

**NONPROFIT CORPORATION ACT (EXCERPT)**  
**Act 162 of 1982**

**450.2823 Dissolution of corporation by judgment in action brought in court; proof; action for dissolution of charitable purpose corporation.**

Sec. 823.

(1) A corporation that is organized on a stock or membership basis may be dissolved by a judgment entered in an action brought in the circuit court for the county in which the principal place of business or registered office of the corporation is located by 1 or more directors or by 1 or more shareholders or members that are entitled to vote in an election of directors of the corporation, if both of the following are proved:

(a) The directors of the corporation, or its shareholders or members if a provision in the articles of incorporation authorized under section 488(1) is in effect, are unable to agree by the requisite vote on material matters respecting management of the corporation's affairs, or the shareholders or members of the corporation are so divided in voting power that they have failed to elect a successor for any director whose term has expired or would have expired on the election and qualification of his or her successor.

(b) As a result of a condition stated in subdivision (a), the corporation is unable to carry out its corporate purposes or function effectively in the best interests of its creditors and shareholders or members, if any, or the persons that the corporation is organized to benefit.

(2) A corporation that is organized on a directorship basis may be dissolved by a judgment entered in an action brought in the circuit court for the county in which the principal place of business or registered office of the corporation is located by 1 or more directors or by 1 or more other persons that are entitled to vote in an election of 1 or more of the directors of the corporation, if both of the following are proved:

(a) The directors of the corporation are unable to agree by the requisite vote on material matters respecting management of the corporation's affairs, or the directors or other persons that are entitled to vote in the election of 1 or more of the directors of the corporation are so divided in voting power that they have failed to elect a successor for any director whose term has expired or would have expired on the election and qualification of his or her successor.

(b) As a result of a condition stated in subdivision (a), the corporation is unable to carry out its corporate purposes or function effectively in the best interests of its creditors and shareholders or members, if any, or the persons that the corporation is organized to benefit.

(3) A person or persons that files an action for dissolution of a charitable purpose corporation under this section shall give the attorney general written notice of the commencement of the action by mail within 30 days after filing.

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