

**CONDOMINIUM ACT (EXCERPT)**  
**Act 59 of 1978**

**559.204b Definitions; applicability of section; notice of right to elect extended lease arrangement; election; extended lease arrangement provisions; number of years lease renewable; notice by developer entering into restricted lease arrangement; assignment, device, sublease, or transfer of lease by qualified senior citizen or person with disabilities prohibited; automatic termination of lease; liability of lessor violating rental restrictions; recovery of possession of restricted unit; transfer of restricted unit.**

Sec. 104b. (1) As used in this section and sections 104a, 104d, 104e, and 131:

(a) "Qualified conversion condominium project" means a structure or group of structures containing a total of 6 or more residential units occupied before the establishment of a conversion condominium project.

(b) "Qualified person with disabilities" means a person who is a resident of a qualified conversion condominium project and paraplegic, quadriplegic, hemiplegic, or blind as that term is defined in section 504 of the income tax act of 1967, 1967 PA 281, MCL 206.504.

(c) "Qualified senior citizen" means an individual who is both of the following:

(i) A resident, on October 10, 1980, of a unit in a qualified conversion condominium project who on or after June 1, 1980, was a party to an oral or written agreement to pay less than \$450.00 monthly rent for an apartment in the project having 1 bedroom or less, or less than \$500.00 monthly rent for an apartment in the project having 2 or more bedrooms.

(ii) Sixty-five years of age or older on October 10, 1980.

(d) "Rent" or "monthly rent" means the total monthly amount payable to the lessor, and shall include any amount payable to the lessor for utilities.

(e) "Resident" means an individual who uses a unit as his or her primary residence, to which the individual intends to return whenever absent.

(f) "Restricted unit" means an apartment that is subject to an extended lease arrangement as provided in subsection (4).

(2) Except as to a developer who has been issued a permit to sell before October 10, 1980, this section applies to a developer of a qualified conversion condominium project.

(3) A developer shall notify each existing tenant at the same time notice is given under section 104(2), of the right to elect an extended lease arrangement and the terms and conditions of an extended lease arrangement. A qualified senior citizen or qualified person with disabilities shall have not more than 60 days after receipt of notice under this subsection to communicate the election of an extended lease arrangement to the developer.

(4) An extended lease arrangement shall be in writing and shall provide for the following:

(a) A written lease renewable from year to year for the number of years specified in subsection (5) with respect to a unit occupied by a qualified senior citizen, and for the number of years specified in subsection (6) with respect to a unit occupied by a qualified person with disabilities.

(b) That the number of years for which a lease subject to an extended lease arrangement may be renewed shall be measured from the date on which the election of an extended lease arrangement is communicated to the developer.

(c) That any increase in the rent during the time the unit is a restricted unit will not be an unreasonable increase beyond the fair market rent for a comparable apartment.

(d) That upon request of the resident of a restricted unit, the owner shall disclose all information used in determining a reasonable rent increase based upon the standard in subdivision (c).

(5) Except as provided in section 104d, the number of years for which a qualified senior citizen may renew a lease subject to an extended lease arrangement shall be determined by his or her age on the date of receipt of the notice required under section 104(2), as follows:

(a) A person who is not less than 65 years of age and not more than 69 years of age may renew year to year for 4 years. However, if the developer is notified that sufficient loan funds are not available under former section 104c, the period of renewal under this subdivision is reduced 2 years. The developer immediately shall notify affected qualified senior citizens of a reduction in the number of years of renewal.

(b) A person who is not less than 70 years of age and not more than 74 years of age may renew year to year for 6 years.

(c) A person who is not less than 75 years of age and not more than 79 years of age may renew year to year for 7 years.

(d) A person who is 80 years of age or more may renew year to year for 10 years.

(6) Except as provided in section 104d, a person who is a qualified person with disabilities on the date of receipt of notice required under section 104(2) may renew a lease subject to an extended lease arrangement year to year for 4 years; or, if the qualified person with disabilities is also a qualified senior citizen, for the number of years provided in subsection (5), whichever is greater.

(7) A developer who enters into a restricted lease arrangement or the developer's successor shall notify:

(a) The Michigan state housing development authority of each tenant who elects an extended lease arrangement as soon as practicable after the election is communicated to the developer.

(b) The office of services to the aging created in section 5 of the older Michigianians act, 1981 PA 180, MCL 400.585, 18 months before the expiration of the extended lease arrangement for a qualified senior citizen who is in the age categories described in subsection (5)(c) and (d).

(8) A lease subject to an extended lease arrangement shall not be assigned, devised, subleased, or transferred by the qualified senior citizen or qualified person with disabilities.

(9) A lease subject to an extended lease arrangement shall terminate automatically upon the death of the qualified senior citizen or qualified person with disabilities. However, a surviving spouse of a qualified senior citizen who is 65 years of age or older at the time the qualified senior citizen dies shall have the right to execute a lease under an extended lease arrangement subject to the right of renewal, and other conditions, that applied to the deceased. A surviving spouse who does not qualify for an extended lease shall have 6 months in which to vacate the premises, during which time the conditions of the deceased spouse's extended lease shall apply, except for the right of renewal.

(10) A lessor who violates the rental restrictions of subsection (4)(c) is liable to the qualified senior citizen or qualified person with disabilities in an amount equal to 3 times the amount by which the rental payments exceed the fair market rent, to be recovered in a civil action.

(11) The owner may recover possession of a restricted unit for nonpayment of rent, illegal use or occupancy of the premises, or other grounds for recovery of possession under chapter 57 of the revised judicature act of 1961, 1961 PA 236, MCL 600.5701 to 600.5759.

(12) A restricted unit may be transferred by the owner to any person, subject to the extended lease arrangement.

**History:** Add. 1980, Act 283, Imd. Eff. Oct. 10, 1980;—Am. 1980, Act 513, Imd. Eff. Jan. 26, 1981;—Am. 1982, Act 538, Imd. Eff. Jan. 17, 1983;—Am. 1998, Act 36, Imd. Eff. Mar. 18, 1998.