

SUBSTITUTE FOR
SENATE BILL NO. 123

A bill to amend 1982 PA 162, entitled
"Nonprofit corporation act,"
by amending sections 106, 133, 141, 143, 151, 404, 405, 407, 413,
421, 441, 446, 451, 521, 525, 901, 1103, and 1144 (MCL 450.2106,
450.2133, 450.2141, 450.2143, 450.2151, 450.2404, 450.2405,
450.2407, 450.2413, 450.2421, 450.2441, 450.2446, 450.2451,
450.2521, 450.2525, 450.2901, 450.3103, and 450.3144), sections
1103 and 1144 as added by 1984 PA 209, and by adding section 406a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 106. (1) "Corporation" or "domestic corporation" means a
2 nonprofit corporation.

3 (2) "Director" means an individual who is a member of the
4 board of a corporation. ~~and shall be construed to be~~ **THE TERM IS**
5 synonymous with "trustee" **OF A CORPORATION** or other similar

1 designation.

2 (3) "ELECTRONIC TRANSMISSION" OR "ELECTRONICALLY TRANSMITTED"
3 MEANS ANY FORM OF COMMUNICATION THAT MEETS ALL OF THE FOLLOWING:

4 (A) IT DOES NOT DIRECTLY INVOLVE THE PHYSICAL TRANSMISSION OF
5 PAPER.

6 (B) IT CREATES A RECORD THAT MAY BE RETAINED AND RETRIEVED BY
7 THE RECIPIENT.

8 (C) IT MAY BE DIRECTLY REPRODUCED IN PAPER FORM BY THE
9 RECIPIENT THROUGH AN AUTOMATED PROCESS.

10 Sec. 133. If a document relating to a domestic or foreign
11 corporation filed with the administrator under this act is an
12 inaccurate record of the corporation action referred to in the
13 document or was defectively or erroneously executed, **OR THE**
14 **DOCUMENT WAS ELECTRONICALLY TRANSMITTED AND THE ELECTRONIC**
15 **TRANSMISSION WAS DEFECTIVE,** the document may be corrected by filing
16 with the administrator a certificate of correction on behalf of the
17 corporation. A certificate entitled "certificate of correction of.
18 .. (correct title of document and name of corporation)" shall be
19 signed as provided in this act with respect to the document being
20 corrected and filed with the administrator. The certificate shall
21 set forth the name of the corporation, the date the document to be
22 corrected was filed by the administrator, the provision in the
23 document as corrected or eliminated, and if the execution was
24 defective, the proper execution. The corrected document is
25 effective in its corrected form as of its original filing date
26 except as to a person who relied upon the inaccurate portion of the
27 document and was, as a result of the inaccurate portion of the

1 document, adversely affected by the correction.

2 Sec. 141. When, under this act or the articles of
3 incorporation or bylaws of a corporation or by the terms of an
4 agreement or instrument, a corporation or the board or any
5 committee ~~thereof~~ **OF THE BOARD** may take action after notice to any
6 person or after lapse of a prescribed period of time, the action
7 may be taken without notice and without lapse of the period of
8 time, if at any time before or after the action is completed the
9 person entitled to notice or to participate in the action to be
10 taken or, in case of a shareholder or member, by the shareholder or
11 member's attorney-in-fact, submits a signed waiver ~~of such~~ **OR A**
12 **WAIVER BY ELECTRONIC TRANSMISSION OF THE** requirements.

13 Sec. 143. (1) When a notice or communication is required or
14 permitted by this act to be given by mail, it shall be mailed,
15 except as otherwise provided in this act, to the person to whom it
16 is directed at the address designated by that person for that
17 purpose or, if none is designated, at that person's last known
18 address. The notice or communication is given when deposited, with
19 postage prepaid, in a post office or official depository under the
20 exclusive care and custody of the United States postal service. The
21 mailing shall be registered, certified, or other first class mail
22 except where otherwise provided in this act.

23 (2) **WHEN A NOTICE IS REQUIRED OR PERMITTED BY THIS ACT TO BE**
24 **GIVEN IN WRITING, ELECTRONIC TRANSMISSION IS WRITTEN NOTICE.**

25 (3) **WHEN A NOTICE OR COMMUNICATION IS PERMITTED BY THIS ACT TO**
26 **BE TRANSMITTED ELECTRONICALLY, THE NOTICE OR COMMUNICATION IS GIVEN**
27 **WHEN ELECTRONICALLY TRANSMITTED TO THE PERSON ENTITLED TO THE**

1 **NOTICE OR COMMUNICATION IN A MANNER AUTHORIZED BY THE PERSON.**

2 Sec. 151. (1) If the administrator ~~fails~~**REFUSES TO** promptly
3 ~~to~~ file a document, other than an annual report, submitted for
4 filing under this act, the administrator shall ~~within~~ **within** 10 days
5 after receipt from the person submitting the document for filing of
6 a written request for the filing of the document ~~give~~ **give** written
7 notice of the refusal to file **THE DOCUMENT** to that person,
8 specifying the reasons for the ~~failure~~**REFUSAL** to file the
9 document. ~~From the disapproval the person may seek judicial review~~
10 ~~pursuant to sections 103, 104, and 106 of Act No. 306 of the Public~~
11 ~~Acts of 1969, as amended, being sections 24.303, 24.304, and 24.306~~
12 ~~of the Michigan Compiled Laws.~~ **IF THE DOCUMENT WAS NOT ORIGINALLY**
13 **SUBMITTED BY ELECTRONIC TRANSMISSION, THE ADMINISTRATOR SHALL NOT**
14 **GIVE THE WRITTEN NOTICE BY ELECTRONIC TRANSMISSION. THE PERSON MAY**
15 **SEEK JUDICIAL REVIEW OF THE REFUSAL TO FILE THE DOCUMENT PURSUANT**
16 **TO SECTIONS 103, 104, AND 106 OF THE ADMINISTRATIVE PROCEDURES ACT**
17 **OF 1969, 1969 PA 306, MCL 24.303, 24.304, AND 24.306.**

18 (2) If the administrator refuses or revokes the authorization
19 of a foreign corporation to conduct affairs in this state pursuant
20 to this act, the foreign corporation may seek judicial review
21 pursuant to sections 103, 104, and 106 of ~~Act No. 306 of the Public~~
22 ~~Acts of 1969, as amended~~ **THE ADMINISTRATIVE PROCEDURES ACT OF 1969,**
23 **1969 PA 306, MCL 24.303, 24.304, AND 24.306.**

24 Sec. 404. (1) Except as otherwise provided in this act,
25 ~~written~~ notice of the time, place, **IF ANY**, and purposes of a
26 meeting of shareholders or members shall be given **IN ANY OF THE**
27 **FOLLOWING MANNERS:**

1 (A) **BY WRITTEN NOTICE, GIVEN PERSONALLY, BY MAIL, OR BY**
2 **ELECTRONIC TRANSMISSION**, not less than 10 nor more than 60 days
3 before the date of the meeting ~~, either personally or by mail, to~~
4 each shareholder or member of record entitled to vote at the
5 meeting. ~~, or may be included by being~~

6 (B) **BY INCLUDING THE NOTICE**, prominently displayed, in a
7 newspaper or other periodical regularly published at least
8 semiannually by or in behalf of the corporation and **ADDRESSED AND**
9 **mailed**, ~~at postage rates complying with the regulations of the~~
10 ~~United States postal service addressed~~ **PREPAID**, to a member or
11 shareholder entitled to vote at the meeting not less than 10 nor
12 more than 60 days before the meeting.

13 (2) ~~When~~ **IF** a meeting is adjourned to another time or place,
14 it is not necessary, unless the bylaws otherwise provide, to give
15 notice of the adjourned meeting if the time and place to which the
16 meeting is adjourned are announced at the meeting at which the
17 adjournment is taken. ~~and at~~ **AT** the adjourned meeting, only ~~such~~
18 ~~business is transacted as~~ **THAT** might have been transacted at the
19 original meeting **MAY BE TRANSACTED IF A NOTICE OF THE ADJOURNED**
20 **MEETING IS NOT GIVEN**. ~~However, if~~ **IF** after the adjournment the
21 board fixes a new record date for the adjourned meeting, a notice
22 of the adjourned meeting shall be given to each shareholder or
23 member of record on the new record date entitled to notice under
24 subsection (1).

25 (3) Attendance of a person at a meeting of shareholders or
26 members, in person or by proxy, constitutes a waiver of **OBJECTION**
27 **TO LACK OF NOTICE OR DEFECTIVE** notice of the meeting, ~~except when~~

Senate Bill No. 123 as amended April 18, 2007
 as amended February 14, 2008

1 ~~UNLESS~~ the shareholder or member attends a meeting for the express
 2 purpose of objecting, at the beginning of ~~AT THE BEGINNING OF THE~~
 3 ~~MEETING OBJECTS TO HOLDING~~ the meeting, ~~to the transaction of any~~
 4 ~~OR TRANSACTING~~ business because ~~AT~~ the meeting. ~~is not lawfully~~
 5 ~~called or convened.~~

6 (4) IF A SHAREHOLDER OR MEMBER IS PERMITTED TO PARTICIPATE IN
 7 AND VOTE AT A MEETING BY REMOTE COMMUNICATION UNDER SECTION 405,
 8 THE NOTICE DESCRIBED IN SUBSECTION (1) SHALL INCLUDE A DESCRIPTION
 9 OF THE MEANS OF REMOTE COMMUNICATION BY WHICH A SHAREHOLDER OR
 10 MEMBER MAY PARTICIPATE.

11 Sec. 405. (1) A corporation may provide in its articles of
 12 incorporation or in its bylaws for a shareholder's or member's
 13 participation in a meeting of shareholders or members by a
 14 conference telephone or ~~similar communications equipment~~ **OTHER**
 15 **MEANS OF REMOTE COMMUNICATION** by which all persons participating in
 16 the meeting may hear each other if all participants are advised of
 17 the ~~communications equipment~~ **MEANS OF REMOTE COMMUNICATION IN USE**
 18 and the names of the participants in the ~~conference~~ **MEETING** are
 19 divulged to all participants.

20 (2) Participation in a meeting pursuant to this section
 21 constitutes presence in person at the meeting.

22 (3) UNLESS OTHERWISE RESTRICTED BY **[ANY PROVISIONS OF]** THE ARTICLES
 23 **OF** INCORPORATION OR BYLAWS, THE BOARD OF DIRECTORS MAY HOLD A MEETING
 24 OF SHAREHOLDERS OR MEMBERS CONDUCTED SOLELY BY MEANS OF REMOTE
 25 COMMUNICATION.

26 (4) SUBJECT TO ANY GUIDELINES AND PROCEDURES ADOPTED BY THE
 27 BOARD OF DIRECTORS, SHAREHOLDERS **<<OR>>** MEMBERS NOT PHYSICALLY PRESENT

Senate Bill No. 123 as amended April 18, 2007
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1 AT A MEETING OF SHAREHOLDERS <<OR MEMBERS>> MAY PARTICIPATE IN THE
MEETING BY

2 MEANS OF REMOTE COMMUNICATION AND ARE CONSIDERED PRESENT IN PERSON
3 AND MAY VOTE AT THE MEETING IF ALL OF THE FOLLOWING ARE MET:

4 (A) THE CORPORATION IMPLEMENTS REASONABLE MEASURES TO VERIFY
5 THAT EACH PERSON CONSIDERED PRESENT AND PERMITTED TO VOTE AT THE
6 MEETING BY MEANS OF REMOTE COMMUNICATION IS A SHAREHOLDER OR
7 MEMBER.

8 (B) THE CORPORATION IMPLEMENTS REASONABLE MEASURES TO PROVIDE
9 EACH SHAREHOLDER [OR] MEMBER A REASONABLE OPPORTUNITY TO PARTICIPATE
10 IN THE MEETING AND TO VOTE ON MATTERS SUBMITTED TO THE SHAREHOLDERS
11 OR MEMBERS, INCLUDING AN OPPORTUNITY TO READ OR HEAR THE
12 PROCEEDINGS OF THE MEETING SUBSTANTIALLY CONCURRENTLY WITH THE
13 PROCEEDINGS.

14 (C) IF ANY SHAREHOLDER OR MEMBER VOTES OR TAKES OTHER ACTION
15 AT THE MEETING BY MEANS OF REMOTE COMMUNICATION, A RECORD OF THE
16 VOTE OR OTHER ACTION IS MAINTAINED BY THE CORPORATION.

17 (D) A SHAREHOLDER OR MEMBER MAY BE PRESENT AND VOTE AT AN
18 ADJOURNED MEETING OF THE SHAREHOLDERS OR MEMBERS BY A MEANS OF
19 REMOTE COMMUNICATION IF HE OR SHE WAS PERMITTED TO BE PRESENT AND
20 VOTE BY THAT MEANS OF REMOTE COMMUNICATION IN THE ORIGINAL MEETING
21 NOTICE GIVEN UNDER SECTION 404.

22 SEC. 406A. IN ADDITION TO ANY OTHER FORM OF NOTICE TO A
23 SHAREHOLDER OR MEMBER PERMITTED BY THE ARTICLES OF INCORPORATION,
24 THE BYLAWS, OR THIS CHAPTER, ANY NOTICE GIVEN TO A SHAREHOLDER OR
25 MEMBER BY A FORM OF ELECTRONIC TRANSMISSION TO WHICH THE
26 SHAREHOLDER OR MEMBER HAS CONSENTED IS EFFECTIVE.

27 Sec. 407. (1) The articles of incorporation may provide that

1 any action required or permitted by this act to be taken at an
2 annual or special meeting of shareholders or members may be taken
3 without a meeting, without prior notice, and without a vote, if a
4 ~~consent~~ **CONSENTS** in writing, setting forth the action ~~so~~-taken, ~~is~~
5 **ARE** signed **AND DATED** by the holders of outstanding stock or members
6 having not less than the minimum number of votes that would be
7 necessary to authorize or take the action at a meeting at which all
8 shares or members entitled to vote ~~thereon~~ **ON THE ACTION** were
9 present and voted. Prompt notice of the taking of the corporate
10 action without a meeting by less than unanimous written consent
11 shall be given to shareholders or members who have not consented in
12 writing.

13 (2) If ~~the~~ **AN** action consented to **UNDER THIS SECTION** would
14 have required filing of a certificate under any other section of
15 this act, ~~if such~~ **THE** action had been voted upon by shareholders
16 or members at a meeting ~~thereof~~ **OF THE SHAREHOLDERS OR MEMBERS**, the
17 certificate filed under ~~such~~ **THAT** other section shall state, in
18 lieu of any statement required by that section concerning a vote of
19 shareholders or members, that both written consent and written
20 notice have been given as provided in this section.

21 (3) Any action required or permitted by this act to be taken
22 at an annual or special meeting of shareholders or members may be
23 taken without a meeting, without prior notice, and without a vote,
24 if all the shareholders or members entitled to vote ~~thereon~~ **ON THE**
25 **ACTION** consent ~~thereto~~ **TO THE ACTION** in writing.

26 (4) **AN ELECTRONIC TRANSMISSION CONSENTING TO AN ACTION**
27 **TRANSMITTED BY A SHAREHOLDER OR MEMBER, OR BY A PERSON AUTHORIZED**

1 TO ACT FOR THE SHAREHOLDER OR MEMBER, IS WRITTEN, SIGNED, AND DATED
2 FOR THE PURPOSES OF THIS SECTION IF THE ELECTRONIC TRANSMISSION IS
3 DELIVERED WITH INFORMATION FROM WHICH THE CORPORATION CAN DETERMINE
4 THAT THE ELECTRONIC TRANSMISSION WAS TRANSMITTED BY THE SHAREHOLDER
5 OR MEMBER, OR BY A PERSON AUTHORIZED TO ACT FOR THE SHAREHOLDER OR
6 MEMBER, AND THE DATE ON WHICH THE ELECTRONIC TRANSMISSION WAS
7 TRANSMITTED. THE DATE ON WHICH AN ELECTRONIC TRANSMISSION IS
8 TRANSMITTED IS THE DATE ON WHICH THE CONSENT WAS SIGNED FOR
9 PURPOSES OF THIS SECTION. A CONSENT GIVEN BY ELECTRONIC
10 TRANSMISSION IS NOT DELIVERED UNTIL REPRODUCED IN PAPER FORM AND
11 THE PAPER FORM DELIVERED TO THE CORPORATION BY DELIVERY TO ITS
12 REGISTERED OFFICE IN THIS STATE, ITS PRINCIPAL OFFICE IN THIS
13 STATE, OR AN OFFICER OR AGENT OF THE CORPORATION HAVING CUSTODY OF
14 THE BOOK IN WHICH PROCEEDINGS OF MEETINGS OF SHAREHOLDERS OR
15 MEMBERS ARE RECORDED. DELIVERY TO A CORPORATION'S REGISTERED OFFICE
16 SHALL BE MADE BY HAND OR BY CERTIFIED OR REGISTERED MAIL, RETURN
17 RECEIPT REQUESTED. DELIVERY TO A CORPORATION'S PRINCIPAL OFFICE IN
18 THIS STATE OR TO AN OFFICER OR AGENT OF THE CORPORATION HAVING
19 CUSTODY OF THE BOOK IN WHICH PROCEEDINGS OF MEETINGS OF
20 SHAREHOLDERS OR MEMBERS ARE RECORDED SHALL BE MADE BY HAND, BY
21 CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, OR IN ANY
22 OTHER MANNER PROVIDED IN THE ARTICLES OF INCORPORATION OR BYLAWS OR
23 BY RESOLUTION OF THE BOARD OF THE CORPORATION.

24 Sec. 413. (1) The officer or agent having charge of the
25 shareholder or membership records of a corporation shall make and
26 certify a complete list of the shareholders or members entitled to
27 vote at a shareholders' or members' meeting or any adjournment

1 ~~thereof~~ **ADJOURNED SHAREHOLDERS' OR MEMBERS' MEETING.** The list shall
2 **MEET ALL OF THE FOLLOWING:**

3 (a) Be arranged alphabetically within each class with the
4 address of each member or shareholder and the number of shares held
5 by each shareholder.

6 (b) Be produced at the time and place of the meeting.

7 (c) Be ~~subject~~ **OPEN** to ~~inspection~~ **EXAMINATION** by any
8 shareholder or member during the ~~whole time of the~~ **ENTIRE** meeting.
9 **IF THE MEETING IS HELD SOLELY BY MEANS OF REMOTE COMMUNICATION,**
10 **THEN THE LIST SHALL BE OPEN TO THE EXAMINATION OF ANY SHAREHOLDER**
11 **OR MEMBER DURING THE ENTIRE MEETING BY POSTING THE LIST ON A**
12 **REASONABLY ACCESSIBLE ELECTRONIC NETWORK, AND THE INFORMATION**
13 **REQUIRED TO ACCESS THE LIST SHALL BE PROVIDED WITH THE NOTICE OF**
14 **THE MEETING.**

15 (d) Be prima facie evidence as to who are the shareholders or
16 members entitled to examine the list or to vote at the meeting.

17 (2) If the requirements of this section have not been complied
18 with, ~~on demand of~~ **AND** a shareholder or member **PRESENT** in person or
19 by proxy, ~~who~~ in good faith challenges the existence of sufficient
20 votes to carry any action at the meeting, the meeting shall be
21 adjourned until the requirements are complied with. Failure to
22 comply with the requirements of this section does not affect the
23 validity of an action taken at the meeting before the making of
24 ~~such a demand~~ **CHALLENGE UNDER THIS SUBSECTION.**

25 Sec. 421. (1) Except as otherwise provided in the articles of
26 incorporation or in a bylaw adopted by the shareholders or members,
27 a shareholder or member entitled to vote at a meeting of

1 shareholders or members or to express consent or dissent without a
2 meeting may authorize other persons to act for the shareholder or
3 member by proxy.

4 (2) A proxy shall be signed by the shareholder or member or an
5 authorized agent or representative. A proxy is not valid after the
6 expiration of 3 years from its date unless otherwise provided in
7 the proxy.

8 (3) A proxy is revocable at the pleasure of the shareholder or
9 member executing it, except as otherwise provided in this section
10 and sections 422 and 423.

11 (4) The authority of the holder of a proxy to act is not
12 revoked by the incompetence or death of the shareholder or member
13 who executed the proxy unless, before the authority is exercised,
14 written notice of an adjudication of the incompetence or death is
15 received by the corporate officer responsible for maintaining the
16 list of shareholders or members.

17 (5) WITHOUT LIMITING THE MANNER IN WHICH A SHAREHOLDER OR
18 MEMBER MAY AUTHORIZE ANOTHER PERSON OR PERSONS TO ACT FOR HIM OR
19 HER AS PROXY UNDER SUBSECTION (1), EACH OF THE FOLLOWING METHODS
20 CONSTITUTE A VALID MEANS BY WHICH A SHAREHOLDER OR MEMBER MAY GRANT
21 AUTHORITY TO ANOTHER PERSON TO ACT AS PROXY:

22 (A) DELIVERING A WRITING TO THE PERSON AUTHORIZING THAT PERSON
23 TO ACT FOR THE SHAREHOLDER OR MEMBER AS PROXY, EXECUTED BY THE
24 SHAREHOLDER OR MEMBER, OR BY AN AUTHORIZED OFFICER, DIRECTOR,
25 EMPLOYEE, OR AGENT OF THE SHAREHOLDER OR MEMBER, BY SIGNING THE
26 WRITING OR CAUSING HIS OR HER SIGNATURE TO BE AFFIXED TO THE
27 WRITING BY ANY REASONABLE MEANS, INCLUDING, BUT NOT LIMITED TO,

1 FACSIMILE SIGNATURE.

2 (B) TRANSMITTING OR AUTHORIZING THE TRANSMISSION OF A
3 TELEGRAM, CABLEGRAM, OR OTHER MEANS OF ELECTRONIC TRANSMISSION TO
4 THE PERSON WHO WILL HOLD THE PROXY OR TO A PROXY SOLICITATION FIRM,
5 PROXY SUPPORT SERVICE ORGANIZATION, OR SIMILAR AGENT FULLY
6 AUTHORIZED BY THE PERSON WHO WILL HOLD THE PROXY TO RECEIVE THAT
7 TRANSMISSION. ANY TELEGRAM, CABLEGRAM, OR OTHER MEANS OF ELECTRONIC
8 TRANSMISSION MUST EITHER SET FORTH OR BE SUBMITTED WITH INFORMATION
9 FROM WHICH IT CAN BE DETERMINED THAT THE TELEGRAM, CABLEGRAM, OR
10 OTHER ELECTRONIC TRANSMISSION WAS AUTHORIZED BY THE SHAREHOLDER OR
11 MEMBER. IF A TELEGRAM, CABLEGRAM, OR OTHER ELECTRONIC TRANSMISSION
12 IS DETERMINED TO BE VALID, THE INSPECTORS OR, IF THERE ARE NO
13 INSPECTORS, THE PERSONS MAKING THE DETERMINATION SHALL SPECIFY THE
14 INFORMATION UPON WHICH THEY RELIED.

15 (6) A COPY, FACSIMILE TELECOMMUNICATION, OR OTHER RELIABLE
16 REPRODUCTION OF THE WRITING OR TRANSMISSION CREATED UNDER
17 SUBSECTION (5) MAY BE SUBSTITUTED OR USED IN LIEU OF THE ORIGINAL
18 WRITING OR TRANSMISSION FOR ANY PURPOSE FOR WHICH THE ORIGINAL
19 WRITING OR TRANSMISSION COULD BE USED, IF THE COPY, FACSIMILE
20 TELECOMMUNICATION, OR OTHER REPRODUCTION IS A COMPLETE REPRODUCTION
21 OF THE ENTIRE ORIGINAL WRITING OR TRANSMISSION.

22 Sec. 441. (1) Each outstanding share or member is entitled to
23 1 vote on each matter submitted to a vote, unless otherwise
24 provided pursuant to section 303 or 304. A vote may be cast either
25 orally or in writing, unless otherwise provided in the bylaws. IN
26 ADDITION, THE BYLAWS MAY PROVIDE FOR VOTING BY ELECTRONIC
27 TRANSMISSION.

1 (2) When an action, other than the election of directors, is
2 to be taken by vote of the shareholders or members, it shall be
3 authorized by a majority of the votes cast by the holders of shares
4 or members entitled to vote ~~thereon~~ **ON THAT ACTION**, unless a
5 greater plurality is required by the articles of incorporation or
6 another section of this act. Except as otherwise provided by the
7 articles, directors shall be elected by a plurality of the votes
8 cast at an election.

9 Sec. 446. The vote of shares or a membership held by 2 or more
10 persons as joint tenants or as tenants in common may be cast or
11 voted at a meeting of shareholders or members by any of ~~such~~ **THOSE**
12 persons, unless another joint tenant or tenant in common seeks to
13 vote in person or by proxy. In the latter event, the written
14 agreement, if any, which governs the manner in which the shares or
15 membership shall be voted, controls if presented at the meeting,
16 **EITHER PHYSICALLY OR BY MEANS OF ELECTRONIC TRANSMISSION**. If ~~no~~
17 ~~such~~ **THE** agreement is **NOT** presented at the meeting, the majority in
18 interest of the joint ~~tenant~~ **TENANTS** or tenants in common present
19 shall control the manner of voting. In the case of a stock
20 corporation, if there is no ~~such~~ majority **IN INTEREST OF THE JOINT**
21 **TENANTS OR TENANTS IN COMMON PRESENT**, the shares, for the purpose
22 of voting, shall be divided among ~~such~~ **THOSE** joint tenants or
23 tenants in common in accordance with their interest in the shares.

24 Sec. 451. The articles of incorporation may provide that a
25 shareholder or member entitled to vote at an election for directors
26 may vote, in person, ~~or~~ by proxy, **OR BY ELECTRONIC TRANSMISSION**,
27 for as many persons as there are directors to be elected and for

1 whose election the shareholder or member has a right to vote, or to
2 cumulate votes by giving 1 candidate as many votes as the number of
3 ~~such~~**THOSE** directors multiplied by the number of shares held by the
4 shareholder or member, or by distributing the votes of the
5 shareholder or member on the same principle among any number of the
6 candidates.

7 Sec. 521. (1) Regular or special meetings of a board may be
8 held either ~~within or without~~**IN OR OUTSIDE OF** this state.

9 (2) A regular meeting may be held with or without notice as
10 prescribed in the bylaws. A special meeting shall be held upon
11 notice as prescribed in the bylaws. Attendance of a director at a
12 meeting constitutes a waiver of notice of the meeting, except where
13 a director attends a meeting for the express purpose of objecting
14 to the transaction of any business because the meeting is not
15 lawfully called or convened. Neither the business to be transacted
16 at, nor the purpose of, a regular or special meeting need be
17 specified in the notice or waiver of notice of the meeting unless
18 required by the bylaws.

19 (3) Unless otherwise restricted by the articles of
20 incorporation or bylaws, a member of the board or of a committee
21 designated by the board may participate in a meeting by means of
22 conference telephone or ~~similar communications equipment~~**OTHER**
23 **MEANS OF REMOTE COMMUNICATION** by ~~means of~~ which all persons
24 participating in the meeting can ~~hear~~**COMMUNICATE WITH** each other.
25 Participation in a meeting pursuant to this subsection constitutes
26 presence in person at the meeting.

27 Sec. 525. Unless ~~otherwise provided~~**PROHIBITED** by the articles

1 of incorporation or bylaws, action required or permitted to be
2 taken ~~pursuant to~~ **UNDER** authorization voted at a meeting of the
3 board or a committee ~~thereof~~ **OF THE BOARD** may be taken without a
4 meeting if, before or after the action, all members of the board
5 **THEN IN OFFICE** or of the committee consent ~~thereto~~ **TO THE ACTION** in
6 writing **OR BY ELECTRONIC TRANSMISSION**. The written consents shall
7 be filed with the minutes of the proceedings of the board or
8 committee. The consent has the same effect as a vote of the board
9 or committee for all purposes.

10 Sec. 901. (1) Each domestic corporation at least once in each
11 year shall cause a report of the corporation for the preceding
12 fiscal year to be made and distributed to each shareholder or
13 member thereof or presented at the annual meeting of shareholders
14 or members, or, if the corporation is organized upon a directorship
15 basis, at the annual meeting of the board. The report shall include
16 the corporation's year-end statement of assets and liabilities,
17 including trust funds, and the principal change in assets and
18 liabilities during the year preceding the date of the report and,
19 if prepared by the corporation, its source and application of funds
20 and **ANY** other ~~such~~ information ~~as may be~~ required by this act.

21 **(2) A CORPORATION MAY DISTRIBUTE THE FINANCIAL REPORT REQUIRED**
22 **UNDER SUBSECTION (1) ELECTRONICALLY, EITHER BY ELECTRONIC**
23 **TRANSMISSION OF THE REPORT OR BY MAKING THE REPORT AVAILABLE FOR**
24 **ELECTRONIC TRANSMISSION. IF THE REPORT IS DISTRIBUTED**
25 **ELECTRONICALLY UNDER THIS SUBSECTION, THE CORPORATION SHALL PROVIDE**
26 **THE REPORT IN WRITTEN FORM TO A SHAREHOLDER OR MEMBER ON REQUEST.**

27 Sec. 1103. (1) "Consumer" means a natural person who acquires,

1 or commits to acquire in the future from the cooperative primarily
2 for consumption, use, or occupancy by the person or the person's
3 family, any of the goods, services, or facilities furnished by the
4 cooperative.

5 (2) "Consumer cooperative" means a cooperative the majority of
6 the votes of which are held by consumers, or, in the case of a
7 cooperative which provides residential dwelling units, the majority
8 of the votes of which are held by consumers and the majority of
9 members of which do not have the right of possession or occupancy
10 of dwelling units they do not occupy.

11 (3) "Cooperative" means a corporation organized on a
12 cooperative basis or similar basis ~~which~~**THAT** is provided in law as
13 a criterion for being a cooperative.

14 (4) "Cooperative basis" means:

15 (a) That, **SUBJECT TO SECTION 1133**, each member has 1 vote,
16 except as provided in this chapter. ~~or, subject to section 1133.~~

17 (b) That the dividends, if any, paid on member capital do not
18 exceed 8% per year.

19 (c) That the net savings are distributed as provided in
20 section 1135.

21 (d) That business is engaged in for the mutual benefit of its
22 members.

23 (5) **"ELECTRONIC TRANSMISSION" OR "ELECTRONICALLY TRANSMITTED"**
24 **MEANS ANY FORM OF COMMUNICATION THAT MEETS ALL OF THE FOLLOWING:**

25 (A) **IT DOES NOT DIRECTLY INVOLVE THE PHYSICAL TRANSMISSION OF**
26 **PAPER.**

27 (B) **IT CREATES A RECORD THAT MAY BE RETAINED AND RETRIEVED BY**

1 THE RECIPIENT.

2 (C) IT MAY BE DIRECTLY REPRODUCED IN PAPER FORM BY THE
3 RECIPIENT THROUGH AN AUTOMATED PROCESS.

4 (6) ~~(5)~~ "Foreign cooperative" means a corporation organized
5 under laws other than the laws of this state operating on a
6 cooperative basis or a similar basis ~~which~~ **THAT** is provided in ~~such~~
7 **THOSE** other laws as a criterion for being a cooperative.

8 Sec. 1144. (1) Notwithstanding section 421, there shall be no
9 proxies unless the articles **OF INCORPORATION** or bylaws ~~so provide,~~
10 ~~in which case no~~ **AUTHORIZE USE OF PROXIES. IF THE ARTICLES OF**
11 **INCORPORATION OR BYLAWS AUTHORIZE USE OF PROXIES, AN INDIVIDUAL MAY**
12 **NOT VOTE** more than 5 proxies ~~may be voted by any 1 person at any~~
13 meeting.

14 (2) The articles or bylaws may provide a method by which
15 members may vote on matters submitted to a vote of members by mail
16 ballot, ~~or~~ referendum, **OR ELECTRONIC TRANSMISSION.**