



Senate Fiscal Agency
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BILL ANALYSIS



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House Bill 4355 (Substitute H-3 as passed by the House)
Sponsor: Representative Paul Clemente
House Committee: Regulatory Reform
Senate Committee: Regulatory Reform

Date Completed: 9-18-13

CONTENT

The bill would amend the Condominium Act to do the following:

- **Require an association with more than \$20,000 in annual revenue to have its books, records, and financial statements independently audited or reviewed by a certified public accountant.**
- **Allow an association annually to opt out of that requirement.**
- **Delete a requirement that an association's books and records be audited or reviewed annually by independent accountants.**
- **Include financial statements in a provision requiring certain documents to be available for examination by co-owners and mortgagees.**

The Act requires all of a condominium project's books and records to be audited or reviewed by independent accountants annually, but specifies that those audits need not be certified. The bill would delete that provision. The bill instead would require an association of co-owners with annual revenue greater than \$20,000 to have its books, records, and financial statements independently audited or reviewed by a certified public accountant on an annual basis. An association of co-owners, however, could opt out of the audit or review requirement on an annual basis by an affirmative vote of a majority of its members by any means permitted under the association's bylaws.

The audit or review would have to be performed in accordance with the Statements on Auditing Standards or the Statements on Standards for Accounting and Review Services, respectively, of the American Institute of Certified Public Accountants.

The Act also requires the books, records, and contracts concerning the administration and operation of a condominium project to be available for examination by any of the co-owners and their mortgagees at convenient times. The bill would include financial statements in that provision.

MCL 559.157

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Dan O'Connor

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