

Legislative Analysis



ANNUAL AUDIT FOR CONDOMINIUM PROJECTS

Mary Ann Cleary, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4355

Sponsor: Rep. Paul Clemente

Committee: Regulatory Reform

Complete to 5-6-13

A SUMMARY OF HOUSE BILL 4355 AS INTRODUCED 2-28-13

The bill would amend the Condominium Act (1978 PA 59) to require an association of co-owners of a condominium project with annual revenues exceeding \$100,000 to have an independent annual audit. The association of owners could each year opt out of the audit requirement under certain conditions.

Currently, the books, records, and contracts concerning the administration and operation of a condominium project are required to be made available for examination by any of the co-owners and their mortgagees, and all books and records must be independently audited or reviewed annually.

House Bill 4355 would continue to make books, records, and contracts open for examination but eliminate the required annual audit, and instead, require associations of co-owners with annual revenues greater than \$100,000 to have its books, records, and financial statements independently audited or reviewed each year by a certified public accountant. Audits or reviews would have to be performed in accordance with the statements on auditing standards or the statements on standards for accounting and review services of the American Institute of Certified Public Accountants.

Associations of co-owners would be able to opt out of the annual audit requirements on an annual basis by an affirmative vote of a majority of its members in attendance at a properly held meeting.

MCL 559.157

FISCAL IMPACT:

A fiscal analysis is in process.

Legislative Analyst: Jeff Stoutenburg
Fiscal Analyst: Paul Holland

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.