

**SB277 ENROLLED**



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



## SB277 Enrolled

1 Enrolled, An Act,

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4 Relating to corporations, partnerships, and

5 associations; to designate Sections 10A-17-1.01 through

6 10A-17-1.18, Code of Alabama 1975, inclusive, as Article 1;

7 and to add Article 2, commencing with Section 10A-17-2.01, to

8 Chapter 17 of Title 10A of the Code of Alabama 1975; to

9 provide for the formation, management, and governance of

10 decentralized unincorporated nonprofit associations; to

11 provide for the duties, obligations, and liabilities of

12 members and administrators of decentralized unincorporated

13 nonprofit associations; and to provide for the dissolution and

14 winding up of decentralized unincorporated nonprofit

15 associations.

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

17 Section 1. Sections 10A-17-1.01 through 10A-17-1.18,

18 Code of Alabama 1975, inclusive, are designated as Article 1.

19 Section 2. Article 2, commencing with Section

20 10A-17-2.01, is added to Chapter 17 of Title 10A of the Code

21 of Alabama 1975, to read as follows:

22 §10A-17-2.01

23 This article together with applicable provisions of

24 Chapter 1 shall be known and may be cited as the Decentralized

25 Unincorporated Nonprofit Association Law.

26 §10A-17-2.02

27 For the purposes of this article, the following terms

28 have the following meanings:



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29 (1) ADMINISTRATOR. A person authorized by the members  
30 of a decentralized unincorporated nonprofit association to  
31 fulfill administrative or operational tasks at the direction  
32 of the membership.

33 (2) DECENTRALIZED UNINCORPORATED NONPROFIT ASSOCIATION  
34 or NONPROFIT ASSOCIATION. An unincorporated nonprofit  
35 association that meets the following requirements:

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

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

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

45 (3) DIGITAL ASSET. A representation of economic,  
46 proprietary, or access rights that is stored in a computer  
47 readable format and is either a digital consumer asset,  
48 digital security, or virtual currency.

49 (4) DISTRIBUTED LEDGER TECHNOLOGY. A distributed ledger  
50 protocol and supporting infrastructure, including blockchain,  
51 which uses a distributed, shared, and replicated ledger,  
52 whether public or private, permissioned or permissionless, and  
53 which may include the use of digital assets as a medium of  
54 electronic exchange.

55 (5) ESTABLISHED PRACTICES. The practices used by a  
56 decentralized unincorporated nonprofit association without



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57 material change during the most recent five years of the  
58 nonprofit association's existence, or if the nonprofit  
59 association has existed for less than five years, during the  
60 nonprofit association's entire existence.

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

71 (7) MEMBER. A person who, under the governing  
72 principles of a decentralized unincorporated nonprofit  
73 association, may participate in the selection of the  
74 decentralized unincorporated nonprofit association's  
75 administrators or the development of the policies and  
76 activities of the decentralized unincorporated nonprofit  
77 association.

78 (8) MEMBERSHIP INTEREST. A member's voting rights in a  
79 decentralized unincorporated nonprofit association determined  
80 by the decentralized unincorporated nonprofit association's  
81 governing principles, including as ascertained from  
82 decentralized ledger technology on which the decentralized  
83 unincorporated nonprofit association relies to determine a  
84 member's voting rights.



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

89 (10) PERSON. An individual, corporation, business  
90 trust, estate, trust, partnership, association, agency, joint  
91 venture, government, governmental subdivision or  
92 instrumentality, or any other legal commercial entity.

93 (11) RECORD. Information that is inscribed on a  
94 tangible medium or stored in an electronic or other medium  
95 that is retrievable in perceivable form.

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

105 (13) STATE. A state of the United States, the District  
106 of Columbia, the Commonwealth of Puerto Rico, or any territory  
107 or insular possession subject to the jurisdiction of the  
108 United States.

109 §10A-17-2.03

110 (a) The law of this state governs any decentralized  
111 unincorporated nonprofit association that is formed in this  
112 state.



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113 (b) Each decentralized unincorporated nonprofit  
114 association's governing principles shall identify the  
115 jurisdiction in which the decentralized unincorporated  
116 nonprofit association is formed.

117 §10A-17-2.04

118 (a) A decentralized unincorporated nonprofit  
119 association may engage in profit-making activities. Profits  
120 from any activities shall be used in furtherance of, or set  
121 aside for, the nonprofit association's common nonprofit  
122 purpose.

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

126 (c) A decentralized unincorporated nonprofit  
127 association may do all of the following:

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

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

138 (3) Repurchase membership interests to the extent  
139 authorized by the nonprofit association's governing  
140 principles.



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141 (4) Make distributions of property to members upon  
142 winding up and termination of the decentralized unincorporated  
143 nonprofit association to the extent permitted by Section  
144 10A-17-2.26.

145 §10A-17-2.05

146 (a) Unless prohibited or otherwise limited by its  
147 written rules or governing documents, a decentralized  
148 unincorporated nonprofit association in its name may acquire,  
149 hold, encumber, or transfer an estate or interest in real or  
150 personal property.

151 (b) Unless prohibited or otherwise limited by its  
152 written rules or governing documents, a decentralized  
153 unincorporated nonprofit association may be a legatee,  
154 devisee, or beneficiary of a trust or contract.

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

159 §10A-17-2.06

160 (a) A decentralized unincorporated nonprofit  
161 association shall execute and record a statement of authority  
162 to transfer an estate or interest in real property in the name  
163 of the nonprofit association.

164 (b) An estate or interest in real property in the name  
165 of a decentralized unincorporated nonprofit association may be  
166 transferred by a person so authorized in a statement of  
167 authority recorded in the office of the judge of probate of  
168 the county in which the real property is located.



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

170 (1) The name of the decentralized unincorporated  
171 nonprofit association;

172 (2) The address in Alabama, including the street  
173 address, if any, of the decentralized unincorporated nonprofit  
174 association, or, if the decentralized unincorporated nonprofit  
175 association does not have an address in Alabama, its address  
176 out of state;

177 (3) The name or title of a person authorized to  
178 transfer an estate or interest in real property held in the  
179 name of the decentralized unincorporated nonprofit  
180 association; and

181 (4) The action, procedure, or vote of the decentralized  
182 unincorporated nonprofit association which authorizes the  
183 person to transfer the real property of the decentralized  
184 unincorporated nonprofit association and which authorizes the  
185 person to execute the statement of authority.

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

189 (e) The judge of probate shall collect a fee for  
190 recording a statement of authority in accordance with Article  
191 4 of Chapter 1.

192 (f) An amendment, including a cancellation, of a  
193 statement of authority shall meet the requirements for  
194 execution and recording, and be accompanied by payment of the  
195 same recording fee payable to and for the judge of probate, of  
196 an original statement. Unless canceled earlier, a recorded



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197 statement of authority as amended is canceled by operation of  
198 law five years after the date of the most recent amended  
199 statement of authority.

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

207 §10A-17-2.07

208 (a) A decentralized unincorporated nonprofit  
209 association is a legal entity separate from its members for  
210 the purposes of determining and enforcing rights, duties, and  
211 liabilities in contract and tort.

212 (b) A person is not liable for a breach of a  
213 decentralized unincorporated nonprofit association's contract  
214 merely because the person is a member, administrator,  
215 authorized to participate in the management of the affairs of  
216 the nonprofit association, or considered a member by the  
217 nonprofit association.

218 (c) A person is not liable for a tortious act or  
219 omission for which a decentralized unincorporated nonprofit  
220 association is liable merely because the person is a member or  
221 administrator of the nonprofit association, authorized to  
222 participate in the management of the affairs of the nonprofit  
223 association, or considered a member by the nonprofit  
224 association.



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

233 (e) A member, administrator, person authorized to  
234 participate in the management of the affairs of the nonprofit  
235 association, or person considered a member by the nonprofit  
236 association may assert a claim against the decentralized  
237 unincorporated nonprofit association. A decentralized  
238 unincorporated nonprofit association may assert a claim  
239 against a member, administrator, person authorized to  
240 participate in the management of the affairs of the nonprofit  
241 association, or person considered a member by the nonprofit  
242 association.

243 §10A-17-2.08

244 (a) A decentralized unincorporated nonprofit  
245 association, in its own name, may institute, defend,  
246 intervene, or participate in a judicial, administrative, or  
247 other governmental proceeding or in an arbitration, mediation,  
248 or any other form of alternative dispute resolution.

249 (b) A decentralized unincorporated nonprofit  
250 association may assert a claim on behalf of its members if all  
251 of the following apply:

252 (1) One or more members of the nonprofit association



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253 have standing to assert a claim in their own right.

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

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

258 §10A-17-2.09

259 A judgment or order against a decentralized  
260 unincorporated nonprofit association is not by itself a  
261 judgment or order against a member or administrator of the  
262 nonprofit association.

263 §10A-17-2.10

264 (a) A decentralized unincorporated nonprofit  
265 association may deliver to the Secretary of State for filing a  
266 statement appointing an agent authorized to receive service of  
267 process.

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

269 (1) The name of the nonprofit association;

270 (2) The address in Alabama, including the street  
271 address, if any, of the decentralized unincorporated nonprofit  
272 association, or, if the decentralized unincorporated nonprofit  
273 association does not have an address in Alabama, its address  
274 out of state; and

275 (3) The name of the person in Alabama authorized to  
276 receive service of process and the person's address, including  
277 the street address, in Alabama.

278 (c) A statement appointing an agent shall be signed and  
279 acknowledged by a person authorized to manage the affairs of  
280 the decentralized unincorporated nonprofit association. The



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281 statement shall also be signed and acknowledged by the person  
282 appointed agent, who thereby accepts appointment.

283 (d) The appointed agent may resign by delivering to the  
284 Secretary of State for filing a resignation, and by giving  
285 notice to the decentralized unincorporated nonprofit  
286 association. The appointment of the agent shall terminate upon  
287 the expiration of 30 days after the Secretary of State has  
288 filed the resignation.

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

293 (f) An amendment to a statement appointing an agent to  
294 receive service of process shall meet the requirements for  
295 execution of an original statement.

296 §10A-17-2.11

297 In an action or proceeding against a decentralized  
298 unincorporated nonprofit association, a summons and complaint  
299 shall be served on the agent authorized by appointment in  
300 Section 10A-17-2.10 to receive service of process, on a person  
301 authorized to administer the affairs of the nonprofit  
302 association, or in any manner otherwise provided in the  
303 Alabama Rules of Civil Procedure. If, after reasonable efforts  
304 to accomplish service through the methods provided in this  
305 section, service cannot be accomplished, then service may be  
306 made on a member of the nonprofit association.

307 §10A-17-2.12

308 A claim for relief against a decentralized



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309 unincorporated nonprofit association shall not abate merely  
310 because of a change in its members or persons authorized to  
311 administer the affairs of the nonprofit association.

312 §10A-17-2.13

313 Venue shall be:

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

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

317 §10A-17-2.14

318 (a) A decentralized unincorporated nonprofit  
319 association shall have perpetual existence unless its  
320 governing principles otherwise specify.

321 (b) A decentralized unincorporated nonprofit  
322 association may be dissolved as follows:

323 (1) If the governing principles of the nonprofit  
324 association provide a time or method for dissolution, by that  
325 method.

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

329 (3) If membership in the decentralized unincorporated  
330 nonprofit association falls below 100 members and the  
331 decentralized unincorporated nonprofit association does not  
332 meet the requirements of Sections 10A-17-2.01 through  
333 10A-17-2.15. In the event membership in the nonprofit  
334 association falls below 100 members and the nonprofit  
335 association meets the requirements of Sections 10A-17-2.01  
336 through 10A-17-2.15, the entity shall automatically transition



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337 to an Alabama unincorporated nonprofit association unless the  
338 governing principles otherwise specify.

339 (4) By court order.

340 (c) After dissolution, a decentralized unincorporated  
341 nonprofit association continues in existence until its  
342 activities are wound up and terminated pursuant to Section  
343 10A-17-2.26.

344 §10A-17-2.15

345 (a) (1) A person may become a member of a decentralized  
346 unincorporated nonprofit association in accordance with the  
347 governing principles of that decentralized unincorporated  
348 nonprofit association.

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

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

357 (b) Subject to the governing principles of the  
358 decentralized unincorporated nonprofit association, a member  
359 may be suspended, dismissed, or expelled. If there are no  
360 applicable governing principles, a member may be suspended,  
361 dismissed, or expelled by approval of the membership in  
362 accordance with Section 10A-17-2.20.

363 (c) Unless otherwise provided for in the governing  
364 principles, suspension, dismissal, or expulsion of a member



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365 does not relieve the member of any obligation incurred, or  
366 commitment made by the member, before the suspension,  
367 dismissal, or expulsion.

368 §10A-17-2.16

369 (a) (1) A member may resign as a member of a  
370 decentralized unincorporated nonprofit association in  
371 accordance with the governing principles of that decentralized  
372 unincorporated nonprofit association.

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

378 (b) Unless otherwise provided for in the governing  
379 principles, resignation of a member does not relieve the  
380 member of any obligation incurred or commitment made by the  
381 member before the resignation.

382 §10A-17-2.17

383 (a) Unless otherwise provided for in the governing  
384 principles, a member shall not have any fiduciary duty to a  
385 decentralized unincorporated nonprofit association or to any  
386 other member of the decentralized unincorporated nonprofit  
387 association merely by reason of being a member.

388 (b) A member acting on behalf of the decentralized  
389 unincorporated nonprofit association shall discharge his or  
390 her duties in a manner the member reasonably believes to be in  
391 the best interest of the nonprofit association.

392 §10A-17-2.18



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

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

399 §10A-17-2.19

400 Except as otherwise provided in the decentralized  
401 unincorporated nonprofit association's governing principles, a  
402 member's interest or any right granted pursuant to the  
403 governing principles is freely transferable to another person  
404 through conveyance of the membership interest.

405 §10A-17-2.20

406 (a) Except as otherwise provided in the governing  
407 principles, a decentralized unincorporated nonprofit  
408 association shall have the approval of a majority of the  
409 membership interests participating in a vote to do any of the  
410 following:

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

412 (2) Select or dismiss an administrator.

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

414 (4) Sell, lease, exchange, or otherwise dispose of the  
415 property of the decentralized unincorporated nonprofit  
416 association.

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

419 (6) Undertake any other act outside of the ordinary  
420 course of the decentralized unincorporated nonprofit



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421 association's activities.

422 (7) Determine the policy and purpose of the  
423 decentralized unincorporated nonprofit association.

424 (b) In order to perform any act or exercise any right  
425 that the governing principles require to be approved by the  
426 membership, a decentralized unincorporated nonprofit  
427 association must have the approval of the membership to act in  
428 accordance with its governing principles.

429 (c) Unless otherwise provided for in the governing  
430 principles, membership interest in a decentralized  
431 unincorporated nonprofit association shall be calculated in  
432 proportion to a member's voting rights within the nonprofit  
433 association.

434 §10A-17-2.21

435 (a) A decentralized unincorporated nonprofit  
436 association may provide for its governance, in whole or in  
437 part, through distributed ledger technology including, but not  
438 limited to, smart contracts.

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

442 (1) Specify whether any distributed ledger technology  
443 used or enabled by the decentralized unincorporated nonprofit  
444 association will be fully immutable or subject to change by  
445 the decentralized unincorporated nonprofit association and  
446 whether any distributed ledger will be fully or partially  
447 public or private, including the extent of a member's access  
448 to information.



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

452 a. Proposals from members or administrators in the  
453 decentralized unincorporated nonprofit association for  
454 upgrades, modifications, or additions to software systems or  
455 protocols.

456 b. Other proposed changes to the decentralized  
457 unincorporated nonprofit association's governing principles.

458 c. Any other matters of governance or activities within  
459 the purpose of the decentralized unincorporated nonprofit  
460 association.

461 §10A-17-2.22

462 In accordance with its governing principles, a  
463 decentralized unincorporated nonprofit association may do both  
464 of the following:

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

471 (2) In accordance with any procedure specified pursuant  
472 to Section 10A-17-2.21, modify the consensus mechanism, as  
473 well as the requirements, processes, and procedures or  
474 substitute a new consensus mechanism, requirements, processes,  
475 or procedures that comply with this state's law and the  
476 governing principles of the nonprofit association.



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477 §10A-17-2.23

478 (a) Unless otherwise provided for in the decentralized  
479 unincorporated nonprofit association's governing principles,  
480 the members of the nonprofit association may select the  
481 nonprofit association's administrators in accordance with  
482 Section 10A-17-2.20.

483 (b) If no administrators are selected, none of the  
484 members may be considered administrators for the decentralized  
485 unincorporated nonprofit association.

486 (c) No decentralized unincorporated nonprofit  
487 association shall be required to have an administrator, and  
488 the rights and duties of all administrators shall be  
489 established as part of the authorization of authority to act  
490 as an administrator.

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

498 (1) The amount of financial benefit improperly received  
499 by an administrator.

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

502 (3) An intentional violation of criminal law.

503 (4) Breach of the duty of loyalty should one exist,  
504 unless, following full disclosure of all material facts to the



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505 nonprofit association members, the specific act or transaction  
506 that would otherwise breach the duty of loyalty is authorized  
507 or ratified by approval of the disinterested members pursuant  
508 to Section 10A-17-2.20.

509 (5) Improper distributions.

510 §10A-17-2.24

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

520 (b) A decentralized unincorporated nonprofit  
521 association is not obligated to provide records requested from  
522 a member or administrator if access to the information is  
523 contained in a record available to the member or administrator  
524 in a medium available to the member, including distributed  
525 ledger technology.

526 (c) (1) A decentralized unincorporated nonprofit  
527 association may impose reasonable restrictions on access to  
528 and use of information that may be provided under this  
529 section, including by designating the information confidential  
530 and imposing nondisclosure or other safeguarding obligations  
531 on the recipient of the information.

532 (2) In a dispute concerning the reasonableness of a



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533 restriction under this subsection, the decentralized  
534 unincorporated nonprofit association shall have the burden of  
535 proving reasonableness.

536 (d) A former member or administrator may have access to  
537 information to which the former member or administrator was  
538 entitled to as a member or administrator if all of the  
539 following apply:

540 (1) The information relates to the period of time  
541 during which the former member or administrator was a member  
542 or administrator.

543 (2) The former member or administrator seeks the  
544 information in good faith.

545 (3) The former member or administrator satisfies the  
546 requirements of subsections (a) through (c) with respect to  
547 the information.

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

552 §10A-17-2.25

553 (a) Unless otherwise provided in its governing  
554 principles, a decentralized unincorporated nonprofit  
555 association may reimburse a member or administrator for  
556 authorized expenses reasonably incurred on behalf of the  
557 nonprofit association.

558 (b) A decentralized unincorporated nonprofit  
559 association may indemnify a member or administrator for any  
560 debt, obligation, or other liability incurred in the course of



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561 the member or administrator's activities on behalf of the  
562 nonprofit association. To be eligible for indemnification, an  
563 administrator must have complied with the duties stated in  
564 Section 10A-17-2.23. If in a record, a nonprofit association's  
565 governing principles may broaden or limit this right of  
566 indemnification.

567 (c) If a person is made or threatened to be made a  
568 party in a proceeding based on that person's conduct in the  
569 affairs of a decentralized unincorporated nonprofit  
570 association, that person is entitled, upon written request to  
571 the decentralized unincorporated nonprofit association,  
572 including through distributed ledger technology, to receive  
573 payment of or reimbursement by the nonprofit association, of  
574 reasonable expenses, including attorney fees and  
575 disbursements, incurred by that person in advance of the final  
576 disposition of the proceeding. To be entitled to these  
577 payments or advances, the person making the request shall make  
578 a written affirmation that the person has a good faith belief  
579 that the criteria for indemnification in subsection (b) has  
580 been satisfied and that the person will repay the amounts paid  
581 or reimbursed if it is determined that the criteria for  
582 reimbursement has not been satisfied. No payment or  
583 reimbursement under this subsection shall be made without  
584 prior approval, in a record, of the disinterested members  
585 under Section 10A-17-2.20.

586 (d) A decentralized unincorporated nonprofit  
587 association may purchase and maintain insurance on behalf of a  
588 member or administrator for liability asserted against or



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589 incurred by the member or administrator in that capacity, even  
590 if the decentralized unincorporated nonprofit association  
591 would not have the power to indemnify or advance expenses to  
592 the member or administrator against the same liability under  
593 this section.

594 (e) These rights of reimbursement, indemnification, and  
595 advancement of expense apply to former members or  
596 administrators for activities undertaken on behalf of the  
597 decentralized unincorporated nonprofit association while they  
598 were members or administrators.

599 §10A-17-2.26

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

603 (b) In winding up a decentralized unincorporated  
604 nonprofit association, the members shall discharge the  
605 decentralized unincorporated nonprofit association's debts,  
606 obligations, and other liabilities, settle and close the  
607 decentralized unincorporated nonprofit association's business,  
608 and distribute any remaining property as follows:

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

611 (2) In accordance with the decentralized unincorporated  
612 nonprofit association's governing principles. In the absence  
613 of applicable governing principles, to the current members of  
614 the decentralized unincorporated nonprofit association in  
615 proportion to their membership interests.

616 (3) If neither subdivision (1) or (2) applies, in



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617 accordance with the law of unclaimed property contained in  
618 Article 2A, Chapter 12 of Title 35, Code of Alabama 1975.

619 (c) In winding up a decentralized unincorporated  
620 nonprofit association, the members may do all of the  
621 following:

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

630 (2) Preserve the decentralized unincorporated nonprofit  
631 association's operations and property as a going concern for a  
632 reasonable time.

633 (3) Prosecute and defend actions and proceedings,  
634 whether civil, criminal, or administrative.

635 (4) Transfer the decentralized unincorporated nonprofit  
636 association's property.

637 (5) Settle disputes by mediation or arbitration.

638 (6) Perform other acts necessary or appropriate to the  
639 winding up.

640 (d) If the members of a decentralized unincorporated  
641 nonprofit association do not appoint an administrator or  
642 administrators to wind up the decentralized unincorporated  
643 nonprofit association, the members shall owe the decentralized  
644 unincorporated nonprofit association a duty of care in the



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645 conduct or winding up of the decentralized unincorporated  
646 nonprofit association's operations to refrain from engaging in  
647 grossly negligent or reckless conduct, willful or intentional  
648 misconduct, or a knowing violation of the law.

649 §10A-17-2.27

650 A decentralized unincorporated nonprofit association  
651 may effect a merger or conversion by complying with the  
652 applicable provisions of Chapter 1 and its governing  
653 principles.

654 §10A-17-2.28

655 Principles of law and equity supplement this chapter  
656 unless displaced by a specific provision of this chapter.

657 Section 3. This act shall become effective on October  
658 1, 2026.



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President and Presiding Officer of the Senate

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Speaker of the House of Representatives

SB277

Senate 24-Feb-26

I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris,  
Secretary.

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House of Representatives

Passed: 12-Mar-26

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By: Senator Bell