

REPRESENTATION OF LIMITED LIABILITY COMPANIES IN EVICTIONS

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<http://www.house.mi.gov/hfa>

House Bill 4463 as introduced
Sponsor: Rep. Scott VanSingel
Committee: Law and Justice
Complete to 5-15-17

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

SUMMARY:

House Bill 4463 amends Chapter 57 of the Revised Judicature Act, which deals with summary proceedings to recover possession of premises. The bill would add a new Section 5707. Generally speaking, the new section would allow a limited liability company (LLC) to be represented by a person other than a lawyer in an eviction case, if the LLC had only one member or had only two members who are individuals married to each other, and other conditions were met.

More specifically, under the bill, if a complaint in a summary proceeding requests only the recovery of possession of the premises, or both recovery and a money judgment, not including taxable costs, and if a party to the proceeding is an LLC, the party may be represented in the proceeding by a member or by a property manager or other agent.

Representation may only occur, however, (1) if the member, property manager, or agent has direct and personal knowledge of the facts alleged in the complaint; and (2) if the amount is less than the applicable limit of the small claims division, as described in Section 8401 of the RJA, when a complaint requests the recovery of possession *and* a money judgement, not including taxable costs. (The limit, beginning January 1, 2015, is \$5,500; beginning January 1, 2018, \$6,000; etc.)

The above representation would only apply if one of the following applies to the LLC:

- The LLC has only one member and the member is an individual; or
- The LLC has only two members who are individuals married to each other. In this scenario, both members would have to sign a verified statement authorizing the representation and the original signed copy would be filed with the court in the summary proceeding. Before the hearing, a designated court employee would have to review the file and determine that the verified statement has been filed with the court. This entire subdivision would not apply if there was an action for divorce or separate maintenance pending between the members, or if a judgement for separate maintenance was entered as to the members.

The bill also states that representation under this new section would not violate Section 916, which prohibits the unauthorized practice of law.

FISCAL IMPACT:

A fiscal analysis is in process.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.