



# SENATE BILL No. 801

December 12, 1995, Introduced by Senator HONIGMAN and referred to the Committee on Local, Urban and State Affairs.

A bill to amend section 54 of Act No. 59 of the Public Acts of 1978, entitled as amended "Condominium act," as amended by Act No. 538 of the Public Acts of 1982, being section 559.154 of the Michigan Compiled Laws.

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

1 Section 1. Section 54 of Act No. 59 of the Public Acts of  
2 1978, as amended by Act No. 538 of the Public Acts of 1982, being  
3 section 559.154 of the Michigan Compiled Laws, is amended to read  
4 as follows:

5 Sec. 54. (1) The bylaws shall contain provisions for the  
6 designation of persons to administer the affairs of the condomi-  
7 nium project and shall require that those persons keep books and  
8 records with a detailed account of the expenditures and receipts

1 affecting the condominium project and its administration, and  
2 ~~which~~ THAT specify the operating expenses of the project.

3 (2) The bylaws shall provide that the person designated to  
4 administer the affairs of the project shall be assessed as the  
5 person in possession for any tangible personal property of the  
6 project owned or possessed in common by the co-owners. Personal  
7 property taxes based on that tangible personal property shall be  
8 treated as expenses of administration.

9 (3) The bylaws shall contain specific provisions directing  
10 the courses of action to be taken in the event of partial or com-  
11 plete destruction of the building or buildings in the project.

12 (4) The bylaws shall provide that expenditures affecting the  
13 administration of the project shall include costs incurred in the  
14 satisfaction of any liability arising within, caused by, or con-  
15 nected with ~~,~~ the common elements or the administration of the  
16 condominium project. ~~, and that receipts affecting the adminis-~~  
17 ~~tration of the condominium project shall include all sums~~  
18 ~~received as the proceeds of, or pursuant to, a policy of insur-~~  
19 ~~ance securing the interest of the co-owners against liabilities~~  
20 ~~or losses arising within, caused by, or connected with the common~~  
21 ~~elements or the administration of the condominium project.~~

22 (5) THE BYLAWS SHALL PROVIDE THAT RECEIPTS AFFECTING THE  
23 ADMINISTRATION OF THE CONDOMINIUM PROJECT SHALL INCLUDE ALL SUMS  
24 RECEIVED AS THE PROCEEDS OF, OR PURSUANT TO, A POLICY OF INSUR-  
25 ANCE SECURING THE INTEREST OF THE CO-OWNERS AGAINST LIABILITIES  
26 OR LOSSES ARISING WITHIN, CAUSED BY, OR CONNECTED WITH THE COMMON  
27 ELEMENTS, OR THE ADMINISTRATION OF THE CONDOMINIUM PROJECT.

1           (6) ~~-(5)-~~ The bylaws shall provide that the association of  
2 co-owners shall prepare and distribute to each ~~owner~~ CO-OWNER  
3 at least once each year a financial statement, the contents of  
4 which shall be defined by the association of co-owners.

5           (7) ~~-(6)-~~ The bylaws shall provide an indemnification clause  
6 for the board of directors of the association of co-owners. The  
7 indemnification clause shall require that 10 days' notice ~~7~~  
8 ~~before payment under the clause,~~ be given to the co-owners,  
9 BEFORE PAYMENT UNDER THE CLAUSE. The indemnification clause  
10 shall exclude indemnification for ~~wilful~~ WILLFUL and wanton  
11 misconduct, and for gross negligence.

12           (8) ~~-(7)-~~ The bylaws may allocate to each condominium unit a  
13 number of votes in the association of co-owners proportionate to  
14 the percentage of value appertaining to each condominium unit, or  
15 an equal number of votes. ~~in the association of co-owners.~~

16           (9) THE BYLAWS SHALL PROVIDE THAT CO-OWNERS MAY ATTEND ALL  
17 MEETINGS OF THE BOARD OF DIRECTORS OF THE ASSOCIATION OF  
18 CO-OWNERS EXCEPT AS PROVIDED IN SUBSECTION (12). THE CO-OWNERS'  
19 RIGHT TO ATTEND THE MEETINGS INCLUDES THE RIGHT TO SPEAK ON ANY  
20 DESIGNATED AGENDA ITEM.

21           (10) THE BYLAWS SHALL PROVIDE THAT, EXCEPT IN THE CASE OF AN  
22 EMERGENCY, WRITTEN NOTICE OF ANY MEETING OF THE BOARD OF DIREC-  
23 TORS OF THE ASSOCIATION OF CO-OWNERS SHALL BE POSTED IN A CON-  
24 SPICUOUS PLACE ON THE CONDOMINIUM PROPERTY NOT LESS THAN 14 DAYS  
25 BEFORE THE MEETING. THE NOTICE SHALL INCLUDE ALL AGENDA ITEMS  
26 FOR THE MEETING. THE NOTICE OF ANY MEETING AT WHICH REGULAR  
27 ASSESSMENTS AGAINST CO-OWNERS WILL BE CONSIDERED SHALL CONTAIN A

1 SPECIFIC STATEMENT THAT ASSESSMENTS WILL BE CONSIDERED AND  
2 DESCRIBE THE NATURE OF THE ASSESSMENTS.

3 (11) THE BYLAWS SHALL PROVIDE THAT IN THE EVENT OF AN EMER-  
4 GENCY REQUIRING A MEETING OF THE BOARD OF DIRECTORS OF THE ASSO-  
5 CIATION OF CO-OWNERS WITHOUT NOTICE AS REQUIRED IN THIS SECTION,  
6 THE BOARD OF DIRECTORS OF THE ASSOCIATION OF CO-OWNERS SHALL PRO-  
7 VIDE THE DETAILS OF THAT EMERGENCY TO THE CO-OWNERS PRESENT AT  
8 THE NEXT REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE ASSOCI-  
9 ATION OF CO-OWNERS.

10 (12) THE BOARD OF DIRECTORS OF THE ASSOCIATION OF CO-OWNERS  
11 MAY MEET IN A CLOSED SESSION ONLY FOR THE FOLLOWING PURPOSES:

12 (A) TO CONSIDER THE DISMISSAL, SUSPENSION, OR DISCIPLINING  
13 OF, OR TO HEAR COMPLAINTS OR CHARGES BROUGHT AGAINST, OR TO CON-  
14 sider A PERIODIC PERSONNEL EVALUATION OF, AN OFFICER, EMPLOYEE,  
15 STAFF MEMBER, OR INDIVIDUAL AGENT, IF THE NAMED PERSON REQUESTS A  
16 CLOSED HEARING. A PERSON REQUESTING A CLOSED HEARING MAY RESCIND  
17 THE REQUEST AT ANY TIME, IN WHICH CASE THE MATTER AT ISSUE SHALL  
18 BE CONSIDERED THEREAFTER ONLY IN OPEN SESSIONS.

19 (B) FOR STRATEGY AND NEGOTIATION SESSIONS CONNECTED WITH THE  
20 NEGOTIATION OF A COLLECTIVE BARGAINING AGREEMENT IF EITHER NEGO-  
21 TIATING PARTY REQUESTS A CLOSED HEARING.

22 (C) TO CONSULT WITH ITS ATTORNEY REGARDING TRIAL OR SETTLE-  
23 MENT STRATEGY IN CONNECTION WITH SPECIFIC PENDING LITIGATION, BUT  
24 ONLY IF AN OPEN MEETING WOULD HAVE A DETRIMENTAL FINANCIAL EFFECT  
25 ON THE LITIGATING OR SETTLEMENT POSITION OF THE ASSOCIATION OF  
26 CO-OWNERS.

1 (D) TO REVIEW THE SPECIFIC CONTENTS OF AN APPLICATION FOR  
2 EMPLOYMENT IF THE CANDIDATE REQUESTS THAT THE APPLICATION REMAIN  
3 CONFIDENTIAL. HOWEVER, ALL INTERVIEWS FOR EMPLOYMENT SHALL BE  
4 HELD IN OPEN SESSIONS.