

# SENATE BILL No. 1334

May 27, 2008, Introduced by Senators BASHAM, ANDERSON, GARCIA and GLEASON and referred to the Committee on Economic Development and Regulatory Reform.

A bill to amend 1978 PA 59, entitled  
"Condominium act,"  
by amending section 54 (MCL 559.154), as amended by 2002 PA 283.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

8       (2) The bylaws shall provide that the person designated to  
9 administer the affairs of the project shall be assessed as the  
10 person in possession for any tangible personal property of the

1 project owned or possessed in common by the co-owners. Personal  
2 property taxes based on that tangible personal property shall be  
3 treated as expenses of administration.

4 (3) The bylaws shall contain specific provisions directing the  
5 courses of action to be taken in the event of partial or complete  
6 destruction of the building or buildings in the project.

7 (4) The bylaws shall provide that expenditures affecting the  
8 administration of the project shall include costs incurred in the  
9 satisfaction of any liability arising within, caused by, or  
10 connected with, the common elements or the administration of the  
11 condominium project, and that receipts affecting the administration  
12 of the condominium project shall include all sums received as the  
13 proceeds of, or pursuant to, a policy of insurance securing the  
14 interest of the co-owners against liabilities or losses arising  
15 within, caused by, or connected with the common elements or the  
16 administration of the condominium project.

17 (5) The bylaws shall provide that the association of co-owners  
18 shall prepare and distribute to each ~~owner~~ **CO-OWNER** at least once  
19 each year a financial statement, the contents of which shall be  
20 defined by the association of co-owners.

21 (6) The bylaws shall provide an indemnification clause for the  
22 board of directors of the association of co-owners. The  
23 indemnification clause shall require that 10 days' notice ~~, before~~  
24 ~~payment under the clause,~~ be given to the co-owners **BEFORE PAYMENT**  
25 **IS MADE UNDER THE CLAUSE**. The indemnification clause shall exclude  
26 indemnification for willful and wanton misconduct and for gross  
27 negligence.

1           (7) The bylaws may allocate to each condominium unit a number  
2 of votes in the association of co-owners proportionate to the  
3 percentage of value appertaining to each condominium unit, or an  
4 equal number of votes in the association of co-owners.

5           (8) The bylaws shall contain a provision providing that  
6 arbitration of ~~disputes, claims, and grievances~~ **A DISPUTE, CLAIM,**  
7 **OR GRIEVANCE** arising out of or relating to the interpretation of  
8 the application of the condominium document or arising out of  
9 ~~disputes~~ **A DISPUTE** among or between co-owners shall be submitted to  
10 arbitration and that the parties to the dispute, claim, or  
11 grievance shall accept the arbitrator's decision as final and  
12 binding, upon the election and written consent of the parties to  
13 the ~~disputes, claims, or grievances~~ **DISPUTE, CLAIM, OR GRIEVANCE**  
14 and upon written notice to the association. The commercial  
15 arbitration rules of the American arbitration association are  
16 applicable to any such arbitration.

17           (9) In the absence of the election and written consent of the  
18 parties under subsection (8), neither a co-owner nor the  
19 association is prohibited from petitioning a court of competent  
20 jurisdiction to resolve ~~any~~ **A** dispute, claim, or grievance.

21           (10) The election by the parties to submit ~~any~~ **A** dispute,  
22 claim, or grievance to arbitration prohibits the parties from  
23 petitioning the courts regarding that dispute, claim, or grievance.

24           (11) Subsections (8), (9), and (10) apply only to condominium  
25 projects established on or after ~~the effective date of the~~  
26 ~~amendatory act that added this subsection~~ **MAY 9, 2002.**

27           **(12) THE BYLAWS SHALL PROVIDE THAT CO-OWNERS MAY ATTEND ALL**

1 MEETINGS OF THE BOARD OF DIRECTORS OF THE ASSOCIATION OF CO-OWNERS  
2 EXCEPT AS PROVIDED IN SUBSECTION (15). THE CO-OWNERS' RIGHT TO  
3 ATTEND THE MEETINGS INCLUDES THE RIGHT TO SPEAK ON A DESIGNATED  
4 AGENDA ITEM.

5 (13) THE BYLAWS SHALL PROVIDE THAT, EXCEPT IN THE CASE OF AN  
6 EMERGENCY, WRITTEN NOTICE OF A MEETING OF THE BOARD OF DIRECTORS OF  
7 THE ASSOCIATION OF CO-OWNERS SHALL BE POSTED IN A CONSPICUOUS PLACE  
8 ON THE CONDOMINIUM PROPERTY NOT LESS THAN 14 DAYS BEFORE THE  
9 MEETING. THE NOTICE SHALL INCLUDE ALL AGENDA ITEMS FOR THE MEETING.  
10 THE NOTICE OF A MEETING AT WHICH REGULAR ASSESSMENTS AGAINST CO-  
11 OWNERS WILL BE CONSIDERED SHALL CONTAIN A SPECIFIC STATEMENT THAT  
12 ASSESSMENTS WILL BE CONSIDERED AND DESCRIBE THE NATURE OF THE  
13 ASSESSMENTS.

14 (14) THE BYLAWS SHALL PROVIDE THAT IN THE EVENT OF AN  
15 EMERGENCY REQUIRING A MEETING OF THE BOARD OF DIRECTORS OF THE  
16 ASSOCIATION OF CO-OWNERS WITHOUT NOTICE AS REQUIRED IN THIS  
17 SECTION, THE BOARD OF DIRECTORS OF THE ASSOCIATION OF CO-OWNERS  
18 SHALL PROVIDE THE DETAILS OF THAT EMERGENCY TO THE CO-OWNERS  
19 PRESENT AT THE NEXT REGULAR MEETING OF THE BOARD OF DIRECTORS OF  
20 THE ASSOCIATION OF CO-OWNERS.

21 (15) THE BOARD OF DIRECTORS OF THE ASSOCIATION OF CO-OWNERS  
22 MAY MEET IN A CLOSED SESSION ONLY FOR 1 OR MORE OF THE FOLLOWING  
23 PURPOSES:

24 (A) TO CONSIDER THE DISMISSAL, SUSPENSION, OR DISCIPLINING OF;  
25 TO HEAR COMPLAINTS OR CHARGES BROUGHT AGAINST; OR TO CONSIDER A  
26 PERIODIC PERSONNEL EVALUATION OF AN OFFICER, EMPLOYEE, STAFF  
27 MEMBER, OR INDIVIDUAL AGENT, IF THE NAMED PERSON REQUESTS A CLOSED

1 HEARING. A PERSON REQUESTING A CLOSED HEARING MAY RESCIND THE  
2 REQUEST AT ANY TIME, IN WHICH CASE THE MATTER AT ISSUE SHALL BE  
3 CONSIDERED ONLY IN OPEN SESSIONS.

4 (B) FOR STRATEGY AND NEGOTIATION SESSIONS CONNECTED WITH THE  
5 NEGOTIATION OF A COLLECTIVE BARGAINING AGREEMENT IF EITHER  
6 NEGOTIATING PARTY REQUESTS A CLOSED HEARING.

7 (C) TO CONSULT WITH ITS ATTORNEY REGARDING TRIAL OR SETTLEMENT  
8 STRATEGY IN CONNECTION WITH SPECIFIC PENDING LITIGATION, ONLY IF AN  
9 OPEN MEETING WOULD HAVE A DETRIMENTAL FINANCIAL EFFECT ON THE  
10 LITIGATING OR SETTLEMENT POSITION OF THE ASSOCIATION OF CO-OWNERS.

11 (D) TO REVIEW THE SPECIFIC CONTENTS OF AN APPLICATION FOR  
12 EMPLOYMENT IF THE CANDIDATE REQUESTS THAT THE APPLICATION REMAIN  
13 CONFIDENTIAL. HOWEVER, ALL INTERVIEWS FOR EMPLOYMENT SHALL BE HELD  
14 IN OPEN SESSIONS.

15 (16) SUBSECTIONS (12), (13), (14), AND (15) SHALL APPLY ONLY  
16 TO BYLAWS CREATED ON OR AFTER THE EFFECTIVE DATE OF THE AMENDATORY  
17 ACT THAT ADDED THIS SUBSECTION.