

MICHIGAN LIMITED LIABILITY COMPANY ACT (EXCERPT)
Act 23 of 1993
Article 2

450.4201 Limited liability company; purpose.

Sec. 201.

A limited liability company may be formed under this act for any lawful purpose for which a domestic corporation or a domestic partnership could be formed, except as otherwise provided by law. A limited liability company formed to provide services in a learned profession, or more than 1 learned profession, shall comply with article 9.

History: 1993, Act 23, Eff. June 1, 1993 ;-- Am. 1997, Act 52, Imd. Eff. July 1, 1997

450.4202 Limited liability company; formation; filing as evidence that all conditions performed; exception; duration.

Sec. 202.

(1) One or more persons, who may or may not become members, may be the organizers of a limited liability company by filing executed articles of organization.

(2) The existence of the limited liability company begins on the effective date of the articles of organization as provided in section 104. Filing is conclusive evidence that all conditions precedent required to be performed under this act are fulfilled and that the company is formed under this act, except in an action or special proceeding by the attorney general. The maximum duration of the limited liability company is perpetual unless otherwise provided in the articles of organization.

History: 1993, Act 23, Eff. June 1, 1993 ;-- Am. 1997, Act 52, Imd. Eff. July 1, 1997 ;-- Am. 2002, Act 686, Imd. Eff. Dec. 30, 2002

450.4203 Articles of organization; contents.

Sec. 203.

(1) The articles of organization shall contain all of the following:

(a) The name of the limited liability company.

(b) The purposes for which the limited liability company is formed. It is sufficient to state substantially, alone or with specifically enumerated purposes, that the limited liability company may engage in any activity for which limited liability companies may be formed under this act.

(c) The street address, and the mailing address if different from the street address, of the limited liability company's initial registered office and the name of its initial resident agent at that address.

(d) If the business of the limited liability company is to be managed by managers, a statement that the business is to be managed by or under the authority of managers.

(e) The maximum duration of the limited liability company, if other than perpetual.

(2) The articles of organization may contain any provision not inconsistent with this act or another statute of this state, including any provision that is required or permitted to be in an operating agreement under this act.

(3) The articles of organization need not set out the powers of the limited liability company as described in section 210.

History: 1993, Act 23, Eff. June 1, 1993 ;-- Am. 1997, Act 52, Imd. Eff. July 1, 1997 ;-- Am. 2002, Act 686, Imd. Eff. Dec. 30, 2002

450.4204 Limited liability company; low-profit limited liability company; name; requirements; rights.

Sec. 204.

(1) Except as provided in subsection (2), the name of a domestic limited liability company shall contain the words "limited liability company", or the abbreviation "L.L.C." or "L.C.", with or without periods or other punctuation.

(2) The name of a low-profit limited liability company shall contain the words "low-profit limited liability company", or the abbreviation "L.3.C." or "l.3.c.", with or without periods or other punctuation.

(3) The name of a domestic or foreign limited liability company formed under or subject to this act shall conform to all of the following:

(a) Shall not contain a word or phrase, or abbreviation or derivative of a word or phrase, that indicates or implies that the company is formed for a purpose other than the purpose or purposes permitted by its articles of organization.

(b) Shall not contain the word "corporation" or "incorporated" or the abbreviation "corp." or "inc.".

(c) Shall distinguish the name in the records in the office of the administrator from all of the following:

(i) The name of a domestic limited liability company, or a foreign limited liability company authorized to transact business in this state, that is in good standing.

(ii) The name of a corporation subject to the business corporation act, 1972 PA 284, MCL 450.1101 to 450.2098, or a nonprofit corporation subject to the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192.

(iii) A name reserved, registered, or assumed under this act, under the business corporation act, 1972 PA 284, MCL 450.1101 to 450.2098, or under the nonprofit corporation act, 1982 PA 162, MCL 450.2101 to 450.3192.

(iv) The name of a domestic or foreign limited partnership as filed or registered, reserved, or assumed under the Michigan revised uniform limited partnership act, 1982 PA 213, MCL 449.1101 to 449.2108.

(d) Shall not contain a word or phrase, an abbreviation, or derivative of a word or phrase, the use of which is prohibited or restricted by any other statute of this state.

(4) If a foreign limited liability company is unable to obtain a certificate of authority to transact business in this state because its name does not comply with subsections (1), (2), and (3), the foreign limited liability company may apply for authority to transact business in this state by adding to its name in the application a word, abbreviation, or other distinctive and distinguishing element, or alternatively, adopting for use in this state an assumed name otherwise available for use. If in the judgment of the administrator that name would comply with subsections (1), (2), and (3), those subsections do not bar the issuance to the foreign limited liability company of a certificate of authority to transact business in this state. The certificate of authority to transact business in this state issued to the foreign limited liability company shall be issued in the name applied for and the foreign limited liability company shall use that name in all its dealings with the administrator and in the transaction of business in this state.

(5) The fact that a limited liability company name complies with this section does not create substantive rights to the use of the name.

History: 1993, Act 23, Eff. June 1, 1993 ;-- Am. 1997, Act 52, Imd. Eff. July 1, 1997 ;-- Am. 2002, Act 686, Imd. Eff. Dec. 30, 2002 ;-- Am. 2008, Act 567, Imd. Eff. Jan. 16, 2009

450.4204a Limited liability company licensed as nursing home; use of terms.

Sec. 204a.

A limited liability company formed or existing under or subject to this act that is licensed or is to be licensed as a nursing home under article 17 of the public health code, 1978 PA 368, MCL 333.20101 to 333.22260, may use the term "health center" or "health care center" or a term conveying a meaning substantially similar to those terms, or the term "rehabilitation center", as long as those terms do not conflict with the terms prohibited by section 21712 of the public health code, 1978 PA 368, MCL 333.21712.

History: Add. 2001, Act 277, Imd. Eff. Jan. 11, 2002

450.4205 Reserving right to use of name; application; transfer of right.

Sec. 205.

(1) A person may reserve the right to use of a limited liability company name by executing and filing with the administrator an application to reserve the name. If the administrator finds that the name is available for use, the administrator shall reserve it for exclusive use of the applicant for a period expiring at the end of the sixth full calendar month following the month in which the application was filed.

(2) The right to exclusive use of a reserved name may be transferred to another person by filing a notice of the transfer, executed by the applicant for whom the name was reserved, and stating the name and address of the transferee.

History: 1993, Act 23, Eff. June 1, 1993

450.4206 Transacting business under assumed name; certificate; effective period; extension; notice of expiration; rights not created; same name assumed in partnership or joint venture; transfer of assumed name to survivor; use of name by surviving company; assumed name of converted company; certificate of conversion.

Sec. 206.

(1) A domestic or foreign limited liability company may transact business under an assumed name or names other than its name as set forth in its articles of organization or certificate of authority, if not precluded from use of the assumed name or names under section 204(3), by filing a certificate stating the true name of the company and the assumed name or names under which business is to be transacted.

(2) A certificate of assumed name is effective, unless terminated by filing a certificate of termination or by the dissolution or withdrawal of the company, for a period expiring on December 31 of the fifth full calendar year following the year in which the certificate of assumed name was filed. The certificate of assumed name may be extended for additional consecutive periods of 5 full calendar years each by filing a similar certificate of assumed name not earlier than 90 days before the expiration of the initial or any subsequent 5-year period.

(3) The administrator shall notify a domestic or foreign limited liability company of the impending expiration of a certificate of assumed name not later than 90 days before the expiration of the initial or any subsequent 5-year period described in subsection (2).

(4) Filing a certificate of assumed name under this section does not create substantive rights to the use of a particular assumed name.

(5) The same name may be assumed by 2 or more limited liability companies or by 1 or more limited liability companies and 1 or more corporations, limited partnerships, or other enterprises participating together in a partnership or joint venture. Each participating limited liability company shall file a certificate of assumed name under this section.

(6) A limited liability company participating in a merger, or any other entity participating in a merger under section 705a, may transfer to the survivor the use of an assumed name for which a certificate of assumed name is on file with the administrator before the merger, if the transfer of the assumed name is noted in the certificate of merger as provided in section 703(1)(c), 705a(7)(c), or other applicable statute. The use of an assumed name transferred under this subsection may continue for the remaining effective period of the certificate of assumed name on file before the merger and the survivor may terminate or extend the certificate in accordance with subsection (2).

(7) A limited liability company surviving a merger may use as an assumed name the name of a merging limited liability company, or the name of any other entity participating in the merger under section 705a, by filing a certificate of assumed name under subsection (1) or by providing for the use of the assumed name in the certificate of merger. The surviving limited liability company may also file a certificate of assumed name under subsection (1) or provide in the certificate of merger for the use of an assumed name of a merging entity not transferred pursuant to subsection (6). A provision in the certificate of merger pursuant to this subsection is treated as a new certificate of assumed name.

(8) A business organization into which a domestic limited liability company has converted under section 708 may use an assumed name of the converting company, if the company has a certificate of assumed name for that assumed name on file with the administrator before the conversion, by providing for the use of the name as an

assumed name in the certificate of conversion. The use of an assumed name under this subsection may continue for the remaining effective period of the certificate of assumed name on file before the conversion, and the surviving business organization may terminate or extend the certificate of assumed name in the manner described in subsection (2).

(9) A domestic limited liability company into which a business organization has converted under section 709 may use as an assumed name the name of the business organization converting into that company, or use as an assumed name an assumed name of that business organization, by filing a certificate of assumed name under subsection (2) or by providing for the use of that name or assumed name as an assumed name of the company in the certificate of conversion. A provision in the certificate of conversion under this subsection shall be treated as a new certificate of assumed name.

History: 1993, Act 23, Eff. June 1, 1993 ;-- Am. 1997, Act 52, Imd. Eff. July 1, 1997 ;-- Am. 2008, Act 567, Imd. Eff. Jan. 16, 2009 ;-- Am. 2010, Act 290, Imd. Eff. Dec. 16, 2010

450.4207 Maintaining registered office and resident agent; service of process, notice, or demand; appointment of agent; annual statement; service of process by mail.

Sec. 207.

(1) Each domestic limited liability company and foreign limited liability company authorized to transact business in this state shall have and continuously maintain in this state both of the following:

(a) A registered office that may, but need not be, the same as its place of business.

(b) A resident agent. The resident agent may be either an individual resident in this state whose business office or residence is identical with the registered office or any of the following having a business office identical with the registered office:

(i) A domestic corporation.

(ii) A foreign corporation authorized to transact business in this state.

(iii) A domestic limited liability company.

(iv) A foreign limited liability company authorized to transact business in this state.

(2) The resident agent appointed by a limited liability company is an agent of the company upon whom any process, notice, or demand required or permitted by law to be served upon the company may be served.

(3) A domestic limited liability company or foreign limited liability company authorized to transact business in this state shall file with the administrator an annual statement executed as provided in section 103 containing the name of its resident agent and the address of its registered office in this state. The statement shall be filed not later than February 15 of each year, except that a limited liability company formed after September 30 or a foreign limited liability company authorized to transact business in this state after September 30 need not file a statement on the February 15 immediately succeeding its formation or authorization.

(4) If a limited liability company fails to appoint or maintain an agent for service of process, or the agent for service of process cannot be found or served through the exercise of reasonable diligence, service of process may be made by delivering or mailing by registered mail to the administrator a summons and copy of the complaint.

History: 1993, Act 23, Eff. June 1, 1993 ;-- Am. 1997, Act 52, Imd. Eff. July 1, 1997 ;-- Am. 2002, Act 686, Imd. Eff. Dec. 30, 2002

450.4207a Certificate of good standing.

Sec. 207a.

(1) Except as provided in this section, and section 909 for a professional limited liability company, from the effective date of the articles of organization as provided in section 104 until dissolution for a domestic limited liability company, or from the effective date of the certificate of authority to transact business in this state until withdrawal from this state for a foreign limited liability company, a limited liability company is entitled to issuance by the administrator, upon request, of a certificate of good standing. A certificate of good standing issued to a domestic limited liability company shall state that it has been validly organized as a domestic limited liability company, that it is validly in existence under the laws of this state, and that it has satisfied its annual filing

obligations. A certificate of good standing issued to a foreign limited liability company shall state that it has been validly authorized to transact business in this state, that it holds a valid certificate of authority to transact business in this state, and that it has satisfied its annual filing obligations.

(2) If a domestic limited liability company or a foreign limited liability company authorized to transact business in this state fails to file an annual statement required by section 207 for 2 consecutive years, the administrator shall notify the company of the consequences of the failure to file under subsection (3).

(3) If a limited liability company does not file all annual statements it has failed to file, and the applicable fees, within 60 days after the administrator's notice under subsection (2) is sent, the limited liability company is not in good standing. A limited liability company that is not in good standing is not entitled to issuance by the administrator of a certificate of good standing described in subsection (1), the name of the company is available for use by another entity filing with the administrator, and the administrator shall not accept for filing any document submitted by the limited liability company other than a certificate of restoration of good standing provided for in subsection (4). A limited liability company that is not in good standing remains in existence and may continue to transact business in this state.

(4) A domestic limited liability company or a foreign limited liability company authorized to transact business in this state that is not in good standing under subsection (3) may file a certificate of restoration of good standing, accompanied by the annual statements and fees for all of the years for which they were not filed and paid, and the fee for filing the certificate of restoration of good standing. The certificate shall include all of the following:

(a) The name of the limited liability company at the time it ceased to be in good standing. If that name is not available when the certificate of restoration of good standing is filed, the limited liability company shall select a new name that complies with section 204. The new name shall be the name of the domestic limited liability company or the name used in this state by the foreign limited liability company from the date of filing of the certificate.

(b) The name of the limited liability company's current resident agent and the address of the current registered office in this state.

(c) A statement that the certificate is accompanied by the annual statements and applicable fees for all of the years for which statements were not filed and fees were not paid.

History: Add. 2002, Act 686, Imd. Eff. Dec. 30, 2002

450.4208 Resident agent; resignation; notice; appointment of successor; termination of appointment.

Sec. 208.

(1) A resident agent of a limited liability company may resign as agent upon filing a written notice of resignation with the administrator and with a member or manager of the limited liability company.

(2) The company shall promptly appoint a successor resident agent.

(3) The appointment of the resigning agent terminates 30 days after the date the notice is filed with the administrator or upon the appointment of a successor, whichever occurs first.

History: 1993, Act 23, Eff. June 1, 1993

450.4209 Changing registered office or resident agent; statement; filing; contents; changing business or residence address of resident agent.

Sec. 209.

(1) A domestic limited liability company or foreign limited liability company authorized to transact business in this state may change its registered office or resident agent, or both, upon filing with the administrator a statement executed as provided in section 103 and setting forth all of the following:

(a) The name of the limited liability company.

(b) The address of its then registered office and the new address if the registered office is to be changed.

(c) The name of its then resident agent and the name of the successor if the resident agent is to be changed.

(d) A statement that the address of the registered office and the address of the resident agent are identical.

(e) A statement that the change was authorized in accordance with an operating agreement, or, if not provided

for in an operating agreement, by affirmative vote of a majority of the members voting in accordance with section 502(1) or managers voting in accordance with section 405.

(2) If a resident agent changes its business or residence address to another place within this state, the resident agent may change the address of the registered office of the domestic or foreign limited liability company of which the person is a resident agent by filing a statement as required in subsection (1) and mailing a copy of the statement to the limited liability company. The statement need only to be signed by the resident agent and need not contain the statement required by subsection (1)(e).

History: 1993, Act 23, Eff. June 1, 1993

450.4210 Limited liability company; powers.

Sec. 210.

Subject to the limitations provided in this act, any other statute of this state, or its articles of organization, a limited liability company has all powers necessary or convenient to effect any purpose for which the company is formed, including all powers granted to corporations in the business corporation act, 1972 PA 284, MCL 450.1101 to 450.2098.

History: 1993, Act 23, Eff. June 1, 1993 ;-- Am. 2002, Act 686, Imd. Eff. Dec. 30, 2002

450.4211 Validity of action or transfer of property; asserting lack of capacity or power.

Sec. 211.

An act of a limited liability company and a transfer of real or personal property to or by a limited liability company, otherwise lawful, is not invalid because the company was without capacity or power to do the act or make or receive the transfer, except that the lack of capacity or power may be asserted in any of the following:

(a) In an action by a member against the company to enjoin the doing of an act or the transfer of real or personal property by or to the company.

(b) In an action by or in the right of the company to procure a judgment in its favor against an incumbent or former member or manager of the company for loss or damage due to an unauthorized act of that member or manager.

(c) In an action or special proceeding by the attorney general to dissolve the company or to enjoin it from the transaction of unauthorized business.

History: 1993, Act 23, Eff. June 1, 1993 ;-- Am. 2010, Act 290, Imd. Eff. Dec. 16, 2010

450.4212 Interest rate; agreement.

Sec. 212.

A domestic or foreign limited liability company, whether or not formed at the request of a lender, may agree in writing to pay any rate of interest as long as that rate of interest is not in excess of the rate set forth in Act No. 259 of the Public Acts of 1968, being sections 438.41 to 438.42 of the Michigan Compiled Laws.

History: 1993, Act 23, Eff. June 1, 1993

450.4213 Registered office or principal place of business; documents required to be kept.

Sec. 213.

A limited liability company shall keep at its registered office or principal place of business in this state all of the following:

- (a) A current list of the full name and last known address of each member and manager.
- (b) A copy of the articles or restated articles of organization, together with any amendments to the articles.
- (c) Copies of the limited liability company's federal, state, and local tax returns and reports, if any, for the 3 most recent years.
- (d) Copies of any financial statements of the limited liability company for the 3 most recent years.
- (e) Copies of operating agreements.
- (f) Copies of records that would enable a member to determine the members' relative shares of the limited liability company's distributions and the members' relative voting rights.

History: 1993, Act 23, Eff. June 1, 1993 ;-- Am. 1997, Act 52, Imd. Eff. July 1, 1997

450.4214 Conflict between articles of organization and operating agreement.

Sec. 214.

If there is a conflict between the articles of organization and an operating agreement of a limited liability company, the articles of organization shall control.

History: Add. 1997, Act 52, Imd. Eff. July 1, 1997 ;-- Am. 2002, Act 686, Imd. Eff. Dec. 30, 2002

450.4215 Operating agreement unenforceable.

Sec. 215.

An operating agreement of a limited liability company that has 1 member is not unenforceable because only 1 person is a party to the operating agreement.

History: Add. 2002, Act 686, Imd. Eff. Dec. 30, 2002

450.4216 Limited liability company; powers.

Sec. 216.

Except as otherwise provided in an operating agreement, a limited liability company may do any of the following:

- (a) Indemnify, hold harmless, and defend a member, manager, or other person from and against any and all losses, expenses, claims, and demands sustained by that person, except that the company may not indemnify a person for conduct described in section 407(a), (b), or (c).
- (b) Purchase and maintain insurance on behalf of a member, manager, or other person against any liability or expense asserted against or incurred by that person, whether or not the company may indemnify that person under subdivision (a).

History: Add. 2010, Act 290, Imd. Eff. Dec. 16, 2010

