

SUBSTITUTE FOR
SENATE BILL NO. 612

A bill to amend 1978 PA 59, entitled "Condominium act," by amending sections 3, 6, 10, 45, 47a, 52, 58, 67, 73, 90, 108, 111, 112, 113, 132, and 135 (MCL 559.103, 559.106, 559.110, 559.145, 559.147a, 559.152, 559.158, 559.167, 559.173, 559.190, 559.208, 559.211, 559.212, 559.213, 559.232, and 559.235), sections 3, 10, 52, 67, 73, 112, and 135 as amended by 1982 PA 538, section 6 as amended by 1983 PA 113, section 47a as amended by 1998 PA 36, and section 90 as amended by 1988 PA 147, and by adding sections 72b, 90a, and 176.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) "Administrator" means the department of
2 ~~commerce~~ CONSUMER AND INDUSTRY SERVICES or an authorized
3 designee.

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1 (2) "AFFILIATE OF DEVELOPER" MEANS ANY PERSON WHO CONTROLS,
2 IS CONTROLLED BY, OR IS UNDER COMMON CONTROL WITH A DEVELOPER. A
3 PERSON IS CONTROLLED BY ANOTHER PERSON IF THE PERSON IS A GENERAL
4 PARTNER, OFFICER, MEMBER, DIRECTOR, OR EMPLOYEE OF THE PERSON,
5 DIRECTLY OR INDIRECTLY, INDIVIDUALLY OR WITH 1 OR MORE PERSONS OR
6 SUBSIDIARIES OWNS, CONTROLS, OR HOLDS POWER TO VOTE MORE THAN 20%
7 OF THE PERSON, CONTROLS IN ANY MANNER THE ELECTION OF A MAJORITY
8 OF THE DIRECTORS OF THE PERSON, OR HAS CONTRIBUTED MORE THAN 20%
9 OF THE CAPITAL OF THE PERSON.

10 (3) ~~(2)~~ "Arbitration association" means the American arbi-
11 tration association or its successor.

12 (4) ~~(3)~~ "Association of co-owners" means the person desig-
13 nated in the condominium documents to administer the condominium
14 project.

15 (5) ~~(4)~~ "Business condominium unit" means a condominium
16 unit within any condominium project, which unit has a sales price
17 of more than \$250,000.00 and is offered, used, or intended to be
18 used for other than residential or recreational purposes.

19 (6) ~~(5)~~ "Business day" means a day of the year excluding a
20 Saturday, Sunday, or legal holiday.

21 (7) ~~(6)~~ "Common elements" means the portions of the condo-
22 minium project other than the condominium units.

23 (8) ~~(7)~~ "Condominium buyer's handbook" means the informa-
24 tional pamphlet created by the administrator.

25 (9) ~~(8)~~ "Condominium bylaws" or "bylaws" means the
26 required set of bylaws for the condominium project attached to
27 the master deed.

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1 (10) ~~(9)~~ "Condominium documents" means the master deed,
2 recorded pursuant to this act, and any other instrument referred
3 to in the master deed or bylaws which affects the rights and
4 obligations of a co-owner in the condominium.

5 Sec. 6. (1) "Co-owner" means a person, firm, corporation,
6 partnership, association, trust, or other legal entity or any
7 combination ~~thereof~~ OF THOSE ENTITIES, who owns a condominium
8 unit within the condominium project. ~~"Co-owner" may include a~~
9 ~~land contract vendee if the condominium documents or the land~~
10 ~~contract so provides~~ CO-OWNER INCLUDES LAND CONTRACT VENDEES AND
11 LAND CONTRACT VENDORS, WHO ARE CONSIDERED JOINTLY AND SEVERALLY
12 LIABLE UNDER THIS ACT AND THE CONDOMINIUM DOCUMENTS, EXCEPT AS
13 THE RECORDED CONDOMINIUM DOCUMENTS PROVIDE OTHERWISE.

14 (2) "Developer" means a person engaged in the business of
15 developing a condominium project as provided in this act.
16 Developer does not include ANY OF the following:

17 (a) A real estate broker acting as agent for the developer
18 in selling condominium units.

19 (B) A RESIDENTIAL BUILDER WHO ACQUIRES TITLE TO 1 OR MORE
20 CONDOMINIUM UNITS FOR THE PURPOSE OF RESIDENTIAL CONSTRUCTION ON
21 THOSE CONDOMINIUM UNITS AND SUBSEQUENT RESALE.

22 (C) ~~(b)~~ Other persons exempted from this definition by
23 rule or order of the administrator.

24 (3) "Escrow agent" means a bank, savings and loan associa-
25 tion, or title insurance company, licensed or authorized to do
26 business in this state ~~. An escrow agent may designate~~ OR a

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1 representative DESIGNATED to administer escrow funds in the name,
2 and on behalf, of the escrow agent.

3 (4) "Expandable condominium" means a condominium project to
4 which additional land may be added in accordance with this act.

5 (5) "General common elements" means the common elements
6 other than the limited common elements.

7 Sec. 10. (1) "Record" means to record pursuant to the laws
8 of this state relating to the recording of deeds ~~. However,~~
9 EXCEPT THAT the provisions of ~~Act No. 288 of the Public Acts of~~
10 ~~1967, as amended, being sections 560.101 to 560.293 of the~~
11 ~~Michigan Compiled Laws, shall~~ THE LAND DIVISION ACT, 1967 PA
12 288, MCL 560.101 TO 560.293, DO not control divisions made for
13 any condominium project.

14 (2) "RESIDENTIAL BUILDER" IS A PERSON LICENSED AS A RESIDEN-
15 TIAL BUILDER UNDER ARTICLE 24 OF THE OCCUPATIONAL CODE, 1980 PA
16 299, MCL 339.2401 TO 339.2412.

17 (3) ~~(2)~~ "Size" means the number of cubic feet, or the
18 number of square feet of ground or floor space, within each con-
19 dominium unit as computed by reference to the condominium subdi-
20 vision plan and rounded off to a whole number. Certain spaces
21 within the condominium units including, without limitation,
22 attic, basement, and garage space may be omitted from the calcu-
23 lation or partially discounted by the use of a ratio, if the same
24 basis of calculation is employed for all condominium units in the
25 condominium project, that basis is used for each condominium unit
26 in the condominium project, and that basis is disclosed in
27 appropriate condominium documents furnished to each co-owner.

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1 (4) ~~(3)~~ "Time-share unit" means a condominium unit in
2 which a time-share estate or a time-share license exists.

3 (5) ~~(4)~~ "Time-share estate" means a right to occupy a con-
4 dominium unit or any of several CONDOMINIUM units during 5 or
5 more separated time periods over a period of at least 5 years,
6 including renewal options, coupled with a freehold estate or an
7 estate for years.

8 (6) ~~(5)~~ "Time-share license" means a right to occupy a
9 condominium unit or any of several CONDOMINIUM units during 5 or
10 more separated time periods over a period of at least 5 years,
11 including renewal options, not coupled with a freehold estate or
12 an estate for years.

13 (7) ~~(6)~~ "Transitional control date" means the date on
14 which a board of directors for an association of co-owners takes
15 office pursuant to an election in which the votes ~~which~~ THAT
16 may be cast by eligible co-owners unaffiliated with the developer
17 exceed the votes which may be cast by the developer.

18 Sec. 45. The developer and its duly authorized agents, rep-
19 resentatives, and employees, AND RESIDENTIAL BUILDERS WHO RECEIVE
20 AN ASSIGNMENT OF RIGHTS FROM THE DEVELOPER, may maintain offices,
21 model units, and other facilities on the submitted land. ~~and~~
22 THE DEVELOPER may include provisions in the condominium documents
23 relative to the facilities as may reasonably facilitate develop-
24 ment and sale of the project. The developer shall PAY OR BE
25 RESPONSIBLE TO REQUIRE A RESIDENTIAL BUILDER TO pay all costs
26 related to the condominium units or common elements while owned

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1 by developer ~~—~~ and TO restore the facilities to habitable
2 status upon termination of use.

3 Sec. 47a. (1) A co-owner may make improvements or modifica-
4 tions to the co-owner's condominium unit, including improvements
5 or modifications to common elements and to the route from the
6 public way to the door of the co-owner's condominium unit, at his
7 or her expense, if the purpose of the improvement or modification
8 is to facilitate access to or movement within the unit for per-
9 sons with disabilities WHO RESIDE IN OR REGULARLY VISIT THE UNIT,
10 or to alleviate conditions that could be hazardous to persons
11 with disabilities WHO RESIDE IN OR REGULARLY VISIT THE UNIT. The
12 improvement or modification shall not impair the structural
13 integrity of a structure or otherwise lessen the support of a
14 portion of the condominium project. The co-owner ~~shall be~~ IS
15 liable for the cost of repairing any damage to a common element
16 caused by building or maintaining the improvement or modifica-
17 tion, unless the damage could reasonably be expected in the
18 normal course of building or maintaining the improvement or
19 modification. The improvement or modification may be made not-
20 withstanding prohibitions and restrictions in the condominium
21 documents, but shall comply with all applicable state and local
22 building code requirements and health and safety laws and ordi-
23 nances and shall be made as closely as reasonably possible in
24 conformity with the intent of applicable prohibitions and
25 restrictions regarding safety and aesthetics of the proposed
26 modification.

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1 (2) An improvement or modification allowed by this section
2 that affects the exterior of the condominium unit shall not
3 unreasonably prevent passage by other residents of the condomin-
4 ium project. A co-owner who has made exterior improvements or
5 modifications allowed by this section shall notify the associa-
6 tion of co-owners in writing of the co-owner's intention to
7 convey or lease his or her condominium unit to another ~~, not~~
8 ~~less than~~ AT LEAST 30 days before the conveyance or lease. Not
9 more than 30 days after receiving a notice from a co-owner under
10 this subsection, the association of co-owners may require ~~that~~
11 the co-owner TO remove the improvement or modification ~~,~~ at the
12 co-owner's expense. If the co-owner fails to give timely notice
13 of a conveyance or lease, the association of co-owners at any
14 time may remove or require the co-owner to remove the improvement
15 or modification ~~,~~ at the co-owner's expense. However, the
16 association of co-owners may not remove or require the removal of
17 an improvement or modification if A CO-OWNER INTENDS TO RESUME
18 RESIDING IN THE UNIT WITHIN 12 MONTHS OR a co-owner conveys or
19 leases his or her condominium unit to a person with disabilities
20 who needs the same type of improvement or modification ~~,~~ or ~~to~~
21 ~~a person whose parent, spouse, or child is~~ WHO HAS a person
22 ~~with disabilities,~~ RESIDING WITH HIM OR HER WHO requires the
23 same type of improvement or modification. ~~,~~ and ~~resides with the~~
24 ~~person.~~

25 (3) If a co-owner makes an exterior improvement or modifica-
26 tion allowed under this section, the co-owner shall maintain
27 liability insurance, underwritten by an insurer authorized to do

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1 business in this state AND NAMING THE ASSOCIATION OF CO-OWNERS AS
2 AN ADDITIONAL INSURED, in an amount adequate to compensate for
3 personal injuries caused by the exterior improvement or
4 modification. ~~, but the~~ THE co-owner ~~shall~~ IS not ~~be~~ liable
5 for acts or omissions of the association of co-owners with
6 respect to the exterior improvement or modification ~~, and the~~
7 ~~co-owner shall~~ IS not ~~be~~ required to maintain liability insur-
8 ance with respect to any common element. ~~The association of~~
9 ~~co-owners shall be responsible for the cost of any maintenance of~~
10 ~~the improvement or modification, unless the maintenance cannot~~
11 ~~reasonably be included with the regular maintenance performed by~~
12 ~~or paid for by the association of co-owners, in which case the~~
13 ~~co-owner shall be responsible for the cost of the maintenance of~~
14 ~~the improvement or modification.~~ THE ASSOCIATION OF CO-OWNERS IS
15 RESPONSIBLE FOR MAINTENANCE, REPAIR, AND REPLACEMENT OF THE
16 IMPROVEMENT OR MODIFICATION ONLY TO THE EXTENT OF THE COST CUR-
17 RENTLY INCURRED BY THE ASSOCIATION OF CO-OWNERS FOR MAINTENANCE,
18 REPLACEMENT, AND REPAIR OF THE COMMON ELEMENTS COVERED OR
19 REPLACED BY THE IMPROVEMENT OR MODIFICATION. ALL COSTS OF MAIN-
20 TENANCE, REPAIR, AND REPLACEMENT OF THE IMPROVEMENT OR MODIFICA-
21 TION EXCEEDING THAT CURRENTLY INCURRED BY THE ASSOCIATION OF
22 CO-OWNERS FOR MAINTENANCE, REPAIR, AND REPLACEMENT OF THE COMMON
23 ELEMENTS COVERED OR REPLACED BY THE IMPROVEMENT OR MODIFICATION
24 SHALL BE ASSESSED TO AND PAID BY THE CO-OWNER OR THE UNIT SERV-
25 ICED BY THE IMPROVEMENT OR MODIFICATION.

26 (4) Before an improvement or modification allowed by this
27 section is made, the co-owner shall submit plans and

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1 specifications for the improvements or modifications to the
2 association of co-owners for review and approval. The associa-
3 tion of co-owners shall determine whether the proposed improve-
4 ment or modification substantially conforms to the requirements
5 of this section ~~, but~~ AND shall not deny a proposed improvement
6 or modification without good cause. If the association of
7 co-owners denies a proposed improvement or modification, the
8 association of co-owners shall list, in writing, the changes
9 needed to make the proposed improvement or modification conform
10 to the requirements of this section ~~, and~~ and shall deliver that
11 list to the co-owner. The association of co-owners shall approve
12 or deny the proposed improvement or modification not later than
13 60 days after the plans and specifications are submitted BY THE
14 CO-OWNER PROPOSING THE IMPROVEMENT OR MODIFICATION to the associ-
15 ation of co-owners. If the association of co-owners does not
16 approve or deny submitted plans and specifications within the
17 60-day period, the co-owner may make the proposed improvement or
18 modification without the approval of the association of
19 co-owners. A co-owner may bring an action against the associa-
20 tion of co-owners and the officers and directors to compel those
21 persons to comply with this section if the co-owner disagrees
22 with a denial by the association of co-owners of the co-owner's
23 proposed improvement or modification.

24 (5) This section applies to condominium units existing on
25 May 27, 1987 and to those built or converted after May 27, 1987.

26 (6) This section does not apply to a condominium unit that
27 is otherwise required by law to be barrier-free ~~, and~~ and does not

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1 impose on a co-owner the cost of maintaining that barrier-free
2 unit.

3 (7) As used in this section, "person with disabilities"
4 means that term as defined in section 2 of the state construction
5 code act of 1972, 1972 PA 230, MCL 125.1502.

6 Sec. 52. (1) An advisory committee of nondeveloper
7 co-owners shall be established either 120 days after conveyance
8 of legal or equitable title to nondeveloper co-owners of 1/3 of
9 the units that may be created — or 1 year after the initial
10 conveyance of legal or equitable title to a nondeveloper co-owner
11 of a unit in the project, whichever occurs first. The advisory
12 committee shall meet with the condominium project board of direc-
13 tors for the purpose of facilitating communication and aiding the
14 transition of control to the association of co-owners. The
15 advisory committee shall cease to exist when a majority of the
16 board of directors of the association of co-owners is elected by
17 the nondeveloper co-owners.

18 (2) Not later than 120 days after conveyance of legal or
19 equitable title to nondeveloper co-owners of 25% of the units
20 that may be created, at least 1 director and not less than 25% of
21 the board of directors of the association of co-owners shall be
22 elected by nondeveloper co-owners. Not later than 120 days after
23 conveyance of legal or equitable title to nondeveloper co-owners
24 of 50% of the units that may be created, not less than 33-1/3% of
25 the board of directors shall be elected by nondeveloper
26 co-owners. Not later than 120 days after conveyance of legal or
27 equitable title to nondeveloper co-owners of 75% of the units

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1 that may be created, and before conveyance of 90% of such units,
2 the nondeveloper co-owners shall elect all directors on the
3 board, except that the developer shall have the right to desig-
4 nate at least 1 director as long as the developer owns and offers
5 for sale at least 10% of the units in the project or as long as
6 10% of the units remain that may be created.

7 (3) Notwithstanding the formula provided in subsection (2),
8 54 months after the first conveyance of legal or equitable title
9 to a nondeveloper co-owner of a unit in the project, if title to
10 not less than 75% of the units that may be created has not been
11 conveyed, the nondeveloper co-owners have the right to elect, as
12 provided in the condominium documents, a number of members of the
13 board of directors of the association of co-owners equal to the
14 percentage of units they hold ~~—~~, and the developer has the right
15 to elect, as provided in the condominium documents, a number of
16 members of the board equal to the percentage of units which are
17 owned by the developer and for which all assessments are payable
18 by the developer. This election may increase, but ~~shall~~ DOES
19 not reduce, the minimum election and designation rights otherwise
20 established in subsection (2). Application of this subsection
21 does not require a change in the size of the board as determined
22 in the condominium documents.

23 (4) If the calculation of the percentage of members of the
24 board that the nondeveloper co-owners have the right to elect
25 under subsection (2), or if the product of the number of members
26 of the board multiplied by the percentage of units held by the
27 nondeveloper co-owners under subsection (3) results in a right of

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1 nondeveloper co-owners to elect a fractional number of members of
2 the board, then a fractional election right of 0.5 or greater
3 shall be rounded up to the nearest whole number, which number
4 shall be the number of members of the board that the nondeveloper
5 co-owners have the right to elect. After application of ~~this~~
6 THE formula CONTAINED IN THIS SUBSECTION, the developer ~~shall~~
7 ~~have~~ HAS the right to elect the remaining members of the board.
8 Application of this subsection ~~shall~~ DOES not eliminate the
9 right of the developer to designate 1 member as provided in sub-
10 section (2).

11 (5) A consolidating master deed and plans showing the condo-
12 minium as built shall be recorded not later than ~~180 days~~ 1
13 YEAR after completion of construction in order to consolidate all
14 phases or amendments of a condominium project. A copy of the
15 recorded consolidating master deed shall be provided to the asso-
16 ciation of co-owners.

17 (6) As used in this section, "units that may be created"
18 means the maximum number of units in all phases of the condomin-
19 ium project as stated in the master deed.

20 (7) FOR PURPOSES OF CALCULATING THE TIMING OF EVENTS
21 DESCRIBED IN THIS SECTION, CONVEYANCE BY A DEVELOPER TO A RESI-
22 DENTIAL BUILDER, EVEN THOUGH NOT AN AFFILIATE OF THE DEVELOPER,
23 IS NOT CONSIDERED A SALE TO A NONDEVELOPER CO-OWNER UNTIL SUCH
24 TIME AS THE RESIDENTIAL BUILDER CONVEYS THAT UNIT WITH A COM-
25 PLETED RESIDENCE ON IT OR UNTIL IT CONTAINS A COMPLETED RESIDENCE
26 WHICH IS OCCUPIED.

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1 Sec. 54. (1) The bylaws shall contain provisions for the
2 designation of persons to administer the affairs of the
3 condominium project and shall require that those persons keep
4 books and records with a detailed account of the expenditures and
5 receipts affecting the condominium project and its administra-
6 tion, and which specify the operating expenses of the project.

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

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

16 (4) The bylaws shall provide that expenditures affecting the
17 administration of the project shall include costs incurred in the
18 satisfaction of any liability arising within, caused by, or con-
19 nected with, the common elements or the administration of the
20 condominium project, and that receipts affecting the administra-
21 tion of the condominium project shall include all sums received
22 as the proceeds of, or pursuant to, a policy of insurance secur-
23 ing the interest of the co-owners against liabilities or losses
24 arising within, caused by, or connected with the common elements
25 or the administration of the condominium project.

26 (5) The bylaws shall provide that the association of
27 co-owners shall prepare and distribute to each owner at least

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1 once each year a financial statement, the contents of which shall
2 be defined by the association of co-owners.

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

9 (7) The bylaws may allocate to each condominium unit a
10 number of votes in the association of co-owners proportionate to
11 the percentage of value appertaining to each condominium unit, or
12 an equal number of votes in the association of co-owners.

13 (8) THE BYLAWS SHALL CONTAIN A PROVISION PROVIDING THAT
14 ARBITRATION OF DISPUTES, CLAIMS, AND GRIEVANCES ARISING OUT OF OR
15 RELATING TO THE INTERPRETATION OF THE APPLICATION OF THE CONDO-
16 MINIUM DOCUMENT OR ARISING OUT OF DISPUTES AMONG OR BETWEEN
17 CO-OWNERS SHALL BE SUBMITTED TO ARBITRATION AND THAT THE PARTIES
18 TO THE DISPUTE, CLAIM, OR GRIEVANCE SHALL ACCEPT THE ARBITRATOR'S
19 DECISION AS FINAL AND BINDING, UPON THE ELECTION AND WRITTEN CON-
20 SENT OF THE PARTIES TO THE DISPUTES, CLAIMS, OR GRIEVANCES AND
21 UPON WRITTEN NOTICE TO THE ASSOCIATION. THE COMMERCIAL ARBITRA-
22 TION RULES OF THE AMERICAN ARBITRATION ASSOCIATION ARE APPLICABLE
23 TO ANY SUCH ARBITRATION.

24 (9) IN THE ABSENCE OF THE ELECTION AND WRITTEN CONSENT OF
25 THE PARTIES UNDER SUBSECTION (8), NEITHER A CO-OWNER NOR THE
26 ASSOCIATION IS PROHIBITED FROM PETITIONING A COURT OF COMPETENT
27 JURISDICTION TO RESOLVE ANY DISPUTE, CLAIM, OR GRIEVANCE.

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1 (10) THE ELECTION BY THE PARTIES TO SUBMIT ANY DISPUTE,
2 CLAIM, OR GRIEVANCE TO ARBITRATION PROHIBITS THE PARTIES FROM
3 PETITIONING THE COURTS REGARDING THAT DISPUTE, CLAIM, OR
4 GRIEVANCE.

5 Sec. 58. If the mortgagee of a first mortgage of record or
6 other purchaser of a condominium unit obtains title to the condo-
7 minium unit as a result of foreclosure of the first mortgage,
8 such person, its successors, and assigns ~~, is~~ ARE not liable
9 for the assessments by the administering body chargeable to the
10 unit ~~which~~ THAT became due prior to the acquisition of title to
11 the unit by such person EXCEPT FOR ASSESSMENTS THAT HAVE PRIORITY
12 OVER THE FIRST MORTGAGE UNDER SECTION 108. ~~The unpaid assess-~~
13 ~~ments are deemed to be common expenses collectible from all of~~
14 ~~the condominium unit owners including such persons, its succes-~~
15 ~~sors and assigns.~~

16 Sec. 67. (1) A change in a condominium project shall be
17 reflected in an amendment to the appropriate condominium
18 document. An amendment TO THE CONDOMINIUM DOCUMENT is subject to
19 sections 90 and 91.

20 (2) If a change involves a change in the boundaries of a
21 condominium unit ~~,~~ or the addition or elimination of condomin-
22 ium units, a replat of the condominium subdivision plan shall be
23 prepared and recorded assigning a condominium unit number to each
24 condominium unit in the amended project. The replat of the con-
25 dominium subdivision plan shall be designated replat number
26 _____ of _____ county condominium subdivision plan

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1 number _____, using the same plan number assigned to the
2 original condominium subdivision plan.

3 (3) NOTWITHSTANDING SECTION 33, IF THE DEVELOPER HAS NOT
4 COMPLETED DEVELOPMENT AND CONSTRUCTION OF THE ENTIRE CONDOMINIUM
5 PROJECT, INCLUDING PROPOSED IMPROVEMENTS WHETHER IDENTIFIED AS
6 "MUST BE BUILT" OR "NEED NOT BE BUILT", DURING A PERIOD ENDING 10
7 YEARS FROM THE DATE OF COMMENCEMENT OF CONSTRUCTION BY THE DEVEL-
8 OPER OF THE PROJECT, THE DEVELOPER, ITS SUCCESSORS, OR ASSIGNS
9 HAVE THE RIGHT TO WITHDRAW FROM THE PROJECT ALL UNDEVELOPED POR-
10 TIONS OF THE PROJECT WITHOUT THE PRIOR CONSENT OF ANY CO-OWNERS,
11 MORTGAGEES OF UNITS IN THE PROJECT, OR ANY OTHER PARTY HAVING AN
12 INTEREST IN THE PROJECT. IF THE MASTER DEED CONTAINS PROVISIONS
13 PERMITTING THE EXPANSION, CONTRACTION, OR RIGHTS OF CONVERTIBIL-
14 ITY OF UNITS OR COMMON ELEMENTS IN THE CONDOMINIUM PROJECT, THEN
15 THE TIME PERIOD IS 6 YEARS FROM THE DATE THE DEVELOPER EXERCISED
16 ITS RIGHTS WITH RESPECT TO EITHER EXPANSION, CONTRACTION, OR
17 RIGHTS OF CONVERTIBILITY, WHICHEVER RIGHT WAS EXERCISED LAST.
18 THE UNDEVELOPED PORTIONS OF THE PROJECT WITHDRAWN SHALL ALSO
19 AUTOMATICALLY BE GRANTED EASEMENTS FOR UTILITY AND ACCESS PUR-
20 POSES THROUGH THE CONDOMINIUM PROJECT FOR THE BENEFIT OF THE
21 UNDEVELOPED PORTIONS OF THE PROJECT. IF THE DEVELOPER DOES NOT
22 WITHDRAW THE UNDEVELOPED PORTIONS OF THE PROJECT FROM THE PROJECT
23 BEFORE EXPIRATION OF THE TIME PERIODS, SUCH LANDS SHALL REMAIN
24 PART OF THE PROJECT AS GENERAL COMMON ELEMENTS AND ALL RIGHTS TO
25 CONSTRUCT UNITS UPON THAT LAND SHALL CEASE. IN SUCH AN EVENT, IF
26 IT BECOMES NECESSARY TO ADJUST PERCENTAGES OF VALUE AS A RESULT
27 OF FEWER UNITS EXISTING, A CO-OWNER OR THE ASSOCIATION OF

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1 CO-OWNERS MAY BRING AN ACTION TO REQUIRE REVISIONS TO THE
2 PERCENTAGES OF VALUE PURSUANT TO SECTION 96.

3 SEC. 72B. (1) A CONDOMINIUM PROJECT MAY BE ESTABLISHED FOR
4 PROPERTY CONSISTING OF A SEPARATE LEGAL PARCEL IN SPACE THAT IS
5 CONSIDERED THE AIR SPACE OVER A FEE, IMPROVED OR UNIMPROVED, IN
6 REAL PROPERTY LAW. SUCH A CONDOMINIUM PROJECT MAY BE PROVIDED
7 EASEMENTS, LICENSES, AND OTHER RIGHTS AS MAY BE NECESSARY TO PRO-
8 VIDE ACCESS TO AND OTHERWISE SERVE THE NEEDS OF THE PROJECT FROM
9 THE UNDERLYING SURFACE PARCEL.

10 (2) THIS SECTION APPLIES TO ANY QUESTION REGARDING WHETHER
11 ANY AIR SPACE EXISTING OVER A FEE MAY BE SUBMITTED TO, AND ESTAB-
12 LISHED AS, A CONDOMINIUM UNDER THIS ACT AND APPLIES TO DEVELOP-
13 MENT AS A CONDOMINIUM OF AIR SPACE OVER A FEE.

14 Sec. 73. (1) A master deed and an amendment to the master
15 deed shall be recorded.

16 (2) A master deed shall not be recorded without a certifica-
17 tion by the treasurer collecting the property taxes and special
18 assessments that all property taxes and current installments of
19 special assessments which became a lien on the property involved
20 in the project are paid in full.

21 (3) When recorded, a copy of the master deed and a copy of
22 any subsequently amended master deed or amendment shall be filed
23 with the local supervisor or assessing officer.

24 (4) Detailed architectural plans and specifications for the
25 condominium project, IF THAT CONDOMINIUM PROJECT CONTAINS ANY
26 UNITS THAT REQUIRE ARCHITECTURAL PLANS AND SPECIFICATIONS TO
27 CONSTRUCT, shall be filed with the local unit of government in

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1 which the project is located. However, in the case of a
2 conversion condominium where detailed architectural plans and
3 specifications are not available, the developer shall file with
4 the local unit of government an affidavit stating ~~that~~ THE fact
5 THAT DETAILED ARCHITECTURAL PLANS AND SPECIFICATIONS ARE NOT
6 AVAILABLE.

7 Sec. 90. (1) The condominium documents may be amended with-
8 out the consent of co-owners or mortgagees if the amendment does
9 not materially alter or change the rights of a co-owner or mort-
10 gagee ~~—~~ and IF the condominium documents contain a reservation
11 of the right to amend for that purpose to the developer or the
12 association of co-owners. An amendment ~~which~~ THAT does not
13 materially change the rights of a co-owner or mortgagee includes,
14 ~~without limitation~~ BUT IS NOT LIMITED TO, a modification of the
15 types and sizes of unsold condominium units and their appurtenant
16 limited common elements. AN AMENDMENT THAT DOES NOT MATERIALLY
17 CHANGE THE RIGHTS OF A MORTGAGEE FURTHER INCLUDES, BUT IS NOT
18 LIMITED TO, ANY CHANGE IN THE CONDOMINIUM DOCUMENTS THAT, IN THE
19 WRITTEN OPINION OF A LICENSED REAL ESTATE APPRAISER, DOES NOT
20 DETRIMENTALLY CHANGE THE VALUE OF ANY UNIT AFFECTED BY THE
21 CHANGE.

22 (2) Except as provided in this section, the master deed,
23 bylaws, and condominium subdivision plan may be amended, even if
24 the amendment will materially alter or change the rights of the
25 co-owners or mortgagees, with the consent of not less than 2/3 of
26 the votes of the co-owners and mortgagees. A mortgagee shall
27 have 1 vote for each mortgage held. The 2/3 majority required in

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1 this section may not be increased by the terms of the condominium
2 documents, and a provision in any condominium documents that
3 requires the consent of a greater proportion of co-owners or
4 mortgagees for the purposes described in this subsection is void
5 and is superseded by this subsection. MORTGAGEES ARE NOT
6 REQUIRED TO APPEAR AT ANY MEETING OF CO-OWNERS EXCEPT THAT THEIR
7 APPROVAL SHALL BE SOLICITED THROUGH WRITTEN BALLOTS. ANY MORTGA-
8 GEE BALLOTS NOT RETURNED WITHIN 90 DAYS OF MAILING SHALL BE
9 COUNTED AS APPROVAL FOR THE CHANGE.

10 (3) The developer may reserve, in the condominium documents,
11 the right to amend materially the condominium documents to
12 achieve specified purposes, except a purpose provided for in sub-
13 section (4). Reserved rights may not be amended except by or
14 with the consent of the developer. If a proper reservation is
15 made, the condominium documents may be amended to achieve the
16 specified purposes, without the consent of co-owners or
17 mortgagees.

18 (4) The method or formula used to determine the percentage
19 of value of units in the project for other than voting purposes,
20 and any provisions relating to the ability or terms under which a
21 co-owner may rent a unit, may not be modified without the consent
22 of each affected co-owner and mortgagee. A co-owner's condomin-
23 ium unit dimensions or appurtenant limited common elements may
24 not be modified without the co-owner's consent.

25 (5) Co-owners ~~and mortgagees of record~~ shall be notified
26 of proposed amendments, under this section, not less than 10 days
27 before the amendment is recorded.

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1 (6) A person causing or requesting an amendment to the
2 condominium documents shall be responsible for costs and expenses
3 of the amendment, except for amendments based upon a vote of a
4 prescribed majority of co-owners and mortgagees or based upon the
5 advisory committee's decision, the costs of which are expenses of
6 administration.

7 (7) A master deed amendment, including the consolidating
8 master deed, dealing with the addition, withdrawal, or modifica-
9 tion of units or other physical characteristics of the project
10 shall comply with the standards prescribed in section 66 for
11 preparation of an original condominium subdivision plan for the
12 project.

13 (8) FOR PURPOSES OF THIS SECTION, THE AFFIRMATIVE VOTE OF A
14 2/3 OF CO-OWNERS IS CONSIDERED 2/3 OF ALL CO-OWNERS ENTITLED TO
15 VOTE AS OF THE RECORD DATE FOR SUCH VOTES.

16 SEC. 90A. (1) TO THE EXTENT THIS ACT OR THE CONDOMINIUM
17 DOCUMENTS REQUIRE A VOTE OF MORTGAGEES OF UNITS ON AMENDMENT OF
18 THE CONDOMINIUM DOCUMENTS, THE PROCEDURE DESCRIBED IN THIS SEC-
19 TION APPLIES.

20 (2) THE DATE ON WHICH THE PROPOSED AMENDMENT IS APPROVED BY
21 THE REQUISITE MAJORITY OF CO-OWNERS IS CONSIDERED THE "CONTROL
22 DATE".

23 (3) ONLY THOSE MORTGAGEES WHO HOLD A DULY RECORDED MORTGAGE
24 OR A DULY RECORDED ASSIGNMENT OF A MORTGAGE AGAINST 1 OR MORE
25 CONDOMINIUM UNITS IN THE CONDOMINIUM PROJECT ON THE CONTROL DATE
26 IS ENTITLED TO VOTE ON THE AMENDMENT. EACH MORTGAGEE ENTITLED TO
27 VOTE SHALL HAVE 1 VOTE FOR EACH CONDOMINIUM UNIT IN THE PROJECT

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1 THAT IS SUBJECT TO ITS MORTGAGE OR MORTGAGES, WITHOUT REGARD TO
2 HOW MANY MORTGAGES THE MORTGAGEE MAY HOLD ON A PARTICULAR CONDO-
3 MINIUUM UNIT.

4 (4) THE ASSOCIATION OF CO-OWNERS SHALL GIVE A NOTICE TO EACH
5 MORTGAGEE ENTITLED TO VOTE CONTAINING ALL OF THE FOLLOWING:

6 (A) A COPY OF THE AMENDMENT OR AMENDMENTS AS PASSED BY THE
7 CO-OWNERS.

8 (B) A STATEMENT OF THE DATE THAT THE AMENDMENT WAS APPROVED
9 BY THE REQUISITE MAJORITY OF CO-OWNERS.

10 (C) AN ENVELOPE ADDRESSED TO THE ENTITY AUTHORIZED BY THE
11 BOARD OF DIRECTORS FOR TABULATING MORTGAGEE VOTES.

12 (D) A STATEMENT CONTAINING LANGUAGE IN SUBSTANTIALLY THE
13 FORM DESCRIBED IN SUBSECTION (5).

14 (E) A BALLOT PROVIDING SPACES FOR APPROVING OR REJECTING THE
15 AMENDMENT AND A SPACE FOR THE SIGNATURE OF THE MORTGAGEE OR AN
16 OFFICER OF THE MORTGAGEE.

17 (F) A STATEMENT OF THE NUMBER OF CONDOMINIUM UNITS SUBJECT
18 TO THE MORTGAGE OR MORTGAGES OF THE MORTGAGEE.

19 (G) THE DATE BY WHICH THE MORTGAGEE MUST RETURN ITS BALLOT.

20 (5) THE NOTICE PROVIDED BY SUBSECTION (4) SHALL CONTAIN A
21 STATEMENT IN SUBSTANTIALLY THE FOLLOWING FORM:

22 "A REVIEW OF THE ASSOCIATION RECORDS REVEALS THAT YOU ARE
23 THE HOLDER OF 1 OR MORE MORTGAGES RECORDED AGAINST TITLE TO 1 OR
24 MORE UNITS IN THE (NAME OF PROJECT) CONDOMINIUM. THE CO-OWNERS
25 OF THE CONDOMINIUM ADOPTED THE ATTACHED AMENDMENT TO THE CONDO-
26 MINIUUM DOCUMENTS ON (CONTROL DATE). PURSUANT TO THE TERMS OF THE
27 CONDOMINIUM DOCUMENTS AND/OR THE MICHIGAN CONDOMINIUM ACT, YOU

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1 ARE ENTITLED TO VOTE ON THE AMENDMENT. YOU HAVE 1 VOTE FOR EACH
2 UNIT THAT IS SUBJECT TO YOUR MORTGAGE OR MORTGAGES.

3 THE AMENDMENT WILL BE CONSIDERED APPROVED BY MORTGAGEES IF
4 IT IS APPROVED BY 66-2/3% OF THE MORTGAGEES. IN ORDER TO VOTE,
5 YOU MUST INDICATE YOUR APPROVAL OR REJECTION ON THE ENCLOSED
6 BALLOT, SIGN IT, AND RETURN IT NOT LATER THAN 90 DAYS FROM (THE
7 CONTROL DATE). FAILURE TO TIMELY RETURN A BALLOT WILL CONSTITUTE
8 A VOTE FOR APPROVAL. IF YOU OPPOSE THE AMENDMENT, YOU MUST VOTE
9 AGAINST IT."

10 (6) THE ASSOCIATION OF CO-OWNERS SHALL MAIL THE NOTICE
11 REQUIRED BY SUBSECTION (4) TO THE MORTGAGEE AT THE ADDRESS PRO-
12 VIDED IN THE MORTGAGE OR ASSIGNMENT FOR NOTICES BY CERTIFIED
13 MAIL, RETURN RECEIPT REQUESTED, POSTMARKED WITHIN 30 DAYS AFTER
14 THE CONTROL DATE.

15 (7) THE AMENDMENT IS CONSIDERED TO BE APPROVED BY THE MORT-
16 GAGEES IF IT IS APPROVED BY 66-2/3% OF THE MORTGAGEES WHOSE BAL-
17 LOTS ARE RECEIVED, OR ARE CONSIDERED TO BE RECEIVED, IN ACCORD-
18 ANCE WITH SECTION 90(2), BY THE ENTITY AUTHORIZED BY THE BOARD OF
19 DIRECTORS TO TABULATE MORTGAGEE VOTES NOT LATER THAN 100 DAYS
20 AFTER THE CONTROL DATE. IN DETERMINING THE 100 DAYS, THE CONTROL
21 DATE ITSELF SHALL NOT BE COUNTED BUT THE ONE-HUNDREDTH DAY SHALL
22 BE INCLUDED UNLESS THE ONE-HUNDREDTH DAY IS A SATURDAY, SUNDAY,
23 LEGAL HOLIDAY, OR HOLIDAY ON WHICH THE UNITED STATES POSTAL
24 SERVICE DOES NOT REGULARLY DELIVER MAIL, IN WHICH CASE THE LAST
25 DAY OF THE 100 DAYS SHALL BE THE NEXT DAY THAT IS NOT A SATURDAY,
26 SUNDAY, LEGAL HOLIDAY, OR HOLIDAY ON WHICH THE UNITED STATES
27 POSTAL SERVICE DOES NOT REGULARLY DELIVER MAIL.

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1 (8) THE ASSOCIATION OF CO-OWNERS SHALL MAINTAIN A COPY OF
2 THE NOTICE, PROOFS OF MAILING OF THE NOTICE, AND THE BALLOTS
3 RETURNED BY MORTGAGEES FOR A PERIOD OF 2 YEARS AFTER THE CONTROL
4 DATE.

5 (9) NOTWITHSTANDING ANY PROVISION OF THE CONDOMINIUM DOCU-
6 MENTS TO THE CONTRARY, MORTGAGEES ARE ENTITLED TO VOTE ON AMEND-
7 MENTS TO THE CONDOMINIUM DOCUMENTS ONLY UNDER THE FOLLOWING
8 CIRCUMSTANCES:

9 (A) TERMINATION OF THE CONDOMINIUM PROJECT.

10 (B) A CHANGE IN THE METHOD OR FORMULA USED TO DETERMINE THE
11 PERCENTAGE OF VALUE ASSIGNED TO A UNIT SUBJECT TO THE MORTGAGEE'S
12 MORTGAGE.

13 (C) A REALLOCATION OF RESPONSIBILITY FOR MAINTENANCE,
14 REPAIR, REPLACEMENT, OR DECORATION FOR A CONDOMINIUM UNIT, ITS
15 APPURTENANT LIMITED COMMON ELEMENTS, OR THE GENERAL COMMON ELE-
16 MENTS FROM THE ASSOCIATION OF CO-OWNERS TO THE CONDOMINIUM UNIT
17 SUBJECT TO THE MORTGAGEE'S MORTGAGE.

18 (D) ELIMINATION OF A REQUIREMENT FOR THE ASSOCIATION OF
19 CO-OWNERS TO MAINTAIN INSURANCE ON THE PROJECT AS A WHOLE OR A
20 CONDOMINIUM UNIT SUBJECT TO THE MORTGAGEE'S MORTGAGE OR REALLOCA-
21 TION OF RESPONSIBILITY FOR OBTAINING OR MAINTAINING, OR BOTH,
22 INSURANCE FROM THE ASSOCIATION OF CO-OWNERS TO THE CONDOMINIUM
23 UNIT SUBJECT TO THE MORTGAGEE'S MORTGAGE.

24 (E) THE MODIFICATION OR ELIMINATION OF AN EASEMENT BENEFIT-
25 ING THE CONDOMINIUM UNIT SUBJECT TO THE MORTGAGEE'S MORTGAGE.

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1 (F) THE PARTIAL OR COMPLETE MODIFICATION, IMPOSITION, OR
2 REMOVAL OF LEASING RESTRICTIONS FOR CONDOMINIUM UNITS IN THE
3 CONDOMINIUM PROJECT.

4 Sec. 108. (1) Sums assessed to a co-owner by the associa-
5 tion of co-owners ~~which~~ THAT are unpaid TOGETHER WITH INTEREST
6 ON SUCH SUMS, COLLECTION AND LATE CHARGES, ADVANCES MADE BY THE
7 ASSOCIATION OF CO-OWNERS FOR TAXES OR OTHER LIENS TO PROTECT ITS
8 LIEN, ATTORNEY FEES, AND FINES IN ACCORDANCE WITH THE CONDOMINIUM
9 DOCUMENTS, constitute a lien upon the unit or units in the
10 project owned by the co-owner at the time of the assessment
11 before other liens except tax liens on the condominium unit in
12 favor of any state or federal taxing authority and sums unpaid on
13 a first mortgage of record except that past due assessments
14 ~~which~~ THAT are evidenced by a notice of lien, recorded as set
15 forth in subsection (3), have priority over a first mortgage
16 recorded subsequent to the recording of the notice of lien. The
17 lien upon each condominium unit owned by the co-owner shall be in
18 the amount assessed against the condominium unit, plus a propor-
19 tionate share of the total of all other unpaid assessments
20 attributable to condominium units no longer owned by the co-owner
21 but which became due while the co-owner had title to the condo-
22 minium units. The lien may be foreclosed by an action or by
23 advertisement by the association of co-owners in the name of the
24 condominium project on behalf of the other co-owners.

25 (2) A foreclosure shall be in the same manner as a foreclo-
26 sure under the laws relating to foreclosure of real estate
27 mortgages by advertisement or judicial action EXCEPT THAT TO THE

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1 EXTENT THE CONDOMINIUM DOCUMENTS PROVIDE, THE ASSOCIATION OF
2 CO-OWNERS IS ENTITLED TO REASONABLE INTEREST, EXPENSES, COSTS,
3 AND ATTORNEY FEES FOR FORECLOSURE BY ADVERTISEMENT OR JUDICIAL
4 ACTION. THE REDEMPTION PERIOD FOR A FORECLOSURE IS 6 MONTHS FROM
5 THE DATE OF SALE UNLESS THE PROPERTY IS ABANDONED, IN WHICH EVENT
6 THE REDEMPTION PERIOD IS 1 MONTH FROM THE DATE OF SALE.

7 (3) A foreclosure proceeding may not be commenced without
8 recordation and service of notice of lien in accordance with the
9 following:

10 (a) Notice of lien shall set forth ALL OF THE FOLLOWING:

11 (i) The legal description of the condominium unit or condo-
12 minium units to which the lien attaches.

13 (ii) The name of the co-owner of record. ~~thereof.~~

14 (iii) The amounts due the association of co-owners at the
15 date of the notice, exclusive of interest, costs, attorney fees,
16 and future assessments.

17 (b) The notice of lien shall be in recordable form, executed
18 by an authorized representative of the association of co-owners
19 and may contain other information ~~as~~ THAT the association of
20 co-owners ~~may deem~~ CONSIDERS appropriate.

21 (c) The notice of lien shall be recorded in the office of
22 register of deeds in the county in which the condominium project
23 is located and shall be served upon the delinquent co-owner by
24 first-class mail, postage prepaid, addressed to the last known
25 address of the co-owner at least 10 days in advance of commence-
26 ment of the foreclosure proceeding.

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1 (4) The association of co-owners, acting on behalf of all
2 co-owners, unless prohibited by the master deed or bylaws, may
3 bid in at the foreclosure sale, and acquire, hold, lease, mort-
4 gage, or convey the condominium unit.

5 (5) An action to recover money judgments for unpaid assess-
6 ments may be maintained without foreclosing or waiving the lien.

7 (6) An action for money damages and foreclosure may be com-
8 bined in 1 action.

9 (7) A receiver may be appointed in an action for foreclosure
10 of the assessment lien and may be empowered to take possession of
11 the condominium unit, if not occupied by the co-owner and to
12 lease the condominium unit and collect and apply the rental
13 therefrom.

14 (8) THE CO-OWNER OF A CONDOMINIUM UNIT SUBJECT TO FORECLO-
15 SURE PURSUANT TO THIS SECTION, AND ANY PURCHASER, GRANTEE, SUC-
16 CESSOR, OR ASSIGNEE OF THE CO-OWNER'S INTEREST IN THE CONDOMINIUM
17 UNIT, IS LIABLE FOR ASSESSMENTS BY THE ASSOCIATION OF CO-OWNERS
18 CHARGEABLE TO THE CONDOMINIUM UNIT THAT BECOME DUE BEFORE EXPIRA-
19 TION OF THE PERIOD OF REDEMPTION TOGETHER WITH INTEREST, ADVANCES
20 MADE BY THE ASSOCIATION OF CO-OWNERS FOR TAXES OR OTHER LIENS TO
21 PROTECT ITS LIEN, COSTS, AND ATTORNEY FEES INCURRED IN THEIR
22 COLLECTION.

23 (9) THE MORTGAGEE OF A FIRST MORTGAGE OF RECORD OF A CONDO-
24 MINIUM UNIT SHALL GIVE NOTICE TO THE ASSOCIATION OF CO-OWNERS OF
25 THE COMMENCEMENT OF FORECLOSURE OF THE FIRST MORTGAGE BY ADVER-
26 TISEMENT BY SERVING A COPY OF THE PUBLISHED NOTICE OF FORECLOSURE
27 REQUIRED BY STATUTE UPON THE ASSOCIATION OF CO-OWNERS BY

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1 CERTIFIED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO THE
2 RESIDENT AGENT OF THE ASSOCIATION OF CO-OWNERS AT THE AGENT'S
3 ADDRESS AS SHOWN ON THE RECORDS OF THE MICHIGAN CORPORATION AND
4 SECURITIES BUREAU, OR TO THE ADDRESS THE ASSOCIATION PROVIDES TO
5 THE MORTGAGEE, IF ANY, IN THOSE CASES WHERE THE ADDRESS IS NOT
6 REGISTERED, WITHIN 10 DAYS AFTER THE FIRST PUBLICATION OF THE
7 NOTICE. THE MORTGAGEE OF A FIRST MORTGAGE OF RECORD OF A CONDO-
8 MINUM UNIT SHALL GIVE NOTICE TO THE ASSOCIATION OF CO-OWNERS OF
9 INTENT TO COMMENCE FORECLOSURE OF THE FIRST MORTGAGE BY JUDICIAL
10 ACTION BY SERVING A NOTICE SETTING FORTH THE NAMES OF THE MORTGA-
11 GORS, THE MORTGAGEE, AND THE FORECLOSING ASSIGNEE OF A RECORDED
12 ASSIGNMENT OF THE MORTGAGE; THE DATE OF THE MORTGAGE AND THE DATE
13 THE MORTGAGE WAS RECORDED; THE AMOUNT CLAIMED TO BE DUE ON THE
14 MORTGAGE ON THE DATE OF THE NOTICE; AND A DESCRIPTION OF THE
15 MORTGAGED PREMISES THAT SUBSTANTIALLY CONFORMS WITH THE DESCRIP-
16 TION CONTAINED IN THE MORTGAGE UPON THE ASSOCIATION OF CO-OWNERS
17 BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO THE
18 RESIDENT AGENT OF THE ASSOCIATION OF CO-OWNERS AT THE AGENT'S
19 ADDRESS AS SHOWN ON THE RECORDS OF THE MICHIGAN CORPORATION AND
20 SECURITIES BUREAU, OR TO THE ADDRESS THE ASSOCIATION PROVIDES TO
21 THE MORTGAGEE, IF ANY, IN THOSE CASES WHERE THE ADDRESS IS NOT
22 REGISTERED, NOT LESS THAN 10 DAYS BEFORE COMMENCEMENT OF THE
23 JUDICIAL ACTION. FAILURE OF THE MORTGAGEE TO PROVIDE NOTICE AS
24 REQUIRED BY THIS SECTION SHALL ONLY PROVIDE THE ASSOCIATION WITH
25 LEGAL RECOURSE AND WILL NOT, IN ANY EVENT, INVALIDATE ANY FORE-
26 CLOSURE PROCEEDING BETWEEN A MORTGAGEE AND MORTGAGOR.

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1 Sec. 111. (1) Upon the sale or conveyance of a condominium
2 unit, all unpaid assessments, INTEREST, LATE CHARGES, FINES,
3 COSTS, AND ATTORNEY FEES against a condominium unit shall be paid
4 out of the sale price or by the purchaser in preference over any
5 other assessments or charges ~~or~~ OF whatever nature except the
6 following:

7 (a) Amounts due the state, or any subdivision thereof, or
8 any municipality for taxes and special assessments due and unpaid
9 on the condominium unit.

10 (b) Payments due under a first mortgage having priority
11 thereto.

12 (2) A purchaser or grantee is entitled to a written state-
13 ment from the association of co-owners setting forth the amount
14 of unpaid assessments, INTEREST, LATE CHARGES, FINES, COSTS, AND
15 ATTORNEY FEES against the seller or grantor and the purchaser or
16 grantee is not liable for, nor is the condominium unit conveyed
17 or granted subject to a lien for any unpaid assessments, INTER-
18 EST, LATE CHARGES, FINES, COSTS, AND ATTORNEY FEES against the
19 seller or grantor in excess of the amount set forth in the writ-
20 ten statement. Unless the purchaser or grantee requests a writ-
21 ten statement from the association of co-owners as provided in
22 this act, at least 5 days before sale, the purchaser or grantee
23 shall be liable for any unpaid assessments against the condomin-
24 ium unit together with interest, costs, FINES, LATE CHARGES, and
25 attorney fees incurred in the collection thereof.

26 Sec. 112. (1) ~~Unless the developer provides to the~~
27 ~~contrary in the condominium documents, the co-owner, including~~

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1 ~~the developer, may rent any number of units at any time, without~~
2 ~~limitation as to the term of occupancy.~~ BEFORE THE TRANSITIONAL
3 CONTROL DATE, DURING THE DEVELOPMENT AND SALES PERIOD THE RIGHTS
4 OF A CO-OWNER, INCLUDING THE DEVELOPER, TO RENT ANY NUMBER OF
5 CONDOMINIUM UNITS SHALL BE CONTROLLED BY THE PROVISIONS OF THE
6 CONDOMINIUM DOCUMENTS AS RECORDED BY THE DEVELOPER AND SHALL NOT
7 BE CHANGED WITHOUT DEVELOPER APPROVAL. AFTER THE TRANSITIONAL
8 CONTROL DATE, THE ASSOCIATION OF CO-OWNERS MAY AMEND THE CONDO-
9 MINIUM DOCUMENTS AS TO THE RENTAL OF CONDOMINIUM UNITS OR TERMS
10 OF OCCUPANCY AS PROVIDED IN SECTION 90(4). THE AMENDMENT SHALL
11 NOT AFFECT THE RIGHTS OF ANY LESSORS OR LESSEES UNDER A WRITTEN
12 LEASE OTHERWISE IN COMPLIANCE WITH THIS SECTION AND EXECUTED
13 BEFORE THE EFFECTIVE DATE OF THE AMENDMENT, OR CONDOMINIUM UNITS
14 AS LONG AS THEY ARE OWNED OR LEASED BY THE DEVELOPER.

15 (2) A co-owner, including the developer, desiring to rent or
16 lease a condominium unit ~~for a period of longer than 30 consecu-~~
17 ~~tive days,~~ shall disclose that fact in writing to the associa-
18 tion of co-owners at least 10 days before presenting a lease form
19 OR OTHERWISE AGREEING TO GRANT POSSESSION OF A CONDOMINIUM UNIT
20 to a potential lessee ~~,~~ and at the same time, shall supply the
21 association of co-owners with a copy of the exact lease form for
22 its review for its compliance with the condominium documents. ~~A~~
23 ~~developer proposing to rent condominium units before the transi-~~
24 ~~tional control date shall notify either the advisory committee or~~
25 ~~each co-owner in writing.~~ IF NO LEASE FORM IS TO BE USED, THEN
26 THE CO-OWNER OR DEVELOPER SHALL SUPPLY THE ASSOCIATION OF
27 CO-OWNERS WITH THE NAME AND ADDRESS OF THE POTENTIAL LESSEE,

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1 ALONG WITH THE RENTAL AMOUNT AND DUE DATES UNDER THE PROPOSED
2 AGREEMENT.

3 (3) Tenants or nonco-owner occupants shall comply with all
4 of the conditions of the condominium documents of the condominium
5 project, and all leases and rental agreements shall so state.

6 (4) If the association of co-owners determines that the
7 tenant or nonco-owner occupant failed to comply with the condi-
8 tions of the condominium documents, the association of co-owners
9 shall take the following action:

10 (a) The association of co-owners shall notify the co-owner
11 by certified mail, advising of the alleged violation by the
12 tenant. The co-owner shall have 15 days after receipt of the
13 notice to investigate and correct the alleged breach by the
14 tenant or advise the association of co-owners that a violation
15 has not occurred.

16 (b) If after 15 days the association of co-owners believes
17 that the alleged breach is not cured or may be repeated, it may
18 institute on its behalf or derivatively by the co-owners on
19 behalf of the association of co-owners, if it is under the con-
20 trol of the developer, an action for both eviction against the
21 tenant or nonco-owner occupant and, simultaneously, for money
22 damages against the co-owner and tenant or nonco-owner occupant
23 for breach of the conditions of the condominium documents. The
24 relief provided for in this section may be by summary
25 proceeding. The association of co-owners may hold both the
26 tenant and the co-owner liable for any damages to the general

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1 common elements caused by the co-owner or tenant in connection
2 with the condominium unit or condominium project.

3 (5) When a co-owner is in arrearage to the association of
4 co-owners for assessments, the association of co-owners may give
5 written notice of the arrearage to a tenant occupying a
6 co-owner's condominium unit under a lease or rental agreement,
7 and the tenant, after receiving the notice, shall deduct from
8 rental payments due the co-owner the arrearage and future assess-
9 ments as they fall due and pay them to the association of
10 co-owners. The deduction ~~shall~~ DOES not constitute a breach of
11 the rental agreement or lease by the tenant. IF THE TENANT,
12 AFTER BEING NOTIFIED, FAILS OR REFUSES TO REMIT RENT OTHERWISE
13 DUE THE CO-OWNER TO THE ASSOCIATION OF CO-OWNERS, THEN THE ASSO-
14 CIATION OF CO-OWNERS MAY DO THE FOLLOWING:

15 (A) ISSUE A STATUTORY NOTICE TO QUIT FOR NON-PAYMENT OF RENT
16 TO THE TENANT AND SHALL HAVE THE RIGHT TO ENFORCE THAT NOTICE BY
17 SUMMARY PROCEEDING.

18 (B) INITIATE PROCEEDINGS PURSUANT TO SUBSECTION (4)(B).

19 Sec. 113. A developer, RESIDENTIAL BUILDER, or sales agent
20 shall not require that a prospective purchaser of a condominium
21 unit obtain financing from a specific financial institution
22 exclusively.

23 Sec. 132. A ~~mechanic's~~ CONSTRUCTION lien otherwise aris-
24 ing under ~~Act No. 179 of the Public Acts of 1891, being sec-~~
25 ~~tions 570.1 to 570.30 of the Michigan Compiled Laws, shall be~~
26 THE CONSTRUCTION LIEN ACT, 1980 PA 497, MCL 570.1101 TO 570.1305,
27 IS subject to the following limitations:

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1 (a) Except as provided in this section, a ~~mechanic's~~
2 CONSTRUCTION lien for work performed upon a condominium unit or
3 upon a limited common element may attach only to the condominium
4 unit upon which the work was performed OR TO WHICH THE LIMITED
5 COMMON ELEMENT IS APPURTENANT.

6 (b) A ~~mechanic's~~ CONSTRUCTION lien for work authorized by
7 the developer, RESIDENTIAL BUILDER, or principal contractor and
8 performed upon the common elements may attach only to condominium
9 units owned by the developer, RESIDENTIAL BUILDER, OR PRINCIPAL
10 CONTRACTOR at the time of recording of the statement of account
11 and lien.

12 (c) A ~~mechanic's~~ CONSTRUCTION lien for work authorized by
13 the association of co-owners may attach to each condominium unit
14 only to the proportionate extent that the co-owner of the condo-
15 minium unit is required to contribute to the expenses of adminis-
16 tration as provided by the condominium documents.

17 (d) A ~~mechanic's~~ CONSTRUCTION lien may not arise or attach
18 to a condominium unit for work performed on the common elements
19 not contracted by the developer, RESIDENTIAL BUILDER, OR PRINCI-
20 PAL CONTRACTOR or BY the association of co-owners.

21 Sec. 135. (1) As used in this section, "successor
22 developer" means a person who acquires title to the lesser of 10
23 units or 75% of the units in a condominium project, other than a
24 business condominium project, by foreclosure, deed in lieu of
25 foreclosure, purchase, or similar transaction. SUCCESSOR DEVEL-
26 OPER DOES NOT INCLUDE A PERSON THAT IS NOT OBLIGATED TO, OR IN
27 FACT DOES NOT, CONSTRUCT COMMON ELEMENTS.

1 (2) A successor developer shall do both of the following:

2 (a) Comply with this act in the same manner as a developer
3 before selling any units.

4 (b) Except as provided in subsection (3), assume all express
5 written contractual warranty obligations for defects in workman-
6 ship and materials undertaken by its predecessor in title. A
7 successor developer shall not be required to assume, and shall
8 not otherwise be liable for, any other contractual obligations of
9 its predecessor in title.

10 (3) A successor developer shall not be required to comply
11 with subsection (2)(b) with respect to any express written con-
12 tractual warranty obligations for defects in workmanship and
13 materials, if either of the following is maintained with respect
14 to units for which such a warranty was undertaken by the prede-
15 cessor in title:

16 (a) An insurance policy, in a form approved by the insurance
17 bureau, that is underwritten by an insurer authorized to do busi-
18 ness in this state. The insurance policy shall provide coverage
19 for express written contractual warranty obligations for liabil-
20 ity for defects in workmanship and materials.

21 (b) An aggregate escrow account with an escrow agent which
22 contains not less than 0.5% of the sales price of each unit. If
23 the escrow account described in this subdivision is initiated by
24 a developer before a successor developer acquires title, 0.5% of
25 the sales price of each unit in the project shall be deposited by
26 the developer in the aggregate escrow account periodically upon
27 the sale of each unit. If the escrow account described in this

1 subdivision is initiated by a successor developer after
2 acquisition of title, a total amount equal to 0.5% of the sales
3 price of all units for which the warranty period plus 6 months
4 has not expired shall be deposited by the successor developer in
5 the aggregate escrow account, and 0.5% of the sales price of each
6 unit shall be deposited by the successor developer in the aggre-
7 gate escrow account periodically upon the sale of each remaining
8 unit. Funds in an escrow account described in this subdivision
9 shall not be released for a unit until 6 months after the expira-
10 tion of the warranty period for that unit.

11 (4) A successor developer ~~which~~ THAT acquires title to the
12 lesser of 10 business condominium units or 75% of the business
13 condominium units in the condominium project shall not be
14 required to assume, and shall not otherwise be liable for, any
15 contractual obligations of its predecessor in title.

16 SEC. 176. A PERSON SHALL NOT MAINTAIN ANY ACTION AGAINST
17 ANY DEVELOPER, RESIDENTIAL BUILDER, LICENSED ARCHITECT, CONTRAC-
18 TOR, SALES AGENT, OR MANAGER OF A CONDOMINIUM PROJECT ARISING OUT
19 OF THE DEVELOPMENT OR CONSTRUCTION OF THE COMMON ELEMENTS, OR THE
20 MANAGEMENT, OPERATION, OR CONTROL OF A CONDOMINIUM PROJECT, MORE
21 THAN 3 YEARS FROM THE TRANSITIONAL CONTROL DATE OR 2 YEARS FROM
22 THE DATE THE CAUSE OF ACTION ACCRUES, WHICHEVER OCCURS LATER.

23 Enacting section 1. This amendatory act does not take
24 effect unless Senate Bill No. 613 of the 90th Legislature is
25 enacted into law.