

SHEEO State Authorization Inventory

Michigan

Please note: For purposes of this survey, the terms “authorize” and “authorization” are used generically to include approve, certify, license, regulate, recognize, empower, or similar actions relative to the operation, provision, or availability of postsecondary education in your state.

1. Agency and Contact Information

- a. Agency Name: **Michigan Department of Licensing and Regulatory Affairs**
 - o Description:
Michigan Department of Licensing and Regulatory Affairs has authority over private colleges, universities, and non-degree granting proprietary schools.
 - o Contact:
Michael Beamish
Michigan Department of Licensing and Regulatory Affairs
Bureau of Commercial Services
Licensing Division
PO Box 30714 - Lansing, MI 48909
517-241-6806
beamishm@michigan.gov
 - o Please state who institutions should contact if they have questions about your agency’s authority, policies, or application process?
See above.
- b. Links:
Link to regulations: http://www.michigan.gov/lara/0,4601,7-154-35299_35414_2739---,00.html
- c. The following agencies also have responsibility for authorization in the state.
[17.1 Proprietary School Licensing Sources](#) (please see Attachment 1)
- d. If the division of responsibility among these agencies is not clear, please explain.

2. Types of Educational Providers Authorized

- a. Please indicate the types of institutions that your agency authorizes, using the list below. Please answer “yes” or “no” to each item. Feel free to provide a short explanation of any ambiguity, including any necessary clarification of “in-state,” “out of state,” or other terminology.

- Public, in-state degree granting institutions
- Yes** Public, out-of-state degree granting institutions
- Yes** Private, in-state, not-for-profit degree granting institutions
- Yes** Private, out-of-state, not-for-profit degree granting institutions
- Yes** Private, in-state, for-profit degree granting institutions
- Yes** Private, out-of-state, for-profit degree granting institutions
- Yes** Public, in-state, non-degree granting institutions
- Yes** Public, out-of-state, non-degree granting institutions
- Yes** Non degree, not-for profit institutions
- Yes** Non degree, for-profit institutions
- Yes** Religious institutions
- Tribally-controlled institutions

Clarifying comments:

- b. Is an institution required to obtain approval from more than one agency to be authorized in your state (excluding purely programmatic approvals)? If so, please explain.
- c. Is accreditation required for an institution to be authorized in your state?

- o If yes, please explain:
For degree granting
- o If yes, what type of accreditation is required? Please, check all that apply as appropriate.

- Regional
- National
- Programmatic/specialized

Clarifying comments:

- d. Does your agency authorize specific academic programs offered by institutions or only institutions themselves?
Both.

- e. Programs in certain subject areas that may require separate approval.

Education

Please see Attachment 1.

Nursing

Please see Attachment 1.

Social Work

Please see Attachment 1.

Counseling Psychology

Please see Attachment 1.

Allied Health Professions and related programs

Please see Attachment 1.

Others [please list]

Please see Attachment 1.

3. Exemptions

- a. Are certain institutions or programs exempt by law or policy from your state authorization requirements?

No.

- If yes, please describe which institutions or programs the exemption applies to and how it works? If available, please provide any pertinent web links.
- If yes, how does the institution or program claim an exemption? For example, is the exemption automatic as long as it meets specified criteria, does the institution or program notify the agency and the exemption is granted, is there an application process, etc.?

- b. If an institution or program is exempt from state authorization, are there any other state requirements that an institution would need to fulfill in order to operate in your state (e.g., providing contact information, list of programs, etc.)?

- c. Does your state constitution or do your state laws provide any exemptions for religious institutions?

Yes – narrow exemption.

- Are all religious institutions exempt (please describe)?

No. Please see

[http://www.legislature.mi.gov/\(S\(zxwdeezr4g0uva45y5vzhizb\)\)/mileg.aspx?page=getObject&objectname=mcl-450-184a](http://www.legislature.mi.gov/(S(zxwdeezr4g0uva45y5vzhizb))/mileg.aspx?page=getObject&objectname=mcl-450-184a)

- Are religious institutions that award only religious degrees or certificates exempt (please describe)?

No.

- Are certain religious institutions exempt that meet other criteria (please describe)?

Yes. Please see

[http://www.legislature.mi.gov/\(S\(zxwdeezr4g0uva45y5vzhzb\)\)/mileg.aspx?page=getObject&objectname=mcl-450-184a](http://www.legislature.mi.gov/(S(zxwdeezr4g0uva45y5vzhzb))/mileg.aspx?page=getObject&objectname=mcl-450-184a)

4. Authorization of Distance Education

- a. Does your agency require purely (100%) distance education programs, including online or correspondence study programs that enroll residents of your state, to be authorized without regard to physical presence?

On line – no/ correspondence – yes.

- b. If not, does your agency determine whether an institution must be authorized based on a physical presence or “operating” standard?

Yes.

5. Physical Presence Policy – Common “Triggers”

- a. If your agency uses a physical presence standard, how does your agency define physical presence? If available, please provide a link to that policy or a citation to the relevant regulation giving that standard.

Brick and mortar of some type and providing face to face instruction.

- b. Please specify whether any of the following activities would constitute a physical presence or signify “operating” in your state, assuming that the named activity is the institution’s sole activity in your state. **Please answer “yes” or “no” to each question. In addition you may provide a short explanation of any ambiguity.**

- Permitting a student to complete an internship, externship, field experience, or clinical practicum organized by the institution?

No.

- Does this apply only to distance education students or more generally?

- Permitting a student to complete an internship, externship, field experience, or clinical practicum found by the student acting independently?

No.

- Does this apply only to distance education students or more generally?
- Employing full-time faculty in the state to provide instruction via distance education programs to students in the state?
No.
 - What about adjunct faculty?
No.
- Employing full-time faculty in the state to provide instruction via distance education programs solely to students outside of the state? **No.**
 - What about adjunct faculty?
No.
- Having a contract/agreement between the institution and in-state institutions or in-state entities to provide services for students (i.e. library, gym, computer centers, etc.)?
Case by case evaluation, generally no, for cited examples.
- Organized, consistent, on-the-ground recruiting of students in the state by employees or agents of the institution?
Yes, requires permit if institution has degree authority below the baccalaureate in home state.
 - What if the agent is only recruiting students in the state on an occasional basis (i.e. at job fairs)?
Yes, requires permit if institution has degree authority below the baccalaureate in home state.
- Advertising in local media sources that are largely viewed by residents of the state?
No.
- Advertising in national media sources that can be accessed by residents of the state?
No.
- Having computer servers or other equipment located in the state?
Yes.
- Hosting short term, face-to-face, seminars or conferences in the state where students meet in person?
Case by case evaluation.

- Employing mentors, tutors, or preceptors in the state to aid students, who are residents of the state, on an individual basis?
No.
 - Requiring a student to take a proctored exam at a location or with an entity in the state prescribed by the institution?
No.
 - Requiring a student to take a proctored exam with an entity in the state chosen by the student but approved by the institution?
No.
 - Other [please explain]
- c. Of the activities or conditions listed above that alone would not constitute a physical presence, are there any that if combined would create a physical presence?

6. Application Process

- a. Please provide a short description of the application process to obtain state authorization. If available, please provide web links to the specific references to all applicable state laws, regulations, manuals, forms, or other pertinent documents.

Non- degree Granting:

<http://www.michiganps.net/ViewAttachment.aspx?ID=109>

Degree Granting: [Policies and Procedures on the Establishment and Approval of NonPublic Colleges and Universities in Michigan](#)

Please see Attachment 2.

Related memos and documents:

<http://www.michiganps.net/resources.aspx?function=NSF>

- b. Generally, how long does it take to approve applications (assuming that the agency has received all required information from the institution)? Please provide a typical range if appropriate.
30-90 days.
- c. What is the authorization duration?
1 year non degree granting. Perpetual degree granting as long as adequacy is maintained.
- d. What does an institution need to do to maintain authorization?
Non degree granting- license renewal/ degree granting, as long as adequacy of 5 areas found in law are maintained.

- e. What kinds of information or data must an institution report to your agency as a condition for continued authorization? How frequently is this reported or updated? Is this information published or shared publicly? **Non degree program starts, completions and placements. Degree granting - none currently.**
- f. Can an institution lose its authorized status? If so, how?
Fail to renew, degree granting lose accreditation.
- g. Can a multi-institutional system or college corporation apply to your agency for authorization on behalf of all of its component institutions? If so, please describe the process.
Case by case, most likely no, only for component institutions actually operating in state.
- h. Would multi-institution public systems be treated the same as multi-location for-profit institutions?
Yes.
- i. What distinctive features in your authorization process would be useful for applicants to know (e.g., certain times during the year that you process applications for authorization, sharing of applications or information about proposed programs with institutions or other stakeholders in your state for comment)?
N/A.
- j. Is your agency currently planning to amend its application process by the end of 2011?
No.
 - o If yes, please provide a brief description of the anticipated change.
 - o If yes, when does the agency expect the change to be fully implemented?

7. Fees Associated with Authorization

- a. Is there an application fee to initiate the authorization process? If so, what is the fee or fee schedule? Please provide a web link if available. Yes.
Non- degree Granting: \$1,315
Fees may be adjusted according to the Consumer Price Index.
Degree Granting: No Fee
- b. Are there any other costs associated with the state authorization process (e.g. site visits, hiring a reviewer, surety bond, tuition recovery fund, agent licensing, etc.)?
Non- degree surety bond.

- c. What are the costs, if any, to renew authorization?
Non- degree -Varies by student head count \$450.00- \$1970.00.
- d. What costs are associated with receiving a waiver or exemption to authorization?
Not applicable.

8. Interstate Reciprocity

- a. Do your state regulations explicitly allow or prohibit interstate reciprocal agreements about authorization? If so, please describe.
Not explicitly allowed or prohibited.
- b. What is the process, if any, to obtain a reciprocal agreement with your state?
- c. Are there any reciprocal agreements currently in place or under consideration? If so, please list those agreements.
- d. If interstate reciprocal agreements are not addressed in your regulations, would your agency consider establishing such agreements? Please elaborate.

9. Consumer Protection and Student Complaints

- a. Does your agency have a process for handling complaints about postsecondary institutions or programs? If yes, please describe the process or provide a web link to the material that describes the complaint process.
Yes. <http://www.michiganps.net/complaint.aspx>

And/ or <http://www.michigan.gov/ag/0,4534,7-164-17331---,00.html>
 - o If yes, does this complaint process extend to institutions not authorized by the agency that may enroll residents of the state (such as explicitly distance education programs with no physical presence or exempt institutions)?
No.
 - o If available, please provide a web link to the complaint form.
 - o Who is the contact person for receiving complaints? Please include name, title, address, phone, and email if available.
- b. If your agency has no formal process for handling complaints related to postsecondary institutions, what state agency would handle a complaint?

10. Enforcement

- a. If your agency finds that an institution or program is operating in your state without authorization, what is the resulting warning or enforcement action?
Refer to Attorney General and/or local law enforcement.
- b. Can an institution or program appeal a warning or enforcement action? If yes, please describe the process or provide web links to the regulations/policies.

11. Legislative or Regulatory Changes

- a. Is your agency **no** or state legislature planning to amend its regulations or alter its physical presence policy by the end of 2011?
Can not speak for the state legislature.
 - o If yes, please provide a brief description of the anticipated change.
 - o If yes, when does the agency expect the change to be fully implemented?
- b. Is your agency **no** or state legislature making changes in your state regulations or statutes so that institutions with locations in your state would be considered legally authorized in accordance with the federal institutional eligibility regulations?
Can not speak for the state legislature.
 - o If yes, please provide a brief description of the anticipated change.
 - o If yes, when does the agency expect the change to be fully implemented?
- c. Is your agency or state legislature making any other changes in your state regulations or statutes with regard to state authorization?
Can not speak for the state legislature.
 - o If yes, please provide a brief description of the anticipated change.
 - o If yes, when does the agency expect the change to be fully implemented?

12. Is there anything else about the authorization process in your state that we and others ought to know about?

Attachment 1

PROPRIETARY SCHOOL LICENSING SOURCES

The following information is provided to help prospective schools with State of Michigan license requirements.

Most privately operated organizations that offer non-degree occupational training for a fee or other consideration are legally required to be licensed by Michigan Department of Licensing and Regulatory Affairs (LARA), Division of Licensing. Nonprofit organizations offering occupational training are also subject to licensing requirements. Schools that are headquartered in another state but offer training at a Michigan location must have the appropriate Michigan license. (Authority: Public Act 148 of 1943 as amended.)

Schools that are located in another state but collect fees from, recruit, and serve Michigan residents must apply for a certificate of compliance. Each solicitor must be licensed by LARA Proprietary Schools Licensing section to solicit business in Michigan. (Authority: Public Act 40 of 1963.)

Schools that prepare students to enter certain specialized occupations may be licensed or approved by a State of Michigan agency other than the LARA, Division of Licensing, or by both LARA, Division of Licensing and another State agency. If an area of study is not specifically listed below, then the Division of Licensing is responsible for program approval and school licensing requirements.

If you have questions or need a license application, you may call LARA, Bureau of Licensing, at 517-373-6774. License applications and further information is available on the Proprietary School Licensing section website at www.michiganps.net.

Aeronautics Schools

Aeronautics schools and programs teaching flying and ground work relative to flying are inspected and licensed annually by the Michigan Department of Transportation, Bureau of Aeronautics, Capital City Airport, Lansing, Michigan 48906. For information on Aeronautics schools and programs, call 517-335-9719. For a listing of aeronautics schools licensed by the Michigan Department of Transportation go to:

http://www.michigan.gov/documents/aero/2006_OCT_Flight_Schools_web_page_listing_FIN_175451_7.pdf

Schools teaching aircraft mechanics, dispatchers and technicians are licensed by the Proprietary School Licensing section.

Asbestos Abatement Training Programs

The Michigan Department of Licensing and Regulatory Affairs, Construction, Safety and Health Division-Asbestos Program, 7150 Harris Drive, P.O. Box 30671, Lansing, Michigan, 48909 license Asbestos Abatement/Hazardous Material Training schools and programs. For information on Asbestos Abatement Training schools and programs, please call 517-322-1320.

For a list of approved Asbestos Training Programs go to:

http://www.dleg.state.mi.us/asbestos_program/rs_tcp.asp?tpname=&type=%25&nbr=&city=&Search.x=77&Search.y=10

Lead Abatement Training Programs

Training providers accredited under the Lead Abatement Act:

Act Nos. 219 & 220, Public Acts of 1998
Act No. 644, Public Acts of 2002
Act Nos. 400, 431, 432, 433, 434; Public Acts of 2004
Amendments to Michigan Public Health Code
Act 368 of Public Acts of 1978

Are not required to hold proprietary school license. Contact Certification and Compliance Officer, Department of Community Health, Lead Abatement: 517-335-8466.

Barber and Cosmetology Schools

The Michigan Department of Licensing and Regulatory Affairs, Board of Barber Examiners and Board of Cosmetology, P.O. Box 30018, Lansing, Michigan 48909 licenses Barber and Cosmetology schools and programs. For information on Barber and Cosmetology schools and programs, please call 517-241-8720. For further information, log on to www.michigan.gov/barbers or www.michigan.gov/cosmetology.

For a list of approved Barber schools go to:
<http://www.dleg.state.mi.us/bcsc/forms/barb/schools.pdf>

For a list of approved Cosmetology schools go to:
<http://www.dleg.state.mi.us/bcsc/forms/cos/schlist.pdf>

Commercial Vehicle Training Programs

Truck driver training schools and programs are licensed by the Michigan Department of State, Driver Programs Division-Driver Education Section, 430 West Allegan Street, 3rd Floor, Lansing, MI 48918. For information on truck driver training schools and programs, please call 517-241-6850. For further information, log on to www.michigan.gov/sos.

For a list of approved Truck Driver Training Schools go to:
<http://www.michigan.gov/documents/sos/DES - Report Certified Truck Driver Programs 251546 7.pdf>

Exceptions: The Proprietary School Licensing section licenses heavy equipment schools. Driver Training programs are licensed by the Michigan Department of Education. For information please call 517-373-3677. For further information, log on to www.michigan.gov/mde. Select Offices, then Grants Coordination and School Support, then Pupil Transportation.

For a list of approved Driver Training programs go to:
<http://www.michigan.gov/documents/sos/DES - Report Active Driver Education Providers 219700 7.pdf>

Emergency Medical Services (EMS) Programs

The Proprietary School Licensing section of the Michigan Department of Licensing and Regulatory Affairs licenses Paramedic and EMS schools in cooperation with the Michigan Department of Community Health (MDCH),

1. All facilities offering Paramedic programs, must be licensed as a proprietary school through LARA and have Paramedic program approval from MDCH.
Exclusions: Hospitals licensed by MDCH under the Public Health Code, State of Michigan approved colleges, and secondary schools, adult education centers and vocational/technical schools that operate under the authority of the State Board of Education must have Paramedic program approval from MDCH only.
2. All facilities offering any other type of EMS program must be licensed as a proprietary school through DELEG and have EMS program approval from MDCH.
Exclusions: Life support agencies and hospitals licensed by MDCH under the Public Health Code, State of Michigan approved colleges, and secondary schools, adult education centers and vocational/technical schools that operate under the authority of the State Board of Education, must have EMS program approval from MDCH only.

For information on EMS programs, contact EMS and Trauma Systems Section, Capitol View Building, 6th Floor, 201 Townsend St., Lansing, Michigan 48913, telephone 517-335-1825 or log on to www.michigan.gov/ems, Select Emergency Medical Services.

Insurance Training Programs

The Michigan Department of Licensing and Regulatory Affairs, Office of Financial and Insurance Services (OFIS), approves all continuing education and pre-licensure training providers.

For information on insurance and mortgage training programs, please call, 877-999-6442 or log on to www.michigan.gov/ofir. Select Licensing.

For a list of approved insurance training programs go to:
http://www.michigan.gov/documents/cis/PE_Providers_188973_7.pdf
http://www.michigan.gov/documents/ce_providers_85662_7.pdf

Nursing Programs

The Licensing Division of the Michigan Department of Licensing and Regulatory Affairs licenses all schools offering non-degree Registered Nursing and Licensed Practical Nurse training. These schools must also have their individual programs approved by the Michigan Board of Nursing, Department of Community Health, Bureau of Health Professions, P.O. Box 30670, Lansing, Michigan 48909. For information on nursing schools and programs, please call 517-373-4674. For further information, log on to www.michigan.gov/healthlicense.

For a list of degree granting Nurse training programs go to:
http://www.michigan.gov/documents/mdch_nurse_approve_ed_prog_98366_7.pdf

Nurse Aide Training

The Licensing Division of the Michigan Department of Licensing and Regulatory Affairs licenses all Nurse Aide training programs conducted by non-state licensed nursing homes. This also includes Nurse Aide training programs conducted by state licensed nursing homes if they provide training to anyone other than their own employees or employees of another state licensed nursing home. In all instances, these schools must also have their individual programs approved by the Department of Community Health, Bureau of Health Professions, P.O. Box 30670, Lansing, Michigan 48909. For information on nurse aide programs, please call 517-241-3728. For further information, log on to www.michigan.gov/healthlicense. For a list of degree granting Nurse training programs go to: http://www.michigan.gov/documents/mdch_nurse_approve_ed_prog_98366_7.pdf

Private Security

The Proprietary School Licensing section of the Michigan Department of Licensing and Regulatory Affairs licenses all private security police training schools. These schools must also have their individual programs approved by the Michigan Commission on Law Enforcement Standards, 106 W. Allegan Street, Suite 600, Lansing, MI 48933. For information on private security police schools and programs, please call 517-322-3966. For further information log on to www.michigan.gov/mcoles.

For a list of MCOLES approved police training academies go to:
http://www.michigan.gov/documents/mcoles/academylist2009_284263_7.pdf

Real Estate, Builders, and Auctioneering

The Proprietary School Licensing section of the Michigan Department of Licensing and Regulatory Affairs licenses all Real Estate schools. These schools must also have their individual programs and instructors approved by the Michigan Department of Licensing and Regulatory Affairs, Testing and Education Services, P.O. Box 30018, Lansing, Michigan 48909. For information on Auctioneer and Real Estate schools and programs, please call 517-373-7353. For information on Residential Builders schools and programs, please call 517-373-8376. For further information, log on to www.michigan.gov/cis. Select Commercial Services and Corporations, Licensing Services, then Auctioneers, Residential Builders, or Real Estate.

Pesticide and Plant Pest Management Programs

The Michigan Department of Agriculture licenses all Pesticide and Plant Pest Management programs. For information on Pesticide and Plant Pest Management programs, please call 517-241-6666. For further information, log on to http://www.michigan.gov/mda/0,1607,7-125-1569_16988---,00.html.

Utility Company Education Programs

The Michigan Public Service Commission (MPSC) licenses Utility Company Education programs. Utility companies that provide education programs to their commercial customers on how to reduce energy costs as part of their Energy Optimization Plans approved by the Michigan Public Service Commission (MPSC) as required by P.A. 295 of 2008 are exempt from licensing as a proprietary school. For information on Utility Company Education programs, please call (517) 241-6180. For further information, log on to <http://www.michigan.gov/mpsc>.

If a school/ training provider / utility company expand outside of the scope of Michigan Public Service Commission approval, in terms of program offerings, or audience e.g. offering courses to the general public, they would then be required to be licensed as a proprietary school.

Attachment 2

POLICIES AND PROCEDURES ON THE ESTABLISHMENT AND APPROVAL OF NONPUBLIC COLLEGES AND UNIVERSITIES IN MICHIGAN

**Michigan Department of Energy, Labor and Economic Growth
Bureau of Workforce Transformation
Lifelong Learning Division
Private Postsecondary Education**

May 2010

NOTICE TO THE PUBLIC

Executive Order No. 2003-18 (October 2, 2003) transferred all of the statutory powers relating to post secondary educational corporations from the Department of Career Development to the Department of Energy, Labor and Economic Growth. This includes Sections 170 to 177 of the Michigan General Corporations Act, 1931 PA 327, MCL 450.170 to 177, and Section 10(c) of 1964 PA 287, MCL 388.1010 (c), regarding educational corporations and foundations.

The Michigan General Corporations Act was amended by 2006 PA 420. This act formalized the Department of Energy, Labor and Economic Growth's authority over private colleges and universities and removed reference to the State Board of Education.

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I.

FREQUENTLY ASKED QUESTIONS

Establishing a Non-Public Postsecondary Educational Institution in Michigan
Frequently Asked Questions

Revised May 2010

All Non-Public Postsecondary Educational Institutions that would like to conduct educational programs that are post-high school in nature must be approved by the State under Michigan statutes to operate a college or a postsecondary institution before it opens. This includes individuals, corporations, and non-incorporated bodies regardless if they are for-profit or non-profit entities. The following options are available to operate as a postsecondary institution:

1) Non-Incorporated Private Educational Institution (Institute):

To offer an educational program and grant degrees, you may apply for approval as a Non-Incorporated Private Educational Institution under Public Act 142 of 1964. Non-Incorporated Private Educational Institutions are not required to be education corporations. The proposed institution must meet minimum standards to demonstrate adequacy of resources in the following areas:

- a. housing space and administration facilities;
- b. educational programs leading to the diplomas or degrees;
- c. laboratory, library, and other teaching facilities;
- d. instructional staff.

The proposed institution must submit a written proposal that addresses these four areas.

As a Non-Incorporated Private Education Institution, the institution would be able to grant diplomas, certificates, and degrees. Use of the word, “college or university” however, is not permitted under Section 171 of the General Corporation Act.

Regional or national accreditation from a United States Department of Education recognized accrediting body is a prerequisite for consideration of approval.

2) Educational Corporation (Private College or University):

If the organization desires to be to incorporated and offer degrees as a Private College or University, they must organize as an Educational Corporation under Public Act 321 of 1937 as amended, the General Corporation Act or receive approval as Foreign Corporation (out of state institution) under Act 284 of 1972, which provides the authority to conduct business in Michigan. The proposed Private College or University must demonstrate it meets the five areas of adequacy required under Section 170-177 of the General Corporation Act. The proposed institution must submit a written proposal that addresses each of the five areas of adequacy. The five areas of adequacy that must be met are:

- a. the housing space and administration facilities which it possesses or proposes to provide for its declared field or fields of education are adequate;
- b. its proposed educational program leading to the diplomas or degrees which it proposes to offer is adequate;

- c. its laboratory, library, and other teaching facilities which it possess or proposes to provide are adequate;
- d. it has or proposes to employ an adequate staff, fully trained for the instruction proposed, and;
- e. at least 50% of its capital, whether of stock or in gifts, devises, legacies, bequests or other contributions of money or property, has been paid in or reduced to possession.

An Educational Corporation may grant diplomas, certificates, and degrees. Use of the word, “college, or university” is permitted under the conditions found in the General Corporation Act.

Regional or national accreditation from a United States Department of Education recognized accrediting body is a prerequisite for consideration of approval.

3) Trade Schools, Business Schools, and Institutes

Career focused schools may organize instruction under The Private Trade Schools, Business Schools, and Institutes Act (PA 148 of 1943 as amended) and may be incorporated as a for- profit or non- profit corporation or unincorporated. The school must adequately complete a new school permit application. The application addresses the criteria in the Act regarding the method and content of the advertising, the standards and the methods of instruction, the personnel, and the operating and instructional practices of the school. An on-site inspection is conducted to verify the findings in the application. After one successful year of operation, a license must be annually renewed. The use of the term “college or university” cannot be used nor can degrees be granted under this organizational structure. The organization would be able to grant certificates of participation and completion and/or diplomas to students.

There is a one-time application fee and an annual renewal fee to be licensed.

ADDITIONAL CONSIDERATIONS

1) Religious Entities

A Church, organized as an Ecclesiastic Corporation, for the purpose of teaching its religious beliefs and principles may not operate as a college offering a program of study beyond secondary education. Section 171 of the General Corporation Act does not permit a Church to use the word, "college, or university " and grant degrees without forming an educational corporation. However, an Ecclesiastic Corporation may operate a postsecondary institution and charge fees for the purpose of teaching its religious beliefs and principles by applying for a license under The Private Trade Schools, Business Schools, and Institutes Act (PA 148 of 1943) and grant diplomas.

2) Operating Without State Approval

The Authentic Credentials in Education Act, PA 100 of 2005 prohibits schools from providing degrees, diplomas or other credentials unless authorized by the State. A person damaged by violation of this act may bring a civil action to recover damages of at least \$100,000.00.

Further Questions

If you have further questions regarding the procedure in applying for authority to operate a non-public postsecondary education institution, please contact:

Michael Beamish at 517.373.6551 or beamishm@michigan.gov

II.

INTRODUCTION

The Michigan Department of Energy, Labor and Economic Growth has broad authority regarding the establishment and approval of nonpublic institutions of higher education. This authority is derived principally from language contained in the State's General Corporation Code,¹ which requires approval of the Department of Energy, Labor and Economic Growth prior to the issuance of a corporate charter which would permit the granting of college degrees and approval of revisions of charters affecting the educational purpose of the institution. Similar authority over non-incorporated, privately operated colleges is provided under a separate legislative act.² The Department of Energy, Labor and Economic Growth also has authority over nonpublic institutions from outside of Michigan seeking to conduct classes or programs for degree credit within the state.³

In general, The Department of Energy, Labor and Economic Growth is empowered to review, prior to operation, any proposed corporation charter containing authority for granting of collegiate credit or leading to the award of any collegiate degree, which would be conducted within the State of Michigan by a nonpublic institution. The Department of Energy, Labor and Economic Growth must also give prior approval to any amendments to existing articles of incorporation of a nonpublic college or university which wishes to expand its scope of operation of degree offerings beyond that permitted by its present charter.

Specifically, the Department of Energy, Labor and Economic Growth must review the proposed program in the following areas:

1. Housing space and administrative facilities
2. Proposed Educational program
3. Laboratory, library, and other teaching facilities
4. Faculty and staff
5. Minimum paid-in capital as required by Act 327.

The Attorney General has ruled that the Department of Energy, Labor and Economic Growth must make a finding of adequacy on each of the five areas prior to completion of filing of articles of incorporation (or issuance of a Certificate of Authority in the case of out-of-state institutions). No courses or programs may be conducted in the state until the review process has been completed, the Department of Energy,

¹ Act No. 327 of the Public Acts of 1931, as amended (Michigan Compiled Laws 450.170-450.177) Appendix B.

² Act No. 142 of the Public Acts of 1964, as amended (Michigan Compiled Laws 390.771-390.772) Appendix C.

³ Act No. 284 of the Public Acts of 1972, (Michigan Compiled Laws 450.2001-450.2021) Appendix D.

Labor and Economic Growth has taken formal action approving the proposed program, and the Articles of Incorporation or Certificate of Authority is issued by the Corporations Division of the Department of Energy, Labor and Economic Growth.

A. Educational Enterprise Defined

An enterprise, whether it is operated or to be operated for profit or nonprofit, shall be subject to the provisions of these policies if:

1. The name of the enterprise includes the word "college", "university", "institute", "academy", or "school", unless there is a requirement for approval or licensure under some other Act, such as non-degree granting private vocational schools and business institutes, schools of nursing, barbering or cosmetology, flight school, etc.
2. Notwithstanding the absence of the words "college," "university," "seminary," "academy," "school," or "institute" in the name of the enterprise, if one or more of the purposes is clearly that of providing training or educational activities, on an organized basis to persons who enroll for such training or activities, which would purport to result in the granting of collegiate credit or credits.

B. Names of Educational Enterprises

A proposed educational enterprise, shall carry a name that is in accordance with the following policies:

1. The use of the words "community college" in the name of a proposed educational corporation shall not be used. This title shall be restricted to the exclusive use of public two-year institutions.
2. The name of a proposed educational enterprise shall not carry the word "university" unless two or more degrees to be offered are at the masters level, excluding first-professional degrees in Law, Medicine, or Theology.
3. Although the word "Michigan" may be used in the name of a proposed educational enterprise, the use of the word "State" shall be restricted to public institutions.
4. The name of a proposed educational enterprise shall not be such that it might be confused by the general public with the name of the educational enterprise already in existence.

C. Degree Nomenclature

An associate degree shall be granted only after the successful completion of at least 60 semester hours or equivalent of collegiate level study.

A bachelor's degree shall be granted only after the successful completion of 120 semester hours or equivalent of collegiate level study.

A master's degree shall be granted only after the successful completion of the requirements for a bachelors degree and at least 30 semester hours of credit or the equivalent in courses applicable to the graduate degree

A doctoral degree shall be granted only after the successful completion of minimum of three years of full time graduate study or equivalent (90 semester hours or equivalent quarter or term hours) beyond the bachelors' degree, including dissertation credits or research study.

In general, degree nomenclature and the structure of degree programs shall be reasonably consistent with programs offered and acceptable to other institutions of higher education authorized to operate in the State of Michigan. Degree nomenclature shall be consistent with United States Department of Education (USDE) approved regional and/or national accrediting bodies.

Semester Credit Hour is a unit used in measuring and recording the work completed by a student in an institution of higher education. For the purposes of these policies, a Semester Credit is defined as a minimum of 800 minutes of classroom contact instruction for one semester hour's credit in a lecture or discussion class.

Suitable equivalencies in quarter or term hours, or alternative measures of student progress to accommodate non-traditional programs are acceptable, subject to evaluation by the Department of Energy, Labor and Economic Growth.

D. Triennial Inspections by the Department of Energy, Labor and Economic Growth

Section 177 of Act 327 provides for inspections of educational corporations by the Department of Energy, Labor and Economic Growth at least once every three years. As part of such inspections, Department of Energy, Labor and Economic Growth is required to determine if the institution is in compliance with all requirements of the Act.

E. Annual Reports to the Department of Energy, Labor and Economic Growth

On or before the first day of December of each year, the trustees of an educational corporation are required to report the following information to the Department of Energy, Labor and Economic Growth; as required by law:

1. The name of each trustee, officer, teacher, and number of students.
2. A statement of the property, amount of stock subscribed, donated, and bequeathed, and the amount actually paid in, and
3. Such other information as will tend to exhibit the institution's condition and operations.

III.

ADEQUACY OF EDUCATIONAL ENTERPRISES

Regional or national accreditation from a United States Department of Education recognized accrediting body is a prerequisite for consideration of approval.

In determining the adequacy of a proposed educational enterprise in terms of the five elements specified in the statutory provisions, the Department of Energy, Labor and Economic Growth shall rely principally on the following sources of information.

1. A written report submitted by the applicant (including a copy of the articles of incorporation or proposed amendments if applicable), brochures and descriptive material, proposed catalogs, architectural plans, and a description of the educational program and instructional staff; see Appendix E.
2. Staff review and/or
3. A written opinion by an ad hoc committee of scholars appointed by the Department of Energy, Labor and Economic Growth, representing educational institutions established and operating in Michigan, concerning the adequacy of the proposal.
4. In determining whether any educational corporation satisfies the adequacy requirements, the Department may accept the determination of an accrediting agency recognized by the United States Secretary of Education as sufficient to demonstrate such adequacy.

A. Housing Space and Administrative Facilities

The applicant shall provide evidence of compliance with the requirements of the State Fire Marshal and public health authorities when applicable to the health and safety condition of all facilities. The Department of Energy, Labor and Economic Growth shall judge the housing space and administrative facilities in terms of the degree to which these are adequate to carry out the purposes of the proposed educational program. Access must be provided for handicapped students as required by state and federal laws.

B. Educational Program

The review of the adequacy of the proposed educational program shall take into consideration the basic purpose of the proposed program, how the proposed program will benefit citizens of Michigan, who will be served, and how the program will meet the needs of potential students. Adequacy of the proposed

curriculum shall be evaluated in terms of the degrees offered. There shall be provisions for assurance that a high level of quality can be maintained in all course and program offerings.

In addition to a review of the proposed academic program, the Department of Energy, Labor and Economic Growth shall seek evidence of nondiscrimination in terms of student admissions appropriate to the type of institution, and that admissions policies for beginning students as well as transfer students are clearly stated. The Department should be satisfied that there would be provision for student personnel services, including access to counseling and health services.

The instructional and administrative organization for support of the educational program shall contain evidence of adequate organization of faculty resources to meet instructional objectives, and that proper supervision of the instructional program shall be maintained.

C. Laboratories, Libraries, and Other Teaching Facilities

Classroom facilities, class laboratories, and other teaching facilities shall be adequate and appropriate to the type of level of instruction to be offered, as determined by the review committee. Provision shall be made for the library collection, including text and non-text materials, to be in the possession of the institution at the time classes are to be started for institutions domiciled in the State of Michigan. Out-of-state institutions shall provide copies of written assurance that access will be provided to library materials for all students enrolled, which would be adequate for the program of instruction.

D. Faculty and Staff

In general, information should be available regarding the qualifications of the faculty and staff indicating a capability to carry out proposed assignments. Faculty members shall possess at a minimum a degree in the discipline in which they teach at one level beyond the degree level being proposed, or shall possess a terminal degree in a professional field.

E. Required Capitalization

In accordance with the provisions of Section 450.171 of the Compiled Laws of 1970, the Department of Energy, Labor and Economic Growth shall require evidence of capital paid in or reduced to possession:

1. If the proposed corporation is to be a Class X corporation (Associates degree) in an amount necessary so that anticipated income over the first two years of its operation from tuition, fees, gifts, and other sources will be sufficient to operate, equip, and house the proposed program for those two years; or
2. If the proposed corporation is to be a Class W or Y corporation (college or university) an amount of cash in hand sufficient to equip, house, and to operate the proposed programs for the first year of its operation along with submitted reasonable evidence for concluding that income from tuition, fees, and other sources during the first three calendar years will be sufficient also to operate the proposed corporation during those three years.

F. Approval/Determination

1. Staff evaluates the proposal and visits such premises as might exist. If the proposal is for an institution already approved for operation in the state, or a school regionally or nationally accredited, the review committee may be waived. The proposal may be approved once the adequacy requirements have been met.

2. If the review is unfavorable, the incorporators shall be given an opportunity to comment on the findings and amend their submission. Once a final determination is made the incorporators shall be advised of their right to appeal the findings and recommendation to the Division Director, or modify their proposal.

G. Procedures for Inspection by Department of Energy, Labor and Economic Growth

At such time as the Department of Energy, Labor and Economic Growth determines that an inspection shall be made of an educational institution in accordance with the provisions of Section 177 of Act No. 327 of the Public Acts of 1931, as amended, the Department shall appoint a review committee which shall follow the procedural steps outlined in the next section, starting with Step 3.

IV.

OUTLINE OF A REPORT TO THE DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH REQUESTING APPROVAL TO OPERATE A PRIVATE COLLEGE OR UNIVERSITY

The following outline includes a list of areas, which should be covered in a report to the Director, Department of Energy, Labor and Economic Growth as part of the requirements of Act No. 327 of the Public Acts of 1931, as amended (Sections 450.171 through 450-177 of the Michigan General Corporation Code).

- I. Housing Space and Administrative Facilities (Existing and Proposed)
 - A. Size and character of available and proposed buildings
 - B. Planned use in terms of instructional and administrative programs
 - C. Evidence of compliance with state health and fire regulations (must provide State Fire Marshal approved inspection)
- II. Proposed Educational Program
 - A. Basic purposes of the proposed institution (describe fully)
 - B. Major curricula leading to the proposed educational objectives
 1. Diploma and/or certificate programs, courses, etc.
 2. Degree programs, courses, etc.
 3. Other programs, including correspondence course offerings
 - C. Conditions for accepting students and other policies on admissions
 1. Beginning students
 2. Transfer students
 - D. Student Personnel Services
 1. Scope of student counseling services
 2. Health services
 - E. Instructional Organization
 1. Faculty assignments, including number of students per teacher and hours of instruction per week in lecture, laboratory, or demonstration, including typical daily and/or academic year schedule showing staff assignments
 2. If computer based instruction is to be taught, identify the courses
 - F. Administrative Organization
 1. Supervisory policies
 2. Reporting policies
- III. Laboratories, Libraries, and Other Teaching Facilities
 - A. Size and nature of proposed classrooms and class laboratories--existing and projected

- B. Size and nature of proposed libraries, including description of the library collection--existing and projected, electronic and hard copy.

IV. Faculty and Staff

- A. Qualifications of staff to carry out proposed assignments--degrees earned, major and minor fields of study, teaching experience, and other qualifications
- B. Faculty, list of subject matter and qualifications
- C. Planned use for full-time and part-time assignments
- D. Tenure and conditions of appointment or selection

V. Required Capitalization

- A. Provide information on capitalization for organization requesting incorporation.

EXHIBITS - The report should be accompanied by appropriate exhibits in order to provide a comprehensive representation of the institution:

1. Admissions application forms, registration forms, or other documents related to admissions or enrollment of students
2. Catalogs, brochures, bulletins, and publicity materials
3. Class schedules, actual or proposed
4. Student handbook
5. State Fire Marshall Inspection Report
6. Regional or National USDE approved accrediting body affiliation statement
7. Other materials deemed relevant and appropriate

PLEASE SUBMIT 3 COPIES OF THE REPORT TO:

MICHIGAN DEPARTMENT OF ENERGY, LABOR AND ECONOMIC GROWTH
BUREAU OF WORKFORCE TRANSFORMATION
LIFELONG LEARNING DIVISION
PRIVATE POSTSECONDARY EDUCATION
VICTOR OFFICE CENTER, 2nd FLOOR
201 NORTH WASHINGTON SQUARE
LANSING, MICHIGAN 48913
ATTENTION: Mike Beamish

MICHIGAN GENERAL CORPORATION ACT (EXCERPT)
Act 327 of 1931

450.170 Educational corporations; incorporation.

Sec. 170. Any number of persons, not less than 3, may incorporate for the purpose of conducting a school, academy, seminary, college or other institution of learning where preparatory subjects or the arts, sciences, professions, special occupations and higher learning may be taught. Such corporations are hereinafter called educational corporations. Educational corporations may be organized for profit or by trustee corporations if so provided. Educational corporations organized for profit or as trustee corporations shall also comply with the provisions of this act relating to corporations for profit or trustee corporations. Educational corporations shall be governed by the provisions of this act relating to corporations generally except as specifically otherwise provided and shall be subject to the provisions of Act No. 148 of the Public Acts of 1943, as amended, being sections 395.101 to 395.103 of the Compiled Laws of 1948.

History: 1931, Act 327, Eff. Sept. 18, 1931 ;-- CL 1948, 450.170 ;-- Am. 1967, Act 157, Imd. Eff. June 30, 1967

Compiler's Notes: For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

450.171 Educational corporations; classification; religious college not included; filing of articles of incorporation; statement; guaranteed annual income as credit to capital; use of "college", "university", or "junior college" as name; expansion of program.

Sec. 171. (1) For the purposes of this act, educational corporations are classified as 1 of the following:

- (a) Class w: those having a capital of not less than \$500,000.00.
 - (b) Class x: those having a capital of not less than \$100,000.00 and less than \$500,000.00.
 - (c) Class y: those having a capital of \$1,000,000.00 or more.
 - (d) Class z: those instituted and maintained by an ecclesiastical or religious order, society, corporation, or corporations that retain control of the institution for denominational purposes.
- (2) For purposes of this act, educational corporation does not include a religious college described in section 184a.
- (3) When submitting its articles of incorporation for filing with the department of labor and economic growth, an educational corporation conducting an elementary or secondary instructional program must include a written statement from the state board of education with the articles of incorporation and an educational corporation conducting a postsecondary educational program must include a written statement from the bureau of career education within the department of labor and economic growth with the articles of incorporation. A written statement submitted with the articles of incorporation of an educational institution under this subsection must confirm all of the following concerning the educational corporation:

(a) The housing space and administration facilities that it possesses or proposes to provide for its declared field or fields of education are adequate.

(b) Its proposed educational program leading to the diplomas or degrees that it proposes to offer is adequate.

(c) The laboratory, library, and other teaching facilities that it possesses or proposes to provide are adequate.

(d) It has or proposes to employ an adequate staff, fully trained, for the instruction proposed.

(e) At least 50% of its capital, whether consisting of stock or in gifts, devises, legacies, bequests or other contributions of money or property, has been paid in or is in its possession.

(4) In determining whether any educational corporation satisfies the conditions specified in subsection (1), the department of labor and economic growth may treat as a credit to the capital of the corporation the guaranteed annual income of that corporation to the extent that it considers that guaranteed income the equivalent of all or any part of the required endowment.

(5) The use of the word "college" or "university" in the name of any group, organization, or association formed in this state after September 18, 1931 is limited to those educational corporations complying with the requirements for class w or class y educational corporations or to any educational corporations of class z that satisfy the requirements established for class y corporations. The word "college" may be used by ecclesiastical corporations in the name of religious colleges complying with the requirements of section 184a. The words "junior college" may be used by educational corporations of class x. If this subsection is violated, it is the duty of the prosecuting attorney, in the county where the educational corporation is located, to bring proceedings to enjoin the further use of a name in violation of this subsection.

(6) An educational corporation is not permitted to expand its program beyond that specified in its articles of incorporation until it obtains a written statement approving the facilities, equipment, and staff or the proposed facilities, equipment, and staff as adequate for the offering of the additional educational program and submits it to the department of labor and economic growth. The educational corporation must obtain the written statement described in this subsection from the state board of education if it is conducting an elementary or secondary instructional program or from the bureau of career education within the department of labor and economic growth if it is conducting a postsecondary educational program.

History: 1931, Act 327, Eff. Sept. 18, 1931 ;-- Am. 1939, Act 162, Eff. Sept. 29, 1939 ;-- Am. 1943, Act 160, Imd. Eff. Apr. 17, 1943 ;-- CL 1948, 450.171 ;-- Am. 1958, Act 147, Eff. Sept. 13, 1958 ;-- Am. 2006, Act 420, Imd. Eff. Sept. 29, 2006

Compiler's Notes: For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

450.172 Educational foundations; colleges, establishment.

Sec. 172.(a) Educational corporations of class (w) as defined in section 171 of this act shall have authority to establish and conduct general colleges for furnishing higher learning and to confer such degrees and honors as shall be approved by the state board of education prior to the filing of articles of incorporation; and the term "college" as herein used shall be construed to include any college, university or other institution where the arts, sciences, professions and higher learning are taught and degrees and honors therein conferred. Such colleges may also include preparatory schools as commonly understood;

(b) Educational corporations of class (x), as defined in section 171, shall have authority to establish and conduct junior colleges, seminaries, academies or preparatory schools, as determined and approved by the state board of education, but not general colleges or universities as defined in subsection (a) hereof;

(c) Educational corporations of class (z) as defined in said section 171 shall embrace such schools, academies, or colleges as have been heretofore founded under Act 135, Public Acts 1899, known thereunder as "Ursuline academies"; those founded under Act 121, Public Acts 1915, and known thereunder as "ecclesiastical seminaries"; those founded under Act 28, Public Acts 1901, and known thereunder as "Evangelical Lutheran deaf mute institutions"; those founded under Act 135, Public Acts 1867, known as "industrial and charitable schools"; those organized under paragraph (c), subdivision 1, chapter 2, part 4, of Act 84, Public Acts 1921, and such other schools, colleges and institutions of like character and purpose as may be formed under any law of this state for educational purposes shall have all the rights, powers, privileges and immunities enjoyed under its act of incorporation and without regard to the classification made in this act, and upon complying with the provisions hereof shall have such

additional rights, powers, privileges and immunities as are conferred hereunder according to the classifications prescribed in this act: Provided further, That any corporation heretofore formed under Act 359, Public Acts 1913, and known thereunder as “kindergarten institutions” shall hereafter be classified under class (x) of sections 171 and 172 of this act: Provided further, That any corporation of class (z) hereafter organized under this act may enjoy the privileges provided under classes (w), (x) and (y) of section 171, on condition that it satisfies the requirements set up for corporations of these respective classes.

(d) Educational corporations of class (y) as defined in section 171 shall have authority to establish and conduct colleges or universities of a graduate rank with programs of studies of 5 years or more.

History: 1931, Act 327, Eff. Sept. 18, 1931 ;-- Am. 1939, Act 162, Eff. Sept. 29, 1939 ;-- Am. 1943, Act 160, Imd. Eff. Apr. 17, 1943 ;-- CL 1948, 450.172 ;-- Am. 1958, Act 147, Eff. Sept. 13, 1958

Compiler's Notes: Act 135 of 1899, Act 121 of 1915, Act 28 of 1901, Act 135 of 1867, and Act 359 of 1913, referred to in this section, were repealed by § 10134 of the Compiled Laws of 1929. Act 84 of 1921, also referred to in this section, was repealed by Act 327 of 1931. For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

450.173 Educational foundations; articles of incorporation, contents, amendment.

Sec. 173. Same; articles of incorporation. The articles of every educational corporation shall clearly set forth the educational system of the institution to be founded and the character of the degrees, honors, diplomas, or certificates which it proposes to grant, and same shall be approved by the state board of education prior to the filing of the articles of incorporation. If a college or university, the articles shall state the number and name of the faculties to be established; and if a denominational religious school or college, the name of such denomination and the body supporting or controlling the same. Such articles shall be filed as provided in section 5 of this act. Any such corporation may, by increasing its capital to a higher class and amending its articles, assume the powers and privileges of such higher classification as it may thereby be entitled to as defined in this act.

History: 1931, Act 327, Eff. Sept. 18, 1931 ;-- Am. 1939, Act 162, Eff. Sept. 29, 1939 ;-- CL 1948, 450.173

Compiler's Notes: The catchline following the act section number was incorporated as part of the section when the act was enacted. For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

450.174 Educational foundations; property, acceptance; government.

Sec. 174. Same; acceptance of property. The directors or trustees of any such educational corporation may accept gifts, devises, legacies or bequests, of personal or real property, or the principal or interest of any money or other fund, in trust for the benefit of such institution or particular faculties, departments or other special purposes thereof; and such trustees or directors shall hold and dispose of such trust funds in accordance with the directions and wishes of any of the donors in each case; and shall account for all such funds and property in such manner and at such times as may be appointed in the instrument, deed or will accompanying the donation or as provided by law or the articles or by-laws of such corporation, made pursuant thereto. Where no other provision is made with respect thereto, the directors or trustees of every such corporation shall be governed as to their duties, powers and responsibilities, by the general provisions of this act respecting such boards; and as to their trusteeship of property they shall be governed by the provisions of this act governing trustee corporations.

History: 1931, Act 327, Eff. Sept. 18, 1931 ;-- CL 1948, 450.174

Compiler's Notes: The catchline following the act section number was incorporated as part of the section when the act was enacted. For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

450.175 Educational foundations; board of directors, trustees; powers.

Sec. 175. Same; powers of board of directors or trustees. The control of the business and secular affairs of every such educational corporation shall be vested in a board of directors or trustees. Such board shall also have exclusive control over the educational affairs and policy of such institution, and as such may:

First, Appoint, employ and pay the salary of a president, or principal, and such professors, tutors, assistants, and employees, as the board shall determine necessary;

Second, Direct and prescribe the course or courses of study and the rules of discipline for such institution, and enforce the same; and prescribe the tuition and other fees to be paid by students attending such institution;

Third, Grant such diplomas, certificates of graduation, or honors and degrees, as the nature of the institution may warrant, or as contemplated in the articles;

Fourth, Delegate to the president or principal, and the various professors and tutors, such authority over the educational affairs of the institution as the board may deem advisable;

Fifth, Co-operate with other schools, colleges and educational institutions within this country in promoting the best interests of education.

History: 1931, Act 327, Eff. Sept. 18, 1931 ;-- CL 1948, 450.175

Compiler's Notes: The catchline following the act section number was incorporated as part of the section when the act was enacted. For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

450.176 Educational corporations; holders of diplomas or certificates; privilege or immunity.

Sec. 176. A diploma, certificate of graduation, or other evidence of attendance at an educational corporation entitles the lawful recipient to all the privileges and immunities that by custom or usage are allowed to holders of similar diplomas or certificates granted by similar institutions in this country. However, if an occupation or profession is regulated by statute as to the requirements and qualifications necessary to the practice of that occupation or profession, the diploma or certificate of graduation does not entitle the recipient to any privilege or immunity if those statutory requirements or qualifications are not complied with.

History: 1931, Act 327, Eff. Sept. 18, 1931 ;-- CL 1948, 450.176 ;-- Am. 2006, Act 420, Imd. Eff. Sept. 29, 2006

Compiler's Notes: For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

450.177 Educational foundations; inspection by state board of education, time; annual report, contents.

Sec. 177. Same; inspection by state board of education; annual report. Every such educational corporation shall be visited and inspected by the state board of education, in person or through visitors or inspectors appointed by them, at least once every 3 years. Said state board of education shall at the time of visitation ascertain and publish information upon all matters pertaining to the condition, management, instruction and practices of such corporations, and shall file a copy of their report with the Michigan corporation and securities commission. Upon evidence that the property is at any time less than is required by law, or that any such educational corporation is not otherwise complying with the provisions of this act, they shall serve notice on such corporation to remedy the defects within a reasonable time to be fixed in such notice, and in case the deficiency is not corrected within the time fixed by them, they may institute proceedings at law for the dissolution of such corporation. Such trustees shall be required, on or before the first day of December, annually, to report to the state board of education, a statement of the name of each trustee, officer, teacher and the number of students of such institution, with a statement of its property, the amount of stock subscribed, donated and bequeathed, and the amount actually paid in, and such other information as will tend to exhibit its condition and operations.

History: 1931, Act 327, Eff. Sept. 18, 1931 ;-- Am. 1939, Act 162, Eff. Sept. 29, 1939 ;-- CL 1948, 450.177

Compiler's Notes: The catchline following the act section number was incorporated as part of the section when the act was enacted. For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.

450.178 Ecclesiastical corporations; incorporation; purpose.

Sec. 178. Ecclesiastical corporations. Any number of persons, not less than 3, may incorporate for the purpose of establishing any church organization for the purpose of teaching and spreading their religious beliefs and principles. Every such corporation shall be a non-profit corporation and subject to the provisions of this act relating to non-profit corporations generally except as specifically otherwise provided. The term "church" and/or "church organization" used in this act shall be construed to include any church, denominational unit, or church society as the term is commonly used and understood but shall not apply to such organizations as Sunday schools, Epworth Leagues, Young People's Unions, Bible classes and similar societies organized by and affiliated with the parent churches. Whenever any number of churches or other corporations organized for religious purposes desire to unite in a central organization for the accomplishment of any common purpose they may incorporate such organization by severally adopting, at meetings specially called for the purpose, resolutions expressing their desire to become members of such corporation; and by filing duly attested copies of such resolutions together with a copy of the articles of such corporation, as provided for the filing of articles in section 5 of this act. The corporations formed under this section are hereinafter called ecclesiastical corporations.

History: 1931, Act 327, Eff. Sept. 18, 1931 ;-- CL 1948, 450.178

Compiler's Notes: The catchline following the act section number was incorporated as part of the section when the act was enacted.

450.179 Ecclesiastical corporations; articles of incorporation.

Sec. 179. Same; articles of incorporation. The articles of any such ecclesiastical corporation shall be executed by the incorporators and shall follow the form prescribed in this section, and contain such further statements as may be appropriate to each such corporation, as the law may direct or as the incorporators may deem necessary or advisable. Such form shall run as follows:

“We, the undersigned, desiring to become incorporated under the provisions of Act No. of the Public Acts of 1931 (namely, this act) do hereby make, execute and adopt the following articles of association, to-wit:

First, The name assumed by this corporation and by which it shall be known in law, is “The church” (or other name which clearly indicates a religious society or association);

Second, The location of said church or society shall be in the of county of and state of Michigan;

Third, The time for which said corporation shall be created shall be

Fourth, The members of said church or society shall worship and labor together according to the discipline, rules and usages of the church in the United States of America (or other jurisdiction as the case may be), as from time to time authorized and declared by the (here insert the name of the higher ecclesiastical body or bodies, if any, authorized to determine such question);

Fifth, And succeeding articles, if any (containing in brief and concise language, such other and further declarations or statements pertaining to such corporation, as may be deemed necessary or advisable by the incorporators, or as may be hereinafter prescribed).

In witness whereof, we, the parties hereby associating for the purpose of giving legal effect to these articles, hereunto sign our names and places of residence.

Done at the of, County of and state of Michigan, this day of, 19....

(Residences)

.....

(Signatures)

.....

(Acknowledgments.)

(Consent if any required.)

(Certificates, if any.)”

History: 1931, Act 327, Eff. Sept. 18, 1931 ;-- CL 1948, 450.179

Compiler's Notes: The catchline following the act section number was incorporated as part of the section when the act was enacted.

450.180 Ecclesiastical corporations; articles, execution, contents; receivership; unclaimed property, state.

Sec. 180. Same; execution and contents of articles; receivership; unclaimed property to escheat to state. Excepting as herein otherwise provided, such articles shall be executed, acknowledged, filed and disposed of in the same manner and with like effect as is prescribed in section 5 of this act. Such articles may contain, among other things, specified in section 179 of this act, any provisions the incorporators may determine upon respecting the church polity or government, and the blank spaces provided for shall be filled in by words appropriate to the particular denomination or corporation being so incorporated. Such society shall not, however, by its articles, by-laws or system of discipline, permit or encourage the teaching of immoral practices or conduct or anything that is contrary to public policy; that violates the sanctity of the marital relations; that will prohibit any member of such society from

appealing to the courts of the United States or the courts of this state for the enforcement of personal or property rights; that the by-laws and rules of discipline shall not be subject to civil law or decree; that encourages violating or disregarding any law of the United States or of this state. No provision shall be made in such by-laws or articles permitting such corporation to receive, accept, acquire or endeavor to secure property through fraud, misrepresentation or undue influence under the guise of religious teaching or discipline; that will permit any individual as such and not as an official of said society to acquire and hold the property thereof in his own name, or which permits any official to dictate and construe the rules of discipline or by-laws of such society without the approval of the directing board thereof, or require that such by-laws and rules be approved by him before becoming effective. Whenever proceedings in the nature of quo warranto have been or may hereafter be brought against any association or corporation organized or doing business in this state as a religious or ecclesiastical body, and when it shall appear in the information that such association or corporation has exceeded its powers, misused its franchises and privileges, committed any fraud or deception, has been guilty of any misapplication of funds or property, has secured property or donations through fraud or misrepresentation, has acquired or used property illegally, has been guilty of propagating or teaching immoral or vicious principles or doctrines or has otherwise violated the laws of this state or the United States, the attorney general may, in such proceedings, or in separate proceedings, apply to the same or any other circuit court for a receiver for the property and effects of such association or corporation, and in all such cases the court shall appoint a receiver in like manner and with like effect and powers as in insolvency proceedings as provided for in the judicature act of 1915 and any amendments thereto. All persons having any interest in the property of such association or corporation or who have conveyed, donated or contributed substantially to the funds or property of such association or corporation, may intervene in such proceedings for the purpose of obtaining restitution of such property or their just share thereof, and shall be entitled to prove their claims thereunder according to the rules and practice of the court. Any property, goods or money of such association or corporation, or held in trust by or for it, and not claimed or distributed to the creditors or other claimants whose claims have been duly proved in the proceedings herein authorized, shall escheat to the people of this state and upon the winding up of the receivership shall be conveyed to the state board of escheats, and shall be disposed of by such board as now provided by law for other escheated property.

History: 1931, Act 327, Eff. Sept. 18, 1931 ;-- CL 1948, 450.180

Compiler's Notes: The catchline following the act section number was incorporated as part of the section when the act was enacted.

450.181 Ecclesiastical corporations; by-laws.

Sec. 181. Same; by-laws. Every such ecclesiastical corporation shall have authority to adopt by-laws prescribing the qualifications of members; the manner in which they shall be admitted, suspended or expelled; the number and official titles of the person or persons who control the temporal affairs of such corporation; their terms of office; the manner of their selection and removal from office; their respective official duties; the time and manner of calling and holding church business meetings and the number of members constituting a quorum; how far such corporation shall be subject to the approval or control of any other corporation or higher church body which corporation or body shall be named; the manner and condition under which property, both real and personal, may be acquired, held and disposed of; and such other by-laws as may be deemed necessary for the management of the affairs of such corporation. The by-laws may also prescribe how the same may be altered, amended or repealed.

History: 1931, Act 327, Eff. Sept. 18, 1931 ;-- CL 1948, 450.181

Compiler's Notes: The catchline following the act section number was incorporated as part of the section when the act was enacted.

450.182 Ecclesiastical corporations; articles, amendment procedure.

Sec. 182. The articles of any such ecclesiastical corporation may be amended at any meeting of the members of such corporation called for that purpose pursuant to the bylaws, by the affirmative vote of a majority of the members entitled to vote thereon present at such meeting, unless a different majority is required by the rules of discipline or by the church policy in any particular case, and it shall be the duty of the person or persons controlling the temporal affairs of such corporation to make, sign and acknowledge in the same manner that the original articles were made, signed and acknowledged, a certificate, containing the name of the corporation, a copy of the call for the meeting at which the amendment was made, the number of members present at such meeting, the number of members voting in favor of the amendment and a copy of the amendment; and such certificate of amendment shall be filed in the same manner that the original articles were filed, and upon such filing the amendment shall be effective. Where the system of discipline or polity in any particular denomination or church requires the action, consent or vote of a conference, conclave or synod, presbytery or other body, or the approval of certain officers of such conference or other body or of a bishop or other hierarchical officer, to such amendments, then all such amendments shall be made in conformity to such practice and requirements and shall in all other respects conform to the customs, usages, beliefs and discipline of the particular church body concerned.

History: 1931, Act 327, Eff. Sept. 18, 1931 ;-- CL 1948, 450.182 ;-- Am. 1967, Act 194, Eff. Nov. 2, 1967

450.183 Ecclesiastical corporations; powers as to property.

Sec. 183.

Same; powers in relation to property. Where no other special provision inconsistent herewith is made in sections 178 to 185, both inclusive, of this act, every such ecclesiastical corporation shall have power to acquire, hold, sell and convey property, both real and personal for the general purposes of such corporation, and it may recover and hold the debts, demands, rights, privileges and all property, whether real or personal, of whatever sort it may be, belonging or appertaining to said church, in whatever manner the same may have been acquired, except that acquired through fraud, misrepresentation, undue influence or other unlawful means and in whose hands soever the same may be held, the same as if the right and title had originally been vested in such corporation. The board of trustees may authorize certain of the officers of said board to affix the corporate name and the seal of such corporation, and to execute and attest conveyances, notes, obligations, acquittances and all other necessary legal documents. Such corporation may sell, mortgage and dispose of its personal property; and may mortgage and incumber its real estate. It may acquire real estate by gift, purchase or devise for the purpose of having and holding land and buildings for its own use and occupancy, including a pastor's residence, a church cemetery, church and Sunday school buildings and grounds and church society buildings and grounds, and may sell or mortgage such real estate; shall have and enjoy all the rights, privileges and immunities, so far as any church cemetery owned by it is concerned, which corporations organized to establish rural cemeteries have and enjoy under the laws of this state: Provided, That the right to sell, convey or mortgage such real property shall be subject to such restrictions and conditions as may be prescribed by the rules of discipline, articles or by-laws pertaining to each such corporation: And provided further, That every such corporation insofar as it holds any property in trust for religious, charitable, benevolent, educational or social purposes, shall be deemed to be a trustee corporation within the meaning of this act and governed by the provisions relating to trustee corporations, excepting as herein otherwise provided.

History: 1931, Act 327, Eff. Sept. 18, 1931 ;-- CL 1948, 450.183

Compiler's Notes: The catchline following the act section number was incorporated as part of the section when the act was enacted.

450.184 Ecclesiastical corporations; gifts, acceptance, investment.

Sec. 184. Any ecclesiastical corporation incorporated in this state may receive, hold, and use gifts or bequests of money or other property for any special religious, benevolent, charitable, educational, social or other purpose, enterprise or project connected with such corporation, or may receive such gifts or bequests to be by such corporation invested in whole or in part in the name of such corporation, the net income therefrom to be by such corporation used for any of said purposes, according to the terms of such gifts or bequests. All real estate so received and not used by such corporation for any of such purposes shall be sold within 10 years and the proceeds therefrom shall be used or invested according to the terms of such gift or bequest. All such investments made by such corporation shall be in accordance with the laws of this state governing authorized investments for trustees. The trustees, vestrymen, consistory, or other governing body of any ecclesiastical corporation incorporated in this state, may in their corporate name receive gifts and bequests of money for investment upon bond and mortgage when the interest of such investment is to be applied in payment or part payment of the salary of the minister, priest, rector, parson or clergyman of such religious society: Provided, That sums of money, mortgages or investments so held by any such corporation shall be invested by the trustees, vestrymen, consistory, or other governing body, in their corporate name, in accordance with the laws of this state governing authorized investments for trustees.

History: 1931, Act 327, Eff. Sept. 18, 1931 ;-- Am. 1937, Act 183, Imd. Eff. July 9, 1937 ;-- CL 1948, 450.184

450.184a Organization and operation of religious college by ecclesiastical corporation.

Sec. 184a. (1) An ecclesiastical corporation that meets all of the following criteria may organize and operate a religious college under this section:

- (a) The ecclesiastical corporation was incorporated under this act before January 1, 2007.
 - (b) At the time it organizes the religious college, according to the most recent federal decennial census, the ecclesiastical corporation is located in a county with a population of more than 17,500 and fewer than 23,500 residents.
- (2) A religious college organized and operated under this section must meet all of the following criteria:

(a) The religious college is organized and operated by an ecclesiastical corporation as a division of the ecclesiastical corporation and is not separately incorporated.

(b) The religious college began operating before January 1, 2007.

(c) The ecclesiastical corporation retains control of the religious college for denominational purposes.

(d) The religious college has an academic advisory board to assist the religious college in the development of its educational programs. The board shall consist of at least 4 individuals, appointed by the ecclesiastical corporation, who represent similar religious colleges located in the United States.

(e) The religious college offers postsecondary educational programs that are solely designed for, directed toward, and attended by students who seek to learn the particular religious faith or beliefs of the ecclesiastical corporation.

(f) The sole purposes of the educational programs of the religious college are to prepare students for ordination or appointment as a member of the clergy of a church, denomination, or religious association, order, or sect or to enter into other vocations directly related to the particular faith of the ecclesiastical corporation.

(g) The religious college does not offer general or liberal arts educational programs or any other postsecondary educational programs other than those described in this subsection.

(3) All of the following apply to the name of a religious college organized and operated by an ecclesiastical corporation under this section:

(a) The ecclesiastical corporation may use the word "college" in the name of the religious college. However, immediately following the name of the religious college, the ecclesiastical corporation shall clearly and prominently indicate on any signs, official school publications, letterhead, business cards, websites, or other similar written documents that include the name of the religious college that the religious college is a division of the ecclesiastical corporation.

(b) If the ecclesiastical corporation uses the word "college" in the name of the religious college, it shall provide a copy of each certificate of assumed name filed by the ecclesiastical corporation with the department of labor and economic growth for the name of the religious college to the bureau of career education within the department of labor and economic growth.

(4) Subject to subsection (5), a religious college may award 1 of the following degrees to a student of the religious college who satisfactorily completes a course of study prescribed by the ecclesiastical corporation for that degree:

(a) If the course of study requires at least 60 semester hours or equivalent of study, an associate of biblical studies, an associate of religious studies, an associate of theology, an associate of church administration, or another substantially similar associate degree that does not include the word "arts", "science", "business", or "applied".

(b) If the course of study requires at least 120 semester hours or equivalent of study, a bachelor of biblical studies, a bachelor of religious studies, a bachelor of theology, or another substantially similar bachelor's degree that does not include the word "arts", "science", "business", or "applied".

(c) If the course of study requires a bachelor's degree and at least 30 additional semester hours or equivalent of study, a master of theology, a master of biblical studies, a master of religious studies, or another substantially similar master's degree that does not include the word "arts", "science", "business", or "applied".

(d) If the course of study requires a bachelor's degree and at least 90 additional semester hours or equivalent of study, including, but not limited to, dissertation credits or research study, a doctor of theology, a doctor of biblical studies, a doctor of religious studies, or another substantially similar doctoral degree that does not include the word "arts", "science", "business", or "applied".

(5) A religious college shall clearly and prominently state all of the following on a student's diploma, certificate of graduation, transcript, or any other document prepared by or provided by the religious college to establish or verify that the student had attended the religious college or completed a course of study at the religious college:

(a) For a degree awarded by the religious college, the name of the degree, including the religious limitation on that degree required under subsection (4). A religious limitation required for a degree title under subsection (4) shall immediately precede or be part of the degree title wherever the degree title appears in the diploma or other document.

(b) That the religious college is not licensed, approved, or otherwise endorsed by the state of Michigan.

(c) For any document described in this subsection other than a diploma, that the state of Michigan does not guarantee that any of the degrees or credits granted by the religious college will be recognized by any organization for any purpose.

(6) A diploma, certificate of graduation, or other evidence of attendance at a religious college entitles the lawful recipient to all the privileges and immunities that by custom or usage are allowed to holders of similar diplomas or certificates granted by similar institutions in this country. However, if an occupation or profession is regulated by statute as to the requirements and qualifications necessary to the practice of that occupation or profession, the diploma or certificate of graduation does not entitle the recipient to any privilege or immunity if those statutory requirements or qualifications are not complied with.

(7) An ecclesiastical corporation is not required to obtain the approval of or a license from the department of labor and economic growth to operate a religious college under this section in this state and the operation of the religious college and its educational programs are not subject to the supervision of that department. However, if an ecclesiastical corporation does not obtain the approval of or a license from the department of labor and economic growth to operate a religious college, the ecclesiastical corporation shall clearly and prominently print a disclaimer on all of its application materials, course catalogs, brochures, websites, and other similar publications that states all of the following:

(a) The religious college is a division of the ecclesiastical corporation.

(b) The educational programs offered by the religious college are solely designed for, directed toward, and attended by students preparing for ordination or appointment as a member of the clergy of a church, denomination, or religious association, order, or sect or preparing to enter into another vocation directly related to the particular faith of the ecclesiastical corporation.

(c) The religious college is not licensed, approved, or otherwise endorsed by the state of Michigan and that the state of Michigan does not guarantee that any of the degrees or credits granted by the religious college will be recognized by any organization for any purpose.

(8) In any application materials, course catalogs, brochures, websites, or other publications made available by the religious college, the religious college shall include the religious limitation on that degree required under subsection (4), either immediately preceding or as part of the degree title, wherever the degree title appears in the document or publication.

(9) Every 2 years, an ecclesiastical corporation organizing or operating a religious college shall submit a sworn affidavit to the department of labor and economic growth that certifies that the religious college complies with the requirements of this section and includes all of the following:

(a) The name of the religious college. The name stated in the affidavit must comply with subsection (3).

(b) A statement that the religious college offers only educational programs designed for, directed toward, and attended by students preparing for ordination or appointment as a member of the clergy of a church, denomination, or religious association, order, sect, or preparing to enter into another vocation directly related to the particular faith of the ecclesiastical corporation.

(c) A statement that each diploma, certificate of graduation, transcript, or other document described in subsection (5) prepared or provided by the religious college complies with that subsection.

(d) A statement that each document provided or publication made available by the religious college under subsection (8) complies with that subsection.

(e) A statement that the religious college does not accept state or federal assistance for its educational programs and does not accept students who are receiving state or federal financial aid under any higher education loan, grant, or scholarship program.

(10) An ecclesiastical corporation organizing or operating a religious college shall annually provide the department with a surety bond that meets all of the following:

(a) It is conditioned to provide indemnification to any student suffering loss because of inability to complete an educational program at the religious college due to the closing of the religious college.

(b) It expires on June 30 following the date of issuance and the ecclesiastical corporation shall submit proof of renewal for an additional 1-year period to the department of labor and economic growth before the date of expiration.

(c) The amount of the security bond is 1 of the following, whichever is higher:

(i) An amount determined by multiplying the number of students enrolled in the religious college by \$200.00.

(ii) The amount of \$5,000.00.

(11) An ecclesiastical corporation operating a religious college that is in compliance with the requirements of this section is authorized to conduct business as a religious college and offer postsecondary educational programs in this state.

History: Add. 2006, Act 420, Imd. Eff. Sept. 29, 2006

NONINCORPORATED PRIVATE EDUCATIONAL INSTITUTIONS

Act 142 of 1964

390.771 Nonincorporated private educational institutions; standards; exemptions.

Sec. 1. The state department of education may approve or disapprove educational programs, which are post high school in nature designed for transfer of credit, which purport to lead to diplomas, certificates or degrees, in terms of minimum standards which the department may establish with regard to (a) housing space and administrative facilities; (b) educational programs leading to such diplomas, certificates or degrees; (c) laboratory, library and teaching facilities; and (d) instructional staff, for any privately operated institution not incorporated under the provisions of Act No. 327 of the Public Acts of 1931, as amended, being sections 450.1 to 450.192 of the Compiled Laws of 1948, when such an institution is operated by a person, group of persons, partnership, partnership association, limited partnership association, or any other form of association. The department may establish minimum general requirements for any degree, diploma or certificate to be offered by such an institution. Nonincorporated, privately operated institutions organized to offer post high school programs for students who will transfer to institutions of higher learning shall be within the jurisdiction of the department of education for purposes of this act. Schools licensed by other agencies, boards or commissions, which review the curriculum prior to the issuance or renewal of a license, shall be exempt from the provisions of this act.

History: 1964, Act 142, Eff. Aug. 28, 1964 ;-- Am. 1969, Act 167, Imd. Eff. Aug. 5, 1969

390.771a Act inapplicable to religious college.

Sec. 1a. This act does not apply to a religious college described in section 184a of 1931 PA 327, MCL 450.184a.

History: Add. 2006, Act 421, Imd. Eff. Sept. 29, 2006

390.772 Failure to meet standards; resulting courses of action.

Sec. 2. If such an educational institution fails to meet minimum standards specified by the state department of education, the department may enjoin the institution to meet the requirements within a specified period of time. If the institution fails to do so, the department may take such legal action as it deems necessary to cause the owners or administrators of the institution to refrain from offering any part or all of such educational programs which the department shall have found to be inadequate. It is the intent of this act that such educational institutions shall meet minimum standards equivalent to those for institutions incorporated under the provisions of Act No. 327 of the Public Acts of 1931, as amended.

History: 1964, Act 142, Eff. Aug. 28, 1964 ;-- Am. 1969, Act 167, Imd. Eff. Aug. 5, 1969

BUSINESS CORPORATION ACT (EXCERPT)
Act 284 of 1972

Chapter 10
FOREIGN CORPORATIONS

450.2001 Foreign corporation transacting business in state on effective date of act.

Sec. 1001. A foreign corporation which is authorized to transact business in this state on the effective date of this act, for a purpose for which a corporation might secure such authority under this act, has the rights and privileges applicable to a foreign corporation which receives a certificate of authority to transact business in this state under this act. From the effective date of this act the corporation is subject to the duties, restrictions, penalties and liabilities prescribed herein for a foreign corporation which receives a certificate of authority to transact business in this state under this act.

History: 1972, Act 284, Eff. Jan. 1, 1973

450.2002 Foreign corporation with certificate of authority.

Sec. 1002. (1) A foreign corporation that receives a certificate of authority under this act, until a certificate of revocation or of withdrawal is issued under this act, has the same rights and privileges as a domestic corporation organized for the purposes set forth in the application pursuant to which the certificate of authority is issued. Except as otherwise provided in this act, the corporation is subject to the same duties, restrictions, penalties, and liabilities of a similar domestic corporation.

(2) This act does not authorize this state to regulate the organization or internal affairs of a foreign corporation authorized to transact business in this state.

History: 1972, Act 284, Eff. Jan. 1, 1973 ;-- Am. 2008, Act 402, Imd. Eff. Jan. 6, 2009

450.2003 Foreign corporation without certificate of authority.

Sec. 1003. A foreign corporation which transacts business in this state without a certificate of authority under this act is subject to the same duties, restrictions, penalties and liabilities now or hereafter imposed upon a foreign corporation which receives such certificate of authority, in addition to any other penalty or liability imposed by law.

History: 1972, Act 284, Eff. Jan. 1, 1973

450.2011 Certificate of authority as prerequisite to transacting business; scope of authority.

Sec. 1011. A foreign corporation shall not transact business in this state until it has procured a certificate of authority to transact business from the administrator. A foreign corporation may be authorized to transact business in this state that may be transacted lawfully in this state by a domestic corporation, to the extent that it is authorized to transact that business in the jurisdiction where it is organized, but no other business.

History: 1972, Act 284, Eff. Jan. 1, 1973 ;-- Am. 1997, Act 118, Imd. Eff. Oct. 24, 1997

450.2012 Activities not constituting transaction of business; applicability of section.

Sec. 1012. (1) Without excluding other activities which may not constitute transacting business in this state, a foreign corporation is not considered to be transacting business in this state, for the purposes of this act, solely because it is carrying on in this state any 1 or more of the following activities:

(a) Maintaining, defending, or settling any proceeding.

(b) Holding meetings of the board of directors or shareholders or carrying on other activities concerning internal corporate affairs.

(c) Maintaining bank accounts.

(d) Maintaining offices or agencies for the transfer, exchange, and registration of the corporation's own securities or maintaining trustees or depositories with respect to those securities.

(e) Selling through independent contractors.

(f) Soliciting or obtaining orders, whether by mail or through employees or agents or otherwise, if the orders require acceptance outside this state before they become contracts.

(g) Creating or acquiring indebtedness, mortgages, and security interests in real or personal property.

(h) Securing or collecting debts or enforcing mortgages and security interests in property securing the debts.

(i) Owning, without more, real or personal property.

(j) Conducting an isolated transaction that is completed within 30 days and that is not one in the course of repeated transactions of like nature.

(k) Transacting business in interstate commerce.

(2) This section does not apply in determining the contacts or activities which may subject a foreign corporation to service of process or taxation in this state or to regulation under any other act of this state.

History: 1972, Act 284, Eff. Jan. 1, 1973 ;-- Am. 1973, Act 98, Imd. Eff. Aug. 8, 1973 ;-- Am. 1993, Act 91, Eff. Oct. 1, 1993

450.2013 Loans.

Sec. 1013. A foreign corporation may acquire or, through another person entitled to transact business in this state, may make loans, or participations or interests therein, insured or guaranteed in whole or in part by the federal housing administration or the veterans' administration or a successor or similar agency of the federal government, which are secured in whole or in part by mortgages of real property located in this state, and a foreign corporation may purchase a loan, or participation or interest therein, secured in whole or in part by a mortgage of real property located in this state, without maintaining authority to transact business in this state under this act or any other law of this state relating to such qualification or authority and without paying fees with respect thereto. Neither the failure, heretofore or hereafter, of such a foreign corporation to qualify or maintain authority to transact business in this state under this act or any such other law of this state nor its failure, heretofore or hereafter, to pay fees with respect thereto affects or impairs its ownership of such loans or participations or interests therein, whether heretofore or hereafter made or acquired, or its right to collect and service the same through another person entitled to transact business in this state, or its right to enforce the same or to acquire, hold, protect, convey, lease and otherwise contract and deal with respect to the property mortgaged as security therefor.

History: 1972, Act 284, Eff. Jan. 1, 1973

450.2014 Applicability of MCL 450.2001 to 450.2055.

Sec. 1014. (1) Sections 1001 through 1055 shall apply to all of the following:

(a) A foreign corporation organized not for pecuniary profit.

(b) A foreign joint stock company.

(c) A foreign common law or statutory trust, by whatever term or designation known, having any of the powers or privileges of a corporation not possessed by an individual or partnership.

(2) Sections 1001 through 1055 shall not apply to either of the following:

(a) A foreign corporation permitted to do business in this state by license issued by the commissioner of insurance according to the provisions of law.

(b) The government of any state or political subdivision of the state or of the United States or of any foreign nation or any political subdivision of the United States or a foreign nation, or any corporation organized as an instrumentality of the government of any of the foregoing.

History: Add. 1973, Act 98, Imd. Eff. Aug. 8, 1973 ;-- Am. 1989, Act 121, Eff. Oct. 1, 1989 ;-- Am. 1993, Act 91, Eff. Oct. 1, 1993

450.2015 Certificate of authority to transact business; application; filing; contents.

Sec. 1015. To procure a certificate of authority to transact business in this state, a foreign corporation shall file with the administrator an application setting forth all of the following:

- (a) The name of the corporation and the jurisdiction of its incorporation.
- (b) The date of incorporation and the period of duration of the corporation.
- (c) The street address, and the mailing address if different from the street address, of its main business or headquarters office.
- (d) The street address of its registered office in this state, the mailing address if different from the street address, and the name of its resident agent in this state at the address, together with a statement that the resident agent is an agent of the corporation upon whom process against the corporation may be served.
- (e) The character of the business it is to transact in this state, together with a statement that it is authorized to transact such business in the jurisdiction of its incorporation.
- (f) Any additional information as the administrator may require in order to determine whether the corporation is entitled to a certificate of authority to transact business in this state and to determine the fees and taxes prescribed by law.

History: 1972, Act 284, Eff. Jan. 1, 1973 ;-- Am. 1973, Act 98, Imd. Eff. Aug. 8, 1973 ;-- Am. 1993, Act 91, Eff. Oct. 1, 1993

450.2016 Foreign corporation; application; attaching certificate of good standing; fees; issuance of certificate of authority; duration of authority.

Sec. 1016. (1) 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 of the application, shall be attached to the application of a foreign corporation. If the certificate is in a foreign language, a translation of the certificate under oath of the translator shall be attached to the certificate.

(2) Upon filing of the application, accompanied by the filing and franchise fees prescribed by law, the administrator shall issue to the foreign corporation a certificate of authority to transact business in this state. Upon the issuance of a certificate of authority, the foreign corporation is authorized to transact in this state any business of the character set forth in its application, which a domestic corporation formed under this act may lawfully transact. The authority continues so long as the foreign corporation retains its authority to transact such business in the jurisdiction of its incorporation and its authority to transact business in this state has not been surrendered, suspended, or revoked.

History: 1972, Act 284, Eff. Jan. 1, 1973 ;-- Am. 1982, Act 407, Eff. Jan. 1, 1983 ;-- Am. 1993, Act 91, Eff. Oct. 1, 1993

450.2021 Amended application; conditions; contents; corporation as survivor of merger; increase in authorized shares.

Sec. 1021.(1) Except as otherwise provided in this section, a foreign corporation authorized to transact business in this state which changes its corporate name, or enlarges, limits, or otherwise changes the business which the foreign corporation proposes to do in this state, or otherwise affects the information set forth in its application for certificate of authority to transact business in this state, shall file an amended application with the administrator not later than 30 days after the time a change becomes effective. A change in the registered office or resident agent may be made pursuant to section 242. The amended application under this subsection shall set forth all of the following:

- (a) The name of the foreign corporation as it appears on the records of the administrator and the jurisdiction of its incorporation.
- (b) The date the foreign corporation was authorized to do business in this state.

(c) If the name of the foreign corporation has been changed, a statement of the name relinquished, a statement of the new name, and a statement that the change of name has been effected under the laws of the jurisdiction of its incorporation and the date the change was effected.

(d) If the business the foreign corporation proposes to do in this state is to be enlarged, limited, or otherwise changed, a statement reflecting the change and a statement that the foreign corporation is authorized to do in the jurisdiction of its incorporation the business which it proposes to do in this state.

(e) Any additional information as the administrator may require.

(2) If a foreign corporation authorized to transact business in this jurisdiction is the survivor of a merger permitted by the laws of the jurisdiction in which the foreign corporation is incorporated, not later than 30 days after the merger becomes effective, the foreign corporation shall file a certificate issued by the proper officer of the jurisdiction of its incorporation attesting to the occurrence of the merger. If the merger has changed the corporate name of the foreign corporation, or has enlarged, limited, or changed the business the foreign corporation proposes to do in this state, or has affected the information set forth in the application, the foreign corporation shall also comply with subsection (1).

(3) A foreign corporation which has been authorized to transact business in this state and which, after its authorization, increases the number of authorized shares attributable to this state shall file an amended application giving a detailed account of the amount of the increase, and shall pay an additional franchise fee on account of the increase attributable to this state as prescribed by law. The amended application shall be filed within 30 days after the end of the corporation's fiscal year. The number of shares attributable to this state shall be determined pursuant to section 1062.

History: 1972, Act 284, Eff. Jan. 1, 1973 ;-- Am. 1973, Act 98, Imd. Eff. Aug. 8, 1973 ;-- Am. 1982, Act 407, Eff. Jan. 1, 1983 ;-- Am. 1989, Act 121, Eff. Oct. 1, 1989 ;-- Am. 1993, Act 91, Eff. Oct. 1, 1993

