

REAL PROPERTY LAW SECTION  
Respectfully submits the following position on:

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HB 4355

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The Real Property Law Section is not the State Bar of Michigan itself, but rather a Section which members of the State Bar choose voluntarily to join, based on common professional interest.

The position expressed is that of the Real Property Law Section only and is not the position of the State Bar of Michigan.

To date, the State Bar does not have a position on this matter.

The total membership of the Real Property Law Section is 3,184.

The position was adopted after discussion and vote at a scheduled meeting. The number of members in the decision-making body is 17. The number who voted in favor to this position was 14. The number who voted opposed to this position was 0.

## Report on Public Policy Position

**Name of section:**

Real Property Law Section

**Contact person:**

Ron Reynolds

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**Bill Number:**

[HB 4355](#) (Clemente) Housing; condominium; auditing requirements; modify. Amends sec. 57 of [1978 PA 59](#) (MCL [559.157](#)).

**Date position was adopted:**

April 17, 2013

**Process used to take the ideological position:**

Position adopted after discussion and vote at a scheduled meeting

**Number of members in the decision-making body:**

17

**Number who voted in favor and opposed to the position:**

14 Voted for position

0 Voted against position

0 Abstained from vote

3 Did not vote

**Position:**

Support and Amend

**Explanation of the position, including any recommended amendments:**

The bill amends the condominium act provisions that require all associations to have its books reviewed by an accountant. With the assistance of the Michigan Association of Certified Public Accountants, the language of the bill corrects the statutory description of audits and reviews to conform to accounting practice. As amended, it would also set a threshold of \$20,000 in annual revenue for the requirement of any review allow an association to opt out of the requirement.

With the advent of site condominiums the number of associations with few if any common areas or obligations has increased dramatically. Many have no functioning association at all and the statutory audit requirement is widely ignored. In many cases, the cost of an audit would exceed the association's annual revenue.

The legislation would set a realistic threshold for the requirement of a review or audit and allow an association to vote to opt out of the requirement altogether or reason to have any. The legislation would also protect volunteer directors of non-functioning associations, as well as those where the cost of an audit would be prohibitive. For those reasons, the Section supports the bill with an appropriate threshold for the annual revenue that would trigger the requirement of an audit or review.

**The text of any legislation, court rule, or administrative regulation that is the subject of or referenced in this report.**

<http://legislature.mi.gov/doc.aspx?2013-HB-4355>