



# Community Land Trusts: Sample Bylaws

The bylaws of an organization should be tailored to the needs of that specific organization and drafted in conjunction with the Articles of Incorporation. It is strongly recommended that an organization consult with an attorney to aid in making decisions about organizational structure and the other necessary components of its bylaws.

## BYLAWS OF \_\_\_\_\_

### ARTICLE 1: Name and Purposes

1.1 *Name.* The name of this organization is \_\_\_\_\_ (the “corporation”).

1.2 *Purposes.* The purposes for which the corporation is organized are:

*[List the purposes for which the CLT will operate. The purposes listed here should mirror the purposes set forth in the Articles of Incorporation.]*

### ARTICLE 2: Membership

*[There are no mandatory requirements for membership in a CLT. The following provisions detail perhaps the most common membership model. This model seems to be favored because it allows for input from various stakeholders in the community, which is important to ensure community involvement. A CLT could, however, provide for different requirements for membership. The membership structure generally should act in concert with the structure of the board of directors described below.]*

2.1 *Voting Membership.* Subsequent to the first annual meeting, the Voting Members of the corporation shall have full voting rights and be comprised of two classes:

(a) The Lessee Members. All persons who lease land or housing from the corporation or who lease or own housing that is located on land leased by another entity from the corporation are entitled to be Lessee Members. However, only one person (eighteen years of age or older) per lessee household will serve as a Lessee Member at any time. Until such time as there are at least *[insert minimum number]* actual Lessee Members, the Board of Directors may appoint other persons to serve as Lessee Members, and in so doing shall select persons who can reasonably be expected to represent the interests of Lessee Members. Such Board-appointed Lessee Members shall remain Lessee Members until the earlier of their resignation from membership or such time as there are at least *[insert minimum number]* actual Lessee Members. *[The minimum number of actual Lessee Members necessary to dispense with Board-appointed Lessee Members will vary from*



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## *organization to organization.]*

(b) The General Members, who shall be those persons who (i) are not Lessee Members or members of their household, (ii) are eighteen years of age or older, and (iii) have complied with the following requirements:

(1) Either appointment as an initial member in the Actions of Incorporators or submission of a membership application, including a signed statement of support for the purposes of the corporation, in a form to be determined by the Board of Directors; and

(2) Payment of dues as established by the Board for the current calendar year (or qualification for a waiver of dues).

2.2 *Requirements for Continuing Voting Membership.* To maintain Voting Membership beyond a person's first year of Voting Membership, a person must either be a Lessee Member (either actual or Board-appointed) or have paid dues established for the current calendar year (or qualified for a waiver of dues).

2.3 *Membership Dues.* Annual membership dues shall be assessed for each calendar year by the Board at a meeting preceding that year. If no such action is taken to assess dues for a given year, the dues for that year shall be as established for the previous year. The Board may waive the payment of annual dues or establish reduced dues for low-income individuals.

2.4 *Rights of Voting Members.* Every Voting Member shall have the right to participate in meetings of the membership, to cast one vote on all matters properly put before the membership (or the class of membership to which the Voting Member belongs) as provided in these bylaws, to nominate and participate in the election of the Board of Directors as provided by these bylaws, to serve on the Board of Directors or on committees if chosen, and to receive notices and minutes of membership meetings and annual reports of the corporation.

2.5 *Nonvoting Members.* The Board may by resolution adopt policies and procedures for nonvoting members, who may include (but need not be limited to) persons who have paid the annual dues established for the current calendar year but who do not wish to be Voting Members. Nonvoting members shall have no right to vote on any matter, including their status as members.

### 2.6 *Membership Meetings*

(a) *Notice of Meetings.* Written notice of every membership meeting shall be given to all Voting Members and shall include a proposed agenda for the meeting. Notice shall be sent at least ten and not more than 60 days prior to a meeting.

(b) *Annual Meetings.* Subsequent to the first annual meeting, each annual meeting of the members (for reports to the membership by the Board of Directors and officers, the election of directors, and the transaction of other business) shall be held in the fourth quarter of each year. The location and specific time of the annual meeting shall be determined by the Board of Directors. Notice of the annual meeting shall include a list of those



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persons nominated for the Board of Directors as provided in Article 3 of these bylaws.

(c) *Regular Meetings.* Regular meetings may be scheduled by the Voting Membership at such times and places as they shall establish at any duly-called meeting.

(d) *Special Meetings.* Special membership meetings may be called by the Board of Directors and shall be called by the President of the corporation at the written request, addressed to the President, of at least one-tenth of the Voting Members. At a special meeting, only those matters stated on the agenda, as included in the notice of the meeting, may be acted upon by the membership.

(e) *Minutes.* Minutes of all membership meetings shall be recorded by the Secretary of the corporation or by another person designated by the Board of Directors. Minutes for every meeting shall be approved by the Voting Members at the next membership meeting.

(f) *Quorum and Voting.* Except as otherwise required by law, the Articles of Incorporation, or these bylaws, a quorum at any meeting of the members shall consist of those Voting Members present in person or by proxy at the meeting. Members may vote at any duly-called meeting in person or by proxy. [Some organizations may wish to impose specific quorum requirements for Members' meetings—for example, requiring that a quorum requires the presence of at least 20% of the Voting Members.]

## ARTICLE 3: Board of Directors

*[There are no requirements for the composition of the board of directors of a CLT. The following provisions detail perhaps the most common variation: the tripartite framework. This model seems to be favored because it allows for input from various stakeholders in the community, which is important to ensure community involvement. A CLT could, however, structure the board with fewer categories of directors or different requirements for each category. In addition, directors could be appointed in a different manner. For example, a sponsoring non-profit could appoint the directors. Finally, while the provisions below describe a board comprised of twelve directors, that number may need to be altered depending on the number of members in the organization. Keep in mind that the number of members on a tripartite board must be a multiple of three.]*

3.1 *Number of Directors; Voting.* Except for the initial Board named in the Actions of Incorporators, the Board of Directors shall consist of twelve directors. Each director shall have one vote on all matters that come before the Board unless these bylaws specify that voting on a matter shall be by category of director.

3.2 *Composition of the Board.* There shall be three categories of directors, each consisting of four directors, or one-third of the total Board. The three categories shall be Lessee Directors, General Directors, and Public Directors.

3.3 *Nomination of Directors.* For all regular elections subsequent to the first annual meeting of the membership, directors shall be nominated as follows:



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(a) *Lessee Directors*

(1) Lessee Members may nominate Lessee Directors to the Board from among themselves. These nominations must either be submitted in writing to the Secretary of the corporation at least 30 days prior to the annual membership meeting or be made from the floor at the meeting.

(2) If the number of nominations for Lessee Director received under paragraph (1) above is less than the number of Lessee Director seats to be filled, the Board of Directors may nominate enough candidates so that the total number of candidates is sufficient to fill the number of seats to be filled. In making nominations, the Board shall select actual Lessee Members to the extent they are available to serve on the Board of Directors. If there are not enough Lessee Members available to serve, the Board may select persons who can reasonably be expected to represent the interests of Lessee Members.

(b) *General Directors*

(1) General Members may nominate General Directors to the Board from among themselves. These nominations must either be submitted in writing to the Secretary of the corporation at least 30 days prior to the annual membership meeting or be made from the floor at the meeting.

(2) If the number of nominations for General Director received under paragraph (1) above is less than the number of General Director seats to be filled, the Board of Directors may nominate enough candidates so that the total number of candidates is sufficient to fill the number of seats to be filled.

(c) *Public Directors.* At least 30 days prior to the annual meeting of the membership, the Board of Directors shall elect Public Directors to the Board. Public Directors are, generally, businesses, organizations, even people who are influential in the community but do not reside in the community so that they may have some representation in the community if the Board sees fit to give them that voice.

(d) *Notice of Nominations and of Election of Public Directors.* A list of all persons nominated for Lessee Director and for General Director as well as a list of the persons elected by the Board as Public Directors shall be included with the notice of the annual meeting of the members.

3.4 *Election of Lessee Directors and General Directors.* Lessee Directors and General Directors shall be elected in accordance with the following procedures.

(a) *Voting by Class.* At the annual meeting of members, separate votes shall be taken for the Lessee Directors and for the General Directors. If a person has been nominated in more than one category and is then elected in one category, that person's name shall be removed from the list of nominees in the remaining



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category. Only Lessee Members may vote to elect Lessee Directors, and each Lessee Member may vote for as many nominees in this category as there are Lessee Director seats to be filled. Similarly, only General Members may vote to elect General Directors, and each General Member may vote for as many nominees in this category as there are General Director seats to be filled.

(b) *Election by Plurality Vote.* In each of the two categories, positions shall be filled by those candidates receiving the largest numbers of votes in the category, though such numbers may constitute less than a majority of the total votes cast in the category.

## 3.5 Vacancies

(a) *Appointment to Fill Vacancies.* If any director vacates his or her term or is removed from the Board, the remaining directors in that category may appoint a person to fill the vacancy or decide to leave the position vacant until the next annual meeting (of the membership or the Board, as the case may be), provided the Board still includes at least three directors in each category. Appointments to fill vacancies shall be by a majority of the directors remaining in the applicable category.

(b) *Qualifications of Replacements.* Any person appointed to fill a vacancy on the Board of Directors must be a person who can be reasonably expected to represent the interests of the constituents in the category (Lessee, General, or Public) in which the vacancy occurs.

(c) *Term of Replacements.* A replacement director appointed by the Board shall serve out the remaining term of the person who has vacated the position.

3.6 *Low-Income Representation.* In their actions regarding the nomination and election of directors and appointment of people to fill vacancies on the Board of Directors, the membership and the Board shall at all times assure that at least one third of the Board is maintained for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations. **[Optional: use for an organization that wishes to qualify as a CHDO.]**

## 3.7 Terms of Directors

(a) *Terms of First Elected Directors.* After the election of Lessee Directors and General Directors at the first annual meetings of the membership and the Board, each director (including the Public Directors) shall be assigned, by mutual agreement or by lot, to a one-year or two-year term. In each of the three categories of directors, two directors shall be assigned a one-year term and two shall be assigned a two-year term.

(b) *Terms of Successor Directors.* Except as otherwise provided in these bylaws, each director shall serve a full term of two years.



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(c) *Commencement of Terms.* The term of office of a regularly elected Lessee Director or General Director shall commence at the adjournment of the annual membership meeting at which the director is elected. Similarly, the term of office of a Public Director shall commence at the adjournment of the annual membership meeting following the Board meeting at which the Public Director was elected. The term of office of a director appointed by the Board to fill a vacancy shall begin at the time of the appointment.

(d) *Reelection.* No person shall serve as a director for more than three full consecutive terms. After a year's absence from the Board, however, a person who has served three full consecutive terms may return to the Board.

3.8 *Resignation.* Any director may resign at any time by giving written notice to the President. Unless otherwise specified in the notice, such resignation shall be effective upon the receipt of notice by the President.

### 3.9 *Removal*

(a) *Lessee Directors and General Directors.* A Lessee Director or General Director may be removed with or without cause:

- (1) at any meeting of the members, by the affirmative vote (in person or by proxy) of a majority of all members in the class that elected the director, or
- (2) at any meeting of the Board of Directors, by (i) the majority vote of the class of directors to which the director belongs and (ii) the majority vote of either remaining class of directors.

(b) *Public Directors.* A Public Director may be removed with or without cause by a two-thirds vote of the full Board of Directors, at any meeting of the Board.

### 3.10 *Meetings of the Board of Directors*

(a) *Notice of Meetings.* Except as provided below for emergency meetings, written notice of a Board meeting shall be sent to all directors at least five days prior to the meeting. The Board may by resolution adopt policies and procedures for delivery of written notice by electronic means, which may include delivery by electronic mail or facsimile transmission.

(b) *Waiver of Notice.* Any director may waive any notice required by these bylaws, either before or after the meeting. Any director who was not sent notice of a Board meeting but attends the meeting shall be considered to have waived notice of the meeting, unless the director objects at the beginning of the meeting that the meeting was not duly called.

(c) *Annual Meeting.* The annual meeting of the Board of Directors may be held immediately following



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the annual membership meeting and must be held no later than six weeks following the annual membership meeting.

(d) *Voting Meetings.* The Board of Directors shall meet no less often than quarterly, at such times and places as the Board may establish.

(e) *Special Meetings and Emergency Meetings.* Special meetings of the Board may be called by the President, and shall be called by the President at the written request of any three directors or at least one-tenth of the Voting Members. Notice must be given as provided in paragraph (a) above, unless any three directors determine in writing that the matter at hand constitutes an emergency. When so determined, an emergency meeting may be called on one day's notice. Notice of emergency meetings, including an announcement of the agenda, shall be given by telephone or in person to all directors. At any special or emergency meeting of the Board, only those matters included in the announced agenda may be acted upon unless all the directors are present at the meeting and unanimously agree to take action on other matters

## 3.11 *Procedures for Meetings of the Board of Directors*

(a) *Attendance at Meetings by Third Parties; Executive Sessions.* The Board may by resolution adopt policies and procedures for attendance by third parties at Board meetings and for the Board's going into executive session.

(b) *Quorum and Voting Requirements.* A majority of the directors then in office and a majority of any committee appointed by the Board constitutes a quorum for the transaction of business. The vote of a majority of the directors or committee members present at any meeting at which there is a quorum shall be the act of the Board or the committee (provided that, as to Board meetings, at least one director from each of the three categories of directors is present), except as a different or larger vote may be required by law, the Articles of Incorporation, or these bylaws. A member of the Board or of a committee may participate in a meeting by conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear one another. Participation in a meeting in this manner constitutes presence in person at the meeting.

(c) *Minutes.* Minutes of all Board meetings shall be recorded by the Secretary or by such other person as the Board may designate and shall be approved by the Board at a subsequent meeting. All minutes of Board meetings shall be kept on permanent record by the corporation and shall be open for inspection by any member of the corporation.

3.12 *Action without a Meeting.* Any action required or permitted at any meeting of the Board of Directors or a committee thereof may be taken without a meeting, without prior notice, and without a vote, if all of the directors or committee members entitled to vote thereon consent in writing. The written consents shall be filed



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with the minutes of the proceedings and shall have the same effect as a vote for all purposes.

3.13 *Duties of the Board of Directors.* The Board of Directors shall carry out the purposes of the corporation, implement the decisions of the Voting Membership, and be responsible for the general management of the affairs of the corporation in accordance with these bylaws.

3.14 *Compensation.* Directors shall not receive anything of more than nominal value from the corporation for serving as a director other than reasonable per diem compensation and reimbursement for actual, reasonable, and necessary expenses incurred by the director in his or her capacity as a director. Notwithstanding the foregoing, the corporation may purchase insurance as provided in section 8.5 and provide reasonable compensation to a director for services which are beyond the scope of the director's duties as a director.

## ARTICLE 4: Officers

4.1 *Designation.* The officers of the corporation shall be President, Secretary, and Treasurer. The Board also may appoint a Vice President and establish such additional offices as it deems necessary or desirable.

4.2 *Appointment.* The officers of the corporation shall be appointed at the annual meeting of the Board. A vacancy occurring in any office shall be filled by the Board for the unexpired term.

4.3 *Term.* The officers shall hold office until the next annual meeting of the Board after their election, unless, before such time, they resign or are removed from office.

4.4 *Removal from Office.* The officers shall serve at the pleasure of the Board of Directors and may be removed at any time by the affirmative vote of a majority of the full Board.

4.5 *President.* The President shall be the chief executive officer of the corporation, and, as such, under the direction of the Board of Directors shall have power, on behalf of the Board, to perform all acts, execute and deliver all documents, and take all steps that the President may deem necessary or desirable in order to effectuate the actions and policies of the Board.

4.6 *Vice President.* In the absence or disability of the President, the Vice President (if one is appointed) shall perform the duties and exercise the powers of the President and shall perform such other duties as the Board of Directors shall prescribe.

4.7 *Secretary.* The Secretary (or, in the Secretary's absence or incapacity, an Assistant Secretary if one is appointed) shall send or cause to be sent all required notices of meetings of the Board of Directors, shall receive and attend to all correspondence of the Board of Directors, shall have custody of all documents belonging to the corporation (except as otherwise provided in these bylaws or by resolution of the Board) and of the corporate



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seal (if any), and shall perform such other duties as usually pertain to the office or as shall be determined from time to time by the Board of Directors.

4.8 *Treasurer.* The Treasurer (or, in the Treasurer's absence or incapacity, an Assistant Treasurer if one is appointed) shall see that an accounting system is maintained that will give a true and accurate accounting of the financial transactions of the corporation, shall render reports from time to time as requested by the Board of Directors of the Treasurer's activities and the financial condition of the corporation, and shall perform such other duties as usually pertain to the office or as shall be determined from time to time by the Board of Directors.

## ARTICLE 5: Stewardship of Land

*[This provision could be structured to be more or less restrictive depending on the needs of the CLT. Keep in mind, however, that CLTs are generally formed to preserve land for one purpose or another. So, providing for lenient restrictions on the sale of land may defeat the long-term goals of the CLT.]*

5.1 *Principles of Land Use.* The Board of Directors shall oversee the use of land owned by the corporation and shall convey the right to use such land so as to facilitate access to affordable housing by low-income [or low- and moderate-income] people. In so doing, the Board shall seek to assure that the use of land owned by the corporation is consistent with the corporation's purposes.

5.2 *Sale of Land.* The sale of land does not conform with the philosophy and purposes of the Corporation. Accordingly, land shall not be sold except in extraordinary circumstances, and then only in accordance with the following guidelines.

(a) A parcel of land may be sold pursuant to a resolution adopted by an affirmative vote by at least two thirds of the entire Board of Directors at a regular or special Board meeting, provided that (i) the Corporation has owned the parcel for no more than sixty (60) days at the time the vote is taken, (ii) the parcel is not leased to any party, and (iii) the resolution states that the location or character of the parcel is determined to be such that the charitable purposes of the Corporation are best served by selling the land and applying the proceeds to the support of other activities serving those purposes.

(b) In all other circumstances a parcel of land may be sold only with:

(1) An affirmative vote by at least two thirds of the entire Board of Directors at a regular or special Board meeting, provided that written notice of such meeting has described the proposed sale and the reasons for the proposal; and



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(2) The approval of two thirds of the Regular Members present at a regular or special Membership Meeting, a quorum being assembled, provided that written notice of such meeting has described the proposed sale and the reasons for the proposal.

(c) If any of the Corporation's land is to be sold to any person or entity other than a not-for-profit corporation or public agency sharing the purposes of the CLT, any ground lessees on that land shall have the opportunity to exercise a right of first refusal to purchase the land that they have been leasing from the CLT.

## ARTICLE 6: Ownership of Improvements and Limitations on Resale

*[There are no requirements for the resale formula adopted by a CLT. As described in Section 6.3(a) and (b), however, there are two competing concerns that are generally taken into account: (1) compensating the seller for the amount of money the seller has actually invested in the property and/or some portion of the increased value of the property and (2) ensuring that the property retains its affordable quality for future buyers. As to the first factor, many CLTs compensate sellers for the value of improvements the seller made to the property while living there. Some CLTs allow the seller to benefit from any increase in the value of the property that occurred while the seller was living in the property. So, for example, the CLT might give the seller some percentage of the increase in value based on a survey of the value of similar properties in the area.]*

6.1 *Ownership and Improvements; Preservation of Affordability.* In accordance with the purposes of the Corporation, the Board of Directors shall take appropriate measures to promote and facilitate the ownership of housing and other improvements on the Corporation's land by low-income [or low and moderate income] people. These measures may include, but are not limited to, provisions for the sale of housing to such people; provisions for financing the acquisition of housing by such people, including direct loans by the Corporation; and provision for grants or other subsidies that will lower the cost of housing for such people.

6.2 *Restrictions on Resale to Preserve Affordability.* It is a purpose of the Corporation to preserve the affordability of housing and other improvements for low-income [or low and moderate income] people in the future. Accordingly, when land is leased for such purpose, the Board of Directors shall assure that, as a condition of the lease, housing on the land may be resold only to the Corporation or to another low-income [or low or moderate income] person and only for a price limited by a "resale formula" as described in Section 6.3 below. However, notwithstanding the foregoing, the Board of Directors may choose, for reasons consistent with the charitable purposes of the Corporation, to lease certain parcels of land for uses that do not require continued affordability for low-income [or low or moderate income] people, and in such cases the resale restrictions described above shall not be required as a condition of the lease.



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6.3. *The Resale Formula.* Whenever its purpose is to preserve affordability, the Corporation shall restrict the price that ground lessees may receive when they sell housing and other improvements located on the land that is leased to them by the Corporation. The same policy shall be applied in the case of condominium units stewarded by the Corporation, regardless of whether the land is owned by the Corporation. A policy establishing such restrictions in the form of a “resale formula” shall be adopted by the Board of Directors and the Regular Members of the Corporation, in accordance with the following principles:

- (a) To the extent possible, the formula shall allow the seller to receive a price based on the value that the seller has actually invested in the property being sold, including the seller’s labor, and/or some reasonable percentage of the increase in value of the property.
- (b) To the extent possible, the formula shall limit the price of the property to an amount that will be affordable for other low-income [or low and moderate income] people at the time of the transfer of ownership.

6.4. *Procedures for Adoption of the Resale Formula.* The adoption of the resale formula shall require:

- (a) An affirmative vote by at least two thirds of the entire Board of Directors at any regular or special Board meeting, provided that written notice of such meeting has set forth the proposed formula with an explanation thereof; and
- (b) An affirmative vote by at least two thirds of the Regular Members present at any regular or special Membership meeting, a quorum being assembled, provided that written notice of such meeting has set forth the proposed formula with an explanation thereof.

6.5. *Procedures for Altering the Resale Formula.* The consistent long-term application of a resale formula is essential to the purposes of the Corporation. Accordingly, the resale formula shall not be altered unless the Board of Directors and Regular Members of the Corporation determine that the current formula presents an obstacle to the achievement of the purposes of the Corporation. In such event, the resale formula may be altered only by a two-thirds vote of the entire Board of Directors and a two thirds vote of the Regular Members present at a Membership meeting, as described above for the adoption of the formula.

## **ARTICLE 7: Amendment of Articles of Incorporation and Bylaws**

7.1 The articles of incorporation may be amended only by the affirmative vote of both classes of Voting Members present at any duly-called membership meeting, provided that (a) the written notice of the meeting set forth the text of or a summary of the proposed amendment and (b) at least one-third of each class of Voting Members is in attendance at the meeting in person or by proxy.

7.2 These bylaws may be amended only as follows:



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- (a) For all bylaw provisions other than sections 3.9, 7.1, and 7.2 (which may be amended only by the Voting Members), by the affirmative vote of two-thirds of the full Board of Directors, provided that (1) the written notice of the meeting set forth the text of or a summary of the proposed amendment and (2) at least one-half of each class of directors voted in the affirmative, or
- (b) For all bylaw provisions, by the affirmative vote of both classes of Voting Members present at any duly-called membership meeting, provided that (1) the written notice of the meeting set forth the text of or a summary of the proposed amendment and (2) at least one-third of each class of Voting Members is in attendance at the meeting in person or by proxy.

## ARTICLE 8: Miscellaneous Provisions

8.1 *Fiscal Year.* The fiscal year of the corporation shall be the calendar year.

8.2 *Checks, etc.* All checks, drafts, endorsements, notes and evidences of indebtedness of the corporation shall be signed by such officers or agents of the corporation and in such manner as the Board of Directors from time to time may determine. Endorsements for deposits to the credit of the corporation shall be made in such manner as the Board may from time to time determine.

8.3 *Loans by the Corporation.* No loans or advances shall be contracted on behalf of the corporation, and no note or other evidence of indebtedness shall be issued in its name, except as authorized by the Board of Directors. Any such authorization shall relate to specific transactions.

8.4 *Contracts and Borrowings by the Corporation.* The Board shall adopt policies and procedures governing the execution of contracts entered into by the corporation and borrowings made by the corporation.

8.5 *Indemnification.* Each person who is or was a director, officer, or member of a committee of the corporation and each person who serves or has served at the request of the corporation as a director, officer, partner, employee, or agent of any other corporation, partnership, joint venture, trust, or other enterprise shall be indemnified by the corporation to the fullest extent permitted by the laws of the State of Michigan as they may be in effect from time to time. The corporation may, to the extent authorized from time to time by the Board, grant rights to indemnification to any employee, non-director volunteer, or agent of the corporation to the fullest extent provided under the laws of the State of Michigan as they may be in effect from time to time. The corporation may purchase and maintain insurance on behalf of any such person against any liability asserted against and incurred by such person in any such capacity or arising out of his status as such, whether or not the corporation would have power to indemnify such person against such liability under the preceding sentences.

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