

# SENATE BILL No. 577

July 10, 2001, Introduced by Senator BULLARD and referred to the Committee on Economic Development, International Trade and Regulatory Affairs.

A bill to amend 1978 PA 59, entitled  
"Condominium act,"  
by amending section 54 (MCL 559.154), as amended by 2000 PA 379.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 54. (1) The bylaws shall contain provisions for the  
2 designation of ~~persons~~ A PERSON to administer the affairs of  
3 the condominium project and shall require that ~~those persons~~  
4 THE PERSON keep books and records with a detailed account of the  
5 expenditures and receipts affecting the condominium project and  
6 its administration, and ~~which~~ THAT specify the operating  
7 expenses of the project.

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

1 property taxes based on that tangible personal property shall be  
2 treated as expenses of administration.

3 (3) The bylaws shall contain specific provisions directing  
4 the ~~courses~~ COURSE of action to be taken in the event of par-  
5 tial or complete destruction of the building or buildings in the  
6 project.

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

17 (5) THE BYLAWS SHALL PROVIDE THAT RECEIPTS AFFECTING THE  
18 ADMINISTRATION OF THE CONDOMINIUM PROJECT SHALL INCLUDE ALL SUMS  
19 RECEIVED AS THE PROCEEDS OF, OR ACCORDING TO, A POLICY OF INSUR-  
20 ANCE SECURING THE INTEREST OF THE CO-OWNERS AGAINST LIABILITIES  
21 OR LOSSES ARISING WITHIN, CAUSED BY, OR CONNECTED WITH THE COMMON  
22 ELEMENTS OR THE ADMINISTRATION OF THE CONDOMINIUM PROJECT.

23 (6) ~~—(5)—~~ The bylaws shall provide that the association of  
24 co-owners shall prepare and distribute to each ~~owner~~ CO-OWNER  
25 at least once each year a financial statement, the contents of  
26 which shall be defined by the association of co-owners.

1       (7) ~~-(6)-~~ The bylaws shall provide an indemnification clause  
2 for the board of directors of the association of co-owners. The  
3 indemnification clause shall require that 10 days' notice ~~—~~  
4 ~~before payment under the clause,~~ be given to the co-owners,  
5 BEFORE PAYMENT UNDER THE CLAUSE. The indemnification clause  
6 shall exclude indemnification for willful and wanton misconduct  
7 and for gross negligence.

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

12       (9) ~~-(8)-~~ The bylaws shall contain a provision providing  
13 that arbitration of ~~disputes, claims, and grievances~~ A DISPUTE,  
14 CLAIM, OR GRIEVANCE arising out of or relating to the interpreta-  
15 tion of the application of the condominium document or arising  
16 out of ~~disputes~~ A DISPUTE among or between co-owners shall be  
17 submitted to arbitration and that the parties to the dispute,  
18 claim, or grievance shall accept the arbitrator's decision as  
19 final and binding, upon the election and written consent of the  
20 parties to the ~~disputes, claims, or grievances~~ DISPUTE, CLAIM,  
21 OR GRIEVANCE and upon written notice to the association. The  
22 commercial arbitration rules of the American arbitration associa-  
23 tion are applicable to any such arbitration.

24       (10) ~~-(9)-~~ In the absence of the election and written con-  
25 sent of the parties under subsection ~~-(8)-~~ (9), neither a  
26 co-owner nor the association is prohibited from petitioning a

1 court of competent jurisdiction to resolve ~~any~~ A dispute,  
2 claim, or grievance.

3       (11) ~~(10)~~ The election by the parties to submit ~~any~~ A  
4 dispute, claim, or grievance to arbitration prohibits the parties  
5 from petitioning the courts regarding that dispute, claim, or  
6 grievance.

7       (12) THE BYLAWS SHALL PROVIDE THAT CO-OWNERS MAY ATTEND ALL  
8 MEETINGS OF THE BOARD OF DIRECTORS OF THE ASSOCIATION OF  
9 CO-OWNERS EXCEPT AS PROVIDED IN SUBSECTION (15). THE CO-OWNERS'  
10 RIGHT TO ATTEND THE MEETINGS INCLUDES THE RIGHT TO SPEAK ON A  
11 DESIGNATED AGENDA ITEM.

12       (13) THE BYLAWS SHALL PROVIDE THAT, EXCEPT IN THE CASE OF AN  
13 EMERGENCY, WRITTEN NOTICE OF A MEETING OF THE BOARD OF DIRECTORS  
14 OF THE ASSOCIATION OF CO-OWNERS SHALL BE POSTED IN A CONSPICUOUS  
15 PLACE ON THE CONDOMINIUM PROPERTY NOT LESS THAN 14 DAYS BEFORE  
16 THE MEETING. THE NOTICE SHALL INCLUDE ALL AGENDA ITEMS FOR THE  
17 MEETING. THE NOTICE OF A MEETING AT WHICH REGULAR ASSESSMENTS  
18 AGAINST CO-OWNERS WILL BE CONSIDERED SHALL CONTAIN A SPECIFIC  
19 STATEMENT THAT ASSESSMENTS WILL BE CONSIDERED AND DESCRIBE THE  
20 NATURE OF THE ASSESSMENTS.

21       (14) THE BYLAWS SHALL PROVIDE THAT IN THE EVENT OF AN EMER-  
22 GENCY REQUIRING A MEETING OF THE BOARD OF DIRECTORS OF THE ASSO-  
23 CIATION OF CO-OWNERS WITHOUT NOTICE AS REQUIRED IN THIS SECTION,  
24 THE BOARD OF DIRECTORS OF THE ASSOCIATION OF CO-OWNERS SHALL PRO-  
25 VIDE THE DETAILS OF THAT EMERGENCY TO THE CO-OWNERS PRESENT AT  
26 THE NEXT REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE  
27 ASSOCIATION OF CO-OWNERS.

1       (15) THE BOARD OF DIRECTORS OF THE ASSOCIATION OF CO-OWNERS  
2 MAY MEET IN A CLOSED SESSION ONLY FOR 1 OR MORE OF THE FOLLOWING  
3 PURPOSES:

4       (A) TO CONSIDER THE DISMISSAL, SUSPENSION, OR DISCIPLINING  
5 OF; TO HEAR COMPLAINTS OR CHARGES BROUGHT AGAINST; OR TO CONSIDER  
6 A PERIODIC PERSONNEL EVALUATION OF AN OFFICER, EMPLOYEE, STAFF  
7 MEMBER, OR INDIVIDUAL AGENT, IF THE NAMED PERSON REQUESTS A  
8 CLOSED HEARING. A PERSON REQUESTING A CLOSED HEARING MAY RESCIND  
9 THE REQUEST AT ANY TIME, IN WHICH CASE THE MATTER AT ISSUE SHALL  
10 BE CONSIDERED ONLY IN OPEN SESSIONS.

11       (B) FOR STRATEGY AND NEGOTIATION SESSIONS CONNECTED WITH THE  
12 NEGOTIATION OF A COLLECTIVE BARGAINING AGREEMENT IF EITHER NEGO-  
13 TIATING PARTY REQUESTS A CLOSED HEARING.

14       (C) TO CONSULT WITH ITS ATTORNEY REGARDING TRIAL OR SETTLE-  
15 MENT STRATEGY IN CONNECTION WITH SPECIFIC PENDING LITIGATION,  
16 ONLY IF AN OPEN MEETING WOULD HAVE A DETRIMENTAL FINANCIAL EFFECT  
17 ON THE LITIGATING OR SETTLEMENT POSITION OF THE ASSOCIATION OF  
18 CO-OWNERS.

19       (D) TO REVIEW THE SPECIFIC CONTENTS OF AN APPLICATION FOR  
20 EMPLOYMENT IF THE CANDIDATE REQUESTS THAT THE APPLICATION REMAIN  
21 CONFIDENTIAL. HOWEVER, ALL INTERVIEWS FOR EMPLOYMENT SHALL BE  
22 HELD IN OPEN SESSIONS.