

HOUSE BILL No. 6071

November 29, 2012, Introduced by Rep. McMillin and referred to the Committee on Banking and Financial Services.

A bill to amend 1978 PA 59, entitled
"Condominium act,"
by amending sections 84a and 108 (MCL 559.184a and 559.208),
section 84a as amended by 1983 PA 113 and section 108 as amended by
2002 PA 283; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 84a. (1) The developer shall provide copies of all of the
2 following documents to a prospective purchaser of a condominium
3 unit, other than a business condominium unit:

4 (a) The recorded master deed.

5 (b) A copy of a purchase agreement that conforms with section
6 84 ~~,—~~and that is in a form in which the purchaser may sign the
7 agreement ~~,—together with—~~**AND** a copy of the escrow agreement.

8 (c) A condominium buyer's handbook. The handbook shall

1 contain, in a prominent location and in boldface type, the name,
2 telephone number, and address of the person designated by the
3 administrator to respond to complaints. The handbook shall contain
4 a listing of the available remedies as provided in section 145.

5 (d) A disclosure statement relating to the project containing
6 all of the following:

7 ~~(i) An explanation of the association of co-owners' possible~~
8 ~~liability pursuant to section 58.~~

9 (i) ~~(ii)~~ The names, addresses, and previous experience with
10 condominium projects of each developer and any management agency,
11 real estate broker, residential builder, and residential
12 maintenance and alteration contractor.

13 (ii) ~~(iii)~~ A projected budget for the first year of operation of
14 the association of co-owners.

15 (iii) ~~(iv)~~ An explanation of the escrow arrangement.

16 (iv) ~~(v)~~ Any express warranties undertaken by the developer ~~7~~
17 ~~together with~~ **AND** a statement that express warranties are not
18 provided unless specifically stated.

19 (v) ~~(vi)~~ If the condominium project is an expandable
20 condominium project, an explanation of the contents of the master
21 deed relating to the election to expand the project prescribed in
22 section 32~~7~~ and an explanation of the material consequences of
23 expanding the project.

24 (vi) ~~(vii)~~ If the condominium project is a contractable
25 condominium project, an explanation of the contents of the master
26 deed relating to the election to contract the project prescribed in
27 section 33, an explanation of the material consequences of

1 contracting the project, and a statement that any structures or
2 improvements proposed to be located in a contractable area need not
3 be built.

4 (vii) ~~(viii)~~ If section 66(2)(j) is applicable, an identification
5 of all structures and improvements labeled ~~pursuant to~~ **UNDER**
6 section 66 **AS** "need not be built".

7 (viii) ~~(ix)~~ If section 66(2)(j) is applicable, the extent to
8 which financial arrangements have been provided for completion of
9 all structures and improvements labeled ~~pursuant to~~ **UNDER** section
10 66 **AS** "must be built".

11 (ix) ~~(x)~~ Other material information about the condominium
12 project and the developer that the administrator requires by rule.

13 (e) If a project is a conversion condominium, the developer
14 shall disclose the following additional information:

15 (i) A statement, if known, of the condition of the main
16 components of the building, including the roofs; foundations;
17 external and supporting walls; heating, cooling, mechanical
18 ventilating, electrical, and plumbing systems; and structural
19 components. If the condition of any of the components of the
20 building listed in this subparagraph is unknown, the developer
21 shall fully disclose that fact.

22 (ii) A list of any outstanding building code or other municipal
23 regulation violations and the dates the premises were last
24 inspected for compliance with building and housing codes.

25 (iii) The year or years of completion of construction of the
26 building or buildings in the project.

27 (2) A purchase agreement may be amended by agreement of the

1 purchaser and developer before or after the agreement is signed. An
2 amendment to the purchase agreement does not afford the purchaser
3 any right or time to withdraw in addition to that provided in
4 section 84(2). An amendment to the condominium documents effected
5 in the manner provided in the documents or provided by law does not
6 afford the purchaser any right or time to withdraw in addition to
7 that provided in section 84(2).

8 (3) At the time the purchaser receives the documents required
9 in subsection (1) the developer shall provide a separate form that
10 explains the ~~provisions~~ **REQUIREMENTS** of this section. The signature
11 of the purchaser ~~upon this~~ **ON THE SEPARATE** form is prima facie
12 evidence that the documents required in subsection (1) were
13 received and understood by the purchaser.

14 (4) Promptly after recording a master deed for a condominium
15 project containing a business condominium unit, the developer shall
16 provide to a prospective purchaser of a business condominium unit a
17 copy of the recorded master deed for the project.

18 (5) With regard to any documents required under this section,
19 a developer shall not make an untrue statement of a material fact
20 or omit to state a material fact necessary in order to make the
21 statements made, in the light of the circumstances under which they
22 were made, not misleading.

23 (6) The developer promptly shall amend a document required
24 under this section to reflect any material change or to correct any
25 omission in the document.

26 (7) In addition to other liabilities and penalties, a
27 developer who violates this section is subject to section 115.

1 Sec. 108. (1) ~~Sums~~ **AN AMOUNT** assessed to a co-owner by the
2 association of co-owners that ~~are~~ **IS** unpaid ~~together with~~ **AND**
3 interest on ~~such sums~~, **THE UNPAID AMOUNT**, collection and late
4 charges, advances made by the association of co-owners for taxes or
5 other liens to protect its lien, attorney fees, and fines in
6 accordance with the condominium documents, ~~constitute~~ **ARE** a lien
7 ~~upon~~ **ON** the unit or units in the project owned by the co-owner at
8 the time of the assessment before other liens, except tax liens on
9 the condominium unit in favor of ~~any~~ **A** state or federal taxing
10 authority. ~~and sums unpaid on a first mortgage of record, except~~
11 ~~that past~~ **PAST** due assessments that are evidenced by a notice of
12 lien recorded ~~as set forth in~~ **UNDER** subsection (3) have priority
13 over a ~~first mortgage~~, **REGARDLESS OF WHEN THE MORTGAGE IS** recorded.
14 ~~subsequent to the recording of the notice of lien.~~ The lien ~~upon~~ **ON**
15 each condominium unit owned by the co-owner ~~shall be~~ **IS** in the
16 amount assessed against the condominium unit, plus a proportionate
17 share of the total of all other unpaid assessments attributable to
18 condominium units no longer owned by the co-owner but ~~which~~ **THAT**
19 became due while the co-owner had title to the condominium units.
20 ~~The~~ **A** lien **UNDER THIS SECTION** may be foreclosed by an action or by
21 advertisement by the association of co-owners in the name of the
22 condominium project on behalf of the other co-owners.

23 (2) A foreclosure **UNDER THIS SECTION** shall be **CONDUCTED** in the
24 same manner as a foreclosure ~~under the laws relating to foreclosure~~
25 of **A** real estate ~~mortgages~~ **MORTGAGE** by advertisement or judicial
26 action, except that to the extent the condominium documents
27 provide, the association of co-owners is entitled to reasonable

1 interest, expenses, costs, and attorney fees for foreclosure by
 2 advertisement or judicial action. The redemption period for a
 3 foreclosure is 6 months from the date of sale unless the property
 4 is abandoned, in which ~~event~~ **CASE** the redemption period is 1 month
 5 from the date of sale.

6 (3) A foreclosure proceeding may not be commenced ~~without~~
 7 ~~recordation and service of~~ **UNLESS A** notice of lien in accordance
 8 ~~with the following.~~ **IS RECORDED AND SERVED AS FOLLOWS:**

9 (a) ~~Notice~~ **THE NOTICE** of lien shall ~~set forth~~ **CONTAIN** all of
 10 the following:

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

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

14 (iii) The amounts due the association of co-owners at the date
 15 of the notice, exclusive of interest, costs, attorney fees, and
 16 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 and
 19 may contain other information that the association of co-owners
 20 considers appropriate.

21 (c) The notice of lien shall be recorded in the office of **THE**
 22 register of deeds in the county in which the condominium project is
 23 located and shall be served ~~upon~~ **ON** 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 commencement~~
 26 ~~of~~ **BEFORE** the foreclosure proceeding **IS COMMENCED**.

27 (4) The association of co-owners, acting on behalf of all co-

1 owners, unless prohibited by the master deed or bylaws, may bid in
2 at ~~the~~ **A** foreclosure sale **UNDER THIS SECTION**, and acquire, hold,
3 lease, mortgage, or convey the condominium unit.

4 (5) An action to recover **A** money ~~judgments~~ **JUDGMENT** for **AN**
5 unpaid ~~assessments~~ **ASSESSMENT** may be maintained without foreclosing
6 or waiving the lien.

7 (6) An action for money damages and foreclosure may be
8 combined 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 lease
12 the condominium unit and collect and apply the rental from the
13 condominium unit.

14 (8) The co-owner of a condominium unit subject to foreclosure
15 under this section, and any purchaser, grantee, successor, or
16 assignee of the co-owner's interest in the condominium unit, is
17 liable for assessments by the association of co-owners chargeable
18 to the condominium unit that become due before expiration of the
19 period of redemption ~~together with~~ **AND** interest, advances made by
20 the association of co-owners for taxes or other liens to protect
21 its lien, costs, and attorney fees incurred in their collection.

22 (9) The mortgagee of a ~~first~~ mortgage of record of a
23 condominium unit shall give notice to the association of co-owners
24 of the commencement of foreclosure of the ~~first~~ mortgage by
25 advertisement by serving a copy of the published notice of
26 foreclosure required by statute ~~upon~~ **ON** the association of co-
27 owners by certified mail, return receipt requested, addressed to

1 the resident agent of the association of co-owners at the agent's
2 address as shown on the records of the ~~Michigan corporation and~~
3 ~~securities bureau~~ **DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS,**
4 or to the address the association provides to the mortgagee, if
5 any, ~~in those cases where~~ **IF** the address is not registered, within
6 10 days after the first publication of the notice. The mortgagee of
7 a ~~first~~ mortgage of record of a condominium unit shall give notice
8 to the association of co-owners of intent to commence foreclosure
9 of the ~~first~~ mortgage by judicial action by serving a notice
10 ~~setting forth~~ **THAT CONTAINS** the names of the mortgagors, the
11 mortgagee, and the foreclosing assignee of a recorded assignment of
12 the mortgage, if any; the date of the mortgage and the date the
13 mortgage was recorded; the amount claimed to be due on the mortgage
14 on the date of the notice; and a description of the mortgaged
15 premises that substantially conforms with the description contained
16 in the mortgage ~~upon~~ **ON** the association of co-owners by certified
17 mail, return receipt requested, addressed to the resident agent of
18 the association of co-owners at the agent's address as shown ~~on~~ **BY**
19 the records of the ~~Michigan corporation and securities bureau~~
20 **DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS,** or to the address
21 the association provides to the mortgagee, if any, ~~in those cases~~
22 ~~where~~ **IF** the address is not registered, not less than 10 days
23 before commencement of the judicial action. Failure of the
24 mortgagee to provide notice as required by this section ~~shall only~~
25 ~~provide the association with legal recourse and will~~ **DOES** not , in
26 ~~any event,~~ invalidate ~~any~~ **A** foreclosure proceeding between a
27 mortgagee and mortgagor.

1 Enacting section 1. Section 58 of the condominium act, 1978 PA
2 59, MCL 559.158, is repealed.