

HOUSE BILL NO. 4825

May 11, 2021, Introduced by Rep. Wendzel and referred to the Committee on Regulatory Reform.

A bill to amend 1978 PA 59, entitled
"Condominium act,"
by amending section 57 (MCL 559.157), as amended by 2013 PA 134,
and by adding section 131a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 57. (1) The books, records, contracts, and financial
2 statements concerning the administration and operation of the
3 condominium project ~~shall~~**must** be available for examination by any
4 of the co-owners and their mortgagees at convenient times.

(2) Except as provided in subsection (3), an association of co-owners with annual revenues greater than \$20,000.00 shall on an annual basis have its books, records, and financial statements independently audited or reviewed by a certified public accountant. ~~, as defined in section 720 of the occupational code, 1980 PA 299, MCL 339.720.~~ The audit or review ~~shall~~ **must** be performed in accordance with the statements on auditing standards or the statements on standards for accounting and review services, respectively, of the American ~~institute of certified public accountants.~~ **Institute of Certified Public Accountants.**

(3) An association of co-owners may opt out of the requirements of subsection (2) on an annual basis by an affirmative vote of a majority of its members by any means permitted under the association's bylaws.

(4) An association of co-owners that opts out of the requirements of subsection (2) shall, at a minimum, have its books, records, and financial statements independently audited or reviewed by a certified public accountant every 5 years.

(5) If a report is prepared after an audit or review is conducted pursuant to this section, the report must do all of the following:

(a) Verify that all dues have been collected from all co-owners according to the percentage of ownership specified in the condominium documents.

(b) Contain a list of all delinquencies that are 6 months or more in arrears. The list required under this subdivision must include the names and unit numbers of co-owners that are delinquent and the amount of each delinquency.

(c) Identify all payments made to any co-owner or a business

1 in which a co-owner has an ownership interest and confirm that
2 proper documentation exists to support the payments and that the
3 cost of the products or services provided are commensurate with
4 other vendors providing similar products and services.

5 (d) Confirm that the association of co-owners is following
6 applicable laws and process for collecting past dues assessments
7 and the interest rates charged on the past dues assessments'
8 balances.

9 (e) Provide a detailed narrative of all budget items that
10 exceed a 50% increase from the budgeted amount.

11 (f) Provide the total amount the association of co-owners set
12 aside towards a reserve account and the percentage that amount is
13 as compared to the overall annual operating budget.

14 (6) As used in this section, "certified public accountant"
15 means that term as defined in section 720 of the occupational code,
16 1980 PA 299, MCL 339.720.

17 Sec. 131a. (1) Beginning on the effective date of the
18 amendatory act that added this section, if an association of co-
19 owners proposes an assessment that is more than \$2,500.00 per co-
20 owner or more than a 50% increase in annual dues, the association
21 of co-owners must vote on the assessment and approve the assessment
22 by a 2/3 vote of its members.

23 (2) If the association of co-owners does not approve the
24 assessment in subsection (1), it may drop the proposed assessment
25 or if it believes that the assessment is a necessity, agree to
26 arbitration in an attempt to resolve the matter without involving
27 the courts.

28 (3) A provision in an association of co-owners' condominium
29 documents entered into on or after the effective date of the

1 amendatory act that added this section that is contrary to this
2 section is void and unenforceable.