

# Summary of State Bill HEA1286

## SELLER

- The seller must provide the following information to the purchaser not later than ten days before the sale of the property closes:
  - Disclosure that the property is govern by a homeowners association (HOA)
  - A copy of the recorded governing document of the HOA
  - A statement indicating whether there are assessments and the amounts of the assessments
  - Provide the name and address for an HOA board member or contact information for the management services company for the HOA
- Failure to provide documents listed above does not limit or prevent the HOA from enforcement of the governing document

## BUYER

- Failure of seller to provide documents about HOA does not limit or prevent the HOA from enforcement of the governing document

## HOMEOWNERS ASSOCIATION (HOA)

- HOA or an agent of the HOA providing a statement of unpaid assessment or other charges related to the property cannot charge more than \$250 for the statement.
- Requires a homeowners association or a member of the board to retain for at least two years after receipt, and during that period to make available to a member of the homeowners association at the member's request, any written or electronic communication received by the homeowners association or board member that relates to a financial transaction of the homeowners association and that is not otherwise excepted from disclosure under law.
- Requires that the minutes of a homeowners association board's meetings be made available to a member of the homeowners association upon request.
- Provides that if a homeowners association initiates communication with any member about another member's lot, the association must give a copy of the communication to the member whose lot is the subject of the communication. Requires that the governing documents of a homeowners association contain provisions allowing the homeowners to amend the governing documents.
- Provides that the percentage of the votes required to amend the governing documents may not exceed 75%. Provides that certain requirements must be met in order for a proxy to be used at a homeowners association meeting.
- Establishes a procedure for the resolution of grievances involving a homeowners association through negotiation, mediation, or arbitration, and requires that an attempt be made to resolve a claim through this procedure before legal proceedings can begin
- Requires the inclusion of grievance resolution provisions in a homeowners association's governing documents.

## CONDOMINIUMS (to be treated like HOAs)

- Requires that a condominium declaration contain provisions allowing the co-owners to amend the declaration.

- Provides that the percentage of the votes required to amend a condominium's bylaws may not exceed 75%.
- Requires that the minutes of a condominium board's meetings be made available to a co-owner of the condominium for inspection upon request.
- Makes a provision under which a condominium's common areas can be conveyed or encumbered only with the votes of at least 95% of the condominium unit apply to all condominiums, not merely to one condominium located on a certain lake in a certain township.
- Establishes a procedure for the resolution of grievances involving a condominium through negotiation, mediation, or arbitration, and requires that an attempt be made to resolve a claim through this procedure before legal proceedings can begin.
- Requires the inclusion of grievance resolution provisions in the condominium instruments of a condominium

#### **LEGAL ACTION**

- Authorizes the attorney general to bring an action against the board of a homeowners association or a member for:
  - misappropriation of the association's funds
  - use of the board member's position to commit fraud or a criminal act
  - the illegal exercise of a proxy
  - a violation concerning the association budget or the availability of records to members.
- Authorizes the court to impose a civil penalty of no more than \$500 in certain cases.