

NONPROFIT CORPORATION ACT (EXCERPT)
Act 162 of 1982

450.2564b Expenses incurred by director, officer, employee, nondirector volunteer, or agent; reimbursement; agreement; advances.

Sec. 564b. (1) A corporation may pay or reimburse the reasonable expenses incurred by a director, officer, employee, nondirector volunteer, or agent of the corporation or a person that is or was serving at the request of the corporation as a director, officer, partner, trustee, employee, or agent of another domestic corporation, foreign corporation, domestic business corporation, foreign business corporation, partnership, limited liability company, joint venture, trust, or other enterprise, whether for profit or not, that is a party or threatened to be made a party to an action, suit, or proceeding in advance of final disposition of the proceeding if the person furnishes the corporation a written agreement, executed personally or on the person's behalf, to repay the advance if it is ultimately determined that the person did not meet the standard of conduct, if any, required by this act for the indemnification of a person under the circumstances.

(2) An agreement required under subsection (1) must be an unlimited general obligation of the director, officer, employee, nondirector volunteer, or agent, but may be unsecured. A corporation may accept an agreement that is required under subsection (1) without reference to the financial ability of the person to make repayment.

(3) A corporation shall evaluate the reasonableness of advances under this section in the manner described in section 564a(1) for evaluating the reasonableness of expenses, and make an authorization in the manner described in section 564a(4) unless an advance is mandatory. A corporation may authorize advances with respect to a proceeding and determine the reasonableness of advances or approve a method for determining the reasonableness of advances in a single resolution covering the entire proceeding. However, unless the action or resolution provides otherwise, an authorizing or determining authority of the corporation may subsequently terminate or amend the authorization or determination with respect to advances that are not yet made.

(4) A provision in the articles of incorporation or bylaws, a resolution of the board or shareholders or members, or an agreement that makes indemnification mandatory shall also make the advancement of expenses mandatory unless the provision, resolution, or agreement specifically provides otherwise.

History: Add. 2014, Act 557, Imd. Eff. Jan. 15, 2015.