

# HOUSE BILL No. 4774

May 1, 1991, Introduced by Reps. DeLange, McNutt and Dolan and referred to the Committee on Housing and Urban Affairs.

A bill to amend section 54 of Act No. 59 of the Public Acts of 1978, entitled as amended

"Condominium act,"

as amended by Act No. 538 of the Public Acts of 1982, being section 559.154 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 54 of Act No. 59 of the Public Acts of  
2 1978, as amended by Act No. 538 of the Public Acts of 1982, being  
3 section 559.154 of the Michigan Compiled Laws, is amended to read  
4 as follows:

5       Sec. 54. (1) The bylaws shall contain provisions for the  
6 designation of persons to administer the affairs of the condomin-  
7 ium project and shall require that those persons keep books and  
8 records with a detailed account of the expenditures and receipts

1 affecting the condominium project and its administration, and  
2 which specify the operating expenses of the project.

3 (2) The bylaws shall provide that the person designated to  
4 administer the affairs of the project shall be assessed as the  
5 person in possession for any tangible personal property of the  
6 project owned or possessed in common by the ~~co-owners~~  
7 CO-OWNERS. Personal property taxes based on that tangible per-  
8 sonal property shall be treated as expenses of administration.

9 (3) The bylaws shall contain specific provisions directing  
10 the courses of action to be taken in the event of partial or com-  
11 plete destruction of the building or buildings in the project.

12 (4) The bylaws shall provide that expenditures affecting the  
13 administration of the project shall include costs incurred in the  
14 satisfaction of any liability arising within, caused by, or con-  
15 nected with ~~—~~ the common elements or the administration of the  
16 condominium project, and that receipts affecting the administra-  
17 tion of the condominium project shall include all sums received  
18 as the proceeds of, or pursuant to, a policy of insurance secur-  
19 ing the interest of the co-owners against liabilities or losses  
20 arising within, caused by, or connected with the common elements  
21 or the administration of the condominium project.

22 (5) The bylaws shall provide that the association of  
23 co-owners shall prepare and distribute to each owner at least  
24 once each year a financial statement, the contents of which shall  
25 be defined by the association of co-owners.

26 (6) The bylaws shall provide an indemnification clause for  
27 the board of directors of the association of co-owners. The

1 indemnification clause shall require that 10 days' notice, before  
2 payment under the clause, be given to the co-owners. The indem-  
3 nification clause shall exclude indemnification for ~~wilful~~  
4 WILLFUL and wanton misconduct and for gross negligence.

5       (7) THE BYLAWS SHALL CONTAIN THE PROVISIONS OF THIS SUBSEC-  
6 TION REGARDING ATTENDANCE OF CO-OWNERS AT MEETINGS OF THE BOARD  
7 OF DIRECTORS. DURING ANY 90-DAY PERIOD IN WHICH THE BOARD OF  
8 DIRECTORS MEETS, THE BOARD OF DIRECTORS SHALL PERMIT CO-OWNERS TO  
9 ATTEND AT LEAST 1 MEETING OF THE BOARD. NOT LESS THAN 48 HOURS  
10 BEFORE THE MEETING, THE BOARD OF DIRECTORS SHALL GIVE NOTICE OF  
11 THE MEETING TO EACH CO-OWNER AND SHALL POST A NOTICE IN THE PLACE  
12 WHERE CONDOMINIUM DOCUMENTS ARE KEPT PURSUANT TO SECTION 68.  
13 CO-OWNERS WHO ATTEND THE MEETING MAY ADDRESS THE DIRECTORS CON-  
14 CERNING ASSOCIATION MATTERS.

15       (8) THE BYLAWS SHALL CONTAIN THE PROVISIONS OF THIS SUBSEC-  
16 TION REGARDING THE ELECTION OF MEMBERS OF THE BOARD OF  
17 DIRECTORS. EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (9), AN  
18 ELECTION FOR MEMBERS OF THE BOARD OF DIRECTORS SHALL BE HELD AT  
19 THE ANNUAL MEETING. AT LEAST 2 MEMBERS OF THE BOARD OF DIRECTORS  
20 SHALL BE ELECTED FOR TERMS THAT ARE NOT CONCURRENT WITH THE TERMS  
21 OF OTHER DIRECTORS. AN AMENDMENT TO THE BYLAWS MADE TO COMPLY  
22 WITH THIS SUBSECTION MAY PROVIDE THAT A DIRECTOR SERVING ON THE  
23 EFFECTIVE DATE OF THE AMENDMENT MAY COMPLETE HIS OR HER TERM.

24       (9) THE BYLAWS SHALL PROVIDE THAT THE BOARD OF DIRECTORS  
25 SHALL CALL A SPECIAL MEETING OF THE ASSOCIATION OF CO-OWNERS AT  
26 ANY TIME IT RECEIVES A PETITION SIGNED BY 1/4 OF THE CO-OWNERS  
27 REQUESTING A MEETING OF THE ASSOCIATION FOR ANY PROPER PURPOSE

1 WHICH SHALL BE SET FORTH IN THE PETITION. A REQUEST FOR A VOTE  
2 ON THE RECALL OF 1 OR MORE DIRECTORS AND THE ELECTION OF SUCCES-  
3 SORS TO RECALLED DIRECTORS IS CONSIDERED A PROPER PURPOSE.  
4 WITHIN 20 DAYS AFTER RECEIPT OF A PETITION UNDER THIS SUBSECTION,  
5 THE BOARD SHALL NOTIFY EACH CO-OWNER OF THE DATE OF THE SPECIAL  
6 MEETING, WHICH SHALL BE SET AT LEAST 10 DAYS BUT NOT MORE THAN 60  
7 DAYS AFTER NOTICE IS GIVEN.

8       (10) ~~-(7)-~~ The bylaws may allocate to each condominium unit  
9 a number of votes in the association of co-owners proportionate  
10 to the percentage of value appertaining to each condominium unit,  
11 or an equal number of votes in the association of co-owners.

12       (11) NOTWITHSTANDING ANYTHING TO THE CONTRARY IN SECTION  
13 90(1), BYLAWS RECORDED BEFORE THE EFFECTIVE DATE OF THIS SUBSEC-  
14 TION MAY BE AMENDED TO COMPLY WITH SUBSECTIONS (7), (8), AND (9)  
15 WITHOUT THE CONSENT OF THE CO-OWNERS. CO-OWNERS HAVE THE RIGHTS  
16 SET FORTH IN SUBSECTIONS (7) AND (9) REGARDLESS OF WHETHER THE  
17 BYLAWS OF THEIR ASSOCIATION ARE AMENDED.