

NONPROFIT CORPORATION ACT (EXCERPT)
Act 162 of 1982

450.2344 Acquisition of own shares or memberships; amendment of articles of incorporation.

Sec. 344.

(1) Subject to restrictions imposed under this act or the articles of incorporation, a corporation that is organized on a stock or membership basis may acquire its own shares or memberships. Except as provided in subsection (4), those shares or memberships constitute authorized but unissued shares or memberships.

(2) If the articles of incorporation prohibit reissue of any shares or memberships acquired under subsection (1), the board by resolution shall adopt and file any necessary amendment to the articles of incorporation to reduce the number of authorized shares or memberships accordingly.

(3) A corporation shall not acquire its own shares or memberships by purchase, redemption, or otherwise unless after the acquisition there remain outstanding shares or memberships that possess, collectively, voting rights or unless the articles of incorporation have been amended to provide that the corporation is organized on a directorship basis after the acquisition.

(4) A corporation that acquires its own shares or memberships may grant a security interest in the shares or memberships as security for the payment of the purchase price of the shares or memberships. Any shares or memberships acquired by the corporation in which it has granted a security interest are not canceled and do not constitute authorized but unissued shares or memberships until the corporation pays the purchase price. If a corporation has granted a security interest in its own shares or memberships, the shares or memberships shall not be voted directly or indirectly and are not counted in determining the total number of issued shares or members entitled to vote at any given time, except to the extent provided by the agreement creating the security interest in the event of default. When the purchase price is paid, the shares or memberships are canceled and constitute authorized but unissued shares or memberships. If the articles of incorporation prohibit reissue of canceled shares or memberships, then the board by resolution shall adopt and file any amendment to the articles of incorporation required under subsection (2).

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