

NONPROFIT CORPORATION ACT (EXCERPT)

Act 162 of 1982

CHAPTER 2

450.2201 Incorporators; signing and filing articles of incorporation.

Sec. 201. (1) One or more persons may be the incorporators of a corporation by signing in ink and filing articles of incorporation for the corporation.

(2) If there are 3 or more incorporators of a corporation, the incorporators may, by suitable resolution adopted by the incorporators at the organization meeting or by written instrument, designate any 1 among themselves to sign the articles of incorporation for that person and the remainder of the incorporators, in which case a copy of the resolution duly certified by the person who acted as secretary at the organization meeting shall be made a part of and filed with the articles of incorporation.

History: 1982, Act 162, Eff. Jan. 1, 1983.

450.2202 Articles of incorporation; contents.

Sec. 202. The articles of incorporation shall contain all of the following:

(a) The name of the corporation.

(b) The purposes for which the corporation is formed. It is not sufficient to state substantially that the corporation may engage in any activity within the purposes for which a corporation may be formed under this act. If a corporation proposes to organize and operate a school, college, or other educational institution described in section 170 of 1931 PA 327, MCL 450.170, other than a public school academy as defined in section 5 of the revised school code, 1976 PA 451, MCL 380.5, it shall state its educational purposes in its articles of incorporation and comply with all requirements of sections 170 to 177 of 1931 PA 327, MCL 450.170 to 450.177.

(c) If the corporation is formed on a stock basis, the aggregate number of shares that the corporation has authority to issue.

(d) If the corporation is formed on a stock basis, and if the shares are or are to be divided into classes, the designation of each class, the number of shares in each class, and a statement of the relative rights, preferences, and limitations of the shares of each class, to the extent that the designations, numbers, relative rights, preferences, and limitations have been determined.

(e) If the corporation is formed on a nonstock basis, a description and statement of the value of any assets of the corporation that are classified as real and personal property and the terms of the general scheme of financing the corporation.

(f) If the corporation is formed on a nonstock basis, a statement that the corporation is formed on a membership basis or a statement that the corporation is formed on a directorship basis.

(g) The street address, and the mailing address if different from the street address, of the corporation's initial registered office and the name of the corporation's initial resident agent at that address.

(h) The names and addresses of all the incorporators.

(i) The duration of the corporation if other than perpetual.

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

450.2204 Articles of incorporation; provision pertaining to proposed compromise or arrangement or reorganization between corporation and creditors or shareholders.

Sec. 204. The articles of incorporation may contain the following provision or the substance thereof: When a compromise or arrangement or a plan of reorganization of this corporation is proposed between this corporation and its creditors or any class of them or between this corporation and its shareholders, members, or any class of them, a court of equity jurisdiction within the state, on application of this corporation or of a creditor, shareholder, or member of the corporation, or an application of a receiver appointed for the corporation, may order a meeting of the creditors or class of creditors or of the shareholders or members or class of shareholders or members to be affected by the proposed compromise or arrangement or reorganization, to be summoned in such manner as the court directs. If a majority in number representing 3/4 in value of the creditors or class of creditors, or of the shareholders or members or class of shareholders or members to be affected by the proposed compromise or arrangement or a reorganization, agree to a compromise or arrangement or a reorganization of this corporation as a consequence of the compromise or arrangement, the compromise or arrangement and the reorganization, if sanctioned by the court to which the application has been made, shall be binding on all the creditors or class of creditors, or on all the shareholders or members or class of shareholders or members and also on this corporation.

History: 1982, Act 162, Eff. Jan. 1, 1983.

450.2205 Articles of incorporation; including provision of MCL 450.2204; effect on creditors, shareholders, or members of corporation; administration and enforcement of provision by circuit court; restraining actions and proceedings against corporation; appointment and powers of temporary receiver.

Sec. 205. (1) When the provision of section 204 is included in the original articles of incorporation of a corporation, all persons who become creditors, shareholders, or members of the corporation are deemed to have become creditors, shareholders, or members subject in all respects to that provision, and it shall be binding upon them.

(2) When that provision is inserted in the articles of a corporation by an amendment of the articles, all persons who become creditors, shareholders, or members of the corporation after the amendment becomes effective are deemed to have become creditors, shareholders, or members subject in all respects to that provision, and it shall be binding upon them.

(3) The circuit court may administer and enforce the provision and restrain, during the process of an action, actions and proceedings against the corporation with respect to which the court so restraining has begun the administration or enforcement of the provision, and appoint a temporary receiver for the corporation and grant the receiver such powers as are deemed proper.

History: 1982, Act 162, Eff. Jan. 1, 1983.

450.2209 Articles of incorporation; additional provisions; liability of director or volunteer officer.

Sec. 209. (1) The articles of incorporation may contain any provision that is not inconsistent with this act and not expressly prohibited by any other statute of this state, including, but not limited to, any of the following:

(a) A provision for management of the business and conduct of the affairs of the corporation, or creating, defining, limiting, or regulating the powers of the corporation, its directors, officers, members, or shareholders, or a class of directors, shareholders, or members.

(b) A provision that under this act is required or permitted to be set forth in the bylaws.

(c) A provision that eliminates or limits a director's or volunteer officer's liability to the corporation, its shareholders, or its members for money damages for any action taken or any failure to take any action as a director or volunteer officer, except liability for any of the following:

(i) The amount of a financial benefit received by a director or volunteer officer to which he or she is not entitled.

(ii) Intentional infliction of harm on the corporation, its shareholders, or members.

(iii) A violation of section 551.

(iv) An intentional criminal act.

(v) A liability imposed under section 497(a).

(d) For a corporation whose purposes, structures, and activities are exclusively those described in section 501(c)(3) of the internal revenue code of 1986, 26 USC 501, a provision that the corporation assumes all liability to any person other than the corporation, its shareholders, or its members for all acts or omissions of a volunteer director occurring on or after January 1, 1988 incurred in the good faith performance of the volunteer director's duties.

(e) A provision that the corporation assumes the liability for all acts or omissions of a volunteer director, volunteer officer, or other volunteer occurring on or after the effective date of the provision that grants limited liability if all of the following are met:

(i) The volunteer was acting or reasonably believed he or she was acting within the scope of his or her authority.

(ii) The volunteer was acting in good faith.

(iii) The volunteer's conduct did not amount to gross negligence or willful and wanton misconduct.

(iv) The volunteer's conduct was not an intentional tort.

(v) The volunteer's conduct was not a tort arising out of the ownership, maintenance, or use of a motor vehicle for which tort liability may be imposed under section 3135 of the insurance code of 1956, 1956 PA 218, MCL 500.3135.

(f) A provision that reserves to 1 or more members, shareholders, or other persons all or part of the authority to exercise the corporate powers or to manage the business and affairs of the corporation, including the resolution of any issue about which there exists a deadlock among directors, shareholders, or members. A provision authorized under this subsection that limits the discretion or powers of the board relieves the

directors of, and imposes on the person or persons in which the discretion or powers are vested, liability for acts or omissions imposed by law on directors to the extent that the discretion or powers of the directors are limited by the provision. The person or persons in which the discretion or powers are vested are treated as a director or directors for the purposes of any limitation or assumption of liability under this section and, except as otherwise provided in the articles of incorporation or bylaws, have the same rights and obligations with respect to indemnification as a director or directors.

(2) If the articles of incorporation contain a provision that eliminates the liability of a volunteer director or volunteer officer that was filed before the effective date of the amendatory act that added this subsection, that provision is considered to eliminate the liability of a director or volunteer officer under subsection (1)(c).

History: 1982, Act 162, Eff. Jan. 1, 1983;—Am. 1987, Act 170, Eff. Jan. 1, 1988;—Am. 1990, Act 39, Imd. Eff. Mar. 29, 1990;—Am. 1993, Act 129, Imd. Eff. July 22, 1993;—Am. 1996, Act 397, Imd. Eff. Oct. 9, 1996;—Am. 2014, Act 557, Imd. Eff. Jan. 15, 2015.

450.2212 Corporate name.

Sec. 212. (1) The corporate name of a domestic or foreign corporation formed or existing under or subject to this act shall conform to all of the following:

(a) Shall not contain a word or phrase, or abbreviation or derivative of a word or phrase, that indicates or implies that the corporation is formed for a purpose other than 1 or more of the purposes permitted by its articles of incorporation.

(b) Shall distinguish the corporate name in the records in the office of the administrator from all of the following:

(i) The corporate name of any other domestic corporation or foreign corporation authorized to conduct affairs in this state.

(ii) The corporate name of any domestic business corporation or foreign business corporation authorized to transact business in this state.

(iii) A corporate name currently reserved, registered, or assumed under this act or the business corporation act.

(iv) The name of any domestic limited partnership or foreign limited partnership as filed or registered under the Michigan revised uniform limited partnership act, 1982 PA 213, MCL 449.1101 to 449.2108, or any name currently reserved or assumed under that act.

(v) The name of any domestic limited liability company or foreign limited liability company as filed or registered under the Michigan limited liability company act, 1993 PA 23, MCL 450.4101 to 450.5200, or any name currently reserved or assumed under that act.

(c) Shall not contain a word or phrase, an abbreviation, or derivative of a word or phrase, the use of which is prohibited or restricted by any other statute of this state, unless the use of the name complies with that restriction.

(2) If a foreign corporation is unable to obtain a certificate of authority to conduct affairs in this state because its corporate name does not comply with subsection (1), the foreign corporation may apply for authority to conduct affairs in this state by adding to its corporate name in the application a word, abbreviation, or other distinctive and distinguishing element, or alternatively, adopting for use in this state an assumed name otherwise available for use. If in the judgment of the administrator that name would comply with the provisions of subsection (1), that subsection does not prevent the administrator from issuing the foreign corporation a certificate of authority to conduct affairs in this state. The certificate issued to the foreign corporation shall be issued in the name applied for and the foreign corporation shall use that name in all its dealings with the administrator and in the conduct of its affairs in this state.

(3) A charitable purpose corporation may use the word "foundation" in its corporate name or in an assumed name. This subsection does not prohibit a corporation from continuing to use the word "foundation" in its corporate name or in an assumed name if the corporation was in existence and used the word "foundation" in its corporate name or in an assumed name before the effective date of the amendatory act that added this sentence.

(4) The fact that a corporation complies with this section does not create substantive rights to use of a corporate name.

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

450.2213 Assuming name that implies corporation is banking corporation, insurance or surety company, or trust company prohibited.

Sec. 213. A corporation formed or existing under or subject to this act shall not assume a name which implies that it is a banking corporation, an insurance or surety company, or a trust company.

History: 1982, Act 162, Eff. Jan. 1, 1983.

450.2215 Reservation of right to use corporate name; application; duration; expiration; transfer of right to exclusive use of reserved corporate name.

Sec. 215. (1) A person may reserve the right to use a corporate name by executing and filing an application to reserve the name. If the administrator finds that the name is available for corporate use, he or she shall reserve it for exclusive use of the applicant for a period that expires at the end of the sixth full calendar month following the month in which the application was filed.

(2) A person may transfer a right to exclusive use of a corporate name reserved under subsection (1) to another person by filing a notice of the transfer, executed by the applicant for which the name was reserved, that states the name and address of the transferee.

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

450.2217 Conduct of affairs under assumed name or names other than corporate name; certificate of assumed name; duration; extensions; notification of impending expiration; enterprises participating together in partnership or joint venture; transfer or use of assumed name in merger or conversion.

Sec. 217. (1) Except as provided in section 212 or otherwise prohibited by law, a domestic or foreign corporation may conduct its affairs under any assumed name or names other than its corporate name, by filing a certificate stating the true name of the corporation and the assumed name under which its affairs are to be conducted. A certificate of assumed name is effective, unless sooner terminated by filing a certificate of termination or by the dissolution or withdrawal of the corporation, for a period that expires on December 31 of the fifth full calendar year following the year in which it was filed. A certificate of assumed name may be extended for additional consecutive periods of 5 full calendar years each by filing similar certificates not earlier than 90 days preceding the expiration of the initial or a subsequent 5-year period. The administrator shall notify the corporation of the impending expiration of the certificate of assumed name not later than 90 days before the expiration of the initial or subsequent 5-year period. If authorized by the corporation, the administrator may electronically transmit the notice to the resident agent of the corporation. A certificate of assumed name filed under this section does not create substantive rights to the use of a particular assumed name.

(2) Two or more corporations, or 1 or more corporations and 1 or more business corporations, limited partnerships, limited liability companies, or other enterprises that participate together in a partnership or joint venture may assume the same name. Each participant corporation shall file a certificate under this section.

(3) A corporation that participates in a merger, or any other entity that participates in a merger under section 735 or 736a, may transfer to the surviving entity the use of an assumed name for which a certificate of assumed name is on file with the administrator before the merger, if the transfer is noted in the certificate of merger under section 707(1)(f), 712(1)(c), or 736a(3)(f) or other applicable statute. The use of an assumed name transferred under this subsection may continue for the remaining effective period of the certificate of assumed name on file before the merger, and the surviving entity may terminate or extend the certificate of assumed name under subsection (1).

(4) A corporation that survives a merger may use as an assumed name the corporate name of a merging corporation, or the name of any other entity that participates in the merger under section 735 or 736a, by filing a certificate of assumed name under subsection (1) or by providing for the use of the name as an assumed name in the certificate of merger. The surviving corporation also may file a certificate of assumed name under subsection (1) or provide in the certificate of merger for the use as an assumed name of an assumed name of a merging entity that is not transferred under subsection (3). A provision in the certificate of merger under this subsection is considered a new certificate of assumed name.

(5) A business organization into which a corporation has converted under section 745 may use an assumed name of the converting corporation, if the corporation has a certificate of assumed name for that assumed name on file with the administrator before the conversion, by providing for the use of the name as an assumed name in the certificate of conversion. The use of an assumed name under this subsection may continue for the remaining effective period of the certificate of assumed name on file before the conversion, and the surviving business organization may terminate or extend the certificate of assumed name under subsection (1).

(6) A corporation into which 1 or more business organizations have converted under section 746 may use as an assumed name the name of any business organization converting into that corporation, or use as an assumed name an assumed name of that business organization, by filing a certificate of assumed name under subsection (1) or by providing for the use of that name or assumed name as an assumed name of the corporation in the certificate of conversion. A provision in the certificate of conversion under this subsection is considered a new certificate of assumed name.

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

450.2221 Corporate existence to begin on effective date of articles of incorporation; filing as conclusive evidence that conditions precedent fulfilled and corporation formed; exception.

Sec. 221. The corporate existence of a corporation begins on the effective date of the articles of incorporation as provided in section 131. Filing of the articles of incorporation is conclusive evidence that all conditions precedent required to be performed under this act have been fulfilled and that the corporation has been formed under this act, except in an action or special proceeding by the attorney general.

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

450.2223 Selection of board and adoption of bylaws; first meeting; notice; quorum; transaction of business.

Sec. 223. Before or after filing of the articles of incorporation a majority of the incorporators at a meeting or by written instrument, shall select a board and may adopt bylaws. On or after the filing date of the articles, any member of the board may call the first meeting of the board upon not less than 3 days' notice by mail to each director. A majority of the directors constitutes a quorum for the first meeting of the board. At the first meeting, the board may adopt bylaws, elect officers, and transact such other business as may come before the meeting.

History: 1982, Act 162, Eff. Jan. 1, 1983.

450.2231 Bylaws; adoption; amendment or repeal; contents.

Sec. 231. (1) Except if the power to adopt, amend, or repeal the bylaws is reserved exclusively to the corporation's shareholders, its members, or its board in the articles of incorporation:

(a) The initial bylaws of a corporation shall be adopted by its incorporators, its shareholders, its members, or its board.

(b) The shareholders, the members, or the board may amend or repeal the bylaws or adopt new bylaws.

(c) The shareholders or members may prescribe in the bylaws that any bylaw adopted by them shall not be amended or repealed by the board.

(2) The bylaws may contain any provision for the regulation and management of the affairs of the corporation not inconsistent with law or the articles of incorporation.

History: 1982, Act 162, Eff. Jan. 1, 1983.

450.2241 Registered office; resident agent.

Sec. 241. Each domestic corporation and each foreign corporation authorized to conduct affairs in this state shall have and continuously maintain in this state both of the following:

(a) A registered office that may be the same as its place of business.

(b) A resident agent. Any of the following may serve as resident agent:

(i) An individual resident in this state whose business office or residence is identical with the registered office.

(ii) A domestic corporation, a domestic business corporation, a foreign corporation, a foreign business corporation, a limited liability company, or another entity, if it is authorized to conduct affairs or transact business in this state and it has a business office identical with the registered office.

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

450.2242 Change of registered office or resident agent; statement.

Sec. 242. (1) A domestic corporation or a foreign corporation authorized to conduct affairs in this state may change its registered office or change its resident agent, or both, by filing a statement with the department. The statement may be executed by any of the individuals described in section 132 or by the secretary or assistant secretary of the corporation. The statement shall provide all of the following information:

(a) The corporate name.

(b) The street address of the corporation's registered office at the time of filing, and its mailing address if different from its street address.

(c) If the address of the corporation's registered office is changed, the street address and the mailing address, if different from the street address, to which the registered office is to be changed.

(d) The name of the corporation's resident agent at the time of filing.

(e) If the corporation's resident agent is changed, the name of its successor resident agent.

(f) That the address of the corporation's registered office and the address of its resident agent, as changed,

will be identical.

(g) That the change was authorized by resolution duly adopted by the corporation's board, or, if no board has been appointed, by the incorporators.

(2) If a resident agent changes its business or residence address to another place within this state, the resident agent may change the address of the registered office of any domestic or foreign corporation of which the person is a resident agent by filing the statement required under subsection (1), except that the statement need only be signed by the resident agent, need not be responsive to subsection (1)(e) or (g), and shall recite that a copy of the statement has been mailed to the corporation.

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

450.2243 Resident agent; resignation; notice; appointment of successor; termination of appointment of resigning resident agent; registered office of corporation.

Sec. 243. A resident agent of a domestic or foreign corporation may resign by filing a written notice of resignation with the president or a vice president of the corporation and with the administrator. A corporation shall promptly appoint a successor resident agent after its resident agent has resigned. The appointment of a resigning resident agent terminates when a successor is appointed or 30 days after receipt of the notice by the administrator, whichever first occurs. When a resignation becomes effective under this section, the business or residence address of the resigned agent is no longer the registered office of the corporation.

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

450.2246 Resident agent; service of process, notice, or demand; resident agent as agent of director or officer in certain action; forwarding process to director or officer; electronic transmission of notice.

Sec. 246. (1) The resident agent appointed by a corporation is an agent of the corporation on which any process, notice, or demand required or permitted by law to be served on the corporation may be served.

(2) If an individual, whether a resident or nonresident of this state, accepts election, appointment, or employment as a director or officer of a corporation formed under this act or in existence on the effective date of this act, the acceptance is considered an appointment of the resident agent of the corporation as his or her agent on which process may be served while he or she is a director or officer, in any action commenced in a court of general jurisdiction in this state, arising out of or founded on any action of the domestic corporation or of the individual as a director or officer of the domestic corporation. After accepting service of process, the resident agent shall promptly forward it to the director or officer at his or her last known address.

(3) The administrator may serve a notice described in subsection (1) by electronically transmitting the notice to the resident agent of the corporation in the manner authorized by the corporation.

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

450.2251 Corporate purposes; conduct of lawful activities during war or national emergency.

Sec. 251. (1) A corporation may be formed under this act for any lawful purposes not involving pecuniary gain or profit for its officers, directors, shareholders, or members, other than a purpose for which a corporation may be formed under any other statute of this state and that statute expressly prohibits formation under this act. A corporation that is formed under this act for a purpose for which a corporation may be formed under another statute of this state does not have any powers or privileges conferred by that other statute that are not conferred under this act.

(2) In time of war or other national emergency, a corporation may take any lawful action to provide aid, including any business activity, notwithstanding the purposes set forth in its articles of incorporation, at the request or direction of a competent governmental authority.

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

450.2261 Corporate powers; inconsistency between certain acts; corporate existence in perpetuity; fixed limitation or term; waiver of right to perpetual existence; nonprofit power corporation; public school academy; providing services in learned profession; personal liability and accountability for negligent or wrongful acts or misconduct; indemnification.

Sec. 261. (1) A corporation, subject to any limitation provided in this act, in any other statute of this state, or in its articles of incorporation, has the power in furtherance of its corporate purposes to do any of the following:

(a) Have perpetual duration.

(b) Sue and be sued in all courts and participate in actions and proceedings judicial, administrative, arbitral, or otherwise, in the same manner as an individual.

(c) Have a corporate seal, alter the seal, and use it by causing it or a facsimile to be affixed, impressed, or reproduced in any other manner.

(d) Adopt, amend, or repeal bylaws, including emergency bylaws, relating to the purposes of the corporation, the conduct of its affairs, its rights and powers, and the rights and powers of its shareholders, members, directors, or officers.

(e) Elect or appoint officers, employees, and other agents of the corporation, prescribe their duties, fix their compensation and the compensation of directors, and indemnify corporate directors, officers, employees, and agents.

(f) Purchase, receive, take by grant, gift, devise, bequest, or otherwise, lease, or otherwise acquire, own, hold, improve, administer, employ, use, and otherwise deal in and with, real or personal property, or an interest in real or personal property, wherever situated, either absolutely, in trust, or as an endowment or donor restricted fund, and without limitation as to amount or value.

(g) Sell, convey, lease, exchange, transfer, or otherwise dispose of, or mortgage or pledge, or create a security interest in, any of its property, or an interest in the property, wherever situated.

(h) Purchase, take, receive, subscribe for, or otherwise acquire, own, hold, vote, employ, sell, lend, lease, exchange, transfer, or otherwise dispose of, mortgage, pledge, use, and otherwise deal in and with, bonds and other obligations, shares or other securities or interests or memberships issued by others, whether engaged in similar or different business, governmental, or other activities, including banking corporations or trust companies. A corporation organized or conducting affairs in this state under this act shall not guarantee or become surety on a bond or other undertaking securing the deposit of public money.

(i) Make contracts, give guarantees, and incur liabilities, borrow money at rates of interest as the corporation may determine, issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of any of its property or an interest in the property, wherever situated. Without limiting the preceding, these powers include the powers to give guarantees and to incur joint indebtedness that are necessary or convenient to the conduct, promotion, or attainment of the purposes of any of the following entities, whether or not subject to this act, and those guarantees or joint indebtedness is considered to be in furtherance of the corporate purpose of the contracting corporation:

(i) A corporation, foreign corporation, domestic business corporation, or foreign business corporation, if all of its outstanding shares are owned, directly or indirectly, or all of the outstanding memberships are owned or controlled, directly or indirectly, by any of the following:

(A) The contracting corporation.

(B) A directorship corporation whose directors are all elected or appointed, directly or indirectly, by the contracting corporation.

(C) A domestic or foreign limited liability company, if all of its membership interests are owned or controlled, directly or indirectly, by the contracting corporation.

(ii) A corporation or foreign corporation that owns or controls, directly or indirectly, all of the outstanding shares of the contracting corporation; or that owns or controls, directly or indirectly, all of the outstanding membership interests of the contracting corporation; or that elects or appoints, directly or indirectly, all of the directors of the contracting directorship corporation.

(iii) A corporation or foreign corporation, if all of its outstanding shares are owned or controlled, directly or indirectly, or all of its outstanding memberships are owned or controlled, directly or indirectly, by an affiliate; or a directorship corporation, if all of its directors are elected or appointed, directly or indirectly, by an affiliate. As used in this subparagraph, "affiliate" means a nonprofit corporation, whether or not subject to this act, or a foreign corporation, that owns or controls, directly or indirectly, all of the outstanding shares of the contracting corporation; or that owns or controls, directly or indirectly, all of the outstanding memberships of the contracting corporation; or that elects or appoints, directly or indirectly, all of the directors of the contracting corporation if it is a directorship corporation.

(j) Lend money, invest and reinvest its funds, and take and hold real and personal property as security for the payment of funds loaned, invested, or reinvested.

(k) Make donations for any of the following: the public welfare; a community fund; or hospital; or a charitable, educational, scientific, civic, or similar purpose. A corporation also has the power to provide aid in time of war or other national emergency.

(l) Pay pensions, establish and carry out pension, federally qualified profit sharing, savings, thrift, and other retirement, incentive, and benefit plans, trusts, and provisions for any of its directors, officers, and employees.

(m) Purchase, receive, take, otherwise acquire, own, hold, sell, lend, exchange, transfer, otherwise dispose of, pledge, use, and otherwise deal in and with its own shares, bonds, and other securities.

(n) Participate with others in any domestic corporation, foreign corporation, domestic business corporation,

foreign business corporation, partnership, limited partnership, limited liability company, limited liability partnership, joint venture, or other association of any kind, or in any transaction, undertaking, or agreement that the participating corporation would have power to conduct by itself, whether or not the participation involves sharing or delegation of control with or to others.

(o) Cease its corporate activities and dissolve.

(p) Conduct its affairs, carry on its operations, and have offices and exercise the powers granted under this act in any jurisdiction in or outside the United States, and, in the case of a corporation the purpose or purposes of which require the transaction of business, the receipt and payment of money, the care and custody of property, and other incidental business matters, transact that business, receive, collect, and disburse that money, and engage in those other incidental business matters as are naturally or properly within the scope of its articles.

(q) Have and exercise all powers necessary or convenient to effect any purpose for which the corporation is formed.

(2) A corporation that is subject to the uniform prudent management of institutional funds act, 2009 PA 87, MCL 451.921 to 451.931, has all powers granted under both this act and that act. However, in the event of an inconsistency between the 2 acts, the uniform prudent management of institutional funds act, 2009 PA 87, MCL 451.921 to 451.931, controls.

(3) The corporate existence of all corporations incorporated before January 1, 1983, without capital stock, for religious, benevolent, social, or fraternal purposes, shall be considered to be in perpetuity. A limitation or term fixed in the articles or in the law under which the corporation originally incorporated is not effective unless the corporation affirmatively waived its right to perpetual existence after September 18, 1931, by fixing a definite term of existence by amendment to its articles.

(4) Any nonprofit power corporation that is authorized to furnish electric service may construct, maintain, and operate its lines along, over, across, or under any public places, streets, and highways, and across or under the waters in this state, with all necessary erections and fixtures. A nonprofit power corporation may exercise the power of eminent domain, in the manner provided by the uniform condemnation procedures act, 1980 PA 87, MCL 213.51 to 213.75. As a condition to the exercise of any of these powers, nonprofit corporations are subject to the jurisdiction of the Michigan public service commission under 1909 PA 106, MCL 460.551 to 460.559, 1919 PA 419, MCL 460.54 to 460.62, and 1939 PA 3, MCL 460.1 to 460.11.

(5) A corporation formed under this act that is operating a public school academy as defined in section 5 of the revised school code, 1976 PA 451, MCL 380.5, is a public body corporate and a governmental agency and shall have all powers granted under this act and under the revised school code, 1976 PA 451, MCL 380.1 to 380.1853. However, in the event of an inconsistency between this act and the revised school code, the revised school code shall control.

(6) Subject to the limitations on the practice of law by corporations contained in 1917 PA 354, MCL 450.681, a domestic corporation may be formed and a foreign corporation may be authorized to conduct affairs in this state for the purpose of providing services in a learned profession and may employ and enter into other arrangements with duly licensed or authorized individuals who shall furnish those services on behalf of the corporation.

(7) Except as provided in section 209(1)(d) or section 209(1)(e), any duly licensed or authorized individual who is employed by a corporation described in subsection (6) is personally and fully liable and accountable for any negligent or wrongful acts or misconduct committed by him or her, or by any individual under his or her direct supervision and control, while rendering professional services on behalf of the corporation to the person for whom those professional services were being rendered. However, the corporation that employs that duly licensed or authorized individual may indemnify him or her for any resulting liabilities and expenses as provided in this act and under other applicable law.

History: 1982, Act 162, Eff. Jan. 1, 1983;—Am. 2009, Act 88, Imd. Eff. Sept. 10, 2009;—Am. 2014, Act 557, Imd. Eff. Jan. 15, 2015.

450.2262 Existing incorporated association or society operating as corporation subject to act; payment of death or sick benefits; reserves; rules; investment of funds securing reserves; statement required of evidence of obligation to pay death and sick benefits.

Sec. 262. (1) An association or society, not otherwise provided for here or by other statute, incorporated before January 1, 1983, and now existing, whose purpose is to provide for the relief of distressed members, visitation of the sick, and the payment of a voluntary sick benefit to or for members not exceeding \$2,000.00 on account of any 1 member, or the buying and selling of products for its members without direct pecuniary profit to the association or its members may operate as a corporation subject to this act. The ladies Lutheran benevolent federation of Michigan, now incorporated as a nonprofit corporation, may pay death benefits in an

amount not exceeding \$500.00 to any 1 person. The metropolitan club of America, inc., national spirit, and the ladies auxiliary of the metropolitan clubs of America, national spirit, which are incorporated as nonprofit corporations, may pay death benefits in an amount not to exceed \$1,000.00 to any 1 person. The Venetian club of mutual aid, incorporated as a nonprofit corporation, may pay death and sick benefits in an amount not to exceed \$10,000.00 to any 1 person. The Warren firemen's benevolent association may pay death and sick benefits in an amount not to exceed \$20,000.00 to any 1 person. The Lansing firemen's benefit association may pay death and sick benefits in an amount not to exceed \$2,000.00 to any 1 person. The Sanilac county police and firemen's fund may pay death and sick benefits in an amount not to exceed \$3,000.00 to any 1 person. The Italian-American brotherhood society may pay death and sick benefits in an amount not to exceed \$3,000.00 to any 1 person. The Italian-American fraternal club of Dearborn may pay death and sick benefits in an amount not to exceed \$500.00 to any 1 person. The Michigan licensed beverage association may pay death and sick benefits in an amount not to exceed \$5,000.00 to any 1 person who is a licensee of the Michigan liquor control commission. The Westland fire fighters' benevolent association may pay death and sick benefits in an amount not to exceed \$7,500.00 to any 1 person. The Livonia benevolent association for fire fighters and police officers may pay death and sick benefits in an amount not to exceed \$5,000.00 to any 1 person. The Midland fire fighters' benefit fund may pay death and sick benefits in an amount not to exceed \$10,000.00 to any 1 person. The incorporated branches of the fraternal order of eagles within this state may pay death benefits of \$350.00 or sickness benefits of \$350.00, but not a combination of death and sickness benefits that would exceed \$500.00 to any 1 person.

(2) The entities specified in this section and organized before January 1, 1983, and providing for the payment of death or sick benefits under this section in an amount exceeding \$1,000.00 to 1 person shall by January 1, 1980, establish and maintain reserves in an amount estimated in the aggregate to provide for the payment of all losses and claims incurred, whether reported or unreported, which are unpaid and for which the entity may be liable and to provide for the expense of adjustment or settlement of losses and claims. The reserves shall be computed in accordance with rules promulgated by the commissioner of insurance, after due notice and hearing, upon reasonable consideration of the ascertained experiences and the character of such kinds of business for the purpose of adequately protecting the members and securing the solvency of the corporations. The funds of the entities securing the reserves shall be invested only in securities permitted by the laws of this state for the investment of assets of life insurance companies.

(3) An entity specified in this section that obligates itself to the payment of death and sick benefits to its members shall not make, issue, or deliver in this state a certificate or other written evidence of the obligation unless the certificate or other written evidence has conspicuously printed on the first page in boldface type not smaller than 10 point the following statement: This organization does not operate under the supervision of the Michigan insurance bureau.

History: 1982, Act 162, Eff. Jan. 1, 1983;—Am. 1985, Act 71, Imd. Eff. July 1, 1985;—Am. 1991, Act 37, Imd. Eff. June 10, 1991;—Am. 1996, Act 533, Imd. Eff. Jan. 13, 1997.

450.2271 Act of corporation and transfer of property to or by corporation not invalid where corporation without capacity or power; assertion of lack of capacity or power.

Sec. 271. An act of a corporation and a transfer of real or personal property to or by a corporation, otherwise lawful, is not invalid because the corporation was without capacity or power to do the act or make or receive the transfer of property. However the lack of capacity or power may be asserted:

(a) By a shareholder or member, or by a director who has not authorized or consented to the act or transfer, in an action against the corporation to enjoin the doing of an act or the transfer of real or personal property by or to the corporation.

(b) In an action by or in the right of the corporation to procure a judgment in its favor against an incumbent or former officer or director of the corporation for loss or damage due to an unauthorized act by that person.

(c) In an action or special proceeding by the attorney general to dissolve the corporation or to enjoin it from the conducting of unauthorized affairs.

History: 1982, Act 162, Eff. Jan. 1, 1983.

450.2275 Agreement to pay rate of interest in excess of legal rate; defense of usury prohibited.

Sec. 275. A domestic corporation or foreign corporation, whether or not formed at the request of a lender or in furtherance of a business enterprise, may by agreement in writing, and not otherwise, agree to pay a rate of interest in excess of the legal rate and is prohibited from asserting the defense of usury in an action on the debt.

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