

Legislative Analysis



LAWSUIT BY CONDO BD OF DIRECTORS: ALLOW

Phone: (517) 373-8080
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House Bill 4919 as introduced

Sponsor: Rep. Klint Kesto

Committee: Judiciary

Complete to 12-5-16

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

The bill allows the board of directors of a condominium association to initiate, defend, or settle lawsuits on behalf of all co-owners of the condominium project and voids any provision in the condominium documents or articles of incorporation that restricts the board in the exercise of these powers.

Under the Condominium Act, actions on behalf of and against the co-owners must be brought in the name of the association of co-owners, with the association able to assert, defend, or settle claims on behalf of all co-owners in connection with the condominium project. Typically, condominium documents or articles of incorporation require that two-thirds of the association members approve litigation.

House Bill 4919 amends the Condominium Act to add that the board of directors of an association of co-owners has the power to assert, defend, or settle claims on behalf of all co-owners in connection with the condominium project, and that the association's articles of incorporation and condominium documents cannot restrict the powers granted to the board by the bill. Any provision in the articles or document that requires a vote of the co-owners to authorize the board to incur legal fees and costs in the exercise of the power granted under the bill, or that otherwise seeks to restrict that power, will be void. In addition, the bill amends two other provisions in the act to comport with the new language and to make editorial changes of a technical nature.

The bill takes effect 90 days after enactment.

MCL 559.160, 559.207, and 559.215

FISCAL IMPACT:

The bill would not have a fiscal impact on units of state or local government.

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