

# HOUSE BILL No. 5980

October 19, 2016, Introduced by Rep. Lucido and referred to the Committee on Local Government.

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~~**PROVIDE** for  
2 the designation of persons to administer the affairs of the  
3 condominium project and shall require that those persons keep books  
4 and records with a detailed account of the expenditures and  
5 receipts affecting the condominium project and its administration,  
6 and ~~which~~**THAT** specify the operating expenses of the project.

7           (2) The bylaws shall provide that the person designated to  
8 administer the affairs of the project shall be assessed as the  
9 person in possession for any tangible personal property of the  
10 project owned or possessed in common by the co-owners. Personal  
11 property taxes based on that tangible personal property shall be

1 treated as expenses of administration.

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

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

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

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

26 (7) The bylaws may allocate to each condominium unit a number  
27 of votes in the association of co-owners proportionate to the

1 percentage of value appertaining to each condominium unit, or an  
2 equal number of votes in the association of co-owners.

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

15 (9) In the absence of the election and written consent of the  
16 parties under subsection (8), ~~neither~~ **AFTER MEDIATION UNDER**  
17 **SUBSECTION (12)** a co-owner ~~nor~~ **OR** the association ~~is prohibited~~  
18 ~~from petitioning~~ **MAY PETITION** a court of competent jurisdiction to  
19 resolve any dispute, claim, or grievance.

20 (10) ~~The~~ **ONGOING MEDIATION UNDER SUBSECTION (12) OR THE**  
21 election by the parties to submit any dispute, claim, or grievance  
22 to arbitration prohibits the parties from petitioning the courts  
23 regarding that dispute, claim, or grievance.

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

27 **(12) THE BYLAWS SHALL REQUIRE MEDIATION OF DISPUTES, CLAIMS,**

1 AND GRIEVANCES DESCRIBED IN SUBSECTION (8), UNLESS THE MATTER IS  
2 ARBITRATED UNDER SUBSECTION (8). LEGAL COUNSEL FOR OR A MEMBER OF  
3 THE BOARD OF DIRECTORS OF THE ASSOCIATION OF CO-OWNERS SHALL NOT  
4 SERVE AS A MEDIATOR.

5 Enacting section 1. This amendatory act takes effect 90 days  
6 after the date it is enacted into law.