

NONPROFIT CORPORATION ACT (EXCERPT)

Act 162 of 1982

CHAPTER 11

450.3100 Short title.

Sec. 1100. This chapter shall be known and may be cited as the "consumer cooperative act".

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3101 Applicability of act and chapter; amendment of articles or bylaws; exemption.

Sec. 1101. (1) Except as otherwise provided in this act or by other law, this act and this chapter apply to:

- (a) All consumer cooperatives which are organized after the effective date of this amendatory act.
 - (b) All consumer cooperatives which have been organized under this act, a predecessor act, or other act and which have represented themselves to be cooperatives.
 - (c) All other corporations that elect to accept this act pursuant to section 1192.
 - (d) All other cooperatives organized under this chapter.
 - (e) All foreign cooperatives to the extent provided in sections 1123 and 1191.
- (2) A consumer cooperative which was organized under a predecessor or other act is subject to this act and this chapter except to the extent that either conflicts with the articles, bylaws, or cooperative plan of the consumer cooperative lawfully made pursuant to the predecessor or other act. The consumer cooperative may amend its articles or bylaws to bring itself in conformity with this act. If a corporation elects to accept this act and this chapter pursuant to section 1192, the corporation shall amend its articles and bylaws, as necessary, to bring itself in conformity with this act and this chapter.

(3) A nonprofit power corporation as described in section 261(4) may elect to be exempted from this chapter by the effective date of this amendatory act by a resolution of the board of directors of the corporation. If such a corporation should subsequently elect to accept this act and this chapter pursuant to section 1192, the corporation shall amend its articles and bylaws, as necessary, to bring itself in conformity with this act and this chapter.

(4) This chapter shall not apply to a cooperative organized substantially for the purpose of agricultural production, processing, supply, research, bargaining, or marketing which is organized under sections 98 to 109 of Act No. 327 of the Public Acts of 1931, being sections 450.98 to 450.109 of the Michigan Compiled Laws, or a farm cooperative the majority of votes of which are held by farmers, unless the cooperative elects to accept this chapter pursuant to section 1192.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3102 Controlling definitions.

Sec. 1102. The definitions contained in sections 1103 and 1104 shall control in the interpretation of this chapter, unless the context otherwise requires.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3103 Definitions; C to F.

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

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

(3) "Cooperative" means a corporation organized on a cooperative basis or similar basis that is provided in law as a criterion for being a cooperative.

(4) "Cooperative basis" means:

- (a) That, subject to section 1133, each member has 1 vote, except as provided in this chapter.
- (b) That the dividends, if any, paid on member capital do not exceed 8% per year.
- (c) That the net savings are distributed as provided in section 1135.
- (d) That business is engaged in for the mutual benefit of its members.

(5) "Electronic transmission" or "electronically transmitted" means any form of communication that meets all of the following:

- (a) It does not directly involve the physical transmission of paper.
- (b) It creates a record that may be retained and retrieved by the recipient.

(c) It may be directly reproduced in paper form by the recipient through an automated process.

(6) "Foreign cooperative" means a corporation organized under laws other than the laws of this state operating on a cooperative basis or a similar basis that is provided in those other laws as a criterion for being a cooperative.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985;—Am. 2008, Act 9, Imd. Eff. Feb. 29, 2008.

450.3104 Definitions; I to U.

Sec. 1104. As used in this chapter:

(a) "Insolvent" means being unable to pay debts as they become due in the usual course of a debtor's business.

(b) "Member capital" means the assets that a member must provide by payment, transfer, or allocation of net savings to a cooperative as a condition of admission to or retention of membership and with respect to which the member has rights to dividends, redemption, or distributions on dissolution under this chapter.

(c) "Membership fee" means a nonredeemable fee that a member must pay to a cooperative as a condition of admission to or retention of membership in the cooperative that is not member capital or a fee for goods, services, or facilities.

(d) "Patron" means a person whose economic exchange is a regular part of the business of a cooperative or foreign cooperative, if the economic exchange is the same type of regular economic exchange engaged in by any class of members.

(e) "Patronage" means the selling or providing of goods, services, or facilities to, or the buying of goods, services, or facilities from members or other persons, or providing labor or services to or by a cooperative.

(f) "Redemption" means any method by which a cooperative exchanges cash or debt instruments for member capital, including, but not limited to, repurchase, redemption, refund, or repayment.

(g) "Referendum" means a method of member voting that utilizes secret ballot and established polling places as provided in the cooperative's bylaws or under section 409.

(h) "Unincorporated cooperative" means either of the following:

(i) An association of 2 or more persons that is organized on a cooperative basis and that is not a corporation.

(ii) An association of 2 or more persons that is organized under the laws of another state and operates on either a cooperative basis or a similar basis provided in that state as the criterion for being a cooperative, and that is not a corporation.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985;—Am. 2014, Act 557, Imd. Eff. Jan. 15, 2015.

450.3107 Inconsistent provisions inapplicable to chapter.

Sec. 1107. To the extent that sections 301(4) and 301(5), 855, and 901 are inconsistent with this chapter, they shall not apply to cooperatives.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985;—Am. 2014, Act 557, Imd. Eff. Jan. 15, 2015.

450.3109 Requirements of MCL 460.1 et seq. not modified; effect of economic activity conducted by cooperative.

Sec. 1109. (1) This chapter does not modify the requirements of Act No. 3 of the Public Acts of 1939, being sections 460.1 to 460.8 of the Michigan Compiled Laws.

(2) The fact that a cooperative conducts economic activity under this act shall not alone cause the economic activity of the cooperative to be considered a conspiracy or combination in restraint of trade or an illegal monopoly, or an attempt to lessen competition or fix prices arbitrarily.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3121 Articles of incorporation; requirement.

Sec. 1121. In addition to the requirements of section 202, the articles of incorporation of a cooperative organized under this act shall state whether the cooperative will be financed on a membership fee basis, a member capital basis, or a combination of both.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3123 Use of term "cooperative," "co-op," "consumer cooperative," or any variation thereof.

Sec. 1123. (1) The term "cooperative", "co-op", or any variation thereof, may only be used in the name of cooperatives organized under or subject to this chapter, corporations organized under or subject to sections 98 to 109 of Act No. 327 of the Public Acts of 1931, being sections 450.98 to 450.109 of the Michigan Compiled

Laws, parent cooperative preschools licensed under Act No. 116 of the Public Acts of 1973, being sections 722.111 to 722.128 of the Michigan Compiled Laws, credit unions chartered under the laws of this state or federal law, corporations organized on a cooperative basis or similar basis and organized before the effective date of this amendatory act as nonprofit corporations, unincorporated cooperatives, foreign cooperatives, any entities wholly owned by any of the foregoing or any combination of such entities, and any other entities specifically authorized by statute to use "cooperative", "co-op", or any variation thereof.

(2) The term "consumer cooperative" or any variation thereof may only be used in the name of a consumer cooperative or a foreign or unincorporated cooperative the majority of the votes of which are held by consumers and which complies with sections 1132 and 1138.

(3) Unless authorized by subsection (1) or (2), or as otherwise specifically provided by law, a person shall not use the term "cooperative", "co-op", "consumer cooperative", or any variation thereof, as part of a corporate or other business name or title.

(4) This section shall not be construed to authorize any use of the term "co-op", "cooperative", "consumer cooperative", or any variation thereof, that is prohibited by the cooperative identity protection act.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3125 Adoption of initial bylaws; ratification or amendment; contents of bylaws.

Sec. 1125. (1) Notwithstanding section 231, the initial bylaws of a cooperative may be adopted by the incorporators, the board, or the members. If initial bylaws are adopted by the incorporators or the board, at the first meeting of members the bylaws shall be submitted to the members for ratification or amendment.

(2) Bylaws may contain provisions for educational programs for directors, members, employees, patrons, prospective members, and the community and provisions for cooperative relations with cooperatives and unincorporated cooperatives.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3131 Organization on nonstock membership basis.

Sec. 1131. Notwithstanding section 302, a cooperative organized under this act shall be organized on a nonstock membership basis and shall not be organized on a stock or directorship basis.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3132 Membership; notice of qualifications.

Sec. 1132. Subject to section 304(7), membership in a consumer cooperative subject to this act shall be available to all patrons of the cooperative who are consumers. The bylaws may make membership available to other patrons. For any other cooperative, 50% or more of the patronage shall be with members or, subject to section 304(7), membership shall be available to all patrons. All cooperatives shall give all patrons reasonable notice of the qualifications for membership.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3133 Classification.

Sec. 1133. If a cooperative has classes of members pursuant to section 304, classification shall be based only on 1 or more of the following number of members, number of persons served, type of patronage, level of patronage, or whether or not members are patrons. In a consumer cooperative, classification of consumers by level of patronage shall not be used.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3134 Cooperative organized on member capital basis, member fee basis, or basis combining member capital and membership fee; powers.

Sec. 1134. (1) A cooperative which is organized on a member capital basis or on a basis combining member capital and membership fee may provide for any of the following, if such provision is set forth in the articles or bylaws:

(a) A maximum member capital to be held by any 1 member.

(b) Transfer of member capital pursuant to section 304(6).

(c) Mandatory contribution or contributions of member capital as a condition or conditions of admission to or retention of membership, including but not limited to initial capital contributions, surcharges, and distributions of net savings pursuant to section 1135.

(d) A dividend on membership capital, not to exceed 8% per year.

(e) Special assessments on members.

(2) A cooperative which is organized on a membership fee basis or on a basis combining member capital and membership fee may provide for either or both of the following as a condition or conditions of admission

to or retention of membership in the cooperative, if such a provision is set forth in its articles or bylaws:

- (a) The charging of a nonredeemable initial or periodic membership fee or fees.
- (b) Nonredeemable special assessments on members.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3135 Net savings; determination, allocation, distribution, and use; apportionment of losses.

Sec. 1135. (1) At least once each year, a cooperative shall determine its net savings by deducting from total income:

- (a) All operating costs and expenses.
- (b) Reasonable reserves for depreciation and obsolescence of property, doubtful accounts, other valuation or operating reserves, capital investments and reserves for capital investment.
- (c) Dividends paid on member capital and interest or dividends paid on nonvoting investment certificates or bonds, if any.

(2) The articles or bylaws may provide for any reasonable method of allocating net savings by the board of directors for the common benefit of all the patrons of a cooperative.

(3) Unless the articles or bylaws otherwise provide pursuant to subsection (2), net savings shall be allocated, distributed, or used in any of the following ways:

(a) By allocation of net savings to all patrons at a uniform rate in proportion to their individual patronage, provided that different rates of allocation may be established according to the net savings generated by various departments or types of business done by the cooperative. Distribution to patrons may be made as follows:

(i) In cash or credits. Credits shall be evidenced by shares, revolving fund certificates, notices of allocation, capital credits, or other certificates or notices of the cooperative, or any combination thereof.

(ii) In the case of nonmember patrons who have subscribed for membership, distribution may be credited toward payment of unpaid member capital or membership fees.

(iii) In the case of nonmember patrons, distribution of the proportionate amount of net savings generated by nonmember patronage may be made to a general fund. Redistribution shall be made to an individual nonmember patron only upon request and presentation of evidence of the nonmember's patronage. Such net savings may be distributed in cash or credited toward payment of member capital or membership fees. Reasonable notice shall be provided to nonmember patrons of their rights to redistribution and the means of applying for membership.

(b) By allocation to retained earnings, operating costs or capital expenditures of the cooperative to reduce the costs of goods, facilities, or services, to improve the quality provided or otherwise to further the common benefit of the patrons.

(4) The articles or bylaws may include any reasonable provisions for the apportionment of losses.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3136 Certificate; issuance; contents; restrictions on dividends.

Sec. 1136. (1) If a cooperative is to be financed in whole or in part on a member capital basis, each member shall be provided a certificate or certificates setting forth the initial member capital of the member.

(2) A certificate issued pursuant to this section shall contain the information required by section 1138. The certificate may be denominated a membership certificate, share certificate, stock certificate, or a similar designation but shall not constitute shares as defined in section 109.

(3) The board of directors shall not pay dividends when currently the cooperative is insolvent or would thereby be made insolvent, or when the declaration, payment, or distribution of a dividend would be contrary to the articles or bylaws.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3137 Nonvoting investment certificate or bond.

Sec. 1137. Subject to the uniform securities act, 1964 PA 265, MCL 451.501 to 451.818, and the uniform securities act (2002), 2008 PA 551, MCL 451.2101 to 451.2703, a cooperative may offer to its members or to the general public any form of nonvoting investment certificate or bond that may bear interest or dividends as provided by the board of directors.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985;—Am. 2009, Act 94, Imd. Eff. Sept. 24, 2009.

450.3138 Advising persons in writing; statement on membership certificate.

Sec. 1138. Prior to accepting a person as a member or any membership fee or member capital, a

cooperative shall advise the person in writing of the items in subdivisions (a) to (g). A cooperative shall also conspicuously state on each membership certificate the items in subdivisions (a), (e), and (f):

- (a) A statement that the corporation is a cooperative subject to this act and under what act it is organized.
- (b) A statement that the purpose of becoming a member of a cooperative is to assure access to the goods, services, and facilities of the cooperative and not to gain profit.
- (c) A statement of voting rights and rights to notice of meetings of members.
- (d) A statement of the qualifications for admission to and retention of membership and the right of the cooperative to terminate membership, if any.
- (e) A statement of the restrictions, if any, on the transfer of memberships.
- (f) A statement of the rights to redemption of a member capital, if any, or a statement that member capital is not redeemable.
- (g) A statement of the right of members to call special meetings or cause a mail ballot, to receive annual reports, and to secure other material information concerning the cooperative.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3139 Redemption of member capital; failure to patronize cooperative; notice of redemption; failure to respond and claim payment; failure to claim refunds of patronage capital, deposits, and fees; failure of nonmember patron to pay in or accumulate full member capital or comply with bylaws.

Sec. 1139. (1) Unless the articles or bylaws provide that the member capital is not redeemable, upon termination of a membership issued on a member capital basis, a cooperative shall redeem the member's member capital by paying to the member in cash or other property (i) the lesser of the member's member capital or the member's pro rata share of the total member capital of the cooperative determined according to the ratio each member's member capital bears to total member capital, unless a different proration is provided in the articles; or (ii) such other amount as may be provided in the articles or bylaws. Payment shall be made within 5 years from the date of termination, unless the articles or bylaws provide for a different period for payment.

(2) Unless the articles or bylaws provide that member capital is not redeemable, a cooperative may adopt and implement any plan to partially redeem member capital.

(3) A cooperative shall not redeem member capital or any portion thereof under either of the following conditions:

- (a) When the cooperative is insolvent or when the redemption would render the cooperative insolvent.
- (b) Unless after redemption there remains outstanding 1 or more classes of members possessing among them, collectively, voting rights.

(4) The articles or bylaws may provide that if a member fails to patronize a cooperative to an extent and within a specific period of time, the membership shall be terminated.

(5) A person entitled to payment for redemption of member capital shall be given reasonable notice of the redemption, which notice may be by mail to the last known address of the person. If the person fails to respond to the notice and claim the payment within 5 years from the date of notice, that person shall have no further rights in the member capital and the member capital may be added to the general funds of the cooperative.

(6) In the case of a nonprofit power corporation as described in section 261(4), any refunds of patronage capital, deposits, and fees of members not claimed within 5 years after reasonable notice has been given to the member's last known address shall remain the property of the corporation. If any such refund is not claimed by the member within the 5-year period, the member shall have no claim to the refund.

(7) The articles or bylaws may provide that if within any time specified in the bylaws or articles any nonmember patron who has subscribed for membership has not paid in or accumulated the full member capital required for membership or has failed to comply with the provisions of the bylaws, if any, concerning admission to membership, any amounts allocated from net savings and credited to the member capital of the nonmember patron may be added to the general funds of the cooperative and thereafter the nonmember patron shall have no further rights therein.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3141 Meetings; petitions; signatures; quorum.

Sec. 1141. Regular meetings of members shall be held at a time and place prescribed in the bylaws but not less than annually. A special meeting of members may be called by the board of directors or by written petition of members. A petition shall state the purpose or purposes for which the meeting is to be called. Unless the bylaws provide for a smaller percent or number, the number of member signatures required for

such a petition shall be 10% of the members. Notwithstanding section 415, unless the articles or bylaws provide a greater percentage or number, a quorum shall be 10% of the members or 50 members, whichever is less.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3143 Alternative notice of regular meeting.

Sec. 1143. Instead of the notice required in section 404, written notice of the time, place, and purposes of a regular meeting of members may be given by a means specified in the bylaws and accessible to all members, if the date of regular meeting is established in the bylaws and the notice is made accessible to all members at least 15 days before the meeting.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3144 Proxies; voting by mail ballot, referendum, or electronic transmission.

Sec. 1144. (1) Notwithstanding section 421, there shall be no proxies unless the articles of incorporation or bylaws authorize use of proxies. If the articles of incorporation or bylaws authorize use of proxies, an individual may not vote more than 5 proxies at any meeting.

(2) The articles or bylaws may provide a method by which members may vote on matters submitted to a vote of members by mail ballot, referendum, or electronic transmission.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985;—Am. 2008, Act 9, Imd. Eff. Feb. 29, 2008.

450.3145 Amendments; affirmative vote of majority.

Sec. 1145. Notwithstanding section 611(4), 703a(2)(d), 753(4), or 804(6), unless the articles of incorporation provide for a higher vote for passage, amendment of the articles of incorporation, amendment of the bylaws that alters member voting rights or member capital, merger, disposition of all or substantially all of the assets of the corporation, or dissolution require approval by the affirmative vote of a majority of the votes cast by members that are eligible to vote on that matter, and if a class is eligible to vote on that matter as a class, the affirmative vote of a majority of the votes cast by members of that class. An action described in this section shall be taken at a meeting called according to the notice provisions of section 404.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985;—Am. 2014, Act 557, Imd. Eff. Jan. 15, 2015.

450.3146 Effective date of adopted action; confirmation vote; filing with administrator.

Sec. 1146. (1) An action subject to the vote requirement of section 1145 shall not take effect for 60 days from the date of adoption and shall be subject to 1 confirmation vote as provided in subsection (2) if the action is adopted by less than a majority of all the members eligible to vote.

(2) If a petition of 15% or more of the members eligible to vote is presented to the cooperative prior to the sixtieth day after the adoption of the action, the cooperative shall cause a confirmation vote to be held. The cooperative shall cause a special meeting or, if authorized, mail ballot or referendum to be conducted within 45 days of receipt of the petition. The confirmation vote must achieve the vote which would have been required for original adoption. If confirmed, the action or amendment may take effect immediately after the confirmation or upon filing with the administrator, if such filing is required.

(3) If an action or amendment is subject to confirmation, a filing shall not be made with the administrator until the time for presenting a petition has expired or the action is confirmed.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3147 Dispute resolution body.

Sec. 1147. A cooperative may authorize in its articles or bylaws the establishment of a neutral dispute resolution body. The dispute resolution body shall attempt to settle disputes between the cooperative and any of its members. It shall be composed of individuals who are approved by both parties to the dispute, which individuals may be members or nonmembers, but not officers or directors of the cooperative. The bylaws of a cooperative may provide that membership in the cooperative is conditioned upon participation in good faith in the dispute resolution process authorized by this section.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3148 Purchase or sale under execution, in course of bankruptcy, or by legal process or operation of law; pledge of certificate; assignment of proprietary lease or other agreement.

Sec. 1148. (1) The purchase or sale of any member capital or privileges in a cooperative made under execution, or in the course of bankruptcy proceedings, or by any legal process or by operation of law, shall not give any person any membership right, title, or interest in a cooperative, unless in accordance with the articles or bylaws of the cooperative.

(2) No subsequent amendment to the articles or bylaws shall invalidate or otherwise impair a pledge of a certificate issued under section 1136 or an assignment of a proprietary lease or other agreement providing for occupancy of facilities furnished by the cooperative, if the pledge or assignment was made when the articles or bylaws expressly permitted the pledge or assignment in connection with loans made to members.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3149 Books for recording operations; annual report, balance sheet, and income statement; certified report of condition; copies of reports; mailings at request and expense of member; notice of member's desire to be contacted by other members regarding proposal.

Sec. 1149. (1) A cooperative shall keep a set of books for recording its operations. A written report, including a statement of the amount of its transactions with members and the amount of its transactions with nonmember patrons, a balance sheet, and an income statement shall be prepared annually.

(2) A cooperative shall prepare, not later than 120 days after the close of its fiscal year, a report of its condition, which report shall be certified by the president. The report shall include all of the following:

(a) The name and principal address of the cooperative.

(b) The names, addresses, and date of expiration of terms of the officers and directors, and their rate of compensation, if any.

(c) The number of memberships granted and terminated and the amount of member capital paid in during the fiscal year.

(3) A copy of the reports required by this section shall be presented at the annual membership meeting or distributed to each member. Copies of the report shall be kept on file at the principal office of the cooperative and shall be made available to members, subscribers, and applicants for membership during regular business hours. In addition, copies of the report shall be mailed to a member upon written request by the member.

(4) If a membership address list is not accessible to members, then any mailing reasonably related to the affairs of the membership shall be made by a cooperative at the request and expense of a member.

(5) If a member makes a timely request in writing that a cooperative notify the membership of the member's desire to be contacted by other members regarding a proposal then pending for vote by the membership, the cooperative shall include in the next communication sent by the cooperative to all members, if any, a brief notice of that member's request which shall identify the member and shall state whether the member is for or against the proposal and how to contact that member.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3151 Initial board of directors; membership; term.

Sec. 1151. Notwithstanding section 505, the initial board of directors of a cooperative shall consist of at least 5 persons. The term of office of directors shall be no more than 3 years.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3152 Board of directors; election or appointment other than by vote of membership.

Sec. 1152. Notwithstanding section 505, the bylaws of a cooperative may provide for 1/3 or less of the board of directors to be elected or appointed other than by a vote of the membership.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3153 Affiliation with another organization; section inapplicable to allocations of net savings.

Sec. 1153. A vote of the membership shall be required to affiliate with another organization involving the investment of more than 30% of the assets of the cooperative, if the affiliation is not in the usual and regular course of its business. This section shall not apply to any allocations of net savings to the cooperative by any person.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3161 Amendment to articles of incorporation; calling special meeting; consideration of proposed amendment.

Sec. 1161. An amendment to the articles of incorporation may be proposed by the board, by 10% or more of the members, or by some smaller percentage of members established in the articles or bylaws. If proposed by the number of members required for calling a special meeting pursuant to section 1141, a special meeting shall be called within a reasonable time. If proposed by less than the number of members required to call a special meeting, then the proposed amendment shall be considered at the next annual or special meeting.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3162 Distribution of assets generally.

Sec. 1162. In the event of an amendment to the articles of incorporation or bylaws, merger, or disposition of substantially all of the assets of a cooperative, or a dissolution, that results in a distribution of all or substantially all of the assets of the corporation to members, the corporation shall make that distribution in the manner and order provided in section 1183.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985;—Am. 2014, Act 557, Imd. Eff. Jan. 15, 2015.

450.3183 Distribution of assets upon dissolution; distribution of assets held for charitable or similar purpose; redemption of investment certificates.

Sec. 1183. (1) Notwithstanding section 855, upon dissolution, the assets of a cooperative shall be distributed in the following manner and order:

(a) By paying or providing for payment of its debts and expenses.

(b) By redeeming member capital by paying to the member in cash or other property (i) the lesser of the member's member capital or the member's pro rata share of total member capital of the cooperative determined according to the ratio each member's member capital bears to total member capital, unless a different proration is provided in the articles; or (ii) such other amount as may be provided in the articles or bylaws.

(c) By distributing any surplus to (i) those patrons who have been members or subscribers at any time during not less than the 6 years preceding dissolution or since formation of the cooperative, whichever is less, on the basis of patronage during that period; (ii) any other cooperative, foreign cooperative, or nonprofit organization designated by membership resolution; or (iii) both.

(2) Assets held by a cooperative for a charitable or similar purpose shall be distributed pursuant to section 855(c).

(3) Investment certificates issued pursuant to section 1137 shall be redeemed according to the terms of the certificates.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3191 Foreign cooperative.

Sec. 1191. A foreign cooperative shall be entitled to conduct its affairs in this state upon complying with the provisions of chapter 10 and, if a consumer cooperative, by agreeing to provide its members and patrons residing in this state reasonable notice of their membership rights. Reasonable notice shall be considered given if written notice of the matters required to be disclosed by section 1132 is provided to each patron residing in this state and written notice of the matters required to be disclosed by section 1138 is provided to each member residing in this state.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.

450.3192 Election by corporation to accept act and chapter; procedure; effect of filing certificate of election.

Sec. 1192. (1) Any corporation may elect to accept this act and this chapter as follows:

(a) The board of directors shall adopt a resolution recommending that the corporation accept this act and this chapter and directing that the question of acceptance be submitted to a vote at a meeting of the members or stockholders entitled to vote thereon. Written notice stating that the purpose, or 1 of the purposes, of the meeting is to consider electing to accept this act and this chapter, shall be given to each member and stockholder entitled to vote at the meeting, within the time and in the manner provided in this act for the giving of notice of meetings of members. The election to accept this act and this chapter shall require for adoption that vote which is required by that corporation to amend its articles of incorporation.

(b) A certificate of election to accept the act and this chapter shall be filed in accordance with section 131. The certificate shall set forth:

(i) The name of the corporation.

(ii) A statement by the corporation that it has elected to accept this act and this chapter.

(iii) A statement setting forth the date of the meeting of members or stockholders at which the election to accept this act and this chapter was made, that a quorum was present at the meeting, and that the acceptance was authorized by that vote which is required by the corporation to amend its articles of incorporation.

(iv) If the corporation has issued shares of stock, a statement of that fact including the number of shares issued and outstanding, and a statement that all issued and outstanding shares of stock will be canceled upon the filing of the statement and that from and after the effective date of filing the authority of the corporation to

issue shares of stock shall be terminated.

(v) A statement of the manner and basis of converting shares or memberships, voting rights, and equity interests into memberships, voting rights, and member capital subject to this chapter.

(2) Upon filing of the certificate of election, the election of the corporation to accept this act and this chapter shall become effective and the corporation shall have the same powers and privileges and be subject to the same duties, restrictions, penalties, and liabilities as though the corporation had been originally organized under this act and this chapter.

History: Add. 1984, Act 209, Eff. Nov. 1, 1985.