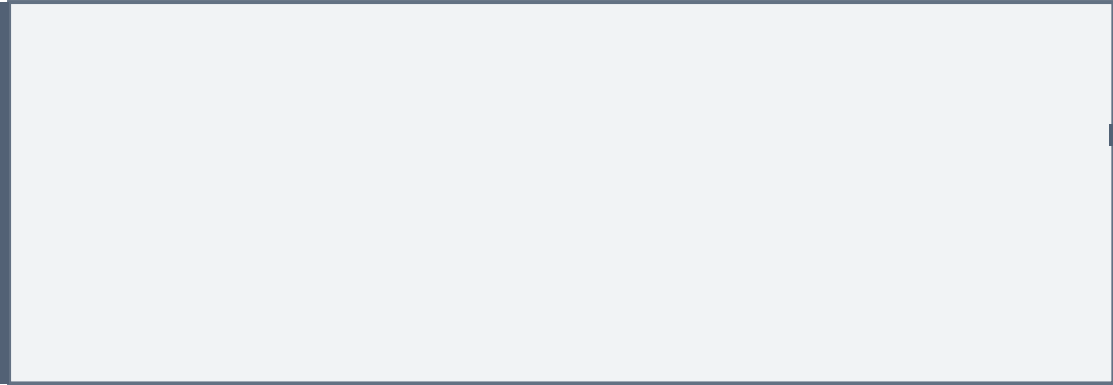




Section 1. - Sample Provision Excerpt (Public Preview)

The business and property of this corporation shall be managed and controlled by a Board of Trustees within the limitations prescribed by Act 137. The number of Trustees shall be no less than ten (10) and not more than fifteen (15). At the first Annual Meeting of this corporation , five (5) trustees shall be elected to two (2) years.

ISSUE #1



MARKUP #1 ->

MARKUP #1 · SUBJECTIVE OR OVERBROAD WORDING

BOARD & COUNSEL REVIEW

Sec. 1. (p. 3): [FLAGGED FOR COUNSEL REVIEW - SAFE RESOLUTION GATE] Governing documents omit the mandatory MCL 559.157(2) - (3) requirement that associations with annual revenues over \$20,000 undergo an annual independent CPA audit or review unless opted out annually by majority co-owner vote.

Statutory / Legal Reference: MCL § 450.2304 & § 450.2101 - 450.3192 (Michigan Nonprofit Corporation Act & Common-Law Servitudes)

Statutory Comparison: Under MCL 559.157(2) - (3), an association of co-owners with annual revenues greater than \$20,000 must on an annual basis have its books, records, and financial statements independently audited or reviewed by a certified public accountant, unless the association opts out of that requirement on an annual basis by an affirmative vote of a majority of its members.

CURRENT WORDING IN DOCUMENT:

The business and property of this corporation shall be managed and controlled by a Board of Trustees within the limitations prescribed by Act 137. The number of Trustees shall be no less than ten (10) and not more than fifteen (15). At the first Annual Meeting of this corporation , five (5) trustees shall be elected to two (2) years.

SAMPLE DISCUSSION WORDING (FOR HOA ATTORNEY REVIEW):

Pursuant to MCL 559.157(2) - (3), if the Association's annual revenues exceed \$20,000, the Association shall annually have its books, records, and financial statements independently audited or reviewed by a Certified Public Accountant, unless the Co-owners opt out of the...