

NONPROFIT CORPORATION ACT (EXCERPT)
Act 162 of 1982

450.2746 Conversion of business organization into domestic corporation; requirements; effectiveness of certificate of conversion; surviving domestic corporation.

Sec. 746.

(1) A business organization may convert into a domestic corporation if all of the following requirements are satisfied:

(a) The conversion is permitted under the law that governs the internal affairs of the business organization and the business organization complies with that law in converting.

(b) The business organization that is proposing to convert into a domestic corporation adopts a plan of conversion that includes all of the following:

(i) The name of the business organization, the type of business organization that is converting, identification of the statute that governs the internal affairs of the business organization, the name of the surviving domestic corporation into which the business organization is converting, the street address of the surviving domestic corporation, and the principal place of business of the surviving domestic corporation.

(ii) A description of all of the ownership interests in the business organization, specifying the interests that are entitled to vote, any right those interests have to vote collectively or as a class, and, if the ownership interests are subject to change before the effective date of the conversion, the manner in which the change may occur.

(iii) The terms and conditions of the proposed conversion, including the manner and basis of converting the ownership interests of the business organization into shares, memberships, or obligations of the surviving domestic corporation, into cash, into other consideration that may include ownership interests or obligations of an entity that is not a party to the conversion, or into a combination of cash and other consideration.

(iv) The terms and conditions of the articles and bylaws that are to govern the surviving domestic corporation.

(v) Any other provisions with respect to the proposed conversion that the business organization considers necessary or desirable.

(c) If the plan of conversion is adopted by the business organization under subdivision (b), the plan of conversion is submitted for approval in the manner required under the law governing the internal affairs of that business organization.

(d) After the plan of conversion is approved under subdivisions (b) and (c), the business organization files a certificate of conversion with the administrator. The certificate of conversion shall include all of the following:

(i) All of the information described in subdivision (b)(i) and (ii) and the manner and basis of converting the ownership interests of the business organization included in the plan of conversion.

(ii) A statement that the business organization has adopted the plan of conversion under subdivision (c).

(iii) A statement that the surviving corporation will furnish a copy of the plan of conversion, on request and without cost, to any owner of the business organization.

(iv) A statement specifying each assumed name of the business organization to be used by the surviving domestic corporation and authorized under section 217(6).

(v) Articles of incorporation of the surviving domestic corporation that meet all of the requirements of this act applicable to articles of incorporation.

(2) Section 131 applies in determining when a certificate of conversion under this section becomes effective.

(3) When a business organization converts into a surviving domestic corporation under this section, all of the following apply:

(a) The business organization converts to the surviving domestic corporation. Except as otherwise provided in this section, the surviving domestic corporation is organized under and subject to this act.

(b) The surviving domestic corporation has all of the liabilities of the business organization. The conversion of the business organization into a domestic corporation under this section does not affect any obligations or liabilities of the business organization that are incurred before the conversion or the personal liability of any person that is incurred before the conversion and the conversion shall not be considered to affect the choice of law applicable to the business organization with respect to matters that arise before conversion.

(c) The title to all real estate and other property and rights owned by the business organization is vested in the surviving domestic corporation without reversion or impairment. The rights, privileges, powers, and interests in property of the business organization, and the debts, liabilities, and duties of the business organization, shall not be considered, as a consequence of the conversion, as transferred to the surviving domestic corporation to which the business organization has converted for any purpose under the laws of this state.

(d) The surviving domestic corporation may use the name and the assumed names of the business organization if the filings required under section 217(6) or any other applicable statute are made and the laws regarding the use and form of names are followed.

(e) A person may continue any proceeding that is pending against the business organization as if the conversion had not occurred, or the surviving domestic corporation may be substituted in the proceeding for the business organization.

(f) The surviving domestic corporation is considered to be the same entity that existed before the conversion and is considered to be organized on the date that the business organization was originally organized.

(g) The ownership interests of the business organization that were converted into shares, memberships, or obligations of the surviving domestic corporation or into cash or other property are converted.

(h) Unless otherwise provided in the plan of conversion, the business organization is not required to wind up its affairs or pay its liabilities and distribute its assets on account of the conversion, and the conversion does not constitute a dissolution of the business organization.

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