

NONPROFIT CORPORATION ACT (EXCERPT)
Act 162 of 1982

450.2804 Dissolution of corporation by action of shareholders or members; recommendation; exceptions; approval or authorization; notice; voting; certificate.

Sec. 804.

(1) A corporation may be dissolved by action of its board and its shareholders or members, if any, as provided in this section.

(2) The board of a corporation that is organized on a stock or membership basis may propose dissolution for action by the shareholders or members.

(3) The board of a corporation that is organized on a stock or membership basis must recommend a dissolution under this section to the shareholders or members unless any of the following apply:

(a) The board determines that because of a conflict of interest or other special circumstances it should make no recommendation.

(b) The power to dissolve the corporation is reserved to the shareholders or members without action of the board in the articles of incorporation or in an agreement under section 488.

(c) Section 529 applies.

(4) If 1 or more of the exceptions described in subsection (3) apply, the board must communicate to the shareholders or members the basis for not making a recommendation.

(5) The board may condition its submission of a proposal for dissolution to shareholders or members under subsection (3) on any basis.

(6) If a corporation is organized on a stock or membership basis, the board shall submit a proposed dissolution for approval at a meeting of shareholders or members. The corporation shall give notice to each shareholder or member of record, whether or not that person is entitled to vote at the meeting, within the time and in the manner provided under this act for the giving of notice of meetings of shareholders or members. The notice shall state that a purpose of the meeting is to vote on dissolution of the corporation.

(7) At a meeting described in subsection (6), the shareholders or members shall vote on the proposed dissolution. Except as provided in this subsection, a dissolution is approved if a majority of the votes held by shareholders or members of the corporation that are entitled to vote on the proposed dissolution are cast in favor of dissolution. Unless a greater vote is required in the articles of incorporation or in a bylaw adopted by the shareholders or members, if there are more than 20 members or shareholders that are entitled to vote at the meeting, dissolution is approved if a majority of the votes held by shareholders or members that are entitled to vote on the proposed dissolution present in person or by proxy at the meeting are cast in favor of dissolution.

(8) If a corporation is organized on a directorship basis, a dissolution is approved if it receives the affirmative vote of a majority of directors who are then in office. The corporation shall give notice of the meeting to authorize the dissolution to each director who is then in office at least 10 days before the meeting, and the notice shall state that a purpose of the meeting is to vote on dissolution of the corporation.

(9) If the dissolution is approved, a certificate of dissolution shall be executed and submitted on behalf of the corporation, setting forth:

(a) The name of the corporation.

(b) The date and place of the meeting of shareholders, members, or directors at which the dissolution was approved.

(c) A statement that dissolution was proposed and approved by the requisite vote of directors and the shareholders or members under subsection (7), or the directors under subsection (8).

History: 1982, Act 162, Eff. Jan. 1, 1983 ;— Am. 2014, Act 557, Imd. Eff. Jan. 15, 2015