

# SENATE BILL No. 1279

May 23, 2006, Introduced by Senator SANBORN and referred to the Committee on Economic Development, Small Business and Regulatory Reform.

A bill to amend 1982 PA 162, entitled "Nonprofit corporation act," by amending sections 106, 133, 141, 143, 151, 404, 405, 407, 413, 441, 446, 451, 521, 525, 1103, and 1144 (MCL 450.2106, 450.2133, 450.2141, 450.2143, 450.2151, 450.2404, 450.2405, 450.2407, 450.2413, 450.2441, 450.2446, 450.2451, 450.2521, 450.2525, 450.3103, and 450.3144), sections 1103 and 1144 as added by 1984 PA 209, and by adding section 406a.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 106. (1) "Corporation" or "domestic corporation" means a  
2 nonprofit corporation.

3           (2) "Director" means an individual who is a member of the  
4 board of a corporation. ~~—, and shall be construed to be~~ **THE TERM**

1 IS synonymous with "trustee" OF A CORPORATION or other similar  
2 designation.

3 (3) "ELECTRONIC TRANSMISSION" OR "ELECTRONICALLY TRANSMITTED"  
4 MEANS ANY FORM OF COMMUNICATION THAT MEETS ALL OF THE FOLLOWING:

5 (A) IT DOES NOT DIRECTLY INVOLVE THE PHYSICAL TRANSMISSION OF  
6 PAPER.

7 (B) IT CREATES A RECORD THAT MAY BE RETAINED AND RETRIEVED BY  
8 THE RECIPIENT.

9 (C) IT MAY BE DIRECTLY REPRODUCED IN PAPER FORM BY THE  
10 RECIPIENT THROUGH AN AUTOMATED PROCESS.

11 Sec. 133. If a document relating to a domestic or foreign  
12 corporation filed with the administrator under this act is an  
13 inaccurate record of the corporation action referred to in the  
14 document or was defectively or erroneously executed, **OR THE**  
15 **DOCUMENT WAS ELECTRONICALLY TRANSMITTED AND THE ELECTRONIC**  
16 **TRANSMISSION WAS DEFECTIVE**, the document may be corrected by filing  
17 with the administrator a certificate of correction on behalf of the  
18 corporation. A certificate entitled "certificate of correction of.  
19 .. (correct title of document and name of corporation)" shall be  
20 signed as provided in this act with respect to the document being  
21 corrected and filed with the administrator. The certificate shall  
22 set forth the name of the corporation, the date the document to be  
23 corrected was filed by the administrator, the provision in the  
24 document as corrected or eliminated, and if the execution was  
25 defective, the proper execution. The corrected document is  
26 effective in its corrected form as of its original filing date  
27 except as to a person who relied upon the inaccurate portion of the

1 document and was, as a result of the inaccurate portion of the  
2 document, adversely affected by the correction.

3       Sec. 141. When, under this act or the articles of  
4 incorporation or bylaws of a corporation or by the terms of an  
5 agreement or instrument, a corporation or the board or any  
6 committee ~~thereof~~ **OF THE BOARD** may take action after notice to  
7 any person or after lapse of a prescribed period of time, the  
8 action may be taken without notice and without lapse of the period  
9 of time, if at any time before or after the action is completed the  
10 person entitled to notice or to participate in the action to be  
11 taken or, in case of a shareholder or member, by the shareholder or  
12 member's attorney-in-fact, submits a signed waiver ~~of such~~ **OR A**  
13 **WAIVER BY ELECTRONIC TRANSMISSION OF THE** requirements.

14       Sec. 143. (1) When a notice or communication is required or  
15 permitted by this act to be given by mail, it shall be mailed,  
16 except as otherwise provided in this act, to the person to whom it  
17 is directed at the address designated by that person for that  
18 purpose or, if none is designated, at that person's last known  
19 address. The notice or communication is given when deposited, with  
20 postage prepaid, in a post office or official depository under the  
21 exclusive care and custody of the United States postal service. The  
22 mailing shall be registered, certified, or other first class mail  
23 except where otherwise provided in this act.

24       (2) **WHEN A NOTICE IS REQUIRED OR PERMITTED BY THIS ACT TO BE**  
25 **GIVEN IN WRITING, ELECTRONIC TRANSMISSION IS WRITTEN NOTICE.**

26       (3) **WHEN A NOTICE OR COMMUNICATION IS PERMITTED BY THIS ACT TO**  
27 **BE TRANSMITTED ELECTRONICALLY, THE NOTICE OR COMMUNICATION IS GIVEN**

1 WHEN ELECTRONICALLY TRANSMITTED TO THE PERSON ENTITLED TO THE  
2 NOTICE OR COMMUNICATION IN A MANNER AUTHORIZED BY THE PERSON.

3 Sec. 151. (1) If the administrator ~~fails~~ **REFUSES TO** promptly  
4 ~~to~~ file a document, other than an annual report, submitted for  
5 filing under this act, the administrator shall ~~—~~ within 10 days  
6 after receipt from the person submitting the document for filing of  
7 a written request for the filing of the document ~~—~~ give written  
8 notice of the refusal to file **THE DOCUMENT** to that person,  
9 specifying the reasons for the ~~failure~~ **REFUSAL** to file the  
10 document. ~~From the disapproval the person may seek judicial review~~  
11 ~~pursuant to sections 103, 104, and 106 of Act No. 306 of the Public~~  
12 ~~Acts of 1969, as amended, being sections 24.303, 24.304, and 24.306~~  
13 ~~of the Michigan Compiled Laws.~~ **IF THE DOCUMENT WAS NOT ORIGINALLY**  
14 **SUBMITTED BY ELECTRONIC TRANSMISSION, THE ADMINISTRATOR SHALL NOT**  
15 **GIVE THE WRITTEN NOTICE BY ELECTRONIC TRANSMISSION. THE PERSON MAY**  
16 **SEEK JUDICIAL REVIEW OF THE REFUSAL TO FILE THE DOCUMENT PURSUANT**  
17 **TO SECTIONS 103, 104, AND 106 OF THE ADMINISTRATIVE PROCEDURES ACT**  
18 **OF 1969, 1969 PA 306, MCL 24.303, 24.304, AND 24.306.**

19 (2) If the administrator refuses or revokes the authorization  
20 of a foreign corporation to conduct affairs in this state pursuant  
21 to this act, the foreign corporation may seek judicial review  
22 pursuant to sections 103, 104, and 106 of ~~Act No. 306 of the~~  
23 ~~Public Acts of 1969, as amended~~ **THE ADMINISTRATIVE PROCEDURES ACT**  
24 **OF 1969, 1969 PA 306, MCL 24.303, 24.304, AND 24.306.**

25 Sec. 404. (1) Except as otherwise provided in this act,  
26 ~~written~~ notice of the time, place, **IF ANY**, and purposes of a  
27 meeting of shareholders or members shall be given **IN ANY OF THE**

## 1 FOLLOWING MANNERS:

2 (A) BY WRITTEN NOTICE, GIVEN PERSONALLY, BY MAIL, OR BY  
3 ELECTRONIC TRANSMISSION, not less than 10 nor more than 60 days  
4 before the date of the meeting ~~—, either personally or by mail,—~~ to  
5 each shareholder or member of record entitled to vote at the  
6 meeting. ~~—, or may be included by being~~

7 (B) BY INCLUDING THE NOTICE, prominently displayed, in a  
8 newspaper or other periodical regularly published at least  
9 semiannually by or in behalf of the corporation and **ADDRESSED AND**  
10 mailed, ~~—at—~~ postage ~~—rates complying with the regulations of the~~  
11 ~~United States postal service addressed—~~ **PREPAID**, to a member or  
12 shareholder entitled to vote at the meeting not less than 10 nor  
13 more than 60 days before the meeting.

14 (2) ~~When~~ **IF** a meeting is adjourned to another time or place,  
15 it is not necessary, unless the bylaws otherwise provide, to give  
16 notice of the adjourned meeting if the time and place to which the  
17 meeting is adjourned are announced at the meeting at which the  
18 adjournment is taken. ~~—and at—~~ **AT** the adjourned meeting, only ~~—such~~  
19 business ~~—is transacted as—~~ **THAT** might have been transacted at the  
20 original meeting **MAY BE TRANSACTED IF A NOTICE OF THE ADJOURNED**  
21 **MEETING IS NOT GIVEN.** ~~—However, if—~~ **IF** after the adjournment the  
22 board fixes a new record date for the adjourned meeting, a notice  
23 of the adjourned meeting shall be given to each shareholder or  
24 member of record on the new record date entitled to notice under  
25 subsection (1).

26 (3) Attendance of a person at a meeting of shareholders or  
27 members, in person or by proxy, constitutes a waiver of **OBJECTION**

1 TO LACK OF NOTICE OR DEFECTIVE notice of the meeting, ~~except when~~  
2 UNLESS the shareholder or member ~~attends a meeting for the express~~  
3 ~~purpose of objecting, at the beginning of~~ AT THE BEGINNING OF THE  
4 MEETING OBJECTS TO HOLDING the meeting ~~, to the transaction of any~~  
5 OR TRANSACTING business ~~because~~ AT the meeting. ~~is not lawfully~~  
6 ~~called or convened.~~

7 (4) IF A SHAREHOLDER OR MEMBER IS PERMITTED TO PARTICIPATE IN  
8 AND VOTE AT A MEETING BY REMOTE COMMUNICATION UNDER SECTION 405,  
9 THE NOTICE DESCRIBED IN SUBSECTION (1) SHALL INCLUDE A DESCRIPTION  
10 OF THE MEANS OF REMOTE COMMUNICATION BY WHICH A SHAREHOLDER OR  
11 MEMBER MAY PARTICIPATE.

12 Sec. 405. (1) A corporation may provide in its articles of  
13 incorporation or in its bylaws for a shareholder's or member's  
14 participation in a meeting of shareholders or members by a  
15 conference telephone or ~~similar communications equipment~~ OTHER  
16 MEANS OF REMOTE COMMUNICATION by which all persons participating in  
17 the meeting may hear each other if all participants are advised of  
18 the ~~communications equipment~~ MEANS OF REMOTE COMMUNICATION IN USE  
19 and the names of the participants in the ~~conference~~ MEETING are  
20 divulged to all participants.

21 (2) Participation in a meeting pursuant to this section  
22 constitutes presence in person at the meeting.

23 (3) UNLESS OTHERWISE RESTRICTED BY THE ARTICLES OF  
24 INCORPORATION OR BYLAWS, THE BOARD OF DIRECTORS MAY HOLD A MEETING  
25 OF SHAREHOLDERS OR MEMBERS CONDUCTED SOLELY BY MEANS OF REMOTE  
26 COMMUNICATION.

27 (4) SUBJECT TO ANY GUIDELINES AND PROCEDURES ADOPTED BY THE

1 BOARD OF DIRECTORS, SHAREHOLDERS AND MEMBERS NOT PHYSICALLY PRESENT  
2 AT A MEETING OF SHAREHOLDERS MAY PARTICIPATE IN THE MEETING BY  
3 MEANS OF REMOTE COMMUNICATION AND ARE CONSIDERED PRESENT IN PERSON  
4 AND MAY VOTE AT THE MEETING IF ALL OF THE FOLLOWING ARE MET:

5 (A) THE CORPORATION IMPLEMENTS REASONABLE MEASURES TO VERIFY  
6 THAT EACH PERSON CONSIDERED PRESENT AND PERMITTED TO VOTE AT THE  
7 MEETING BY MEANS OF REMOTE COMMUNICATION IS A SHAREHOLDER OR  
8 MEMBER.

9 (B) THE CORPORATION IMPLEMENTS REASONABLE MEASURES TO PROVIDE  
10 EACH SHAREHOLDER AND MEMBER A REASONABLE OPPORTUNITY TO PARTICIPATE  
11 IN THE MEETING AND TO VOTE ON MATTERS SUBMITTED TO THE SHAREHOLDERS  
12 OR MEMBERS, INCLUDING AN OPPORTUNITY TO READ OR HEAR THE  
13 PROCEEDINGS OF THE MEETING SUBSTANTIALLY CONCURRENTLY WITH THE  
14 PROCEEDINGS.

15 (C) IF ANY SHAREHOLDER OR MEMBER VOTES OR TAKES OTHER ACTION  
16 AT THE MEETING BY MEANS OF REMOTE COMMUNICATION, A RECORD OF THE  
17 VOTE OR OTHER ACTION IS MAINTAINED BY THE CORPORATION.

18 (D) A SHAREHOLDER OR MEMBER MAY BE PRESENT AND VOTE AT AN  
19 ADJOURNED MEETING OF THE SHAREHOLDERS OR MEMBERS BY A MEANS OF  
20 REMOTE COMMUNICATION IF HE OR SHE WAS PERMITTED TO BE PRESENT AND  
21 VOTE BY THAT MEANS OF REMOTE COMMUNICATION IN THE ORIGINAL MEETING  
22 NOTICE GIVEN UNDER SECTION 404.

23 SEC. 406A. IN ADDITION TO ANY OTHER FORM OF NOTICE TO A  
24 SHAREHOLDER OR MEMBER PERMITTED BY THE ARTICLES OF INCORPORATION,  
25 THE BYLAWS, OR THIS CHAPTER, ANY NOTICE GIVEN TO A SHAREHOLDER OR  
26 MEMBER BY A FORM OF ELECTRONIC TRANSMISSION TO WHICH THE  
27 SHAREHOLDER OR MEMBER HAS CONSENTED IS EFFECTIVE.

## Senate Bill No. 1279 as amended June 7, 2006

1           Sec. 407. (1) The articles of incorporation may provide that  
 2 any action required or permitted by this act to be taken at an  
 3 annual or special meeting of shareholders or members may be taken  
 4 without a meeting, without prior notice, and without a vote, if ~~<<a~~  
 5 ~~consent~~ **CONSENTS**>> in writing, setting forth the action ~~se~~ taken,  
 6 ~~<<is ARE~~>> signed  
 7 **AND DATED** by the holders of outstanding stock or members having not  
 8 less than the minimum number of votes that would be necessary to  
 9 authorize or take the action at a meeting at which all shares or  
 10 members entitled to vote ~~thereon~~ **ON THE ACTION** were present and  
 11 voted. Prompt notice of the taking of the corporate action without  
 12 a meeting by less than unanimous written consent shall be given to  
 13 shareholders or members who have not consented in writing.

14           (2) If ~~the~~ **AN** action consented to **UNDER THIS SECTION** would  
 15 have required filing of a certificate under any other section of  
 16 this act ~~—~~ if ~~such~~ **THE** action had been voted upon by  
 17 shareholders or members at a meeting ~~thereof~~ **OF THE SHAREHOLDERS**  
 18 **OR MEMBERS**, the certificate filed under ~~such~~ **THAT** other section  
 19 shall state, in lieu of any statement required by that section  
 20 concerning a vote of shareholders or members, that both written  
 21 consent and written notice have been given as provided in this  
 22 section.

23           (3) Any action required or permitted by this act to be taken  
 24 at an annual or special meeting of shareholders or members may be  
 25 taken without a meeting, without prior notice, and without a vote,  
 26 if all the shareholders or members entitled to vote ~~thereon~~ **ON**  
 27 **THE ACTION** consent ~~thereto~~ **TO THE ACTION** in writing.

(4) **AN ELECTRONIC TRANSMISSION CONSENTING TO AN ACTION**

1 TRANSMITTED BY A SHAREHOLDER OR MEMBER, OR BY A PERSON AUTHORIZED  
2 TO ACT FOR THE SHAREHOLDER OR MEMBER, IS WRITTEN, SIGNED, AND DATED  
3 FOR THE PURPOSES OF THIS SECTION IF THE ELECTRONIC TRANSMISSION IS  
4 DELIVERED WITH INFORMATION FROM WHICH THE CORPORATION CAN DETERMINE  
5 THAT THE ELECTRONIC TRANSMISSION WAS TRANSMITTED BY THE SHAREHOLDER  
6 OR MEMBER, OR BY A PERSON AUTHORIZED TO ACT FOR THE SHAREHOLDER OR  
7 MEMBER, AND THE DATE ON WHICH THE ELECTRONIC TRANSMISSION WAS  
8 TRANSMITTED. THE DATE ON WHICH AN ELECTRONIC TRANSMISSION IS  
9 TRANSMITTED IS THE DATE ON WHICH THE CONSENT WAS SIGNED FOR  
10 PURPOSES OF THIS SECTION. A CONSENT GIVEN BY ELECTRONIC  
11 TRANSMISSION IS NOT DELIVERED UNTIL REPRODUCED IN PAPER FORM AND  
12 THE PAPER FORM DELIVERED TO THE CORPORATION BY DELIVERY TO ITS  
13 REGISTERED OFFICE IN THIS STATE, ITS PRINCIPAL OFFICE IN THIS  
14 STATE, OR AN OFFICER OR AGENT OF THE CORPORATION HAVING CUSTODY OF  
15 THE BOOK IN WHICH PROCEEDINGS OF MEETINGS OF SHAREHOLDERS OR  
16 MEMBERS ARE RECORDED. DELIVERY TO A CORPORATION'S REGISTERED OFFICE  
17 SHALL BE MADE BY HAND OR BY CERTIFIED OR REGISTERED MAIL, RETURN  
18 RECEIPT REQUESTED. DELIVERY TO A CORPORATION'S PRINCIPAL OFFICE IN  
19 THIS STATE OR TO AN OFFICER OR AGENT OF THE CORPORATION HAVING  
20 CUSTODY OF THE BOOK IN WHICH PROCEEDINGS OF MEETINGS OF  
21 SHAREHOLDERS OR MEMBERS ARE RECORDED SHALL BE MADE BY HAND, BY  
22 CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, OR IN ANY  
23 OTHER MANNER PROVIDED IN THE ARTICLES OF INCORPORATION OR BYLAWS OR  
24 BY RESOLUTION OF THE BOARD OF THE CORPORATION.

25       Sec. 413. (1) The officer or agent having charge of the  
26 shareholder or membership records of a corporation shall make and  
27 certify a complete list of the shareholders or members entitled to

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1 vote at a shareholders' or members' meeting or any ~~<<adjournment~~  
 2 ~~thereof~~ **ADJOURNED SHAREHOLDERS' OR MEMBERS'>> MEETING**. The list shall  
 MEET ALL OF THE FOLLOWING:

3 (a) Be arranged alphabetically within each class with the  
 4 address of each member or shareholder and the number of shares held  
 5 by each shareholder.

6 (b) Be produced at the time and place of the meeting.

7 (c) Be ~~subject~~ **OPEN** to ~~inspection~~ **EXAMINATION** by any  
 8 shareholder or member during the ~~whole time of the~~ **ENTIRE**  
 9 meeting. **IF THE MEETING IS HELD SOLELY BY MEANS OF REMOTE**  
 10 **COMMUNICATION, THEN THE LIST SHALL BE OPEN TO THE EXAMINATION OF**  
 11 **ANY SHAREHOLDER OR MEMBER DURING THE ENTIRE MEETING BY POSTING THE**  
 12 **LIST ON A REASONABLY ACCESSIBLE ELECTRONIC NETWORK, AND THE**  
 13 **INFORMATION REQUIRED TO ACCESS THE LIST SHALL BE PROVIDED WITH THE**  
 14 **NOTICE OF THE MEETING.**

15 (d) Be prima facie evidence as to who are the shareholders or  
 16 members entitled to examine the list or to vote at the meeting.

17 (2) If the requirements of this section have not been complied  
 18 with, ~~<<on-demand-of~~ **AND>>** a shareholder or member **<<PRESENT>>** in person  
 or by proxy~~<<T~~

19 **who>>** in good faith challenges the existence of sufficient votes to  
 20 carry any action at the meeting, the meeting shall be adjourned  
 21 until the requirements are complied with. Failure to comply with  
 22 the requirements of this section does not affect the validity of an  
 23 action taken at the meeting before the making of ~~such~~ a **<<demand**  
**CHALLENGE>>**

24 **UNDER THIS SUBSECTION.**

25 Sec. 441. (1) Each outstanding share or member is entitled to  
 26 1 vote on each matter submitted to a vote, unless otherwise  
 27 provided pursuant to section 303 or 304. A vote may be cast either

1 orally or in writing, unless otherwise provided in the bylaws. **IN**  
2 **ADDITION, THE BYLAWS MAY PROVIDE FOR VOTING BY ELECTRONIC**  
3 **TRANSMISSION.**

4 (2) When an action, other than the election of directors, is  
5 to be taken by vote of the shareholders or members, it shall be  
6 authorized by a majority of the votes cast by the holders of shares  
7 or members entitled to vote ~~thereon~~ **ON THAT ACTION**, unless a  
8 greater plurality is required by the articles of incorporation or  
9 another section of this act. Except as otherwise provided by the  
10 articles, directors shall be elected by a plurality of the votes  
11 cast at an election.

12 Sec. 446. The vote of shares or a membership held by 2 or more  
13 persons as joint tenants or as tenants in common may be cast or  
14 voted at a meeting of shareholders or members by any of ~~such~~  
15 **THOSE** persons, unless another joint tenant or tenant in common  
16 seeks to vote in person or by proxy. In the latter event, the  
17 written agreement, if any, which governs the manner in which the  
18 shares or membership shall be voted, controls if presented at the  
19 meeting, **EITHER PHYSICALLY OR BY MEANS OF ELECTRONIC TRANSMISSION.**  
20 If ~~no such~~ **THE** agreement is **NOT** presented at the meeting, the  
21 majority in interest of the joint ~~tenant~~ **TENANTS** or tenants in  
22 common present shall control the manner of voting. In the case of a  
23 stock corporation, if there is no ~~such~~ majority **IN INTEREST OF**  
24 **THE JOINT TENANTS OR TENANTS IN COMMON PRESENT**, the shares, for the  
25 purpose of voting, shall be divided among ~~such~~ **THOSE** joint  
26 tenants or tenants in common in accordance with their interest in  
27 the shares.

1           Sec. 451. The articles of incorporation may provide that a  
2 shareholder or member entitled to vote at an election for directors  
3 may vote, in person, ~~or~~ by proxy, **OR BY ELECTRONIC TRANSMISSION,**  
4 for as many persons as there are directors to be elected and for  
5 whose election the shareholder or member has a right to vote, or to  
6 cumulate votes by giving 1 candidate as many votes as the number of  
7 ~~such~~ **THOSE** directors multiplied by the number of shares held by  
8 the shareholder or member, or by distributing the votes of the  
9 shareholder or member on the same principle among any number of the  
10 candidates.

11           Sec. 521. (1) Regular or special meetings of a board may be  
12 held either ~~within or without~~ **IN OR OUTSIDE OF** this state.

13           (2) A regular meeting may be held with or without notice as  
14 prescribed in the bylaws. A special meeting shall be held upon  
15 notice as prescribed in the bylaws. Attendance of a director at a  
16 meeting constitutes a waiver of notice of the meeting, except where  
17 a director attends a meeting for the express purpose of objecting  
18 to the transaction of any business because the meeting is not  
19 lawfully called or convened. Neither the business to be transacted  
20 at, nor the purpose of, a regular or special meeting need be  
21 specified in the notice or waiver of notice of the meeting unless  
22 required by the bylaws.

23           (3) Unless otherwise restricted by the articles of  
24 incorporation or bylaws, a member of the board or of a committee  
25 designated by the board may participate in a meeting by means of  
26 conference telephone or ~~similar communications equipment~~ **OTHER**  
27 **MEANS OF REMOTE COMMUNICATION** by ~~means of~~ which all persons

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1 participating in the meeting can ~~hear~~ **COMMUNICATE WITH** each  
 2 other. Participation in a meeting pursuant to this subsection  
 3 constitutes presence in person at the meeting.

4 Sec. 525. Unless ~~otherwise provided~~ **PROHIBITED** by the  
 5 articles of incorporation or bylaws, action **<<required or permitted**  
 6 **to** **>>** be taken ~~pursuant to~~ **UNDER**  
 authorization

7 voted at a meeting of the board or a committee ~~thereof~~ **OF THE**  
 8 **BOARD** may be taken without a meeting if, before or after the  
 9 action, all members of the board **THEN IN OFFICE** or of the committee  
 10 consent ~~thereto~~ **TO THE ACTION** in writing **OR BY ELECTRONIC**  
 11 **TRANSMISSION**. The written consents shall be filed with the minutes  
 12 of the proceedings of the board or committee. The consent has the  
 13 same effect as a vote of the board or committee for all purposes.

14 Sec. 1103. (1) "Consumer" means a natural person who acquires,  
 15 or commits to acquire in the future from the cooperative primarily  
 16 for consumption, use, or occupancy by the person or the person's  
 17 family, any of the goods, services, or facilities furnished by the  
 18 cooperative.

19 (2) "Consumer cooperative" means a cooperative the majority of  
 20 the votes of which are held by consumers, or, in the case of a  
 21 cooperative which provides residential dwelling units, the majority  
 22 of the votes of which are held by consumers and the majority of  
 23 members of which do not have the right of possession or occupancy  
 24 of dwelling units they do not occupy.

25 (3) "Cooperative" means a corporation organized on a  
 26 cooperative basis or similar basis ~~which~~ **THAT** is provided in law  
 27 as a criterion for being a cooperative.

1 (4) "Cooperative basis" means:

2 (a) That, **SUBJECT TO SECTION 1133**, each member has 1 vote,  
3 except as provided in this chapter. ~~or, subject to section 1133.~~

4 (b) That the dividends, if any, paid on member capital do not  
5 exceed 8% per year.

6 (c) That the net savings are distributed as provided in  
7 section 1135.

8 (d) That business is engaged in for the mutual benefit of its  
9 members.

10 (5) **"ELECTRONIC TRANSMISSION" OR "ELECTRONICALLY TRANSMITTED"**  
11 **MEANS ANY FORM OF COMMUNICATION THAT MEETS ALL OF THE FOLLOWING:**

12 (A) **IT DOES NOT DIRECTLY INVOLVE THE PHYSICAL TRANSMISSION OF**  
13 **PAPER.**

14 (B) **IT CREATES A RECORD THAT MAY BE RETAINED AND RETRIEVED BY**  
15 **THE RECIPIENT.**

16 (C) **IT MAY BE DIRECTLY REPRODUCED IN PAPER FORM BY THE**  
17 **RECIPIENT THROUGH AN AUTOMATED PROCESS.**

18 (6) ~~—(5)—~~ "Foreign cooperative" means a corporation organized  
19 under laws other than the laws of this state operating on a  
20 cooperative basis or a similar basis ~~which~~ **THAT** is provided in  
21 ~~such~~ **THOSE** other laws as a criterion for being a cooperative.

22 Sec. 1144. (1) Notwithstanding section 421, there shall be no  
23 proxies unless the articles **OF INCORPORATION** or bylaws ~~so provide,~~  
24 ~~in which case no~~ **AUTHORIZE USE OF PROXIES. IF THE ARTICLES OF**  
25 **INCORPORATION OR BYLAWS AUTHORIZE USE OF PROXIES, AN INDIVIDUAL MAY**  
26 **NOT VOTE** more than 5 proxies ~~may be voted by any 1 person~~ at any  
27 meeting.

1           (2) The articles or bylaws may provide a method by which  
2 members may vote on matters submitted to a vote of members by mail  
3 ballot, ~~or~~ referendum, **OR ELECTRONIC TRANSMISSION.**