

Condo Regulations

(By authority conferred on the corporation and securities bureau by section 142 of Act No. 59 of the Public Acts of 1978, as amended, being S559.242 of the Michigan Compiled Laws)

PART 1. GENERAL PROVISIONS

R 559.101 Definitions.

Rule 101.

(1) As used in the act and these rules:

(a) “A 100-year flood” means a flood which has a 1% chance of occurring or being exceeded in any given year.

(b) “Act” means Act No. 59 of the Public Acts of 1978, as amended, being S559.101 et seq. of the Michigan Compiled Laws.

(c) “Advertising material” means a prospectus, pamphlet, circular, form letter, fact sheet, sign, newspaper or magazine ad, or any other sales literature or advertising communication addressed to, or intended for distribution to, prospective purchasers.

(d) “Floodplain” means that area of land adjoining a lake, watercourse, or similar body of water which will be inundated by a 100-year flood.

(e) “Imposition,” with respect to purchasers or the public under section 154(c) of the act, means the existence of any of the following factors, among others:

(i) Failure to comply with the act or these rules where such failure would endanger the viability of the project.

(ii) Failure to comply with local, state, or federal statutes, ordinances, regulations, or rules where such failure would endanger the viability of the project.

(iii) Financial or contractual arrangements which permit the developer to directly or indirectly convey, assign, or otherwise transfer the developer’s responsibility to fulfill contractual obligations to the project or to the co-owners in derogation of section 137 of the act.

(iv) Publishing written or oral false or misleading statements concerning a condominium project.

(f) “Land surveyor” means either a surveyor who is registered in this state as a land surveyor or a civil engineer who is registered in this state as a professional engineer.

(g) “Major boundary corners” means those property corners which comprise the total proposed condominium development of a particular project.

(h) “Minor boundary corners” means those property corners which are created by an individual phase of the project as it is developed in stages and does not mean a major boundary corner.

(i) “Unreasonable risk,” with respect to prospective co-owners under section 154(c) of the act, means the existence of any of the following factors:

(i) A prospective co-owner is likely to lose the money deposited towards the purchase of a condominium unit.

(ii) A prospective co-owner would not receive marketable title to the condominium unit.

(iii) The common elements of a condominium project are not completed as advertised or stated in the master deed or disclosure statement.

(iv) The developer does not pay the developer’s share of the monthly assessments as required by the master deed or other legal documents.

(v) The developer enters into loans with, or borrows money from, the association prior to the transitional control date.

(vi) The developer fails to keep adequate financial records of income and expenditures of the association of co-owners prior to the transitional control date.

(vii) The developer commingles funds of the co-owners’ association.

(viii) Other actions which materially endanger the public interest or the interest of condominium co-owners.

(2) Terms defined in the act have the same meanings when used in these rules.

R 559.102 Name of proposed condominium project; reservation.

Rule 102. The name of a proposed condominium project shall not be such as to confuse or mislead the public.

R 559.103–R 559.105 Rescinded.

R 559.106 Disclosure booklet.

Rule 106.

(1) The disclosure booklet required by section 84a(1)(C) of the act to be distributed to prospective purchasers shall be “The Condominium Buyers Handbook,” as published by the administrator.

(2) “The Condominium Buyers Handbook” shall be distributed to purchasers who sign a purchase agreement 9 business days before a purchase agreement becomes a binding agreement, pursuant to section 84 of the act.

R 559.107 Advertising, sales material, and other representations.

Rule 107.

(1) Advertising, sales material, and oral representations shall be truthful and accurate and designed to fully inform the public about the project. Such materials shall not be presented in such a way as to create a false impression about the nature, status, quality, or cost of a proposed condominium project or its location.

(2) A developer or any agent shall not represent to any person that the administrator has inspected or approved the quality, value, or price of any unit.

R 559.108 Independent hearing officers.

Rule 108.

(1) Pursuant to section 157(4)(b) of the act, independent hearing officers shall possess, at a minimum, all of the following qualifications:

(a) A juris doctor degree, a bachelor of law degree, or the equivalent.

(b) An expertise or working knowledge of Act No. 306 of the Public Acts of 1969, as amended, being S24.201 et seq. of the Michigan Compiled Laws.

(c) An expertise or working knowledge of the condominium act and rules promulgated thereunder.

(2) The procedures to be utilized in the compilation of a list of independent hearing officers shall be as follows:

(a) The American arbitration association shall distribute public notice of the availability of the position as an independent hearing officer. The notice shall set forth the qualifications necessary to obtain the position.

(b) The American arbitration association shall select qualified persons and compile a list of these individuals to be submitted to the administrator; such list to be updated by the American arbitration association each fiscal year.

R 559.109 Termination of condominium project; notice to interested parties.

Rule 109.

(1) Pursuant to sections 50 and 51 of the act, notification of termination shall be given to all parties interested in the project, including the following:

(a) Escrow agents.

(b) Land contract vendors.

(c) Project creditors.

(d) Project lienors.

(e) Prospective purchasers who have deposited funds.

(f) Any other person who holds an outstanding interest in the condominium property. (2) Such notice shall be made by first-class mail to the person's last known address.

R 559.110 Developers; compliance with mobile home commission act; conversion of existing mobile home parks; waiver.

Rule 110.

(1) The developer of a mobile home condominium shall comply with the provisions of Act No. 419 of the Public Acts of 1976, as amended, being S125.1101 et seq. of the Michigan Compiled Laws, and the rules promulgated thereunder.

(2) Existing mobile home parks which propose to convert to condominiums shall do both of the following:

(a) Meet the standards set for new mobile home parks, as set forth in Act No. 419 of the Public Acts of 1976, as amended, being S125.1101 et seq. of the Michigan Compiled Laws, and the rules promulgated thereunder.

(b) Comply with the requirements imposed on conversion projects under the act and these rules.

(3) If the developer demonstrates to the administrator of Act No. 419 of the Public Acts of 1976, as amended, being S125.1101 et seq. of the Michigan Compiled Laws, that a specific standard or requirement should be waived and that a waiver is in the public interest, the administrator may waive the requirements of subrule (2) of this rule.

R 559.111 Shared recreational facilities.

Rule 111.

Pursuant to section 134 of the act, a recreational facility which is to be enjoyed by condominium co-owners and third parties shall, at a minimum, comply with the following provisions:

(a) When the recreational facilities are owned by the condominium co-owners and are to be used by a third party, all of the following conditions shall be met:

(i) Disclosure shall be made to all prospective purchasers that the recreational facilities will be shared with a third party.

(ii) The master deed shall define who is entitled to use recreational facilities.

(iii) The master deed shall set forth the appropriate financial obligations of all the parties involved.

(b) When recreational facilities are owned by a third party and condominium co-owners are obligated to help financially support the recreational facilities, all of the following conditions shall be met:

(i) Disclosure shall be made to prospective purchasers of their financial obligations and responsibilities as co-owners to support the recreational facilities. Such disclosure shall include information regarding all fees charged and compensation paid.

(ii) The condominium co-owners shall have an equitable vote, as set forth in the disclosure statement, as to the operation and management of the recreational facilities.

(iii) An arbitration clause to settle disputes upon consent of the parties shall be included in the condominium legal documents.

(iv) The necessary easements shall be established.

(v) The books and records of the recreational facilities shall be kept separate from other operations and shall be made available for inspection by the co-owners.

R 559.112 Condominium project warranties.

Rule 112.

Condominium project warranties shall comply with state and federal law. The terms of any warranty offered in connection with the sale of a condominium unit shall be clearly disclosed. The name, address, and telephone number of the individual responsible for fulfilling warranty claims shall be stated in the warranty.

PART 2. PERMIT TO TAKE RESERVATIONS

R 559.201 Rescinded.

PART 3. CONTENTS OF A MASTER DEED

R 559.301 Minimum requirements.

Rule 301.

(1) A master deed shall contain a statement referring to the condominium subdivision plan and the condominium bylaws and shall incorporate them by reference.

(2) A master deed shall contain the mandatory provisions required by sections 8, 9, 37(3), and 69 of the act.

(3) Where applicable, a master deed shall contain the provisions in sections 31, 32, 33, 34(2), 35, 36, 37(1) and (2), 41, 45, 46, 47, 49, and 121 of the act.

(4) A master deed shall describe in detail all general and limited common elements. Pursuant to section 39 of the act, limited common elements shall be assigned in the master deed, unless the power to amend the master deed to make such assignments is reserved to the developer. The master deed shall designate the manner in which the common elements will be assessed.

(5) Pursuant to sections 35, 40, and 44 of the act, a master deed shall provide for the following easements:

(a) Reciprocal easements for a change of boundaries of units due to shifting, settling, or moving of a building in the condominium project.

(b) Easements for the installation, maintenance, and service for all utilities, including light, heat, power, sewer, water, and communications.

(c) If the project is not served by an existing municipal water and sewage system, and any component of the system is not located on property to be owned by the condominium, an easement shall be obtained, or other suitable arrangement made, for the repair and maintenance of such components, so long as the system continues to be used by the project.

(d) Such other easements as may be necessary for continued use and enjoyment of the project.

PART 4. CONDOMINIUM SUBDIVISION PLAN

R 559.401 General requirements.

Rule 401.

(1) The condominium subdivision plan shall be an exhibit to the master deed. The drawings which constitute the plan shall be prepared by an architect, land surveyor, or civil engineer licensed to practice in this state. More than 1 such individual may prepare different segments of the same condominium subdivision plan.

(2) Each sheet shall contain the name of the condominium and the name and address of the firm responsible for the preparation of that sheet and shall bear a legible seal and signature of the individual responsible for the preparation of that sheet. A complete condominium subdivision plan shall be comprised of all of the following:

(a) Cover sheet.

(b) Survey plan.

(c) Site plan.

(d) Utility plan.

(e) Building floor plan.

(f) Section plans, where applicable.

(g) Floodplain plan, where applicable.

(h) Where appropriate, individual plans may be combined, if this does not impair legibility.

(3) Pursuant to section 66(2)(j) of the act, all proposed structures and improvements shown on the drawings shall be labeled either “must be built” or “need not be built.” This shall be done on the site plan for all proposed structures and improvements, other than utilities, and on the utility plan for all utilities. When labeling a portion of structure “need not be built” and the remainder “must be built,” or vice versa, the labeling shall be done on the applicable floor plans and sections.

(4) When a condominium subdivision plan is drawn, it shall, at a minimum, comply with all of the following provisions:

(a) Be drawn to scale.

(b) All lettering and numbering shall be mechanical lettering not less than 0.14 inches high. Freehand lettering is not acceptable.

(c) Be drawn on sheets measuring 24 inches by 36 inches.

(d) The top shall be either the 24- or 36-inch length with the binding margin on the top or left side, respectively.

(e) All margins from the edge of the sheet to the drawings shall be 1/2 inch, except the binding margin, which shall be 2 inches.

(f) The general direction “north” shall be placed toward the top or left-hand side of the sheet.

(g) Each sheet shall be numbered consecutively, beginning with the number 1. The use of suffixes, such as a, b, c, shall only be acceptable when adding supplemental sheets after the initial recording.

(h) Lots of platted subdivisions which fall within the project boundary shall be shown by dashed lines and dotted numbers. Platted subdivisions which fall contiguous to the project boundary shall be shown by solid lines and numbers.

(i) Indicate the scale of each drawing by means of a graphic bar scale.

(j) Show the name of the condominium on each sheet, agreeing exactly with the name used in the master deed.

(k) Use match lines when the survey plan, site plan, or floor plans are shown on more than 1 sheet. The symbol for match lines shall be different from those used for property lines or utility lines.

(l) All signatures shall be in black ink.

(m) Include a composite plan, to show the relationship of the various sheets to each other, when more than 3 sheets are required to do a survey, site, floodplain, or utility plan.

(n) Each sheet shall be identified as “proposed, dated _____” or “as-built dated _____.”

R 559.402 Contents.

Rule 402.

A complete condominium subdivision plan shall be comprised of the following:

(a) A cover sheet, showing all of the following:

(i) The name and location of the condominium project.

(ii) Prescribed wording as indicated in section 66(3) of the act for assignment of a condominium subdivision plan number by the county register of deeds.

(iii) Prescribed wording stating the exhibit letter or number as used in the master deed.

(iv) The name and address of the developer.

(v) A complete and accurate written property description.

(vi) A comprehensive sheet index.

(b) A survey plan, showing all of the following:

(i) A surveyor’s certificate prescribed as follows: SURVEYOR’S CERTIFICATE I,
_____ (Name of Individual), registered land surveyor or registered civil
engineer of the state of Michigan, hereby certify: That the subdivision plan known as
_____ (name) county condominium subdivision plan no. _____, as shown on
the accompanying drawings, represents a survey on the ground made under my direction (that
there are no existing encroachments upon the lands and property herein described) or (that there

are existing encroachments upon the lands and property described as shown). That the required monuments and iron markers have been located in the ground as required by rules promulgated under section 142 of Act No. 59 of the Public Acts of 1978. That the accuracy of this survey is within the limits required by the rules promulgated under section 142 of Act No. 59 of the Public Acts of 1978. That the bearings, as shown, are noted on survey plan as required by the rules promulgated under section 142 of Act No. 59 of the Public Acts of 1978.

_____ (Date)

(Signature) Individual Name—Printed Registered land surveyor or Registered civil engineer
Registration No. _____ (fill in) (Firm name—if any) (Seal) (Firm address)

- (ii) All easements and encroachments, whether of benefit or burden, dimensioned and identified.
 - (iii) All property boundaries complete with bearings, distances, and curve data necessary to completely traverse the parcel or parcels.
 - (iv) All property corners monumented as prescribed in R 559.407(1)(a).
 - (v) A survey bench mark shown by symbol and described with its elevation referenced to an official bench mark of the national geodetic survey of the United States geological survey, which are based on the national geodetic vertical datum of 1929. If the bench mark is more than 200 feet from the total site, a permanent bench mark shall be established within that distance in accordance with the generally accepted standards for establishment of such a bench mark.
 - (vi) Identification of all contiguous properties or waterways.
 - (vii) In the case of expandable condominium projects, all land on which the balance of the project may be located shall be shown, complete with distances, bearings, and curve data, identified as proposed future development. This land shall be shown in relationship to the phase being currently submitted.
 - (viii) A location map of the project with its relationship to the surrounding area.
- (c) A floodplain plan when the condominium lies within or abuts a floodplain area, showing all the following:
- (i) The location of all condominium buildings and improvements.

(ii) The floodplain shall be shown within a contour line as established by the department of natural resources.

(iii) The floodplain contour line shall be shown to the point where it intersects with the boundaries of the condominium project or to its limits, whichever is greater, and be dimensioned to the nearest whole foot from the street or traverse line.

(iv) The contours over the entire project shown at 2-foot intervals.

(v) The floodplain area shall be clearly labeled with words "floodplain area." A common element or a condominium unit, other than a campsite or a marina unit, shall not be constructed where it may be reasonably anticipated that the structures will be damaged by flooding. Where the proposed condominium project is within a floodplain, the administrator may require a statement from a registered engineer that the subject property is not in apparent present or future danger of flooding, including herewith an explanation of the factors leading to that conclusion.

(d) A site plan showing all of the following:

(i) Specific locations of all property corners, condominium buildings or units, and improvements by a coordinate system established in the form of latitudes and departures in north-south and east-west directions from an established point, preferably a property corner.

(ii) All coordinate values referenced to either the Michigan coordinate system, prescribed by Act No. 9 of the Public Acts of 1964, being SS 54.231 to 54.239 of the Michigan Compiled Laws, or to a city coordinate system, if one exists, or to a monument set during the survey, if such coordinate systems have not been established.

(iii) The relationship of the condominium units to the condominium property boundaries by either showing 2 coordinates on the same line, as prescribed in (ii) above, on 2 corners of the building or unit, or by 1 coordinate on the building or unit corner, and by a bearing related to the true meridian or a previously established meridian.

(iv) All general and limited common elements and approximate size.

(e) A utility plan showing all of the following:

(i) All utility lines for gas, electricity, water, steam, telephones, storm sewer, sanitary sewer, or services of a similar nature.

- (ii) A legend stating the source from which the location information was obtained.
- (iii) The location and identity of all utility meters.
- (iv) The size of the various utility lines.
- (f) Floor plans, when the use is intended for residential, office, industrial or business, or any other type, with the ownership contained within a building or buildings, showing all of the following:
 - (i) All structures and the specific location of each condominium unit in the project, which shall be by a system of dimensional descriptions and angle measurements.
 - (ii) Each floor of each building, including all general and limited common elements and approximate size.
 - (iii) Each unit's boundaries clearly distinguishable by a heavy black line.
 - (iv) The area of each condominium unit.
 - (v) A number assigned to each unit.
- (g) Sections, when the use is intended for residential, office, industrial or business, or another type with the ownership contained within a building, or buildings, showing all of the following:
 - (i) The required number of views necessary to accurately identify the vertical boundaries of the condominium units.
 - (ii) Dimensioned all vertical boundaries as referenced to an elevation established at any floor, based on the national geodetic vertical datum of 1929.
 - (iii) All general and limited common elements.
 - (iv) All unit boundaries identified by a heavy black line.

R 559.403 Mobile home condominium subdivision plan; contents.

Rule 403.

(1) A mobile home condominium subdivision plan shall be composed of all of the following in compliance with R 559.402(1)(a) to (e):

- (a) A cover sheet.

(b) Survey plan.

(c) Floodplain plan, where applicable.

(d) Utility plan.

(e) Site plan.

(2) In addition to the requirements of subrule (1)(a) to (e) of this rule, show all of the following:

(a) Sufficient dimensions and angle measurements to accurately identify the area of fee simple ownership contained within a given description on top of the ground or foundation, either on or within the mobile home lot.

(b) If basements are provided as part of a mobile home condominium unit, a section shall be provided which complies with R 559.402(1)(g) and a floor plan of that basement area shown which complies with R 559.402(1)(f).

R 559.404 Campsite condominium subdivision plan; contents.

Rule 404.

(1) A campsite condominium subdivision plan shall be composed of a cover sheet, survey plan, floodplain plan, where applicable, utility plan, and site plan, complying with R 559.402(1)(a), (b), (c), (d), and (e).

(2) In addition to the aforementioned requirements, show sufficient dimensions and angle measurements to accurately identify the area of fee simple ownership contained within a given description on top of the ground.

(3) The survey plan shall be shown complying with all requirements of R 559.402(1)(b), and each individual condominium campsite shall have its boundaries identified on site by setting iron or steel stakes 1/2 inch in diameter and 18 inches in length, at all corners of the campsite. These stakes shall be so identified on the survey plan.

R 559.405 Marina condominium subdivision plan; contents.

Rule 405.

(1) A marina condominium subdivision plan shall be composed of all of the following in compliance with R 559.402(1)(a) to (e):

(a) A cover sheet.

(b) Survey plan.

(c) Floodplain plan, where applicable.

(d) Utility plan.

(e) Site plan.

(2) In addition to the requirements of subrule (1)(a) to (e) of this rule, show all of the following:

(a) Sufficient dimensions and angle measurements to accurately identify the area of fee simple ownership contained within a given description on top of the water and adjacent to a slip, dock, or similar structure.

(b) The elevation of the adjacent dock or docks referenced to or on a bench mark on the national geodetic datum of 1929 or international Great Lakes datum.

(c) The all-time high- and low-water elevations for the Great Lakes and high- and low-water elevations, of record, for inland lakes.

R 559.406 Recreational facilities.

Rule 406.

A recreational facility which is part of the condominium or is being added to the condominium shall be illustrated on the site plan, floodplain plan, and utility plan in the actual location of the facility or, in the case of a proposed facility, the proposed location shall be shown and so identified. Actual floor plans of the facility, if it involves a structure, are not required until it is added to the project and are only required if the facility has limited common elements or unit fee simple ownership which would require a floor plan to illustrate the differences and locations.

R 559.407 Survey requirements.

Rule 407.

With respect to the minimum requirements for the survey of a proposed condominium project, monuments shall be located in the ground according to the following requirements:

(a) Monuments consisting of iron or steel bars, or pipes not less than 1/2 inch in diameter and 36 inches in length, and completely encased in concrete not less than 4 inches in diameter shall be placed at all major boundary corners.

(b) Monuments consisting of iron or steel bars, or pipes not less than 1/2 inch in diameter and 18 inches in length, or other approved markers shall be placed at all minor boundary corners.

(c) Monuments shall be located in the ground at all angles in the boundaries of the condominium project boundary; at all points of curvature, points of tangency, points of compound curvature, points of reverse curvature, and angle points in the side lines of streets and alleys; and at all angles of an intermediate traverse line.

(d) If a location of a monument is clearly impractical, it is sufficient to place a reference monument as specified in subdivisions (a) and (e) of this rule. It shall be placed nearby and the precise location thereof shall be clearly indicated on the survey plan of the condominium subdivision plan and referenced to the true point.

(e) If a point required to be monumented is on a bedrock outcropping or other hard surface, a steel rod, not less than 1/2 inch in diameter, shall be drilled and grouted into solid material to a minimum depth of 8 inches and clearly labeled on the survey plan.

(f) All required monuments shall be placed flush with the ground, where practicable, in accordance with the final grade.

(g) All required monuments shall be placed before the date of the surveyor's certificate as required by R 559.402(b)(i) unless undesirable conditions prohibit such placement. When the monuments are not placed before the date of the surveyor's certificate, they shall be placed within 1 year from the date of recording. The surveyor's certificate shall also be revised accordingly to reflect the nonplacement of monuments and a date by which they will be placed.

(h) The relative error of closure of the surveyed land shall be not more than the ratio of 1 part in 5,000.

(i) The bearings shall be expressed in relation to the true meridian or a previously established meridian or bearing, and a statement by the surveyor on the survey plan shall state the source of information used in obtaining the bearings outlined.

(j) Easements shall be established where necessary on access roads which provide access to the proposed condominium. When joint use of an access road to the project is intended, an agreement for maintenance shall also be established.

R 559.408 Identification of a unit, common element, and amenity.

Rule 408.

A unit, limited common element, and amenity shall be identified as follows:

- (a) Each unit within a proposed condominium project shall be numbered consecutively, beginning with number 1, throughout the entire project.
- (b) Units within a multi-phase development shall be numbered consecutively throughout all phases or amendments.
- (c) The same unit number shall not be repeated for different units in the same project.
- (d) A unit number shall be shown within the area of ownership for that unit on the condominium subdivision plan.
- (e) A structure or improvement, other than those containing units to be conveyed, shall be identified by its title.

R 559.409 Superseding consolidated subdivision plan.

Rule 409.

Upon completing and recording the last phase of a multiphase project, whether the original plan submissions were done by amendment or separate phases, a superseding consolidated subdivision plan shall be prepared and recorded. The superseding consolidated subdivision plan shall combine all previously recorded condominium subdivision plans in the following manner:

- (a) For projects recorded by amendments, all of the following provisions apply:
 - (i) Eliminate all reference to replats, but retain the condominium subdivision plan number as originally assigned.
 - (ii) Include the exhibit number or letter as used in the consolidated master deed.
 - (iii) Eliminate all reference to amended sheets in the sheet index.

(iv) Redate each sheet.

(v) In all other aspects, these drawings shall be the same as the last recorded submission for that particular project.

(b) For projects recorded in separate phases, all of the following provisions apply:

(i) Eliminate all reference to phase, section, segment, and number.

(ii) Include the exhibit number or letter as used in the consolidated master deed.

(iii) Redate each sheet.

(iv) Use the prescribed wording indicated as follows for reference of the previously assigned condominium subdivision plan numbers: A replat of _____ county condominium subdivision plans. Nos. _____, _____, _____, _____, _____, _____. (As previously assigned by the county register of deeds).

(v) Use the prescribed wording as indicated in section 66(3) of the act for assignment of a new condominium subdivision plan number for the consolidation.

(vi) Remove all boundaries on the site, survey, utility, and floodplain plans which are now contiguous due to the consolidation of properties.

(vii) Revise the property description to be 1 description of the consolidated property.

R 559.410 Amendments and replats.

Rule 410.

(1) Each condominium subdivision may be amended to reflect changes in the boundaries of a condominium unit, or the addition or elimination of condominium units which are constituted as a replat, as specified in section 67 of the act. An amendment may also reflect changes in the boundaries of the land, correction of errors, as-built plans, and changes in common elements. All changes in the originally recorded condominium plans shall be made in accordance with the following requirements:

(a) Each revised sheet shall be redated.

(b) Only the revised sheets and cover sheet shall be recorded.

(c) The sheets being replaced and any new sheets shall be indicated in the sheet index.

(2) An amendment or a replat to an originally recorded condominium subdivision plan may be prepared by the original land surveyor, architect, or civil engineer or any other such professional licensed to practice in Michigan. If a different professional, other than the original person, prepares the amendment or replat and does not intend to take full responsibility for the entire sheet, that sheet shall not be excluded or amended out of the complete set of plans. The items that the amending or replatting professional is responsible for shall be clearly indicated on that amendment.

R 559.411 As-built condominium subdivision plans.

Rule 411.

(1) Not later than 1 year after completion of construction of all buildings and improvements represented on the proposed condominium subdivision plans, the developer shall cause an architect, engineer, or surveyor to prepare as-built drawings depicting the project as constructed. These drawings shall be recorded immediately following their completion. These plans shall contain as-built data of all the following:

(a) The coordinate values of the various buildings or units.

(b) All dimensions of the various buildings and units.

(c) The location of all permanent improvements.

(d) The relationship of the buildings to a true meridian.

(e) All general and limited common elements.

(f) Area of each unit.

(g) Floor elevations.

(2) Each sheet of the as-built condominium subdivision plan shall be labeled “as-built dated _____,” and the notations representing the project as proposed shall be removed.

(3) A condominium subdivision plan which is comprised entirely of existing buildings and for which as-built data were used in the preparation of the plans need not have as-built drawings submitted.

R 559.412 Rescinded.

R 559.413 Easements and dedicated thoroughfares.

Rule 413.

A thoroughfare which is proposed to be dedicated to the municipality, county, or state shall be designated on the condominium subdivision plans as “proposed dedication.” An easement providing adequate ingress and egress over the proposed dedication shall be provided and shown on the condominium subdivision plan in all cases, unless the road was dedicated before recordation of the master deed or subject amendment. An easement required for establishment and operation of a condominium project, whether for benefit or burden, shall be recorded before recordation of the master deed or subject amendment. Description of the easement may be made by reference to the liber and page number where it is recorded. However, the easement shall be drawn on the survey plan and shall conform to the description as recorded.

R 559.414 Rescinded.

R 559.415 Recordation of the condominium subdivision plan.

Rule 415.

A condominium subdivision plan shall be recorded in the county in which the project is located. If a project crosses county lines, it shall be recorded in both counties. The condominium subdivision plan number shall be assigned by the county in consecutive sequence, beginning with number 1, according to section 66(3) of the act. The county shall show the number which it has assigned in the spaces provided in the master deed and condominium subdivision plan, and shall keep an accurate record of those numbers. The condominium subdivision plan shall be photographically reduced, by the developer, to approximately 8 1/2 inches by 14 inches, and submitted for recording. The same condominium subdivision plan in a size measuring 24 inches by 36 inches shall be delivered to, and retained by, the county register of deeds office. Either plan which is retained by the county register of deeds office shall be available for inspection upon request.

PART 5. BYLAWS IN A MASTER DEED

R 559.501 Condominium bylaws generally.

Rule 501.

- (1) The condominium bylaws shall be attached to, and incorporated by reference in, the master deed.
- (2) The condominium bylaws shall contain the mandatory provisions of section 54 of the act and as set forth in this part.
- (3) An amendment to, or a change in, the condominium bylaws shall be effective upon recordation and the master deed or bylaws shall so state.
- (4) If the association of co-owners administering the affairs of the condominium project is a corporation, the corporation's bylaws are hereinafter designated corporate bylaws or association bylaws and shall not be confused with condominium bylaws, hereinafter referred to as "bylaws."
- (5) The bylaws shall state all of the following:
 - (a) The name and location of the condominium project.
 - (b) The purpose of the bylaws.
 - (c) Whether the project is a residential condominium, an industrial condominium, a commercial condominium, a professional condominium, a campsite condominium, a marina condominium, a mobile home condominium, or other type of condominium.
 - (d) Any restrictions affecting the use of individual units or common elements.

R 559.502 Administration and membership provisions.

Rule 502.

- (1) The bylaws shall designate the association of co-owners as responsible for the management and administration of the common elements, property, easements, and the affairs of the condominium project. The association of co-owners may form or organize an entity for managing the property or otherwise provide for independent management of the project. The bylaws shall indicate the form of the association of co-owners; that is, whether it was created and will operate as a profit or nonprofit corporation, a partnership, or an unincorporated association.
- (2) The bylaws may provide reasonable provisions to facilitate the development and sale of the project by the developer until completion of the project.
- (3) The bylaws shall comply with section 52 of the act.

(4) The bylaws shall provide that membership in the association of co-owners shall be limited to persons who own 1 or more units in the condominium project and each co-owner shall be a member of the association of co-owners.

R 559.503 Rescinded.

R 559.504 Books; inspection; cost of annual audit.

Rule 504.

The bylaws shall provide that the books shall be maintained in accordance with section 57 of the act. The cost of the annual audit shall be an expense of administration. The right of inspection of the books by co-owners may be limited to a reasonable time and place specified in the bylaws.

R 559.505 Copies of condominium documents; availability.

Rule 505.

The bylaws shall provide that the association of co-owners shall keep current copies of the recorded master deed and amendments and all other condominium documents available for inspection in accordance with section 68 of the act.

R 559.506 Destruction or condemnation of property.

Rule 506.

The bylaws shall set forth the rights of the co-owners and the procedures to be followed in case of partial or complete destruction, or partial or complete taking by condemnation.

R 559.507 Mortgages.

Rule 507.

The bylaws shall provide that a co-owner who mortgages his or her unit shall notify the association of co-owners of the name and address of the mortgagee, and that the association of co-owners shall maintain such information in a book entitled, "Mortgages of Units." The association of co-owners may notify the mortgagee of unpaid assessments due from the co-owner of such unit. The association of co-owners shall furnish an individual mortgagee with complete information on all insurance carried by the association of co-owners.

R 559.508 Insurance.

Rule 508.

The bylaws shall provide that the association of co-owners shall carry insurance for fire and extended coverage, vandalism and malicious mischief, and, if applicable, liability and workers' disability compensation, pertinent to the ownership, use, and maintenance of the premises and that all premiums for insurance carried by the association shall be an expense of administration. The association may carry other insurance coverage, including cross-coverage for damages done by 1 co-owner to another.

R 559.509 Structural repair or modification of unit; access to unit by designated person.

Rule 509.

(1) The bylaws shall provide that a co-owner who desires to make a structural repair or modification of his or her unit shall first obtain written consent of the association of co-owners. The association shall not consent if such repair or modification may jeopardize or impair the structural soundness or safety, or both, of the project.

(2) The bylaws shall provide that any person designated by the association of co-owners shall have access to each unit as necessary during reasonable hours, upon notice to the occupant thereof, for maintenance, repair, or replacement of any of the common elements therein or accessible therefrom, and shall have access to each unit without notice for making emergency repairs necessary to prevent damage to other units or the common elements, or both.

R 559.510 Compliance with act, master deed and bylaws, the articles of association, and rules and regulations adopted by association.

Rule 510.

The bylaws shall provide, in accordance with section 65 of the act, that all present and future co-owners, tenants, and any other persons or occupants using the facilities of the project in any manner are subject to, and shall comply with, the act, the master deed and bylaws, and the articles of association, and rules and regulations adopted by the association of co-owners.

R 559.511 Reserve fund for major repairs and replacement of common elements.

Rule 511.

(1) The bylaws shall provide that the association of co-owners shall maintain a reserve fund for major repairs and replacement of common elements in accordance with section 105 of the act.

The co-owners' association shall maintain a reserve fund which, at a minimum, shall be equal to 10% of the association's current annual budget on a noncumulative basis.

(2) The funds contained in the reserve fund required to be established by section 105 of the act shall only be used for major repairs and replacement of common elements.

(3) There shall be set aside the amount of funds required by subrule (1) of this rule by the time of the transitional control date. The developer shall be liable for any deficiency in this amount at the transitional control date.

(4) The following statement shall be contained in the bylaws: "The minimum standard required by this section may prove to be inadequate for a particular project. The association of co-owners should carefully analyze their condominium project to determine if a greater amount should be set aside, or if additional reserve funds should be established for other purposes."

R 559.512 Resolution of disputes, claims, or grievances.

Rule 512.

The bylaws shall provide for procedures, in accordance with sections 106 and 107 of the act, to resolve any dispute, claim, or grievance arising out of, or relating to, the interpretation or the application of the master deed, the bylaws, or the management agreement, if any. The bylaws may provide for arbitration or other methods of resolving disputes, claims, or grievances arising among or between co-owners or between co-owners and the association of co-owners or between the association and a management company. If arbitration is requested by the parties to such a dispute, claim, or grievance, the dispute, claim, or grievance may be submitted to arbitration and the parties shall accept the arbitrator's decision as final and binding. The bylaws may provide for the application of the commercial arbitration rules, as amended, of the American arbitration association.

R 559.513 Assessments.

Rule 513.

The bylaws shall set forth detailed information concerning assessments. The method by which assessments are to be made shall be included and shall provide that the board of directors of the association shall establish an annual budget.

R 559.514 Liens.

Rule 514.

(1) The bylaws may outline the procedures to be followed in the event of the attachment of a mechanic's lien, and shall make reference to the provisions of section 132 of the act.

(2) The bylaws shall outline the procedures to be followed when a co-owner's unpaid assessments owed to the association become a lien on the co-owner's unit and shall contain the provisions in sections 108 and 111 of the act.

R 559.515 Leasing.

Rule 515.

The bylaws shall contain provisions for leasing condominium units and shall contain provisions pursuant to section 112 of the act.

PART 6. APPROVAL OF A MASTER DEED

R 559.601–R 559.607 Rescinded.

PART 7. PERMIT TO SELL AND SALES

R 559.701–R 559.704 Rescinded.

PART 8. ESCROW

R 559.801–R 559.803 Rescinded.

PART 9. DISCLOSURE STATEMENT

R 559.901 Disclosure statement generally.

Rule 901.

(1) Pursuant to section 84a of the act, the developer shall prepare a disclosure statement at the time of recordation of the master deed. A disclosure statement shall not be used unless it meets the requirements set forth in the act and these rules. A disclosure statement shall be amended before further use if there is a material change in the information contained therein.

(2) Pursuant to sections 84 and 84a of the act, the developer shall furnish a copy of a current, effective disclosure statement to a prospective condominium purchaser not less than 9 business days before a binding purchase agreement.

R 559.902 Format.

Rule 902.

(1) The disclosure statement shall be prepared in pamphlet form or in any similar form in which the pages are securely fastened together. Any typing, printing, or duplication process may be employed if it produces clear and legible copies.

(2) The items required to be disclosed by R 559.903 shall, unless otherwise indicated, be disclosed under separate headings.

(3) The pages of the disclosure statement shall be consecutively numbered beginning after the cover page and the table of contents with page 1. All the pages shall be the same size.

R 559.903 Information to be included in the disclosure statement.

Rule 903.

(1) The disclosure statement shall fully and accurately disclose those facts or characteristics about a condominium project and a developer which are deemed material. "Material," as used in the preceding sentence, refers to those factors which might reasonably affect a prospective purchaser's decision to accept or reject the offer to purchase the condominium unit. Where material information is not known by the developer, such facts shall be stated with a brief explanation.

(2) The information presented in the disclosure statement shall not obscure the facts, encourage a misinterpretation of the facts, or otherwise mislead the reader. No information is to be incorporated by reference to an extrinsic source which is not readily available to an ordinary prospective purchaser.

(3) The language of the disclosure statement shall be readily understandable by a lay person. Legal phraseology, technical terms, and terms of art are to be avoided where possible.

(4) Brevity is desirable to the extent consistent with the purpose of the disclosure statement and the rules governing its preparation. Thus, the contents of the disclosure statement shall be limited to factual information.

(5) The disclosure statement shall contain a cover page and a table of contents which identifies the sections and subsections of the disclosure statement.

(6) Material information about the developer and the condominium project within the following categories shall be included in the disclosure statement, when applicable:

- (a) Condominium project warranties.
 - (b) The size and scope of the condominium project.
 - (c) The condominium project budget and assessments.
 - (d) The condominium project recreational facilities.
 - (e) Condominium project restrictions.
 - (f) The developer's background and experience.
 - (g) Legal proceedings involving the condominium project or the developer.
 - (h) Condominium association management contracts.
 - (i) Other material information as will inform purchasers about the unique characteristics of the particular condominium project.
- (7) Pursuant to section 101 of the act, the disclosure statement shall contain an explanation of the possible liability of co-owners under section 58 of the act. A statement similar to the following shall be included within the disclosure statement: "Co-owner liability. Section 58 of the Michigan condominium act provides: If the holder of a first mortgage or other purchaser of a condominium unit obtains title to that unit by foreclosing that mortgage, the holder of the first mortgage or other purchaser is not liable for unpaid assessments which are chargeable against that unit and which had become due prior to foreclosure. These unpaid assessments are common expenses which are collectable from all unit owners, including the holder of the first mortgage who has obtained title to the unit through foreclosure."
- (8) If a project is a conversion condominium project, the developer shall disclose the following additional information:
- (a) The year when construction was completed on the building or buildings in the project.
 - (b) A statement, if known, of the condition of the main components of the building, including the plumbing, heating, electrical, roofing, and structural components. If the condition of the plumbing, heating, electrical, roofing and structural components is unknown, the developer shall fully disclose that fact.

PART 10. FINANCIAL INFORMATION

R 559.1001–R 559.1006 Rescinded.