

**REVIEW PROCEDURES FOR C&S 500 - ARTICLES OF INCORPORATION
FOR DOMESTIC PROFIT CORPORATIONS**

SPECIFIC DOCUMENT ITEMS	STATUTORY CITE
7. BIDCO (Business and Industrial Development Corporation)	Policy Statement C-15 See separate BIDCO section
8. The word "medicare" could be misleading in a corporate name.	Special Opinion 184 42 USC 1320b-10
9. The word "bank" may be used in the name of a subsidiary of a bank or thrift institution.	External policy re: BANKS AND FIDUCIARIES
10. The word "insurance" may be used in the name of a corporate insurance agency provided the word is used in conjunction with the word "agency" so as not to mislead the public or imply that the corporation is an insurance company.	AG opinion 5756 dated 8-19-80 (our No. 252)
11. The name of a corporation can include the word "hospital" so long as the purposes clearly state the corporation will not engage in the practice of medicine.	Policy Statement C-10
12. The words "Emergency Medical Services" may be used in the name of a corporation without requiring the corporation to be a professional service corporation provided the articles clearly state the purpose of the corporation is to carry out purposes of U.S. Public Law 93-154, Sections 1203 and 1204 (the Emergency Medical Services Act of 1973) or P.A. 368 of 1978, being 333.20701-333.20773 (the Emergency Medical Services Act).	G. Ann Baker memo to document examiners dated 10-30-89
<u>ARTICLE II</u>	
1. The purpose for which the corporation is organized. An "all purpose" statement to the effect the corporation may engage in any activity within the purposes for which corporations may be formed under the Act is sufficient. An "all purpose" statement may appear alone, with specifically enumerated purposes, or may be omitted entirely.	BCA 202(b) Policy Statement C-10 Policy Statement C-15 Policy Statement C-33 External Policy re: Banks & Fiduciaries External Policy re: MSHDA
2. Educational corporations must state their educational system and include the degrees, honors, diplomas, or certificates which will be granted. They must also obtain approval from the Department of Education before filing can be completed.	BCA 202(b) GCA 173 See separate EDUCATIONAL CORPORATIONS section
3. Public body corporations	See separate section
4. A bank holding company must include in its purposes that it is registered or will be registered as a bank holding company under the Bank Holding Company Act of 1956.	Policy Statement C-20

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<p>5. State universities created by the Constitution may form corporations.</p>	<p>Special Opinion 318</p>
<p>6. Additional information is required to determine if pre-paid legal services constitute insurance.</p>	<p>Special Opinion 340 Special Opinion 319</p>
<p>7. A corporation may be formed for the purpose of engaging in pre-paid legal services only if the attorneys providing the service are employees of the insurer.</p>	<p>Special Opinion 340 AG Opinion 6793 dated 4/7/94 (Our No. 279)</p>
<p>8. A corporation may be formed to operate a hospital or a freestanding surgical outpatient facility so long as the purposes clearly state the corporation will not engage in the practice of medicine.</p>	<p>Policy Statement C-10</p>
<p>9. a) FIDUCIARIES: Section 51 of the Banking Code of 1969 (MCLA 487.351) provides that a non-banking corporation shall not act as a fiduciary. Articles which infer a corporation is operating as a bank or is engaging in banking activities will not be filed.</p> <p>Documents for corporations whose purposes infer the corporation may be engaging in a fiduciary activity other than banking may be filed. These corporations will be advised by letter of the requirements of Section 51 of the Banking Code. The letter should be mailed to the remitter of the form with the filed document. A copy of the filed document, including the letter, must also be forwarded to the Financial Institutions Bureau. The examiner is responsible for seeing that the letter is sent and for the copies being forwarded to the Financial Institutions Bureau.</p>	
<p>b) Section 501a, Act 642, P.A. 1978, the probate code (MCLA 700.501a) states a court may appoint a nonprofit corporation incorporated under Act 162, P.A. 1982 as a guardian, limited guardian, or conservator.</p> <p>Articles of incorporation which state that the corporation will act in a fiduciary capacity as a guardian or conservator will be accepted so long as reference to appointment by the probate court is included.</p>	<p>Section 501a, Act 642 PA 1978</p>
<p><u>ARTICLE III</u></p>	
<p>A profit corporation must be organized on a shares basis. A "share" is a piece of the capital of the corporation. The owner of a share or piece of the corporation is a shareholder.</p>	
<p>Shares are issued or sold by or under the direction of the board of directors. Until shares are issued, the corporation does not have owners and doesn't exist.</p>	
<p>The shares may consist of one or more classes and series. A class is a group of the authorized shares of the same type. A series is a group of shares within a class.</p>	

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<p>All corporations must have common shares. If there is more than one class, the second class is generally referred to as "preferred" shares. Preferred shares must have qualities about them that make them preferred or favorable over the common. Two preferences commonly seen are:</p> <ol style="list-style-type: none"> 1. dividends are payable on preferred shares before any such payments are made to common shares 2. in the event of dissolution, distribution of any remaining assets are made to preferred shares before any such payments are made to common shares. <p>The articles of incorporation must contain:</p> <ol style="list-style-type: none"> 1. The number of shares the corporation wishes to be able to issue. 2. If there is more than one class of shares, the number of shares in each class and the class title are required. 3. If there is more than one class of shares, a statement of the relative rights, preferences and limitations of the shares of each class, to the extent they have been determined, is required. 4. All shares in a class must be identical to every other share in the same class. 5. If the shares in a class may be issued in series, the number of shares in the series, or if the number has not been determined, a statement that the board may divide a class into series. 6. If series have been established, a statement of the relative rights, preferences and limitations of the shares of each series, to the extent they have been determined, is required. <p align="center"><u>ARTICLE IV</u></p> <ol style="list-style-type: none"> 1. The address of the registered office must be completed. This address is a physical location and must include number, street, city and zip code. The route, suite, or apartment number must also be included if applicable. Except for the exceptions cited in Policy Statement C-32, this address must be in Michigan and cannot be a post office box. 2. It is permissible to have a mailing address of the registered office that differs from the street address. Except for the exceptions cited in Policy Statement C-32, the mailing address must be a Michigan address. A post office box is permitted. 	<p>AG OPINION 13 dated 7-8-21 Policy Statement C-1</p> <p>BCA 202(c) 301(1)</p> <p>BCA 202(d)</p> <p>BCA 202(d) 301(1) Policy Statement C-1</p> <p>BCA 301(2) BCA 301(3)</p> <p>BCA 202(d) 302(1) 302(3)</p> <p>BCA 202(d) 302(1) 302(2)</p> <p>BCA 202(f) 241(a) Policy Statement C-32</p> <p>BCA 202(f) Policy Statement C-32 BCA 202(f)</p>

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<p>3. The name of the resident agent must be completed. Each domestic corporation must name and continuously maintain a resident agent, who must be one of the following:</p> <ul style="list-style-type: none"> a. An individual resident of Michigan whose business office or residence is identical with the registered office. b. A domestic corporation having a business office identical with the registered office. c. A foreign corporation authorized to transact business in Michigan having a business office identical with the registered office. <p>4. The following are not acceptable as resident agents:</p> <ul style="list-style-type: none"> a) Dissolved or withdrawn corporations b) Limited partnerships c) Partnerships generally d) Limited liability companies e) Limited liability partnerships 	<p align="center">241(b)</p>
<u>ARTICLE V</u>	
<p>1. The names and addresses of the incorporators must be reflected. Except for educational corporations, one incorporator is sufficient. Educational corporations require at least three.</p>	<p>BCA 201 202(g) GCA 170</p>
<p>2. The incorporator may be an individual, a partnership, a domestic or foreign corporation, or any other association, corporation, trust, or legal entity, limited liability company, professional limited liability company, limited liability partnership who signs the articles of incorporation.</p> <p>Minors may not act as incorporators, officers or directors of corporations.</p>	<p>BCA 108(2) 201</p>
<p>3. Incorporators select the first board of directors and may adopt bylaws.</p>	<p>AG Opinion 5893 dated 5/8/81 (Our No. 254)</p>
<p>4. A professional service corporation may not be an incorporator in a business corporation. A professional service corporation may be an incorporator in another professional service corporation but only if both corporations perform the same professional service.</p>	<p>BCA 223</p> <p>PSCA 7</p>
<u>ARTICLE VI</u>	
<p>This is an optional provision. If the incorporators do not wish it in the articles of incorporation, it may be deleted.</p>	<p>BCA 204</p>

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<p align="center"><u>ARTICLE VII</u></p> <p>The articles of incorporation must contain this provision if the shareholders are to have the ability to take action by written consent of at least a majority of the outstanding shares without a meeting. If this provision is omitted in the articles, the shareholders are limited to taking action at a meeting or by written consent of all of the outstanding shares. The provision may be deleted if the incorporators do not wish it in the articles of incorporation.</p>	<p align="center">BCA 407(1) 407(2)</p>
<p align="center"><u>ADDITIONAL ARTICLES</u></p> <p>This space may be used to continue previous Articles or to reflect additional provisions permitted or required to be part of the articles of incorporation. Examples of such provisions are:</p> <ol style="list-style-type: none"> 1. Corporate term, if other than perpetual. <p align="center">If the term is reflected as a specific number of years, compute the term expiration date from the date of filing the articles or, if there is an effective date, from the effective date.</p> 2. Exemption from personal liability for directors. The provision may not provide for exemption from liability beyond that provided for in the Act, nor may it provide for limiting the liability on a date earlier than the effective date of the document which originally contained the provision. 3. Bylaws 4. Powers 5. SHARES/SHAREHOLDERS <ol style="list-style-type: none"> a) Redemption of shares b) Powers granted to the board of directors may be reserved to the shareholders c) Nonassessability of shares d) Personal liability of shareholders for acts or debts of the corporation e) Dividends f) Pre-emptive rights g) Acquisition of a corporation's own shares h) Treasury shares i) Cancellation of shares 	<p align="center">BCA 202(h) Special Opinion 291</p> <p align="center">BCA 209(c)</p> <p align="center">BCA 231</p> <p align="center">BCA 261</p> <p align="center">BCA 304a</p> <p align="center">BCA 314(1)</p> <p align="center">BCA 314(4)</p> <p align="center">BCA 317(4)</p> <p align="center">BCA 341(a) 345</p> <p align="center">BCA 343</p> <p align="center">BCA 344</p> <p align="center">BCA 344(4)</p> <p align="center">BCA 344</p>

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j) Rights conferred on bondholders	BCA 391
k) Participating in meeting by conference telephone or similar communication equipment	BCA 405
l) Taking corporate action without a meeting	BCA 407
m) Quorum at meeting	BCA 415
n) Voting	
1) Determining shareholders eligible to vote	BCA 412 444 445 446 447a 448
2) Each share entitled to 1 vote unless the articles provide for a greater vote or no vote(The articles can provide, in the case of 2 or more classes or series, that a class or series shall not have voting rights. They cannot provide that all shares are non-voting.)	BCA 441(1) Special Opinion 273
3) Voting as a class	BCA 442
4) Number of votes required for passage	BCA 441(2) 442(1) & (2)
5) Cumulative voting (for directors only)	BCA 451
6) Supermajority voting (vote of more than a majority of issued shares required)	BCA 455
7) Proxies	BCA 421 422 423
o) Management by shareholders instead of directors	BCA 463
p) Transfer of shares	BCA 471 472 473
q) Shareholder dissent to corporate action	BCA 762
6. DIRECTORS	
a) Management by shareholders instead of directors	BCA 463 501
b) Qualification for directors	BCA 501

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c) Minors may not act as incorporators, officers, or directors of corporations	AG Opinion 5893 dated 5/8/81 (Our No. 254) Special Opinion 105
d) Fixing number	BCA 505(1)
e) Term of office	BCA 505(2) 506
f) Election or appointment	BCA 505(2) 505(3)
g) Division into classes	BCA 506
h) Removal	BCA 511 514
i) Filling vacancies	BCA 515a
j) Participation in meeting of board by conference telephone or similar communication equipment	BCA 521(3)
k) Quorum at meeting	BCA 523
l) Action without a meeting	BCA 525
m) Committee	BCA 527 528
n) Indemnification (Cannot exceed statutory limits as to who, the types of action, etc. which can be covered)	BCA 561-567
7. OFFICERS	
a) Election or appointment	BCA 531
b) Minors may not act as incorporators, officers, or directors of corporations	AG Opinion 5893 Dated 5/8/81 (Our No. 254)
c) Indemnification (Cannot exceed statutory limits as to who, the types of action, etc. which can be covered.)	BCA 561-567
8. Exemptions regarding business combinations	BCA 783 784
9. Control share acquisitions	
a) Exemptions	BCA 794
b) Redemption	BCA 799

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<p align="center"><u>EFFECTIVE DATE</u></p> <p>An effective date, not more than 90 days after the date of receipt, is permitted. The desired effective date must be reflected in the body of the document. Inserting it in the "Bureau Use Only" area is not sufficient.</p> <p align="center"><u>SIGNATURE</u></p> <p>Must be signed by at least one of the incorporators named in Article V. At least three signatures are required for educational corporations.</p> <p>The person signing on behalf of a corporation acting as an incorporator must be an authorized officer or agent.</p> <p>A person may sign on behalf of an individual if they have a specific power-of-attorney to do so. An indication that the signature is that of an attorney-in-fact is not required.</p> <p align="center"><u>FEES</u></p> <p>Nonrefundable filing fee - \$10.00</p> <p>Organizational fee - \$50.00 if the capital is not divided into shares or if the number of shares is 60,000 or fewer. For shares in excess of 60,000 but less than 10,000,001, this fee is \$50.00 plus \$30.00 for each 20,000 shares or portion thereof in excess of 60,000 up to a maximum of \$5,000. For shares in excess of 10,000,000, this fee is \$5,000 plus \$30.00 for each 20,000 shares or portion thereof in excess of 10,000,000 up to a maximum of \$200,000 total.</p> <p align="center"><u>MISCELLANEOUS</u></p> <p>1. Form C&S 501 is acceptable in place of C&S 500 provided the following modifications are made to the form:</p> <ul style="list-style-type: none"> a) Delete the words "Professional Service" in the title. b) Change the act number in the preamble from 192, P.A. 1962 to 284, P.A. 1972. c) Delete the words "professional service(s)" in Article II and reflect the all purpose statement or the specific purpose for which the corporation is formed. Alternatively, the entire statement printed in Article II may be deleted with only an all purpose statement substituted in its place. d) Delete Article VIII and/or any other statements stating all shareholders are licensed or legally authorized to render one or more of the professional services for which the corporation is organized. e) Change form number from C&S 501 to C&S 500. 	<p>BCA 201 GCA 170</p> <p>BCA 132(2)</p> <p>Procedures re: Signatures</p> <p>BCA 1060(1)(a) Policy Statement C-5 Policy Statement C-33</p> <p>BCA 1062(1) and (8) Policy Statement C-9 Policy Statement C-5</p> <p>Policy Statement C-1</p>

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<p>2. The Act provides it does not apply to certain types of entities. Consequently, the form cannot be used by any of the following:</p> <ul style="list-style-type: none"> Insurance companies (See the Insurance Code of 1956) Surety companies (See the Insurance Code of 1956) Savings and Loan Associations (See the Banking Code) Fraternal benefit societies (See the Insurance Code of 1956) Banking corporations (See the Banking Code) <p>The Act also provides that unless otherwise provided or inconsistent with the act under which a corporation is formed, it does apply. The form may be used by the following provided it is adjusted to conform to the law under which it is incorporated:</p> <ul style="list-style-type: none"> Deposit and security companies Summer resort associations (Chapter 455 of MCLA) Brine pipeline companies (Act 182, P.A. 1881) Telegraph companies (Act 59, P.A. 1851) Telephone companies (Act 129, P.A. 1883) Safety and collateral deposit companies (Chapter 7 of the Banking Code: Act 319, P.A. 1969) Canal, river, and harbor improvement companies (Act 233, P.A. 1875) (Act 149, P.A. 1869) Cemeteries (Act 87, P.A. 1855 and Act 12, P.A. 1869)) Burial associations (see Cemeteries) Cremation associations (Act 58, P.A. 1915) Railroad, bridge and tunnel companies (Act 354, P.A. 1993) Agricultural fair societies (Act 80, P.A. 1855) Horticultural fair societies (Act 80, P.A. 1855) 	<p>BCA 123(1)</p>

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<p>3. Artfully drafted provisions which relate to the operation of a corporation but not its formation will be permitted when accompanied by letter from legal counsel which clearly states an opinion that the provision is permissible under the act.</p>	<p>Policy Statement C-1</p>
<p>4. The phrase "except as otherwise provided in the articles of incorporation" or "unless otherwise provided in the articles" is interpreted to mean the provision is not mandatory and the articles may state the provision does not apply.</p>	<p>Special Opinion 274</p>
<p>5. The Small Business Investment Act allows a small business investment company to incorporate as a profit or nonprofit corporation or may organize as a limited partnership.</p>	<p>Special Opinion 282 15 USC 681</p>