

Changes to the Nonprofit Corporation Act

1. Inspection of Records

- a. Member makes written demand
- b. Must state purpose with reasonable particularity
- c. Proper purpose = a purpose reasonably related to a person's interest as a member
- d. List of members, other books and records
- e. 5 business day time limit to allow (not just respond)
- f. Failure to allow may mean paying member's costs and attorney fees
- g. Does not change or affect the MI Condominium Act provision allowing member to review books, records, contracts, and financial statements without need to obtain court order or proper purpose.
- h. If inspection is to be by attorney or "other agent," the demand must include a power of attorney or other written authorization for the agent to act on the member's behalf.
- i. Right to inspect includes right to require association to supply copies, upon payment of a reasonable charge therefore.

2. Proposals

- a. Meeting notice "shall" include a member's proposal:
 - i. If the proposal is a proper subject for member action
 - ii. Shareholder notified the association in writing.
- b. Bylaws may provide procedures for submission.

- c. If the bylaws allow “action without a meeting,” then association must establish procedures by which a proposal submitted by 10% of members is submitted for vote to the members.
3. Participation by conference telephone or “other means of remote communication that permits all persons that participate in the meeting to communicate with all the other participants.”
 - a. Allowed unless restricted by articles of incorporation or bylaws.
 - b. All participants shall be advised of the means of communication (e.g., meeting notice).
 - c. Participation constitutes presence in person for quorum, voting purposes.
 - d. Unless restricted by documents, board may hold member meeting SOLELY be means of remote communication.
 - e. Association must implement reasonable measures to:
 - i. Verify that each person participating by remote communication is a member (password)
 - ii. Provide a reasonable opportunity to participate and vote, including an opportunity to read or hear concurrently with the proceedings.
 - iii. Record the vote of a person participating by remote communication.
4. Balloting and polling places
 - a. Ballots now must be in writing or in electronic form and used to record votes of members. No more show of hands.

- b. An association may establish polling places and allow members to vote at the polling places.
- 5. Removal of Directors by court action
 - a. Action may be filed by corporation or by 10 of members
 - b. Circuit court
 - c. Court must find that director engaged in
 - i. Fraudulent, illegal, or dishonest conduct OR
 - ii. Gross abuse of authority or discretion, AND
 - iii. Removal is in best interest of corporation.
 - d. Court may bar removed director from serving as a director for a period prescribed by the court.
- 6. Expansion of liability provisions to all directors, whether or not volunteers, but only if expanded language is included in Article of Incorporation. Indemnity has not been expanded beyond volunteer directors.