

IC 23-17-7

Chapter 7. Members; Admission; Types of Memberships; Rights and Duties

IC 23-17-7-1

Criteria or procedures for admission; consent

Sec. 1. (a) Articles of incorporation or bylaws may establish criteria or procedures for admission of members.

(b) A person may not be admitted as a member without the person's consent.

As added by P.L.179-1991, SEC.1.

IC 23-17-7-2

Consideration for admission

Sec. 2. Except as provided in a corporation's articles of incorporation or bylaws, a corporation may admit members for either of the following:

(1) No consideration.

(2) Consideration determined by the board of directors.

As added by P.L.179-1991, SEC.1.

IC 23-17-7-3

Corporations without members

Sec. 3. A corporation is not required to have members.

As added by P.L.179-1991, SEC.1.

IC 23-17-7-4

Rights and duties; membership classes

Sec. 4. Members shall have the same rights and obligations with respect to:

(1) voting;

(2) dissolution;

(3) redemption; and

(4) transfer;

unless articles of incorporation or bylaws establish classes of membership with different rights or obligations. Members have the same rights and obligations with respect to any other matters, except as set forth in or authorized by articles of incorporation or bylaws.

As added by P.L.179-1991, SEC.1.

IC 23-17-7-5

Transfer rights; restrictions

Sec. 5. (a) Except as set forth in or authorized by articles of incorporation or bylaws, a member of a corporation may not transfer a membership or any right arising from a membership.

(b) Where transfer rights have been provided, a restriction on transfer rights may not be binding with respect to a member holding a membership issued before the adoption of the restriction unless the restriction is approved by the members and the affected member.

As added by P.L.179-1991, SEC.1.

IC 23-17-7-6

Liability for acts or debts of corporation

Sec. 6. A member of a corporation is not personally liable for the acts or debts of the corporation. However, the member may become personally liable because of the member's own acts or conduct.

As added by P.L.179-1991, SEC.1.

IC 23-17-7-7

Liability for obligations; transferee's liability

Sec. 7. (a) A member may become liable to the corporation for dues, assessments, or fees. However:

(1) an article of incorporation or a bylaw provision; or

(2) a resolution adopted by the board of directors;

authorizing or imposing dues, assessments, or fees does not create liability to pay the obligation. However, nonpayment constitutes grounds for expelling or suspending the member or suspending or terminating the membership. The validity of mandatory membership and the validity of a lien imposed by a recorded declaration of covenant or a similar commitment running with the real property or an interest in the real property is not affected by this subsection.

(b) A permitted transferee of a membership having notice at the time of the transfer of unpaid dues, assessments, or fees of the transferor is liable to the corporation for unpaid dues, assessments, or fees. However, a transferee who is an executor, an administrator, a guardian, a trustee, a receiver, or a pledgee is not personally liable for any unpaid consideration due to the corporation. An heir or a legatee who is a permitted transferee may surrender the membership to the corporation without incurring any liability for any unpaid consideration.

As added by P.L.179-1991, SEC.1. Amended by P.L.96-1993, SEC.7.

IC 23-17-7-8

Creditor's proceedings; liability of members; prerequisites; intervention and joinder

Sec. 8. (a) A proceeding may not be brought by a creditor to reach or apply the liability, if any, of a member to the corporation unless:

(1) final judgment has been rendered in favor of the creditor against the corporation and execution has been returned unsatisfied in whole or in part;

(2) the corporation has been adjudged bankrupt or a receiver has been appointed with the power to collect debts that a receiver on demand of a creditor to bring a proceeding has refused to do; or

(3) the corporation has been dissolved leaving debts unpaid.

However, a proceeding may not be brought more than three (3) years after the happening of any of the events described in this subsection.

(b) Creditors of the corporation, with or without reducing the creditor's claims to judgment, may intervene in any creditor's proceeding brought under subsection (a) to reach and apply unpaid amounts due the corporation. Members who owe amounts to the

corporation may be joined in the proceeding.
As added by P.L.179-1991, SEC.1.

IC 23-17-7-9

Advancements or loans to corporation; return or repayment

Sec. 9. A member may advance or loan money to the corporation that may be returned or repaid to the member at a time and under a condition that the corporation and the member agree. However, upon return or repayment, the member may not receive more than the principal amount of the money advanced or loaned, together with reasonable interest at a rate that is not in excess of market rate, whether fixed or variable, otherwise available without premium to the corporation under the same circumstances at the time of the advance or loan.

As added by P.L.179-1991, SEC.1.