



Charles Thompson
President

L.R. Swadley
First Vice President

Lynne Pratt
Treasurer

Michael Flory
Secretary

Jerry Whitaker
Associate SO

Bill Benedetto
Imm. Past President

Robert Filka
Chief Executive Officer

To: Senate Local Government Committee

Fm: Home Builders Association of Michigan

Re: Support for Senate Bill 610

Date: February 9, 2016

The Home Builders Association of Michigan supports Senate Bill 610 and requests your passage of this measure.

Section 67(3) of the Condominium Act, passed in 2002, was intended to address the situation where condominium units exist on paper only. That is, where there is a Master Deed on file showing the existence of the units, but the units were never built. The existence of these paper units raised a number of questions involving voting rights, dues obligations and whether the developer's right to build the units continued indefinitely.

Currently Section 67(3) provides that the developer has the right to remove undeveloped land that is labeled "need not be built" from the condo project (and do something else with it). But if the developer doesn't do so within 10 years, the undeveloped land automatically converts to a common area and the developer's rights in the undeveloped property are cut off.

Unfortunately, Section 67(3) created a number of new problems. SB 610 addresses several of those glitches:

1. Makes clear that the 10 year rule applies only to traditional units, not to site condo units.
2. Clears up the timing requirement.
3. Makes clear that the developer can remove any unit so long as it is not labeled "must be built."
4. Amends the ten year time period so it starts to run from the recording of the Master Deed
5. Deletes the "automatic conversion" and instead permits the association to vote to convert the land at the end of 10 years.
6. Requires the association who wants to convert the land to give the developer prior notice and one last chance to remove the land (60 days).
7. Makes clear that the conversion only happens to land still owned by the developer (or a successive developer).

The Home Builders Association of Michigan thanks you for your consideration of this legislation and your support.