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**SFA**

BILL ANALYSIS

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House Bill 5486 (Substitute H-1 as reported by the Committee of the Whole)

Sponsor: Representative Michael Bishop

House Committee: Commerce

Senate Committee: Financial Services

## **CONTENT**

The bill would revise a number of provisions of the Condominium Act.

Under the Act, if a developer has not completed construction of a condominium project, including proposed improvements identified as "must be built" or "need not be built", within 10 years, the developer has the right to withdraw from the project without the prior consent of any party having an interest in it. Under the bill, the developer could withdraw from all undeveloped portions of the project not identified as "must be built".

Under the Act, mortgagees of condo units are entitled to vote on amendments to the condominium documents under certain circumstances. Under the bill, mortgagees would be entitled to vote on *any* modifications to the method or formula used to determine the percentage of value of units. In addition, the Act provides that condominium documents may be amended without the consent of co-owners or mortgagees if the amendment does not materially alter the rights of a co-owner or mortgagee. The bill would delete this standard.

The bill would repeal Section 174, which requires a condominium subdivision plan to be delivered to and retained by the local register of deeds office, and requires a consolidating master deed to be recorded at the register of deeds. Further, the bill provides that the following sections would apply only to projects established on or after the bill's effective date:

- Sections 54(8), (9), and (10), which govern the arbitration of disputes over condominium documents. (These provisions were added by Public Act 379 of 2000, which took effect on January 2, 2001.)
- Section 135(5), which would exempt from the definition of "successor developer" a residential builder who did not construct or refurbish common elements and was not an affiliate of the developer.
- Section 176(1), which prohibits actions against a developer, residential builder, etc. arising out of the development or construction of the common elements, or the management, operation, or control of a project, more than three years from the transitional control date or two years from the date the cause of action accrues, whichever occurs later. The bill also would refer, in this provision, to an action arising out of the management, operation, or control of a condominium project "before the transitional control date".

MCL 559.158 et al.

Legislative Analyst: Claire Layman

## **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Date Completed: 3-19-02

Fiscal Analyst: Elizabeth Pratt