRINCIPLES. All agreements and any  
67 amendment or restatement of those agreements, including any  
68 decentralized unincorporated nonprofit association agreements,  
69 consensus formation algorithms, smart contracts, or enacted  
70 governance proposals, which govern the purpose or operation of  
71 a decentralized unincorporated nonprofit association and the  
72 rights and obligations of the nonprofit association's members  
73 and administrators, whether contained in a record, implied  
74 from the nonprofit association's established practices, or  
75 both.

76 (7) MEMBER. A person who, under the governing  
77 principles of a decentralized unincorporated nonprofit  
78 association, may participate in the selection of the  
79 decentralized unincorporated nonprofit association's  
80 administrators or the development of the policies and  
81 activities of the decentralized unincorporated nonprofit  
82 association.

83 (8) MEMBERSHIP INTEREST. A member's voting rights in a  
84 decentralized unincorporated nonprofit association determined



## SB277 Engrossed

85 by the decentralized unincorporated nonprofit association's  
86 governing principles, including as ascertained from  
87 decentralized ledger technology on which the decentralized  
88 unincorporated nonprofit association relies to determine a  
89 member's voting rights.

90 (9) NONPROFIT PURPOSE. Any purpose for which a  
91 nonprofit corporation could be organized under Article 1, and  
92 where no part of income or profit is distributable to its  
93 members or administrators.

94 (10) PERSON. An individual, corporation, business  
95 trust, estate, trust, partnership, association, agency, joint  
96 venture, government, governmental subdivision or  
97 instrumentality, or any other legal commercial entity.

98 (11) RECORD. Information that is inscribed on a  
99 tangible medium or stored in an electronic or other medium  
100 that is retrievable in perceivable form.

101 (12) SMART CONTRACT. An automated transaction, as  
102 defined in any substantially similar analogue or code, script,  
103 or programming language relying on distributed ledger  
104 technology, including blockchain, which may include  
105 facilitating and instructing transfers of an asset,  
106 administrating membership interest votes with respect to a  
107 decentralized unincorporated nonprofit association, or issuing  
108 executable instructions for these actions based on the  
109 occurrence or nonoccurrence of specified conditions.

110 (13) STATE. A state of the United States, the District  
111 of Columbia, the Commonwealth of Puerto Rico, or any territory  
112 or insular possession subject to the jurisdiction of the



**SB277 Engrossed**

113 United States.

114 §10A-17-2.03

115 (a) The law of this state governs any decentralized  
116 unincorporated nonprofit association that is formed in this  
117 state.

118 (b) Each decentralized unincorporated nonprofit  
119 association's governing principles shall identify the  
120 jurisdiction in which the decentralized unincorporated  
121 nonprofit association is formed.

122 §10A-17-2.04

123 (a) A decentralized unincorporated nonprofit  
124 association may engage in profit-making activities. Profits  
125 from any activities shall be used in furtherance of, or set  
126 aside for, the nonprofit association's common nonprofit  
127 purpose.

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

131 (c) A decentralized unincorporated nonprofit  
132 association may do all of the following:

133 (1) Pay reasonable compensation or reimburse reasonable  
134 expenses to its members, administrators, and persons outside  
135 of the nonprofit association for services rendered, including  
136 with respect to the administration and operation of the  
137 nonprofit association, which may include the provision of  
138 collateral for the self-insurance of the nonprofit  
139 association, voting, or participation in the nonprofit  
140 association's operations and activities.



## SB277 Engrossed

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

143 (3) Repurchase membership interests to the extent  
144 authorized by the nonprofit association's governing  
145 principles.

146 (4) Make distributions of property to members upon  
147 winding up and termination of the decentralized unincorporated  
148 nonprofit association to the extent permitted by Section  
149 10A-17-2.26.

150 §10A-17-2.05

151 (a) Unless prohibited or otherwise limited by its  
152 written rules or governing documents, a decentralized  
153 unincorporated nonprofit association in its name may acquire,  
154 hold, encumber, or transfer an estate or interest in real or  
155 personal property.

156 (b) Unless prohibited or otherwise limited by its  
157 written rules or governing documents, a decentralized  
158 unincorporated nonprofit association may be a legatee,  
159 devisee, or beneficiary of a trust or contract.

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

164 §10A-17-2.06

165 (a) A decentralized unincorporated nonprofit  
166 association shall execute and record a statement of authority  
167 to transfer an estate or interest in real property in the name  
168 of the nonprofit association.



## SB277 Engrossed

169 (b) An estate or interest in real property in the name  
170 of a decentralized unincorporated nonprofit association may be  
171 transferred by a person so authorized in a statement of  
172 authority recorded in the office of the judge of probate of  
173 the county in which the real property is located.

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

175 (1) The name of the decentralized unincorporated  
176 nonprofit association;

177 (2) The address in Alabama, including the street  
178 address, if any, of the decentralized unincorporated nonprofit  
179 association, or, if the decentralized unincorporated nonprofit  
180 association does not have an address in Alabama, its address  
181 out of state;

182 (3) The name or title of a person authorized to  
183 transfer an estate or interest in real property held in the  
184 name of the decentralized unincorporated nonprofit  
185 association; and

186 (4) The action, procedure, or vote of the decentralized  
187 unincorporated nonprofit association which authorizes the  
188 person to transfer the real property of the decentralized  
189 unincorporated nonprofit association and which authorizes the  
190 person to execute the statement of authority.

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

194 (e) The judge of probate shall collect a fee for  
195 recording a statement of authority in accordance with Article  
196 4 of Chapter 1.



## SB277 Engrossed

197 (f) An amendment, including a cancellation, of a  
198 statement of authority shall meet the requirements for  
199 execution and recording, and be accompanied by payment of the  
200 same recording fee payable to and for the judge of probate, of  
201 an original statement. Unless canceled earlier, a recorded  
202 statement of authority as amended is canceled by operation of  
203 law five years after the date of the most recent amended  
204 statement of authority.

205 (g) If the record title to real property is in the name  
206 of a decentralized unincorporated nonprofit association and  
207 the statement of authority is recorded in the office of the  
208 judge of probate of the county in which the real property is  
209 located, the authority of the person named in a statement of  
210 authority is conclusive in favor of a person who gives value  
211 without notice that the person lacks authority.

212 §10A-17-2.07

213 (a) A decentralized unincorporated nonprofit  
214 association is a legal entity separate from its members for  
215 the purposes of determining and enforcing rights, duties, and  
216 liabilities in contract and tort.

217 (b) A person is not liable for a breach of a  
218 decentralized unincorporated nonprofit association's contract  
219 merely because the person is a member, administrator,  
220 authorized to participate in the management of the affairs of  
221 the nonprofit association, or considered a member by the  
222 nonprofit association.

223 (c) A person is not liable for a tortious act or  
224 omission for which a decentralized unincorporated nonprofit



## SB277 Engrossed

225 association is liable merely because the person is a member or  
226 administrator of the nonprofit association, authorized to  
227 participate in the management of the affairs of the nonprofit  
228 association, or considered a member by the nonprofit  
229 association.

230 (d) A tortious act or omission of a member,  
231 administrator, or other person for which a decentralized  
232 unincorporated nonprofit association is liable is not imputed  
233 to a person merely because the person is a member or  
234 administrator of the nonprofit association, authorized to  
235 participate in the management of the affairs of the nonprofit  
236 association, or considered a member by the nonprofit  
237 association.

238 (e) A member, administrator, person authorized to  
239 participate in the management of the affairs of the nonprofit  
240 association, or person considered a member by the nonprofit  
241 association may assert a claim against the decentralized  
242 unincorporated nonprofit association. A decentralized  
243 unincorporated nonprofit association may assert a claim  
244 against a member, administrator, person authorized to  
245 participate in the management of the affairs of the nonprofit  
246 association, or person considered a member by the nonprofit  
247 association.

248 §10A-17-2.08

249 (a) A decentralized unincorporated nonprofit  
250 association, in its own name, may institute, defend,  
251 intervene, or participate in a judicial, administrative, or  
252 other governmental proceeding or in an arbitration, mediation,



## SB277 Engrossed

253 or any other form of alternative dispute resolution.

254 (b) A decentralized unincorporated nonprofit  
255 association may assert a claim on behalf of its members if all  
256 of the following apply:

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

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

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

263 §10A-17-2.09

264 A judgment or order against a decentralized  
265 unincorporated nonprofit association is not by itself a  
266 judgment or order against a member or administrator of the  
267 nonprofit association.

268 §10A-17-2.10

269 (a) A decentralized unincorporated nonprofit  
270 association may deliver to the Secretary of State for filing a  
271 statement appointing an agent authorized to receive service of  
272 process.

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

274 (1) The name of the nonprofit association;

275 (2) The address in Alabama, including the street  
276 address, if any, of the decentralized unincorporated nonprofit  
277 association, or, if the decentralized unincorporated nonprofit  
278 association does not have an address in Alabama, its address  
279 out of state; and

280 (3) The name of the person in Alabama authorized to



## SB277 Engrossed

281 receive service of process and the person's address, including  
282 the street address, in Alabama.

283 (c) A statement appointing an agent shall be signed and  
284 acknowledged by a person authorized to manage the affairs of  
285 the decentralized unincorporated nonprofit association. The  
286 statement shall also be signed and acknowledged by the person  
287 appointed agent, who thereby accepts appointment.

288 (d) The appointed agent may resign by delivering to the  
289 Secretary of State for filing a resignation, and by giving  
290 notice to the decentralized unincorporated nonprofit  
291 association. The appointment of the agent shall terminate upon  
292 the expiration of 30 days after the Secretary of State has  
293 filed the resignation.

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

298 (f) An amendment to a statement appointing an agent to  
299 receive service of process shall meet the requirements for  
300 execution of an original statement.

301 §10A-17-2.11

302 In an action or proceeding against a decentralized  
303 unincorporated nonprofit association, a summons and complaint  
304 shall be served on the agent authorized by appointment in  
305 Section 10A-17-2.10 to receive service of process, on a person  
306 authorized to administer the affairs of the nonprofit  
307 association, or in any manner otherwise provided in the  
308 Alabama Rules of Civil Procedure. If, after reasonable efforts



## SB277 Engrossed

309 to accomplish service through the methods provided in this  
310 section, service cannot be accomplished, then service may be  
311 made on a member of the nonprofit association.

312 §10A-17-2.12

313 A claim for relief against a decentralized  
314 unincorporated nonprofit association shall not abate merely  
315 because of a change in its members or persons authorized to  
316 administer the affairs of the nonprofit association.

317 §10A-17-2.13

318 Venue shall be:

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

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

322 §10A-17-2.14

323 (a) A decentralized unincorporated nonprofit  
324 association shall have perpetual existence unless its  
325 governing principles otherwise specify.

326 (b) A decentralized unincorporated nonprofit  
327 association may be dissolved as follows:

328 (1) If the governing principles of the nonprofit  
329 association provide a time or method for dissolution, by that  
330 method.

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

334 (3) If membership in the decentralized unincorporated  
335 nonprofit association falls below 100 members and the  
336 decentralized unincorporated nonprofit association does not



## SB277 Engrossed

337 meet the requirements of Sections 10A-17-2.01 through  
338 10A-17-2.15. In the event membership in the nonprofit  
339 association falls below 100 members and the nonprofit  
340 association meets the requirements of Sections 10A-17-2.01  
341 through 10A-17-2.15, the entity shall automatically transition  
342 to an Alabama unincorporated nonprofit association unless the  
343 governing principles otherwise specify.

344 (4) By court order.

345 (c) After dissolution, a decentralized unincorporated  
346 nonprofit association continues in existence until its  
347 activities are wound up and terminated pursuant to Section  
348 10A-17-2.26.

349 §10A-17-2.15

350 (a) (1) A person may become a member of a decentralized  
351 unincorporated nonprofit association in accordance with the  
352 governing principles of that decentralized unincorporated  
353 nonprofit association.

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

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

362 (b) Subject to the governing principles of the  
363 decentralized unincorporated nonprofit association, a member  
364 may be suspended, dismissed, or expelled. If there are no



## SB277 Engrossed

365 applicable governing principles, a member may be suspended,  
366 dismissed, or expelled by approval of the membership in  
367 accordance with Section 10A-17-2.20.

368 (c) Unless otherwise provided for in the governing  
369 principles, suspension, dismissal, or expulsion of a member  
370 does not relieve the member of any obligation incurred, or  
371 commitment made by the member, before the suspension,  
372 dismissal, or expulsion.

373 §10A-17-2.16

374 (a) (1) A member may resign as a member of a  
375 decentralized unincorporated nonprofit association in  
376 accordance with the governing principles of that decentralized  
377 unincorporated nonprofit association.

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

383 (b) Unless otherwise provided for in the governing  
384 principles, resignation of a member does not relieve the  
385 member of any obligation incurred or commitment made by the  
386 member before the resignation.

387 §10A-17-2.17

388 (a) Unless otherwise provided for in the governing  
389 principles, a member shall not have any fiduciary duty to a  
390 decentralized unincorporated nonprofit association or to any  
391 other member of the decentralized unincorporated nonprofit  
392 association merely by reason of being a member.



## SB277 Engrossed

393 (b) A member acting on behalf of the decentralized  
394 unincorporated nonprofit association shall discharge his or  
395 her duties in a manner the member reasonably believes to be in  
396 the best interest of the nonprofit association.

397 §10A-17-2.18

398 (a) A member is not an agent of a decentralized  
399 unincorporated nonprofit association merely by being a member.

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

404 §10A-17-2.19

405 Except as otherwise provided in the decentralized  
406 unincorporated nonprofit association's governing principles, a  
407 member's interest or any right granted pursuant to the  
408 governing principles is freely transferable to another person  
409 through conveyance of the membership interest.

410 §10A-17-2.20

411 (a) Except as otherwise provided in the governing  
412 principles, a decentralized unincorporated nonprofit  
413 association shall have the approval of a majority of the  
414 membership interests participating in a vote to do any of the  
415 following:

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

417 (2) Select or dismiss an administrator.

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

419 (4) Sell, lease, exchange, or otherwise dispose of the  
420 property of the decentralized unincorporated nonprofit



## SB277 Engrossed

421 association.

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

424 (6) Undertake any other act outside of the ordinary  
425 course of the decentralized unincorporated nonprofit  
426 association's activities.

427 (7) Determine the policy and purpose of the  
428 decentralized unincorporated nonprofit association.

429 (b) In order to perform any act or exercise any right  
430 that the governing principles require to be approved by the  
431 membership, a decentralized unincorporated nonprofit  
432 association must have the approval of the membership to act in  
433 accordance with its governing principles.

434 (c) Unless otherwise provided for in the governing  
435 principles, membership interest in a decentralized  
436 unincorporated nonprofit association shall be calculated in  
437 proportion to a member's voting rights within the nonprofit  
438 association.

439 §10A-17-2.21

440 (a) A decentralized unincorporated nonprofit  
441 association may provide for its governance, in whole or in  
442 part, through distributed ledger technology including, but not  
443 limited to, smart contracts.

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

447 (1) Specify whether any distributed ledger technology  
448 used or enabled by the decentralized unincorporated nonprofit



## SB277 Engrossed

449 association will be fully immutable or subject to change by  
450 the decentralized unincorporated nonprofit association and  
451 whether any distributed ledger will be fully or partially  
452 public or private, including the extent of a member's access  
453 to information.

454 (2) Adopt voting procedures, which may include smart  
455 contracts deployed to distributed ledger technology and which  
456 may provide for all of the following:

457 a. Proposals from members or administrators in the  
458 decentralized unincorporated nonprofit association for  
459 upgrades, modifications, or additions to software systems or  
460 protocols.

461 b. Other proposed changes to the decentralized  
462 unincorporated nonprofit association's governing principles.

463 c. Any other matters of governance or activities within  
464 the purpose of the decentralized unincorporated nonprofit  
465 association.

466 §10A-17-2.22

467 In accordance with its governing principles, a  
468 decentralized unincorporated nonprofit association may do both  
469 of the following:

470 (1) Adopt any reasonable algorithmic means for  
471 establishing consensus for the validation of records, as well  
472 as for establishing requirements, processes, and procedures  
473 for conducting operations or making organizational decisions  
474 with respect to the distributed ledger technology used by the  
475 nonprofit association.

476 (2) In accordance with any procedure specified pursuant



## SB277 Engrossed

477 to Section 10A-17-2.21, modify the consensus mechanism, as  
478 well as the requirements, processes, and procedures or  
479 substitute a new consensus mechanism, requirements, processes,  
480 or procedures that comply with this state's law and the  
481 governing principles of the nonprofit association.

482 §10A-17-2.23

483 (a) Unless otherwise provided for in the decentralized  
484 unincorporated nonprofit association's governing principles,  
485 the members of the nonprofit association may select the  
486 nonprofit association's administrators in accordance with  
487 Section 10A-17-2.20.

488 (b) If no administrators are selected, none of the  
489 members may be considered administrators for the decentralized  
490 unincorporated nonprofit association.

491 (c) No decentralized unincorporated nonprofit  
492 association shall be required to have an administrator, and  
493 the rights and duties of all administrators shall be  
494 established as part of the authorization of authority to act  
495 as an administrator.

496 (d) If in a record, the governing principles of a  
497 decentralized unincorporated nonprofit association may limit  
498 or eliminate the liability of an administrator to the  
499 decentralized unincorporated nonprofit association or its  
500 members for money damages for any action taken, or failure to  
501 take any action, as an administrator except liability for any  
502 of the following:

503 (1) The amount of financial benefit improperly received  
504 by an administrator.



## SB277 Engrossed

505 (2) An intentional infliction of harm on the nonprofit  
506 association or its members.

507 (3) An intentional violation of criminal law.

508 (4) Breach of the duty of loyalty should one exist,  
509 unless, following full disclosure of all material facts to the  
510 nonprofit association members, the specific act or transaction  
511 that would otherwise breach the duty of loyalty is authorized  
512 or ratified by approval of the disinterested members pursuant  
513 to Section 10A-17-2.20.

514 (5) Improper distributions.

515 §10A-17-2.24

516 (a) Except as provided by subsection (b), on reasonable  
517 notice, a member or administrator of a decentralized  
518 unincorporated nonprofit association is entitled to an  
519 electronic record of any record maintained by the nonprofit  
520 association regarding the nonprofit association's activities,  
521 financial condition, and other circumstances, to the extent  
522 the information is material to the member's or administrator's  
523 rights and duties under the decentralized unincorporated  
524 nonprofit association's governing principles or this article.

525 (b) A decentralized unincorporated nonprofit  
526 association is not obligated to provide records requested from  
527 a member or administrator if access to the information is  
528 contained in a record available to the member or administrator  
529 in a medium available to the member, including distributed  
530 ledger technology.

531 (c) (1) A decentralized unincorporated nonprofit  
532 association may impose reasonable restrictions on access to



## SB277 Engrossed

533 and use of information that may be provided under this  
534 section, including by designating the information confidential  
535 and imposing nondisclosure or other safeguarding obligations  
536 on the recipient of the information.

537 (2) In a dispute concerning the reasonableness of a  
538 restriction under this subsection, the decentralized  
539 unincorporated nonprofit association shall have the burden of  
540 proving reasonableness.

541 (d) A former member or administrator may have access to  
542 information to which the former member or administrator was  
543 entitled to as a member or administrator if all of the  
544 following apply:

545 (1) The information relates to the period of time  
546 during which the former member or administrator was a member  
547 or administrator.

548 (2) The former member or administrator seeks the  
549 information in good faith.

550 (3) The former member or administrator satisfies the  
551 requirements of subsections (a) through (c) with respect to  
552 the information.

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

557 §10A-17-2.25

558 (a) Unless otherwise provided in its governing  
559 principles, a decentralized unincorporated nonprofit  
560 association may reimburse a member or administrator for



## SB277 Engrossed

561 authorized expenses reasonably incurred on behalf of the  
562 nonprofit association.

563 (b) A decentralized unincorporated nonprofit  
564 association may indemnify a member or administrator for any  
565 debt, obligation, or other liability incurred in the course of  
566 the member or administrator's activities on behalf of the  
567 nonprofit association. To be eligible for indemnification, an  
568 administrator must have complied with the duties stated in  
569 Section 10A-17-2.23. If in a record, a nonprofit association's  
570 governing principles may broaden or limit this right of  
571 indemnification.

572 (c) If a person is made or threatened to be made a  
573 party in a proceeding based on that person's conduct in the  
574 affairs of a decentralized unincorporated nonprofit  
575 association, that person is entitled, upon written request to  
576 the decentralized unincorporated nonprofit association,  
577 including through distributed ledger technology, to receive  
578 payment of or reimbursement by the nonprofit association, of  
579 reasonable expenses, including attorney fees and  
580 disbursements, incurred by that person in advance of the final  
581 disposition of the proceeding. To be entitled to these  
582 payments or advances, the person making the request shall make  
583 a written affirmation that the person has a good faith belief  
584 that the criteria for indemnification in subsection (b) has  
585 been satisfied and that the person will repay the amounts paid  
586 or reimbursed if it is determined that the criteria for  
587 reimbursement has not been satisfied. No payment or  
588 reimbursement under this subsection shall be made without



## SB277 Engrossed

589 prior approval, in a record, of the disinterested members  
590 under Section 10A-17-2.20.

591 (d) A decentralized unincorporated nonprofit  
592 association may purchase and maintain insurance on behalf of a  
593 member or administrator for liability asserted against or  
594 incurred by the member or administrator in that capacity, even  
595 if the decentralized unincorporated nonprofit association  
596 would not have the power to indemnify or advance expenses to  
597 the member or administrator against the same liability under  
598 this section.

599 (e) These rights of reimbursement, indemnification, and  
600 advancement of expense apply to former members or  
601 administrators for activities undertaken on behalf of the  
602 decentralized unincorporated nonprofit association while they  
603 were members or administrators.

604 §10A-17-2.26

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

608 (b) In winding up a decentralized unincorporated  
609 nonprofit association, the members shall discharge the  
610 decentralized unincorporated nonprofit association's debts,  
611 obligations, and other liabilities, settle and close the  
612 decentralized unincorporated nonprofit association's business,  
613 and distribute any remaining property as follows:

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

616 (2) In accordance with the decentralized unincorporated



## SB277 Engrossed

617 nonprofit association's governing principles. In the absence  
618 of applicable governing principles, to the current members of  
619 the decentralized unincorporated nonprofit association in  
620 proportion to their membership interests.

621 (3) If neither subdivision (1) or (2) applies, in  
622 accordance with the law of unclaimed property contained in  
623 Article 2A, Chapter 12 of Title 35, Code of Alabama 1975.

624 (c) In winding up a decentralized unincorporated  
625 nonprofit association, the members may do all of the  
626 following:

627 (1) Authorize an administrator to wind up the  
628 decentralized unincorporated nonprofit association in  
629 accordance with Section 10A-17-2.14. Any authorized  
630 administrator shall owe the nonprofit association a duty of  
631 care in the conduct or winding up of the decentralized  
632 unincorporated nonprofit association to refrain from grossly  
633 negligent or reckless conduct, willful or intentional  
634 misconduct, or a knowing violation of the law.

635 (2) Preserve the decentralized unincorporated nonprofit  
636 association's operations and property as a going concern for a  
637 reasonable time.

638 (3) Prosecute and defend actions and proceedings,  
639 whether civil, criminal, or administrative.

640 (4) Transfer the decentralized unincorporated nonprofit  
641 association's property.

642 (5) Settle disputes by mediation or arbitration.

643 (6) Perform other acts necessary or appropriate to the  
644 winding up.



## SB277 Engrossed

645 (d) If the members of a decentralized unincorporated  
646 nonprofit association do not appoint an administrator or  
647 administrators to wind up the decentralized unincorporated  
648 nonprofit association, the members shall owe the decentralized  
649 unincorporated nonprofit association a duty of care in the  
650 conduct or winding up of the decentralized unincorporated  
651 nonprofit association's operations to refrain from engaging in  
652 grossly negligent or reckless conduct, willful or intentional  
653 misconduct, or a knowing violation of the law.

654 §10A-17-2.27

655 A decentralized unincorporated nonprofit association  
656 may effect a merger or conversion by complying with the  
657 applicable provisions of Chapter 1 and its governing  
658 principles.

659 §10A-17-2.28

660 Principles of law and equity supplement this chapter  
661 unless displaced by a specific provision of this chapter.

662 Section 3. This act shall become effective on October  
663 1, 2026.



**SB277 Engrossed**

664  
665  
666 Senate

667 Read for the first time and referred .....10-Feb-26  
668 to the Senate committee on Fiscal  
669 Responsibility and Economic  
670 Development  
671  
672 Read for the second time and placed .....19-Feb-26  
673 on the calendar:  
674 2 amendments  
675  
676 Read for the third time and passed .....24-Feb-26  
677 as amended  
678 Yeas 32  
679 Nays 1  
680 Abstains 0

681  
682  
683 Patrick Harris,  
684 Secretary.  
685