

Changes in Business Structure

After the limited partnership is formed, changes may occur which will require the filing of additional documents to reflect these changes.

Amendments to the Certificate of Limited Partnership

The Certificate of Limited Partnership must be amended within 60 days after a change in the amount or character of any limited partner's contribution or obligation to contribute, the admission or withdrawal of a partner, or the continuation of the business after the withdrawal of a general partner. A Certificate of Amendment (form CSCL/CD-403) should be completed and filed to make any corrections or changes to the information contained in the Certificate of Limited Partnership.

Restated Certificate of Limited Partnership

Separate amendments to the Certificate of Limited Partnership may be integrated into a single document by filing a Restated Certificate of Limited Partnership (form CSCL/CD-402).

Mergers

One or more domestic limited partnerships may merge or consolidate with one or more domestic or foreign limited partnerships under a plan of merger or consolidation as provided in the Act. One or more domestic limited partnerships may merge into one or more business organizations if the requirements of the Act are satisfied. After the plan of merger is approved, a Certificate of Merger (form CSCL/CD-550m) must be filed with the Bureau by one or more general partners.

Certificate of Cancellation

After a limited partnership is dissolved and commences winding up its affairs, it is necessary to complete and file a Certificate of Cancellation (form CSCL/CD-404) to cancel the limited partnership.

Advantages

1. Limited liability to limited partners
2. Investment by limited partners is a potential source of venture capital
3. No management responsibility for limited partners

Disadvantages

1. Lack of management voice for limited partners
2. Unlimited liability to general partners
3. Divided authority if more than one general partner

Converting a Partnership to a Limited Liability Company

The Limited Liability Company Act permits domestic partnerships or domestic limited partnerships to convert to a limited liability company. The terms and conditions of the conversion shall be approved by the partners. The Articles of Organization and Certificate of Conversion (CSCL/CD-753 or CSCL/CD-753P) are filed with the Bureau.

Foreign Limited Partnership

Foreign limited partnerships are those organized under the laws of any other state. Foreign limited partnerships that are “transacting business” in Michigan must first register with the Bureau. The term “transacting business” is a technical one given meaning by court decisions based on the facts of the applicable case. The Revised Uniform Limited Partnership Act sets out particular activities, which in and of themselves do not constitute transacting business. In determining whether it is necessary to register, the limited partnership should look at the proposed activities in this state, the statute, and applicable court decisions. A booklet containing the statute is available from the Bureau.

A foreign limited partnership that does not register, but is transacting business in Michigan, may not sue in Michigan courts. Other legal and technical aspects of not filing should be discussed with an attorney.

If a registration is needed by a foreign limited partnership, an Application for Registration To Transact Business (form CSCL/CD-411) must be completed and filed with the Bureau’s Corporations Division. The Certificate must include the following information:

- Name under which the limited partnership will transact business in Michigan.
- Name of resident agent and address of registered office in Michigan.
- General nature of business to be transacted.
- State and date of formation in its home state.
- Street address of main principal office.
- Name and address of each partner if not filed in state of organization.

Name

To determine if a name is available, use the Name Availability program on the Bureau’s website at www.michigan.gov/corporations, call the Corporations Division’s Business Services Section at (517) 241-6470 or fax your request to (517) 241-0538. The search is merely a preliminary check and is not a guarantee that the name will be available when your documents are received.

Changes in Business Structure

After a foreign limited partnership is registered, changes may occur which will require the filing of additional documents with the Corporations Division to keep your records current.

Change in Registration Information

If information in the Application for Registration was false or did not include the names and addresses of the partners when made or has changed, the foreign limited partnership is required to file a Certificate of Change (form CSCL/CD-412).

Cancellation of Registration

In the event a foreign limited partnership desires to cancel its registration, it is necessary to complete and file a Certificate of Cancellation (form CSCL/CD-404).

CORPORATIONS

A Corporation is an association of persons, created by law and existing as an entity with powers and liabilities independent of those of its members. In the case of profit corporations, its owners are shareholders. The owners of nonprofit corporations are members or sometimes shareholders. The management of a corporation consists of directors and officers, usually elected by its shareholders or members. Governance of the corporation is prescribed by law, bylaws of the corporation, and the resolutions and decisions of its shareholders or members. In order to form a corporation, whether profit, nonprofit, or ecclesiastical, Articles of Incorporation (form CSCL/CD-500 for profit, CSCL/CD-502 for nonprofit, CSCL/CD-503 for ecclesiastical) may be prepared and filed with the Bureau. The Articles of Incorporation must include all of the following:

- Name of the corporation.
- Profit corporations must include the word "Corporation", "Incorporated", "Company", "Limited" or the abbreviation "Corp.", "Ltd.", "Inc.", or "Co." (with or without periods).
- Resident Agent and Registered Office in Michigan upon whom legal service of process may be served.
- General nature of the corporation's business. An all purpose clause is permitted for profit corporations, except for professional service corporations.
- The term of the corporation, which may be perpetual.
- The number and class of shares to be issued.
- Name and business or residence address of the incorporators.
- Any agreements between incorporators regarding terminations, distributions of assets, dissolution and any other matters that the incorporators may decide to include.

Domestic Profit Corporation

Profit corporations may be formed in Michigan under the Michigan Business Corporation Act for any lawful purpose. When articles drafted by the incorporators have been filed by the Bureau, the corporation's existence begins. Individuals acting as incorporators must be 18 years of age. However, they need not be United States citizens, residents of this state, shareholders, directors, officers, or employees of the corporation.

Domestic profit corporations are formed for the purpose of generating profit for shareholders. A corporation is generally composed of three classes of persons: shareholders, directors, and officers. The shareholders own the corporation, elect the directors, and have the right to vote on major events of the corporation. Directors are responsible for managing the corporation's affairs. Officers are persons chosen by the board of directors to run the day-to-day operations of the corporation.

Name

The Corporations Division reviews the documents submitted and files documents that substantially conform with the requirements of the Act. The proposed name of a corporation must be distinguishable from the name of other domestic or foreign corporations, limited partnerships, or limited liability companies. The name may not contain a word or phrase indicating it is organized for a purpose other than is stated in the Articles of Incorporation.

If a corporation is to operate under one or more names other than the corporation's true name, a Certificate of Assumed Name (form CSCL/CD-541) must also be filed. The assumed name must be distinguishable from the names of active limited partnerships, corporations, or limited liability companies. The certificate of assumed name expires on December 31 of the fifth full calendar year following the year in which it was filed. A preprinted renewal form is mailed to the registered office address 90 days prior to expiration.

Prospective incorporators should wait until the articles are filed before ordering or purchasing items such as signs, business cards and stationery to avoid problems that may arise due to a conflict with another entity's name.

To determine if a name is available for use, use the Name Availability program on the Bureau's website at www.michigan.gov/corporations, call the Corporations Division's Business Services Section at (517) 241-6470 or fax request to (517) 241-0538. The search is merely a preliminary check and is not a guarantee that the name will be available when your documents are received.

If more time is needed to organize the corporation, the name may be reserved for 180 days by filing an Application for Reservation of Name (form CSCL/CD-540) and paying the required fee.

Resident Agent and Registered Office

A registered office and resident agent must be included in the Articles of Incorporation. A resident agent is someone appointed by the corporation to receive any documents, notices, or demands served upon the corporation. The resident agent may be either an individual resident in this state whose business office or residence is identical with the registered office; a domestic corporation or a limited liability company; or a foreign corporation or limited liability company authorized to transact business in this state that has a business office identical with the registered office. If a resident agent and registered office are not named in the Articles of Incorporation, the submitter will be contacted to obtain the information.

Purpose

This provision may enumerate any purpose(s) for which a corporation may be formed or may contain a statement that the corporation may engage in activities within the purposes for which corporations may be formed under the Business Corporation Act, commonly called an "all purpose clause". If a corporation is not going to use an "all purpose clause" then the key is to provide enough information to determine whether the company's purpose is permitted under law.

Directors/Incorporators

The form requires the names and addresses of the incorporators. The incorporators appoint the initial board of directors to manage the business and affairs of the corporation. A director must be at least 18 years of age and need not be a U.S. citizen or Michigan resident or a shareholder unless the articles or by-laws so require.

One or more persons may act as the incorporator(s) of a corporation by signing the articles.

Shares

A corporation may issue the number of shares authorized in its Articles of Incorporation. The shares may be all of one class or may be divided into two or more classes. Information on authorized shares, classes of shares, shareholders' pre-emptive rights, and details relating to the internal affairs of the corporation are also to be included in the Articles.

Domestic Nonprofit Corporation

Nonprofit corporations are those formed in which members or shareholders may not receive any profits of the corporation. A nonprofit corporation is formed under the Nonprofit Corporation Act. Some purposes for which nonprofit corporations are commonly formed are those involving religious, educational, and charitable activities.

Name

The Corporations Division reviews the documents submitted and files documents that substantially conform with the requirements of the Act. The proposed name of a corporation must be distinguishable from the name of other domestic or foreign corporations, limited partnerships, or limited liability companies. The name also may not contain a word or phrase indicating it is organized for a purpose other than is stated in the Articles of Incorporation.

If a corporation is to operate under one or more names other than the corporation's true name, a Certificate of Assumed Name (form CSCL/CD-541) must also be filed. The assumed name must be distinguishable from the names of active limited partnerships, corporations, or limited liability companies. The certificate of assumed name expires on December 31 of the fifth full calendar year following the year in which it was filed. A preprinted renewal form is mailed to the registered office address 90 days prior to expiration.

Prospective incorporators should wait until their articles are filed before ordering or purchasing items such as signs, business cards, and stationery to avoid problems that may arise due to a conflict with another entity's name.

To determine if a name is available, use the Name Availability program on the Bureau's website at www.michigan.gov/corporations, call Corporations Division's Business Services Section at (517) 241-6470 or fax request to (517) 241-0538. The search is merely a preliminary check and is not a guarantee that the name will be available when your documents are received.

If more time is needed to organize the corporation, the name may be reserved by filing an Application for Reservation of Name (form CSCL/CD-540) and paying the required fee. The reservation reserves the name for 120 days and can be extended for two periods of 60 days each.

Resident Agent and Registered Office

A registered agent and resident office must be included in the Articles of Incorporation. A resident agent is someone appointed by the corporation to receive any documents, notices, or demands served upon the corporation. The resident agent must be a Michigan resident, domestic corporation or a foreign corporation authorized to do business in Michigan. If a resident agent and registered office are not named in the Articles of Incorporation, the submitter will be contacted to obtain the information.

Purpose

The purpose of the nonprofit corporation must be specific. It must give enough information to make it clear what the corporation will do. Using the term "any lawful purpose" alone is not adequate and the document would be returned for clarification.

Members

If the corporation is to have members, indicate the qualifications of the members in the Articles of Incorporation or include them in the by-laws of the corporation. If the members of the nonprofit corporation are to be divided into classes, the relative rights and limitations of the different classes and their extent shall be indicated in the articles or set forth in the by-laws.

Details on meetings and voting are subjects that need not be included in the articles.

Board of Directors

Before or after the filing of the Articles of Incorporation, a majority of the incorporators shall select a board of directors. The shareholders or members own the corporation, elect the directors, and have the right to vote on major events of the corporation unless the corporation is formed on a Directorship basis, in which case the directors elect directors and have the only voting rights. Directors are responsible for managing the corporation's affairs. Officers are persons chosen by the board of directors to run the day-to-day operations of the corporation.

Incorporators

Incorporators are the persons who sign the Articles of Incorporation. One or more persons may act as the incorporators of a nonprofit corporation. Individuals must be at least 18 years of age. Incorporators need not be U.S. citizens or residents of Michigan.

One or more persons may act as incorporator(s) of the corporation by signing the articles.

Corporation Information Update

Every corporation is required to file an Information Update each year, beginning the year after formation or qualification. The Bureau will send a pre-printed report to the corporation's resident agent at the registered office. The update is completed to report any changes in resident agent or registered office, the purposes, and the current officers and directors' names and addresses. If there are no changes from a previously filed update, the corporation can simply check the box provided certifying that there are no changes and the remainder of the update does not need to be completed. The update must be signed by an authorized officer or agent and returned with the appropriate filing fee.

If a corporation does not file the updates, the result is an automatic dissolution under the Act. However, as required by the Act, notices of impending dissolution or withdrawal and the missing updates are sent to the corporation's resident agent prior to the automatic dissolution or revocation.

Changes in Business Structure

After the initial formation documents have been filed, changes may occur which will require the filing of additional documents with the Corporations Division.

Changes to Article of Incorporation

If changes are desired to be made to the Articles of Incorporation, the changes can be made by filing a Certificate of Amendment (form CSCL/CD-515 for profit and nonprofit or CSCL/CD-516 for ecclesiastical) with the Bureau. Reasons for amending the Articles of Incorporation include changes in the name, purpose, or registered office street address. If the Articles of Incorporation have been previously amended, the separate amendments may be integrated into one document by filing Restated Articles of Incorporation (form CSCL/CD-510 for profit, CSCL/CD-511 for nonprofit, or CSCL/CD-512 for ecclesiastical).

Changes in Resident Agent or Registered Office

To change the resident agent or the address of the registered office, a Certificate of Change of Registered Office/Agent (form CSCL/CD-520) may be completed and filed.

Mergers

Two or more domestic corporations may merge into one of the corporations pursuant to a plan of merger approved under the Act. One or more domestic profit corporations may merge into one or more business organizations if the requirements of the Act are satisfied. A profit corporation may transfer in the certificate of merger any assumed names of the nonsurvivor business organization, or adopt the nonsurvivor name or names as new assumed names. For profit corporations, Certificate of Merger (form CSCL/CD-550m) or form CSCL/CD-551 (parent/subsidiary)) may be completed.

Two or more domestic nonprofit corporations may merge or consolidate into a new corporation pursuant to a plan of merger or consolidation approved in the manner provided by the Act. A Certificate of Merger/Consolidation (form CSCL/CD-550) may be completed.

Conversions

The Business Corporation Act allows a domestic corporation to convert into a business organization or a business organization to convert into a domestic corporation.

A domestic profit corporation may convert into a domestic limited liability company pursuant to the Business Corporation Act and the Michigan Limited Liability Company Act. The terms and conditions of the conversion must be approved by the incorporators, if the corporation has not commenced business, or the Board of Directors, if the corporation has commenced business. The Certificate of Conversion and Articles of Organization (CSCL/CD-554 and CSCL/CD-700) are filed with the Bureau.

There are other entity conversions which are permitted by statute but are not included on Corporations Division forms, in which case a Certificate of Conversion must be drafted to comply with the relevant statutory provisions.

Dissolution

There are six methods to dissolve a corporation. They are as follows:

- 1) By action of the incorporators or directors
- 2) By action of the board and shareholders
- 3) Pursuant to an agreement under section 488, effected by filing a certificate under section 805.
- 4) By expiration of term
- 5) By not filing annual reports for two years
- 6) By judgment of a circuit court

The dissolution of a corporation by action of the board or shareholders requires the filing of a Certificate of Dissolution (form CSCL/CD-530, 531 or 532). A tax clearance must be requested from the Michigan Department of Treasury within 60 days of filing the dissolution. Nonprofit charitable purpose corporations must obtain a letter of consent to the dissolution from the Michigan Attorney General before the dissolution

can be filed. The dissolution of a corporation is a complex process and an attorney should be consulted. You may also wish to review our Dissolution brochure.

Advantages

1. Limited liability for owners/members
2. Interest/ownership easily transferable
3. Continuous existence

Disadvantages

1. May be more expensive to organize than sole proprietorship
2. More extensive record keeping required

Foreign Corporation

A foreign corporation is one that is incorporated under laws other than the laws of this state. A foreign corporation, whether profit or nonprofit, is required to obtain a Certificate of Authority if it is "transacting business" or "conducting affairs" in this state. These terms are technical and decisions to apply for a certificate of authority should be based on proposed activities in this state, the statute, and applicable court decisions. A booklet containing the statute is available from the Bureau. If a Certificate of Authority is required, the corporation should file an Application for Certificate of Authority (form CSCL/CD-560). All of the following information must be included on the application.

- Name of the corporation.
- Resident agent and registered office in Michigan.
- Character of the corporation's business.
- Date of Incorporation, jurisdiction and the term of the corporation.
- The number of shares authorized.
- Street address of main principal office.

All foreign corporations must include with the application a certificate setting forth that the corporation is in good standing under the laws of the jurisdiction of its incorporation, executed by the official of the jurisdiction who has custody of the records pertaining to corporations, and dated not earlier than 30 days before filing the application. Nonprofit corporations must also include a copy of the articles of incorporation, including any amendments, certified by the officer of the jurisdiction of its incorporation.

Both foreign profit and nonprofit corporations are subject to certain provisions of the same statutes that govern domestic corporations. These statutes are the Business Corporation Act and the Nonprofit Corporation Act.

Name

To determine if a name is available, use the Name Availability program on the Bureau's website at www.michigan.gov/corporations, call the Corporations Division's Business Services Section at (517) 241-6470 or fax your request to (517) 241-0538. The search is merely a preliminary check and is not a guarantee that the name will be available when your documents are received.

Resident Agent and Registered Office

A resident agent and registered office must be included in the Application for Certificate of Authority. For profit corporations, the resident agent may be either an individual resident in this state whose business office or residence is identical with the registered office; a domestic corporation or a limited liability company; or a foreign corporation or limited liability company authorized to transact business in this state that has a business office identical with the registered office.

For nonprofit corporations, the resident agent may be either an individual resident in this state whose business office is identical with the corporation's registered office, a domestic business corporation, or a foreign business corporation authorized to conduct affairs or transact business in this state and having a business office identical with the corporation's registered office.

Changes in Business Structure

After a certificate of authority has been issued, changes may occur which will require the filing of additional documents with the Corporations Division.

A foreign profit corporation must file an Amended Application for Certificate of Authority (form CSCL/CD-562) to report changes in its name, or if information on the application changes. The filing must be completed within 30 days of when the change was effective in the home jurisdiction. A preprinted form can be obtained by contacting the Bureau at (517) 241-6470. For foreign profit corporations, additional fees may be required if the shares attributable to Michigan increase.

A foreign nonprofit corporation must file a certified copy of any amendment to its articles after they are filed in the jurisdiction of its incorporation.

Mergers

If a foreign corporation with a Certificate of Authority merges with another entity, the corporation is required to file a certificate issued by its state of incorporation attesting to the occurrence of the merger. In addition, when the foreign corporation is the survivor of the merger and changes have been made which affect the corporation's Certificate of Authority, an Amended Application for Certificate of Authority must also be completed and filed.

If a foreign nonprofit corporation is involved in a merger, the corporation must submit a certified copy of the merger as filed in the home state.

Conversions

The Business Corporation Act and Michigan Limited Liability Company Act allow a business organization to convert into a domestic corporation or domestic limited liability company. The laws governing the foreign corporation's jurisdiction of formation must permit conversion, and the plan of conversion must be adopted and approved in the manner required by the law governing the internal affairs of the converting foreign corporation. The Certificate of Conversion (CSCL/CD-554) and either the Articles of Organization for a limited liability company (CSCL/CD-700) or the Articles of Incorporation for a profit corporation (CSCL/CD-500) are filed with the Bureau.

There are other entity conversions which are permitted by statute but are not included on Corporations Division forms, in which case a Certificate of Conversion must be drafted to comply with the relevant statutory provisions.

Withdrawal

In the event that a foreign corporation holding a Certificate of Authority desires to withdraw from this state, it is required to file an Application for Certificate of Withdrawal (form CSCL/CD-561). A tax clearance must be requested from the Michigan Department of Treasury within 60 days of filing the withdrawal. Foreign nonprofit charitable purpose corporations must obtain a letter of consent to the withdrawal from the Michigan Attorney General before the withdrawal can be filed.

Registration of Name by Foreign Corporation

Any foreign profit corporation not authorized to transact business in this state and not required to be authorized to transact business in this state may register its corporate name. An Application for Registration of Corporate Name (form CSCL/CD-545) may be used. The registration will expire on December 31 and can be renewed each year prior to that date. A preprinted form is mailed to the corporation 90 days prior to expiration.

Professional Service Corporation

A professional service corporation, as the name implies, is a corporation made up exclusively of licensed professionals. Licensed professionals are those people who have been legally authorized to provide such a professional service. The professional service corporation may be formed by one or more licensed persons to render professional services.

Professional service corporations are formed by filing Articles of Incorporation (form CSCL/CD-501) with the Bureau. The annual Information Update filed by a professional service corporation must list the shareholders and attest that all are licensed or authorized to provide the professional service.

Professional service corporations are formed to give professionals the benefits of a corporation, while not altering the law involving liability of the individual licensed person.

Limited Liability Company

A limited liability company is a business formed by one or more organizers who may, but need not be a member. It is a business entity separate from its members and liability is limited to the financial contribution made by the member. The members are the owners of the company. The management of the company is carried out by its members, unless the Articles of Organization provide for management by managers. Governance is set forth by the Articles of Organization or operating agreement. A limited liability company is formed by filing the Articles of Organization (form CSCL/CD-700) with the Bureau. The Articles of Organization must include all of the following:

- Name of the limited liability company, which must include the words "Limited Liability Company" or the abbreviations "L.L.C.", "LLC", "L.C." or "LC".
- The maximum duration, if other than perpetual
- The purpose for which the company was organized. An "all purpose clause" is permitted.
- Resident agent and registered office in Michigan.
- The signature(s) of one or more organizers.

Domestic Limited Liability Company

Limited liability companies are formed for the purpose of generating profit, while limiting taxes and liability. Limited liability companies have all of the powers granted to a corporation.

Name

The Corporations Division reviews the documents submitted and files the documents that substantially conform with the requirements of the Act. The proposed name of the limited liability company must be distinguishable from the name of other corporations, limited partnerships, or limited liability companies. The name also may not contain a word or phrase indicating it is organized for a purpose other than is stated in the Articles of Organization. A limited liability company name may not include the words "corporation", "incorporated" or the abbreviations "corp." or "inc."

If a limited liability company is to operate under one or more names other than the limited liability company's true name, a Certificate of Assumed Name (form CSCL/CD-541) must also be filed. The assumed name must be distinguishable from the names of active limited partnerships, corporations or limited liability companies. The certificate of assumed name expires on December 31 of the fifth full calendar year following the year in which it was filed. A preprinted renewal form is mailed to the registered office address 90 days prior to expiration.

Prospective members should wait until the articles are filed before ordering or purchasing items such as signs, business cards, and stationery to avoid problems that may arise due to a conflict with another entity's name.

To determine if a name is available, use the Name Availability program on the Bureau's website at www.michigan.gov/corporations, call the Corporations Division's Business Services Section at (517) 241-6470 or fax your request to (517) 241-0538. The search is merely a preliminary check and is not a guarantee that the name will be available when your documents are received.

If more time is needed to organize the limited liability company the name may be reserved for 180 days by filing an application for that purpose and paying the required fee.

Resident Agent and Registered Office

A resident agent and registered office must be included in the Articles of Organization. A resident agent is someone who is appointed by the company to receive any documents, notices, or demands served upon the company. The resident agent must be a Michigan resident, a Michigan corporation, a foreign corporation with a certificate of authority to transact business in Michigan, a Michigan limited liability

company, or a foreign limited liability company authorized to transact business in this state. If a resident agent and registered office are not named in the articles, the submitter will be contacted to obtain the information.

Purpose

A limited liability company may be formed for any purpose for which a corporation can be formed under the Business Corporation Act or for which a partnership may be formed. An "all purpose clause" is permitted.

Annual Statement

Every limited liability company is required to file an Annual Statement each year. The Bureau sends a pre-printed form to the registered office of each company before the due date (February 15). The company should check that the details are correct, reporting any changes in resident agent or registered office, sign and date the form, and return it with the appropriate fee. If the Limited Liability Company was formed after September 30, it is not required to file an annual statement on February 15 immediately succeeding its formation. Failure to file the annual statements will result in the company no longer being in good standing after two years and the name becomes available to any other corporation, limited partnership, or limited liability company.

Changes in Business Structure

After the initial formation documents have been filed, changes may occur which will require the filing of additional documents with the Corporations Division.

Changes to the Articles of Organization

Changes are made to the Article of Organization by filing a Certificate of Amendment (form CSCL/CD-715) with the Bureau. Reasons for amending the Articles of Organization include changes in the name, purpose, or management structure. If the Articles of Organization have been previously amended, the separate amendments may be integrated into one document by filing Restated Articles of Organization (form CSCL/CD-710).

Changes in Resident Agent or Registered Office

To change the resident agent or the address of the registered office, a Certificate of Change of Registered Office/Agent (form CSCL/CD-520) must be completed and filed.

Mergers

If a Limited Liability Company desires to merge with another limited liability company, a Certificate of Merger (form CSCL/CD-750) is required to be filed with the Bureau. If the limited liability company desires to merge with another entity (such as a corporation, limited partnership, etc.) form CSCL/CD-550m should be filed instead.

Conversions

The Michigan Limited Liability Company Act allows a domestic limited liability company to convert into a business organization or a business organization to convert into a domestic limited liability company.

A domestic limited liability company may convert into a domestic corporation pursuant to the Michigan Limited Liability Company Act and the Business Corporation Act. The terms and conditions of the conversion must be approved by the organizers, if the limited liability company has not commenced business, or the members, if the limited liability company has commenced business. The Certificate of Conversion and Articles of Incorporation (CSCL/CD-754 and CSCL/CD-500) are filed with the Bureau.

There are other entity conversions which are permitted by statute but are not included on Corporations Division forms, in which case a Certificate of Conversion must be drafted to comply with the relevant statutory provisions.

Dissolution

A limited liability company is dissolved and its affairs shall be wound up when any of the following occurs:

- 1) By unanimous vote of all members entitled to vote
- 2) Automatically at the time specified in the articles of organization
- 3) Upon the happening of an event specified in the articles of organization or in the operating agreement, including a vote of members
- 4) Automatically upon entry of a decree of judicial dissolution
- 5) By vote of a majority of the organizers if the LLC has not commenced business; has not issued any membership interests; nor has it acquired any debt or payments.

Upon dissolution of a limited liability company under items 1 or 3 above, a Certificate of Dissolution (form CSCL/CD-731) shall be filed. A tax clearance must be requested from the Michigan Department of Treasury within 60 days of filing the dissolution.

Upon dissolution of a limited liability company under item 5 above, a Certificate of Dissolution (form CSCL/CD-730) shall be filed.

Advantages

1. Easy to form
2. Low start up cost
3. Broader management base
4. Limited liability to members

Disadvantages

1. Complex tax filing system
2. Less precedent because case law and legal precedent is not as abundant as corporations.

Foreign Limited Liability Company

A foreign limited liability company is one that is formed under the laws of another jurisdiction. Foreign limited liability companies that are "transacting business" in Michigan must first obtain a Certificate of Authority from the Bureau. The term "transacting business" is a technical term. The Michigan Limited Liability Company Act sets out particular activities, which in and of themselves do not constitute transacting business. In determining whether it is necessary to obtain a Certificate of Authority, the limited liability company should look at its proposed activities in this state, the statute, and applicable court decisions. If a Certificate of Authority is required, the company must file an Application for Certificate of Authority (form CSCL/CD-760). All of the following information must be included in the application:

- Name of the limited liability company, which must contain the words "Limited Liability Company", or the abbreviations "L.L.C.", "LLC", "L.C." or "LC".
- Period of duration
- The specific business the company intends to transact in Michigan.
- Resident agent and registered office in Michigan.
- Name and address of a member, manager, or other person to whom the administrator is to send copies of any process served on the administrator.

Name

To determine if a name is available, use the Name Availability program on the Bureau's website at www.michigan.gov/corporations, call the Corporations Division's Business Services Section at (517) 241-6470 or fax your request to (517) 241-0538. The search is merely a preliminary check and is not a guarantee that the name will be available when your documents are received.

Resident Agent and Registered Office

A resident agent and registered office must be included in the application. A resident agent is someone who is appointed by the company to receive any documents, notices, or demands served upon the company. The resident agent must be a Michigan resident, a Michigan corporation, a foreign corporation with a certificate of authority to transact business in Michigan, a Michigan limited liability company or a foreign limited liability company authorized to transact business in this state. If a resident agent and registered office are not named in the application, the submitter will be contacted for the information.

Changes in Business Structure

After the certificate of authority is issued, changes may occur which will require the filing of additional documents with the Corporations Division.

Changes in Company Name or Other Changes in the Business

If the limited liability company's name is changed or changes occur in the company that affect the information in the Application for Certificate of Authority to Transact Business, an Amended Application for Certificate of Authority (form CSCL/CD-762) must be filed.

Mergers

If a foreign limited liability company with a Certificate of Authority merges with another limited liability company and is the survivor of the merger, the company is required to file a certificate issued by the jurisdiction where it filed its Articles of Organization, attesting to the occurrence of the merger. When the foreign limited liability company is the survivor of the merger, and changes in the information contained in its Application for Certificate of Authority occur because of the merger, an amended application should be filed with the Bureau.

Conversions

The Michigan Limited Liability Company Act and Business Corporation Act allow a business organization to convert into a domestic limited liability company or a domestic corporation. The laws governing a foreign limited liability company's jurisdiction of formation must permit conversion, and the plan of conversion must be adopted and approved in the manner required by the law governing the internal affairs of the converting foreign limited liability company. The Certificate of Conversion (CSCL/CD-754) and either the Articles of Organization for a limited liability company (CSCL/CD-700) or the Articles of Incorporation for a profit corporation (CSCL/CD-500) are filed with the Bureau.

There are other entity conversions which are permitted by statute but are not included on Corporations Division forms, in which case a Certificate of Conversion must be drafted to comply with the relevant statutory provisions.

Withdrawal

In the event a foreign limited liability company holding a Certificate of Authority desires to withdraw from this state or is the non-survivor in a merger, it is required to file an Application for Certificate of Withdrawal (form CSCL/CD-761). A tax clearance must be requested from the Michigan Department of Treasury within 60 days of filing the withdrawal.

Professional Service Limited Liability Company

A professional limited liability company, as the name implies, is a company made up of licensed persons who have been legally authorized to provide a professional service. Professional limited liability companies must consist of a least one member who is licensed in each professional service being offered. If there is more than one member, they must all be licensed to provide the services of the company.

Those professions which must form as a professional service limited liability company are dentists, osteopathic physicians, physicians, surgeons, doctors of divinity or other clergy, and attorneys at law.

These entities are formed by filing Articles of Organization (form CSCL/CD-701) with the Bureau. The Professional Limited Liability Company Annual Report must list the licensed professionals who are members or managers of the company.

Professional limited liability companies are formed to give professionals the benefits of a limited liability company, while not altering the law involving liability of the individual professional.