

NONPROFIT CORPORATION ACT (EXCERPT)
Act 162 of 1982

450.2303 Corporation organized on stock basis; issuance of shares authorized in articles of incorporation; rules of qualification and government of shareholders.

Sec. 303.

(1) A corporation that is organized on a stock basis may issue the number of shares authorized in its articles of incorporation. All of the following apply to shares issued by the corporation:

(a) The shares may be all of 1 class or may be divided into 2 or more classes. Each class shall consist of shares that have the designations and relative voting, distribution, liquidation, and other rights, preferences, and limitations, that are consistent with this act, stated in the articles of incorporation or bylaws.

(b) The articles of incorporation or bylaws may deny, limit, or otherwise prescribe the distribution or liquidation rights of shares of any class. Approval by the shareholders and each affected class of shareholders, if any, voting as a class, is required to adopt, amend, or repeal any bylaw denying, limiting, or otherwise prescribing the voting rights of shareholders or the affected class of shareholders.

(c) If the shares are divided into 2 or more classes, the shares of each class shall be designated to distinguish them from the shares of the other classes.

(d) Each share is equal to every other share of the same class.

(e) Except as otherwise provided by the articles or bylaws, shares of stock are not transferable and shall be canceled upon the death or resignation of the owner of the shares.

(f) Any of the voting, distribution, liquidation, or other rights, preferences, or limitations of a class may be made dependent on facts or events ascertainable outside of the articles of incorporation or the bylaws, if the manner in which the facts or events operate on the rights, preferences, or limitations is set forth in the articles of incorporation or the bylaws.

(2) A corporation may adopt rules of qualification and government of its shareholders pursuant to its articles and bylaws. Adopted rules shall be reasonable, germane to the purposes of the corporation, and equally enforced as to all shareholders of the same class. A corporation may provide for the cancellation of the stock of a shareholder that fails to comply with adopted rules without liability for an accounting.

History: 1982, Act 162, Eff. Jan. 1, 1983 ;-- Am. 2014, Act 557, Imd. Eff. Jan. 15, 2015