

BUSINESS CORPORATION ACT (EXCERPT)
Act 284 of 1972

CHAPTER 1
GENERAL PROVISIONS

450.1101 Short title.

Sec. 101. This act shall be known and may be cited as the "business corporation act".

History: 1972, Act 284, Eff. Jan. 1, 1973.

450.1103 Liberal construction; purposes and policies of act.

Sec. 103. This act shall be liberally construed and applied to promote its underlying purposes and policies which include all of the following:

- (a) To simplify, clarify, and modernize the law governing business corporations.
- (b) To provide a general corporate form for the conduct or promotion of a lawful business or purpose with variations and modifications from the form as interested parties in any corporation may agree upon, subject only to overriding interests of this state and of third parties.
- (c) To give special recognition to the legitimate needs of close corporations.

History: 1972, Act 284, Eff. Jan. 1, 1973;—Am. 1989, Act 121, Eff. Oct. 1, 1989.

450.1104 Definitions controlling interpretation of act.

Sec. 104. The definitions contained in sections 105 through 109 shall control the interpretation of this act, unless the context otherwise requires.

History: 1972, Act 284, Eff. Jan. 1, 1973;—Am. 1989, Act 121, Eff. Oct. 1, 1989.

450.1105 Definitions; A, B.

Sec. 105. (1) "Administrator" means the chief officer of the department or of any other agency or department authorized by law to administer this act, or his or her designated representative.

(2) "Articles of incorporation" includes any of the following:

(a) The original articles of incorporation or any other instrument filed or issued under any statute to organize a domestic or foreign corporation, as amended, supplemented, or restated by certificates of amendment, merger, conversion, or consolidation or other certificates or instruments filed or issued under any statute.

(b) A special act or charter creating a domestic or foreign corporation, as amended, supplemented, or restated.

(3) "Authorized shares" means shares of all classes that a corporation is authorized to issue.

(4) "Board" means board of directors or other governing board of a corporation.

(5) "Bonds" includes secured and unsecured bonds, debentures, and notes.

History: 1972, Act 284, Eff. Jan. 1, 1973;—Am. 2001, Act 57, Imd. Eff. July 23, 2001;—Am. 2012, Act 569, Imd. Eff. Jan. 2, 2013.

450.1106 Definitions; C to E.

Sec. 106. (1) "Corporation" or "domestic corporation" means a corporation formed under this act, or existing on January 1, 1973 and formed under any other statute of this state for a purpose for which a corporation may be formed under this act.

(2) "Department" means the department of licensing and regulatory affairs.

(3) "Director" means a member of the board of a corporation.

(4) "Distribution" means a direct or indirect transfer of money or other property, except the corporation's shares, or the incurrence of indebtedness by the corporation to or for the benefit of its shareholders in respect to the corporation's shares. A distribution may be in the form of a dividend, a purchase, redemption or other acquisition of shares, an issuance of indebtedness, or any other declaration or payment to or for the benefit of the shareholders.

(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.

History: 1972, Act 284, Eff. Jan. 1, 1973;—Am. 1973, Act 98, Imd. Eff. Aug. 8, 1973;—Am. 1989, Act 121, Eff. Oct. 1, 1989;—Am. 2001, Act 57, Imd. Eff. July 23, 2001;—Am. 2006, Act 68, Imd. Eff. Mar. 20, 2006;—Am. 2012, Act 569, Imd. Eff. Jan. 2, 2013.

450.1107 Definitions; F to I.

Sec. 107. (1) "Foreign corporation" means a corporation for profit formed under laws other than the laws of this state, which includes in its purposes a purpose for which a corporation may be formed under this act.

(2) "Foreign nonprofit corporation" means a corporation organized under laws other than the laws of this state, which includes in its purposes a purpose for which a corporation may be organized under the nonprofit corporation act, Act No. 162 of the Public Acts of 1982, being sections 450.2101 to 450.3192 of the Michigan Compiled Laws.

(3) "Independent director" means a director who meets all of the following requirements:

(a) Is elected by the shareholders.

(b) Is designated as an independent director by the board or the shareholders.

(c) Has at least 5 years of business, legal, or financial experience, or other equivalent experience. For a corporation with securities registered under section 12 of the securities exchange act of 1934, chapter 404, 48 Stat. 881, 15 U.S.C. 78L, "experience" shall mean experience as a senior executive, director, or attorney, or other equivalent experience, for a corporation with registered securities.

(d) Is not and during the 3 years prior to being designated as an independent director has not been any of the following:

(i) An officer or employee of the corporation or any affiliate of the corporation.

(ii) Engaged in any business transaction for profit or series of transactions for profit, including banking, legal, or consulting services, involving more than \$10,000.00 with the corporation or any affiliate of the corporation.

(iii) An affiliate, executive officer, general partner, or member of the immediate family of any person that had the status or engaged in a transaction described in subparagraph (i) or (ii).

(e) Does not propose to enter into a relationship or transaction described in subdivision (d)(i) through (iii).

(f) Does not have an aggregate of more than 3 years of service as a director of the corporation, whether or not as an independent director.

History: 1972, Act 284, Eff. Jan. 1, 1973;—Am. 1989, Act 121, Eff. Oct. 1, 1989.

450.1108 Definitions; N to P.

Sec. 108. (1) "Nonprofit corporation" or "domestic nonprofit corporation" means a nonprofit, corporation subject to the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192.

(2) "Person" means an individual, a partnership, a domestic or foreign corporation, a limited liability company, or any other association, corporation, trust, or legal entity.

(3) "Professional corporation" means a corporation incorporated under former 1962 PA 192, or a corporation incorporated under this act and governed by chapter 2A.

History: 1972, Act 284, Eff. Jan. 1, 1973;—Am. 1989, Act 121, Eff. Oct. 1, 1989;—Am. 2012, Act 569, Imd. Eff. Jan. 2, 2013.

450.1109 Definitions; S.

Sec. 109. (1) "Services in a learned profession" means services provided to the public by a dentist, an osteopathic physician, a physician, a surgeon, a doctor of divinity or other clergy, or an attorney-at-law. The term does not include services provided to residents of a nursing home, as defined in section 20109 of the public health code, 1978 PA 368, MCL 333.20109, by a dentist, osteopathic physician, physician, or surgeon who is an employee or independent contractor of the nursing home.

(2) "Shareholder" means a person that holds units of proprietary interest in a corporation and is considered to be synonymous with "member" in a nonstock corporation.

(3) "Shares" means the units into which proprietary interests in a corporation are divided and is considered to be synonymous with "membership" in a nonstock corporation.

History: 1972, Act 284, Eff. Jan. 1, 1973;—Am. 1973, Act 98, Imd. Eff. Aug. 8, 1973;—Am. 1989, Act 121, Eff. Oct. 1, 1989;—Am. 1993, Act 91, Eff. Oct. 1, 1993;—Am. 2012, Act 569, Imd. Eff. Jan. 2, 2013;—Am. 2015, Act 158, Eff. Jan. 18, 2016.

450.1110 Repealed. 1989, Act 121, Eff. Oct. 1, 1989.

Compiler's note: The repealed section contained definitions.

450.1121 Applicability of act to domestic and foreign corporations.

Sec. 121. This act applies to every domestic corporation and to every foreign corporation which is authorized to or does transact business in this state except as otherwise provided in this act or by other law. This act also applies to any other domestic corporation or foreign corporation not formed under this act to the extent, if any, provided under this act or any law governing the corporation.

History: 1972, Act 284, Eff. Jan. 1, 1973;—Am. 1989, Act 121, Eff. Oct. 1, 1989.

450.1122 References to repealed acts; statutes inapplicable to corporations defined in MCL 450.1106; uniform voidable transactions act inapplicable to distributions.

Sec. 122. (1) A reference in any statute of this state to parts of any act that are repealed by this act is considered to be a reference to this act, unless the context requires otherwise.

(2) The following statutes do not apply to a corporation as defined in section 106:

(a) 1846 RS 55, MCL 450.504 to 450.525.

(b) 1955 PA 156, MCL 450.701 to 450.704.

(3) The uniform voidable transactions act, 1998 PA 434, MCL 566.31 to 566.45, does not apply to distributions governed by this act.

History: 1972, Act 284, Eff. Jan. 1, 1973;—Am. 1989, Act 121, Eff. Oct. 1, 1989;—Am. 2001, Act 57, Imd. Eff. July 23, 2001;—Am. 2016, Act 553, Eff. Apr. 10, 2017.

450.1123 Applicability of act generally.

Sec. 123. (1) Unless otherwise provided in, or inconsistent with, the act under which a corporation is or has been formed, this act applies to deposit and security companies, summer resort associations, brine pipeline companies, telegraph companies, telephone companies, safety and collateral deposit companies, canal, river, and harbor improvement companies, cemetery, burial, and cremation associations, railroad, bridge, and tunnel companies, and agricultural and horticultural fair societies. The entities specified in this subsection are not incorporated under this act.

(2) This act does not apply to insurance, surety, savings and loan associations, fraternal benefit societies, and banking corporations.

(3) This act does not prevent a telephone corporation organized under 1883 PA 129, MCL 484.1 to 484.10, from converting into a domestic limited liability company under the Michigan limited liability company act, 1993 PA 23, MCL 450.4101 to 450.5200.

History: 1972, Act 284, Eff. Jan. 1, 1973;—Am. 1978, Act 32, Imd. Eff. Feb. 24, 1978;—Am. 1982, Act 407, Eff. Jan. 1, 1983;—Am. 1989, Act 121, Eff. Oct. 1, 1989;—Am. 1993, Act 357, Imd. Eff. Jan. 14, 1994;—Am. 2001, Act 57, Imd. Eff. July 23, 2001;—Am. 2012, Act 569, Imd. Eff. Jan. 2, 2013;—Am. 2024, Act 176, Imd. Eff. Dec. 23, 2024.

450.1125 Applicability to foreign commerce, interstate commerce, and federal corporations.

Sec. 125. This act applies to commerce with foreign nations and among the several states and to corporations formed by or under any act of congress, only to the extent permitted under the constitution and laws of the United States.

History: 1972, Act 284, Eff. Jan. 1, 1973.

450.1127 Applicability to existing corporations; saving clause.

Sec. 127. (1) This act does not affect the duration of a corporation which exists on the effective date of this act. An existing corporation and its shareholders, directors and officers have the same rights and are subject to the same limitations, restrictions, liabilities and penalties as a corporation formed under this act, and its shareholders, directors and officers.

(2) This act does not affect a cause of action, liability, penalty or action or special proceeding, which on the effective date of this act is accrued, existing, incurred or pending, but the same may be asserted, enforced, prosecuted or defended as if this act had not been enacted.

History: 1972, Act 284, Eff. Jan. 1, 1973.

450.1129 Amendment or repeal of act.

Sec. 129. This act may be supplemented, altered, amended or repealed by the legislature and every corporation, domestic or foreign, to which this act applies is bound thereby.

History: 1972, Act 284, Eff. Jan. 1, 1973.

450.1131 Submission of document; delivery; filing; return of copy or original; public inspection; maintaining records or files; copies of documents and destroying originals; certified reproduced copy of document as evidence; effective date of document; fees.

Sec. 131. (1) A document required or permitted to be filed under this act shall be submitted by delivering the document to the administrator together with the fees and accompanying documents required by law. The administrator may establish a procedure for accepting delivery of a document submitted under this subsection by facsimile or other electronic transmission. However, by December 31, 2006, the administrator shall establish a procedure for accepting delivery of a document submitted under this subsection by electronic mail

or over the internet. Beginning January 1, 2007, the administrator shall accept delivery of documents submitted by electronic mail or over the internet.

(2) If a document submitted under subsection (1) substantially conforms to the requirements of this act, the administrator shall endorse upon it the word "filed" with his or her official title and the date of receipt and of filing and shall file and index the document or a photostatic, micrographic, photographic, optical disc media, or other reproduced copy in his or her office. If requested at the time of the delivery of the document to his or her office, the administrator shall include the hour of filing in the endorsement on the document.

(3) The administrator may return the original or a copy of a document filed under subsection (2) to the person that submitted it for filing. The administrator shall mark the filing date on the copy or original before returning it or may provide proof of the filing date to the person that submitted the document for filing in another manner determined by the administrator.

(4) The records and files of the administrator relating to domestic and foreign corporations shall be open to reasonable inspection by the public. The administrator may maintain records or files in their original form or may maintain records or files in the form of reproductions pursuant to the records reproduction act, 1992 PA 116, MCL 24.401 to 24.406, and may destroy the originals of the reproduced documents.

(5) The administrator may make reproductions of any documents filed under this act or any predecessor act pursuant to the records reproduction act, 1992 PA 116, MCL 24.401 to 24.406, and may destroy the originals of the reproduced documents. A reproduced copy of a document certified by the administrator, including a copy sent by facsimile or other electronic transmission, is considered an original document for all purposes and is admissible in evidence in like manner as an original document.

(6) Except as provided in section 806, a document filed under subsection (2) is effective at the time it is endorsed unless a subsequent effective time, not later than 90 days after the date of delivery, is set forth in the document.

(7) The administrator shall charge 1 of the following nonrefundable fees if expedited filing of a document by the administrator is requested and the administrator shall retain the revenue collected under this subsection and the department shall use it to carry out its duties required by law:

(a) For any filing that a person requests the administrator to complete within 1 hour on the same day as the day of the request, \$1,000.00. The department may establish a deadline by which a person must submit a request for filing under this subdivision.

(b) For any filing that a person requests the administrator to complete within 2 hours on the same day as the day of the request, \$500.00. The department may establish a deadline by which a person must submit a request for filing under this subdivision.

(c) Except for a filing request under subdivision (a) or (b), for the filing of any formation or qualification document that a person requests the administrator to complete on the same day as the day of the request, \$100.00. The department may establish a deadline by which a person must submit a request for filing under this subdivision.

(d) Except for a filing request under subdivision (a) or (b), for the filing of any other document concerning an existing domestic corporation or a qualified foreign corporation that a person requests the administrator to complete on the same day as the day of the request, \$200.00. The department may establish a deadline by which a person must submit a request for filing under this subdivision.

(e) For the filing of any formation or qualification document that a person requests the administrator to complete within 24 hours of the time the administrator receives the request, \$50.00.

(f) For the filing of any other document concerning an existing domestic corporation or a qualified foreign corporation that a person requests the administrator to complete within 24 hours of the time the administrator receives the request, \$100.00.

History: 1972, Act 284, Eff. Jan. 1, 1973;—Am. 1973, Act 98, Imd. Eff. Aug. 8, 1973;—Am. 1974, Act 303, Imd. Eff. Oct. 21, 1974;—Am. 1989, Act 121, Eff. Oct. 1, 1989;—Am. 1992, Act 199, Imd. Eff. Oct. 5, 1992;—Am. 1993, Act 91, Eff. Oct. 1, 1993;—Am. 2001, Act 57, Imd. Eff. July 23, 2001;—Am. 2005, Act 217, Eff. Jan. 1, 2006;—Am. 2008, Act 402, Imd. Eff. Jan. 6, 2009;—Am. 2018, Act 85, Eff. June 24, 2018.

450.1132 Filed documents; language, form, execution, and contents.

Sec. 132. (1) A document filed with the administrator shall be in the English language, except that the corporate name need not be in the English language if written in English letters or Arabic or Roman numerals.

(2) A document required or permitted to be filed under this act that is also required by this act to be executed on behalf of the domestic or foreign corporation shall be signed by an authorized officer or agent of the domestic or foreign corporation. If the board has not yet met, the document shall be signed by the incorporator or the majority of incorporators if there are more than 1. If the domestic or foreign corporation is in the hands of a receiver, trustee, or other court appointed officer, the document shall be signed by the

fiduciary or the majority of the fiduciaries, if there are more than 1. The name of a person signing the document and the capacity in which he or she signs shall be stated beneath or opposite his or her signature. The document may, but need not, contain any of the following:

- (a) The corporate seal.
- (b) An attestation by the secretary or an assistant secretary of the corporation.
- (c) An acknowledgment or proof.

History: 1972, Act 284, Eff. Jan. 1, 1973;—Am. 1982, Act 407, Eff. Jan. 1, 1983;—Am. 1989, Act 121, Eff. Oct. 1, 1989;—Am. 1997, Act 118, Imd. Eff. Oct. 24, 1997.

450.1133 Correction of document relating to domestic or foreign corporation; signing and filing of certificate of correction; contents of certificate; effective date of corrected document.

Sec. 133. If a document relating to a domestic or foreign corporation filed with the administrator under this act was at the time of filing an inaccurate record of the corporation action referred to in the document, or was defectively or erroneously executed, or the document was electronically transmitted and the electronic transmission was defective, the document may be corrected by filing with the administrator a certificate of correction on behalf of the corporation. A certificate, entitled "certificate of correction of ... (correct title of document and name of corporation)" shall be signed as provided in this act with respect to the document being corrected and filed with the administrator. The certificate shall set forth the name of the corporation, the date the document to be corrected was filed by the administrator, the provision in the document as it should have originally appeared, and if the execution was defective, the proper execution. The corrected document is effective in its corrected form as of its original filing date except as to a person who relied upon the inaccurate portion of the document and was, as a result of the inaccurate portion of the document, adversely affected by the correction.

History: Add. 1974, Act 303, Imd. Eff. Oct. 21, 1974;—Am. 1978, Act 32, Imd. Eff. Feb. 24, 1978;—Am. 1989, Act 121, Eff. Oct. 1, 1989;—Am. 2001, Act 57, Imd. Eff. July 23, 2001.

450.1141 Corporate action without notice or lapse of prescribed time period.

Sec. 141. When, under this act or the articles of incorporation or bylaws of a corporation or by the terms of an agreement or instrument, a corporation or the board or any committee of the board may take action after notice to any person or after lapse of a prescribed period of time, the action may be taken without notice and without lapse of the period of time, if at any time before or after the action is completed the person entitled to notice or to participate in the action to be taken or, in case of a shareholder, his or her attorney-in-fact, submits a signed waiver or a waiver by electronic transmission of the requirements.

History: 1972, Act 284, Eff. Jan. 1, 1973;—Am. 1989, Act 121, Eff. Oct. 1, 1989;—Am. 2001, Act 57, Imd. Eff. July 23, 2001.

450.1142 Notice or communication where communication unlawful or where notice or communication not required; statement.

Sec. 142. When a notice or communication is required to be given to a person by this act, by the articles of incorporation or bylaws, or by the terms of an agreement or instrument relating to the internal affairs of the corporation, or as a condition precedent to taking corporate action, and communication with the person is then unlawful under a statute of this state or the United States or a rule, regulation, proclamation or order issued under any of those statutes, the giving of the notice or communication to the person is not required and there is no duty to apply for a license or other permission to do so. An affidavit, certificate or other instrument which is required to be made or filed as proof of the giving of a notice or communication required by this chapter, if the notice or communication to any person is dispensed with under this section, shall include a statement that the notice or communication was not given to any person with whom communication is unlawful. The affidavit, certificate or other instrument is as effective for all purposes as though such notice or communication had been personally given to the person.

History: 1972, Act 284, Eff. Jan. 1, 1973.

450.1143 Mailing notice or communication; delivery; electronic transmission; "address" defined; notice to corporation's resident agent.

Sec. 143. (1) If a notice or communication is required or permitted under this act to be given by mail, it shall be mailed, except as otherwise provided in this act, to the person to which it is directed at the address designated by the person for that purpose or, if none is designated, at the person's last known address. The notice or communication is given when deposited, with postage prepaid, in a post office or official depository under the exclusive care and custody of the United States Postal Service. Unless the corporation has securities

registered under section 12 of title 1 of the securities exchange act of 1934, 15 USC 78l, the mailing shall be sent by registered, certified, or other first-class mail except unless otherwise required under this act.

(2) If a corporation is required or permitted to provide its shareholders with a written notice or other written report, statement, or communication under this act, the articles of incorporation, or the bylaws, the corporation may provide that notice, report, statement, or communication to all shareholders that share a common address by delivering 1 copy of it to the common address if all of the following are met:

(a) The corporation addresses the notice, report, statement, or communication to the shareholders that share the common address as a group, individually, or in any other form to which any of those shareholders have not objected.

(b) At least 60 days before the first delivery of any delivery to a common address under this subsection, the corporation gives notice to the shareholders that share that common address that it intends to provide only 1 copy of notices, reports, statements, or other communications to shareholders that share a common address.

(c) The corporation has not received a written objection from any shareholder that shares a common address to deliveries under this subsection to that shareholder. If it receives a written objection under this subdivision, the corporation within 30 days shall begin providing the objecting shareholder with separate copies of any notices, reports, statements, or communications to the shareholders, but the corporation may deliver 1 copy of the notices, reports, statements, or communications to all of the shareholders at that common address that have not objected.

(3) If a notice is required or permitted under this act to be given in writing, electronic transmission is written notice.

(4) If a notice or communication is permitted under this act to be transmitted electronically, the notice or communication is given when electronically transmitted to the person that is entitled to the notice or communication in a manner authorized by the person.

(5) As used in subsection (2), "address" means a street address, post office box, electronic mail address for electronic transmissions by electronic mail, or telephone facsimile number for electronic transmissions by facsimile.

(6) If the administrator is required under this act to give notice to the corporation, the administrator may electronically transmit the notice to the corporation's resident agent in the manner authorized by the corporation.

History: 1972, Act 284, Eff. Jan. 1, 1973;—Am. 2001, Act 57, Imd. Eff. July 23, 2001;—Am. 2006, Act 47, Imd. Eff. Mar. 9, 2006;—Am. 2018, Act 85, Eff. June 24, 2018.

450.1151 Failure to file document; notice; refusing or revoking authorization of foreign corporation to transact business; judicial review.

Sec. 151. (1) If the administrator fails to promptly file a document, other than an annual report, submitted for filing under this act, the administrator shall within 10 days after receiving a written request to file the document from the person that submitted the document for filing give written notice of the failure to file the document to that person, specifying the reasons for the failure to file the document. The administrator may give written notice under this subsection by posting the notice on the administrator's website; by sending the notice by mail to the address provided by the person that submitted the document; or, if the person that submitted the document has provided the administrator with an electronic mail address, by sending the notice to that electronic mail address. The person may seek judicial review of the refusal to file the document under sections 103, 104, and 106 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.303, 24.304, and 24.306.

(2) If the administrator refuses to authorize or revokes the authorization of a foreign corporation to transact business in this state under this act, the foreign corporation may seek judicial review under sections 103, 104, and 106 of the administrative procedures act of 1969, 1969 PA 306, MCL 24.303, 24.304, and 24.306.

History: 1972, Act 284, Eff. Jan. 1, 1973;—Am. 1978, Act 32, Imd. Eff. Feb. 24, 1978;—Am. 1997, Act 118, Imd. Eff. Oct. 24, 1997;—Am. 2001, Act 57, Imd. Eff. July 23, 2001;—Am. 2018, Act 85, Eff. June 24, 2018.