

HOUSE BILL No. 5681

January 31, 2008, Introduced by Reps. Tobocman and Huizenga and referred to the Committee on Commerce.

A bill to amend 1982 PA 162, entitled "Nonprofit corporation act," by amending sections 106, 141, 143, 404, 405, 407, 413, 421, 441, 446, 451, 505, 521, 525, 548, 611, 901, 1103, and 1144 (MCL 450.2106, 450.2141, 450.2143, 450.2404, 450.2405, 450.2407, 450.2413, 450.2421, 450.2441, 450.2446, 450.2451, 450.2505, 450.2521, 450.2525, 450.2548, 450.2611, 450.2901, 450.3103, and 450.3144), section 611 as amended and sections 1103 and 1144 as added by 1984 PA 209, and by adding section 404a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 106. (1) "CHARITABLE PURPOSE CORPORATION" MEANS A
2 DOMESTIC CORPORATION THAT IS EXEMPT, OR QUALIFIES FOR EXEMPTION,
3 UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE, 26 USC 501,

1 OR A CORPORATION WHOSE PURPOSES, STRUCTURE, OR ACTIVITIES ARE
2 EXCLUSIVELY THOSE THAT ARE DESCRIBED IN SECTION 501(C) (3) OF THE
3 INTERNAL REVENUE CODE, 26 USC 501. THE TERM DOES NOT INCLUDE ANY OF
4 THE FOLLOWING:

5 (A) A FEDERAL, STATE, OR LOCAL UNIT OF GOVERNMENT OR A
6 SUBDIVISION, AGENCY, OR INSTRUMENTALITY OF FEDERAL, STATE, OR LOCAL
7 GOVERNMENT.

8 (B) A RELIGIOUS ORGANIZATION.

9 (2) ~~(1)~~-"Corporation" or "domestic corporation" means a
10 nonprofit corporation.

11 (3) ~~(2)~~-"Director" means an individual who is a member of the
12 board of a corporation. ~~, and shall be construed to be~~ **THE TERM IS**
13 synonymous with "trustee" **OF A CORPORATION** or other similar
14 designation.

15 (4) **"ELECTRONIC TRANSMISSION" OR "ELECTRONICALLY TRANSMITTED"**
16 **MEANS ANY FORM OF COMMUNICATION THAT MEETS ALL OF THE FOLLOWING:**

17 (A) IT DOES NOT DIRECTLY INVOLVE THE PHYSICAL TRANSMISSION OF
18 PAPER.

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

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

23 Sec. 141. When, under this act or the articles of
24 incorporation or bylaws of a corporation or by the terms of an
25 agreement or instrument, a corporation or the board or any
26 committee ~~thereof~~ **OF THE BOARD** may take action after notice to any
27 person or after lapse of a prescribed period of time, the action

1 may be taken without notice and without lapse of the period of
2 time, if at any time before or after the action is completed the
3 person entitled to notice or to participate in the action to be
4 taken or, in case of a shareholder or member, by the shareholder or
5 member's attorney-in-fact, submits a signed waiver ~~of such~~ **OR A**
6 **WAIVER BY ELECTRONIC TRANSMISSION OF THE** requirements.

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

17 **(2) IF A NOTICE IS REQUIRED OR PERMITTED BY THIS ACT TO BE**
18 **GIVEN IN WRITING, ELECTRONIC TRANSMISSION IS WRITTEN NOTICE.**

19 **(3) IF A NOTICE OR COMMUNICATION IS PERMITTED BY THIS ACT TO**
20 **BE TRANSMITTED ELECTRONICALLY, THE NOTICE OR COMMUNICATION IS GIVEN**
21 **WHEN ELECTRONICALLY TRANSMITTED TO THE PERSON ENTITLED TO THE**
22 **NOTICE OR COMMUNICATION IN A MANNER AUTHORIZED BY THE PERSON.**

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

27 **(A) BY WRITTEN NOTICE, GIVEN PERSONALLY, BY MAIL, OR BY**

1 **ELECTRONIC TRANSMISSION**, not less than 10 nor more than 60 days
2 before the date of the meeting ~~, either personally or by mail,~~ to
3 each shareholder or member of record entitled to vote at the
4 meeting. ~~, or may be included by being~~

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

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

23 **(3) IF A MEETING OF SHAREHOLDERS OR DIRECTORS IS ADJOURNED**
24 **UNDER SUBSECTION (2), ONLY BUSINESS THAT MIGHT HAVE BEEN TRANSACTED**
25 **AT THE ORIGINAL MEETING MAY BE TRANSACTED AT THE ADJOURNED MEETING.**

26 ~~(4) (3)~~ Attendance of a person at a meeting of shareholders or
27 members, in person or by proxy, constitutes a waiver of **OBJECTION**

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

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

12 SEC. 404A. IN ADDITION TO ANY OTHER FORM OF NOTICE TO A
13 SHAREHOLDER OR MEMBER PERMITTED BY THE ARTICLES OF INCORPORATION,
14 THE BYLAWS, OR THIS CHAPTER, ANY NOTICE GIVEN TO A SHAREHOLDER OR
15 MEMBER BY A FORM OF ELECTRONIC TRANSMISSION TO WHICH THE
16 SHAREHOLDER OR MEMBER HAS CONSENTED IS EFFECTIVE.

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

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

1 (3) UNLESS OTHERWISE RESTRICTED BY THE ARTICLES OF
2 INCORPORATION OR BYLAWS, THE BOARD OF DIRECTORS MAY HOLD A MEETING
3 OF SHAREHOLDERS OR MEMBERS CONDUCTED SOLELY BY MEANS OF REMOTE
4 COMMUNICATION.

5 (4) SUBJECT TO ANY GUIDELINES AND PROCEDURES ADOPTED BY THE
6 BOARD OF DIRECTORS, SHAREHOLDERS OR MEMBERS NOT PHYSICALLY PRESENT
7 AT A MEETING OF SHAREHOLDERS OR MEMBERS MAY PARTICIPATE IN THE
8 MEETING BY MEANS OF REMOTE COMMUNICATION AND ARE CONSIDERED PRESENT
9 IN PERSON AND MAY VOTE AT THE MEETING IF ALL OF THE FOLLOWING ARE
10 MET:

11 (A) THE CORPORATION IMPLEMENTS REASONABLE MEASURES TO VERIFY
12 THAT EACH PERSON CONSIDERED PRESENT AND PERMITTED TO VOTE AT THE
13 MEETING BY MEANS OF REMOTE COMMUNICATION IS A SHAREHOLDER OR
14 MEMBER.

15 (B) THE CORPORATION IMPLEMENTS REASONABLE MEASURES TO PROVIDE
16 EACH SHAREHOLDER AND MEMBER A REASONABLE OPPORTUNITY TO PARTICIPATE
17 IN THE MEETING AND TO VOTE ON MATTERS SUBMITTED TO THE SHAREHOLDERS
18 OR MEMBERS, INCLUDING, BUT NOT LIMITED TO, AN OPPORTUNITY TO READ
19 OR HEAR THE PROCEEDINGS OF THE MEETING SUBSTANTIALLY CONCURRENTLY
20 WITH THE PROCEEDINGS.

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

24 (5) A SHAREHOLDER OR MEMBER MAY BE PRESENT AND VOTE AT AN
25 ADJOURNED MEETING OF THE SHAREHOLDERS OR MEMBERS BY A MEANS OF
26 REMOTE COMMUNICATION IF HE OR SHE WAS PERMITTED TO BE PRESENT AND
27 VOTE BY THAT MEANS OF REMOTE COMMUNICATION IN THE ORIGINAL MEETING

1 **NOTICE GIVEN UNDER SECTION 404.**

2 Sec. 407. (1) The articles of incorporation may provide that
3 any action required or permitted by this act to be taken at an
4 annual or special meeting of shareholders or members may be taken
5 without a meeting, without prior notice, and without a vote, if a
6 ~~consent~~**CONSENTS** in writing, setting forth the action ~~so~~-taken, ~~is~~
7 **ARE** signed **AND DATED** by the holders of outstanding stock or members
8 having not less than the minimum number of votes that would be
9 necessary to authorize or take the action at a meeting at which all
10 shares or members entitled to vote ~~thereon~~**ON THE ACTION** were
11 present and voted. Prompt notice of the taking of the corporate
12 action without a meeting by less than unanimous written consent
13 shall be given to shareholders or members who have not consented in
14 writing.

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

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

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

26 Sec. 413. (1) The officer or agent having charge of the
27 shareholder or membership records of a corporation shall make and

1 certify a complete list of the shareholders or members entitled to
2 vote at a shareholders' or members' meeting or any ~~adjournment~~
3 ~~thereof~~ **ADJOURNED SHAREHOLDERS' OR MEMBERS' MEETING**. The list shall
4 **MEET ALL OF THE FOLLOWING:**

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

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

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

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

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

27 Sec. 421. (1) Except as otherwise provided in the articles of

1 incorporation or in a bylaw adopted by the shareholders or members,
2 a shareholder or member entitled to vote at a meeting of
3 shareholders or members or to express consent or dissent without a
4 meeting may authorize other persons to act for the shareholder or
5 member by proxy.

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

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

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

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

24 (A) **DELIVERING A WRITING TO THE PERSON AUTHORIZING THAT PERSON**
25 **TO ACT FOR THE SHAREHOLDER OR MEMBER AS PROXY, EXECUTED BY THE**
26 **SHAREHOLDER OR MEMBER, OR BY AN AUTHORIZED OFFICER, DIRECTOR,**
27 **EMPLOYEE, OR AGENT OF THE SHAREHOLDER OR MEMBER, BY SIGNING THE**

1 WRITING OR CAUSING HIS OR HER SIGNATURE TO BE AFFIXED TO THE
2 WRITING BY ANY REASONABLE MEANS, INCLUDING, BUT NOT LIMITED TO,
3 FACSIMILE SIGNATURE.

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

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

24 Sec. 441. (1) Each outstanding share or member is entitled to
25 1 vote on each matter submitted to a vote, unless otherwise
26 provided pursuant to section 303 or 304. A vote may be cast either
27 orally or in writing, unless otherwise provided in the bylaws. **IN**

1 **ADDITION, THE BYLAWS MAY PROVIDE FOR VOTING BY ELECTRONIC**
2 **TRANSMISSION.**

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

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

26 Sec. 451. The articles of incorporation may provide that a
27 shareholder or member entitled to vote at an election for directors

1 may vote, in person, ~~or~~ by proxy, **OR BY ELECTRONIC TRANSMISSION,**
2 for as many persons as there are directors to be elected and for
3 whose election the shareholder or member has a right to vote, or to
4 cumulate votes by giving 1 candidate as many votes as the number of
5 ~~such~~ **THOSE** directors multiplied by the number of shares held by the
6 shareholder or member, or by distributing the votes of the
7 shareholder or member on the same principle among any number of the
8 candidates.

9 Sec. 505. (1) The board shall consist of ~~1-3~~ or more
10 directors. The **BYLAWS SHALL FIX THE** number of directors ~~shall be~~
11 ~~fixed by or in the manner provided in the bylaws~~ **OR ESTABLISH THE**
12 **MANNER FOR FIXING THE NUMBER**, unless the articles of incorporation
13 fix the number.

14 (2) The articles **OF INCORPORATION** or a bylaw adopted by the
15 shareholders, ~~or~~ members, **OR INCORPORATORS** of a corporation
16 organized ~~upon~~ **ON** a stock or membership basis may specify the term
17 of office and the manner of election or appointment of directors.
18 If the articles of incorporation or bylaws do not so specify the
19 term of office or manner of election or appointment of directors,
20 the first board of directors shall hold office until the first
21 annual meeting of shareholders or members. ~~, and at~~ **AT** the first
22 annual meeting of shareholders or members and at each **SUBSEQUENT**
23 annual meeting ~~thereafter~~ the shareholders or members shall elect
24 directors to hold office until the succeeding annual meeting,
25 except in case of the classification of directors ~~as permitted by~~
26 **UNDER** this act.

27 (3) The articles **OF INCORPORATION** or a bylaw of a corporation

1 organized ~~upon~~ **ON** a directorship basis shall specify the term of
2 office and the manner of election or appointment of directors.

3 (4) A director shall hold office for the term for which ~~the~~
4 ~~director~~ **HE OR SHE** is elected or appointed and until a ~~his or her~~
5 successor is elected or appointed and qualified, or until ~~the~~ **HIS**
6 **OR HER** resignation or removal. A director may resign by written
7 notice to the corporation. ~~The~~ **A** resignation **OF A DIRECTOR** is
8 effective ~~upon its receipt~~ **WHEN IT IS RECEIVED** by the corporation
9 or a ~~subsequent~~ **LATER** time as ~~if~~ set forth in the notice of
10 resignation.

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

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

23 (3) Unless otherwise restricted by the articles of
24 incorporation or bylaws, a member of the board or of a committee
25 designated by the board may participate in a meeting by means of
26 conference telephone or ~~similar communications equipment~~ **OTHER**
27 **MEANS OF REMOTE COMMUNICATION** by ~~means of~~ which all persons

1 participating in the meeting can ~~hear~~ **COMMUNICATE WITH** each other.
2 Participation in a meeting pursuant to this subsection constitutes
3 presence in person at the meeting.

4 Sec. 525. Unless ~~otherwise provided~~ **PROHIBITED** by the articles
5 of incorporation or bylaws, action required or permitted to be
6 taken ~~pursuant to~~ **UNDER** authorization voted at a meeting of the
7 board or a committee ~~thereof~~ **OF THE BOARD** may be taken without a
8 meeting if, before or after the action, all members of the board
9 **THEN IN OFFICE** or of the committee consent ~~thereto~~ **TO THE ACTION** in
10 writing **OR BY ELECTRONIC TRANSMISSION**. The written consents shall
11 be filed with the minutes of the proceedings of the board or
12 committee. The consent has the same effect as a vote of the board
13 or committee for all purposes.

14 Sec. 548. (1) ~~Unless~~ **EXCEPT AS PROVIDED IN SUBSECTION (4) AND**
15 **UNLESS** otherwise prohibited by law, a corporation may lend money
16 to, or guarantee an obligation of, or otherwise assist an officer
17 or employee of the corporation or ~~of its~~ **A** subsidiary, including an
18 officer or employee who is a director of the corporation or ~~its~~
19 subsidiary, ~~when,~~ **IF** in the judgment of the board, the loan,
20 guaranty, or assistance ~~may~~ **IS** reasonably ~~be~~ expected to benefit
21 the corporation. The

22 (2) **A** loan, guaranty, or assistance **DESCRIBED IN SUBSECTION**
23 (1) may be with or without interest, and may be unsecured, or
24 secured in ~~such~~ **A** manner ~~as~~ **THAT** the board approves. ~~Nothing in~~
25 ~~this section shall be deemed to~~

26 (3) **THIS SECTION DOES NOT** deny, limit, or restrict the powers
27 of guaranty or warranty of a corporation at common law or under any

1 statute.

2 (4) IF A CORPORATION IS A CHARITABLE PURPOSE CORPORATION, THE
3 CORPORATION SHALL NOT PROVIDE LOANS TO OR GUARANTEE AN OBLIGATION
4 OF AN OFFICER OR DIRECTOR OF THE CORPORATION OR A SUBSIDIARY OF A
5 CORPORATION, UNLESS THE OFFICER OR DIRECTOR IS ALSO A CLIENT OF THE
6 CORPORATION AND THE LOAN OR GUARANTY IS NECESSARY TO CARRY OUT THE
7 CORPORATION'S CHARITABLE PURPOSES.

8 Sec. 611. (1) Before the first meeting of the board, the
9 incorporators may amend the articles of incorporation by ~~complying~~
10 ~~with section 631(1)~~ **UNANIMOUS CONSENT OF THE INCORPORATORS.**

11 ~~(2) Other amendments of the articles of incorporation, except~~
12 ~~as otherwise provided in this act, shall be approved by the~~
13 ~~shareholders or members entitled to vote thereon. In the case of a~~
14 ~~corporation organized upon a directorship basis, such amendments~~
15 ~~shall be approved by the directors, as provided in this section,~~
16 ~~except as otherwise provided in this act or the articles of~~
17 ~~incorporation.~~ **EXCEPT FOR AN AMENDMENT DESCRIBED IN SUBSECTION (1)**
18 **AND EXCEPT AS OTHERWISE PROVIDED IN THIS ACT, A CORPORATION MUST**
19 **APPROVE ANY AMENDMENT TO THE ARTICLES OF INCORPORATION IN 1 OF THE**
20 **FOLLOWING MANNERS AS PROVIDED IN THIS SECTION:**

21 (A) IF THE CORPORATION IS ORGANIZED ON A MEMBERSHIP BASIS, BY
22 A VOTE OF THE MEMBERS ENTITLED TO VOTE ON THE AMENDMENT.

23 (B) IF THE CORPORATION IS ORGANIZED ON A STOCK BASIS, BY A
24 VOTE OF THE SHAREHOLDERS ENTITLED TO VOTE ON THE AMENDMENT.

25 (C) IF THE CORPORATION IS ORGANIZED ON A DIRECTORSHIP BASIS,
26 UNLESS THE ARTICLES OF INCORPORATION SPECIFY A DIFFERENT MANNER, BY
27 A VOTE OF THE DIRECTORS.

1 ~~(3) Notice of a meeting, setting forth the proposed amendment~~
 2 ~~or a summary of the changes to be effected thereby shall be given~~
 3 ~~to each shareholder or member of record or director entitled to~~
 4 ~~vote thereon~~ **A CORPORATION SHALL GIVE NOTICE OF A MEETING TO**
 5 **CONSIDER AN AMENDMENT TO THE ARTICLES OF INCORPORATION TO EACH**
 6 **MEMBER, SHAREHOLDER, OR DIRECTOR ENTITLED TO VOTE ON THE AMENDMENT,**
 7 **AS APPLICABLE. THE NOTICE SHALL CONTAIN THE PROPOSED AMENDMENT OR A**
 8 **SUMMARY OF THE CHANGES THAT WILL OCCUR IF THE AMENDMENT IS**
 9 **APPROVED. THE CORPORATION SHALL PROVIDE THE NOTICE** within the time
 10 and in the manner provided in this act for ~~the giving of~~ notice of
 11 meetings of shareholders, members, or directors, ~~provided~~ **EXCEPT**
 12 that **THE CORPORATION SHALL GIVE** notice of the meeting ~~is given to~~
 13 each director then in office not less than 10 days before the
 14 meeting.

15 ~~(4) At the~~ **A meeting TO CONSIDER AN AMENDMENT TO THE ARTICLES**
 16 **OF INCORPORATION,** a vote of shareholders, members, or directors
 17 entitled to vote ~~thereon~~ shall be taken on the proposed amendment.
 18 The proposed amendment ~~shall be adopted upon receiving~~ **IS APPROVED**
 19 **IF IT RECEIVES** the affirmative vote of a majority of the
 20 outstanding shares or members entitled to vote ~~thereon~~ **ON THE**
 21 **PROPOSED AMENDMENT** or a majority of the directors then in office. ~~7~~
 22 ~~and in addition, if~~ **IF** any class of shares or members is entitled
 23 to vote ~~thereon~~ **ON THE PROPOSED AMENDMENT** as a class, the
 24 affirmative vote of a majority of the outstanding shares or members
 25 of each ~~such~~ **THAT** class **IS ALSO REQUIRED TO APPROVE THE AMENDMENT.**
 26 The voting requirements of this section are subject to greater
 27 requirements as prescribed by this act for specific amendments, or

1 as ~~may be provided by~~ **IN** the articles of incorporation or bylaws.
2 In addition, unless a greater vote is required in the articles of
3 incorporation, or in a bylaw adopted by the shareholders, ~~or~~
4 members, **OR DIRECTORS**, the proposed amendment ~~shall be adopted upon~~
5 ~~receiving~~ **IS APPROVED IF IT RECEIVES** an affirmative vote of a
6 majority of members or shares of shareholders present in person, ~~or~~
7 by proxy, **OR BY ELECTRONIC TRANSMISSION** at ~~such~~ **THE** meeting if due
8 notice of the time, place, and object of the meeting was given by
9 mail, at **THE** last known address, to each shareholder, ~~or~~ member, **OR**
10 **DIRECTOR** entitled to vote ~~thereon~~ at least 20 days ~~prior to~~ **BEFORE**
11 the date of the meeting or by publication in a publication
12 distributed by the corporation to its shareholders or members at
13 least 20 days ~~prior to~~ **BEFORE** the date of the meeting.

14 (5) ~~Any~~ **THE SHAREHOLDERS, MEMBERS, OR DIRECTORS MAY ACT ON ANY**
15 number of amendments ~~may be acted upon~~ at 1 meeting.

16 (6) ~~Upon adoption,~~ **IF AN AMENDMENT TO THE ARTICLES OF**
17 **INCORPORATION IS ADOPTED, THE CORPORATION SHALL FILE** a certificate
18 of amendment ~~shall be filed~~ as provided in section 631.

19 Sec. 901. (1) Each domestic corporation at least once in each
20 year shall cause a report of the corporation for the preceding
21 fiscal year to be made and distributed to each shareholder or
22 member thereof or presented at the annual meeting of shareholders
23 or members, or, if the corporation is organized upon a directorship
24 basis, at the annual meeting of the board. The report shall include
25 the corporation's year-end statement of assets and liabilities,
26 including trust funds, and the principal change in assets and
27 liabilities during the year preceding the date of the report and,

1 if prepared by the corporation, its source and application of funds
2 and **ANY** other ~~such information as may be required~~ by this act.

3 (2) **A CORPORATION MAY DISTRIBUTE THE FINANCIAL REPORT REQUIRED**
4 **UNDER SUBSECTION (1) ELECTRONICALLY, EITHER BY ELECTRONIC**
5 **TRANSMISSION OF THE REPORT OR BY MAKING THE REPORT AVAILABLE FOR**
6 **ELECTRONIC TRANSMISSION. IF THE REPORT IS DISTRIBUTED**
7 **ELECTRONICALLY UNDER THIS SUBSECTION, THE CORPORATION SHALL PROVIDE**
8 **THE REPORT IN WRITTEN FORM TO A SHAREHOLDER, MEMBER, OR DIRECTOR ON**
9 **REQUEST.**

10 Sec. 1103. (1) "Consumer" means a natural person who acquires,
11 or commits to acquire in the future from the cooperative primarily
12 for consumption, use, or occupancy by the person or the person's
13 family, any of the goods, services, or facilities furnished by the
14 cooperative.

15 (2) "Consumer cooperative" means a cooperative the majority of
16 the votes of which are held by consumers, or, in the case of a
17 cooperative which provides residential dwelling units, the majority
18 of the votes of which are held by consumers and the majority of
19 members of which do not have the right of possession or occupancy
20 of dwelling units they do not occupy.

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

24 (4) "Cooperative basis" means:

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

27 (b) That the dividends, if any, paid on member capital do not

1 exceed 8% per year.

2 (c) That the net savings are distributed as provided in
3 section 1135.

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

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

8 (A) IT DOES NOT DIRECTLY INVOLVE THE PHYSICAL TRANSMISSION OF
9 PAPER.

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

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

14 (6) ~~(5)~~ "Foreign cooperative" means a corporation organized
15 under laws other than the laws of this state operating on a
16 cooperative basis or a similar basis ~~which~~ **THAT** is provided in ~~such~~
17 **THOSE** other laws as a criterion for being a cooperative.

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

24 (2) The articles **OF INCORPORATION** or bylaws may provide a
25 method by which members may vote on matters submitted to a vote of
26 members by mail ballot, ~~or~~ referendum, **OR ELECTRONIC TRANSMISSION.**