

RESIDENTIAL CONDOMINIUM PURCHASE AGREEMENTS - A TRAP FOR THE UNWARY MICHIGAN REAL PROPERTY ATTORNEY

The Michigan Court of Appeals reminds us why even the smallest details matter.

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In [Bridgewater Condos, LC v Dale W Boersema](#), (No. 293935, decided December 14, 2010) the Michigan Court of Appeals recently upheld a lower court ruling which allowed fifteen buyers of residential condominiums to walk away from their obligations under their respective purchase agreements. The ruling upheld the trial court's grant of summary disposition for the purchasers by finding that the purchase agreements were not binding because they failed to comply with the requirements of the Michigan Condominium Act, [MCL 559.101](#), et seq. One might think that the failure to comply was occasioned by vast oversights in the parties' purchase agreements. To the contrary, the Court found the absence of one small detail to be the deciding factor.

Each purchase agreement contained a fairly standard paragraph indicating that the title company would serve as the escrow agent, thereby holding the purchaser's funds. What that paragraph failed to include was the address of the title company. Despite the fact that a "Condo Book" included with the transaction documents contained a disclosure statement with the title company's address, the Court held that fact to be irrelevant. The end result was that buyers under the fifteen separate consolidated cases were allowed to walk away from their obligation to purchase their respective condo units.

While the case may be appealed, drafters should exercise caution to avoid falling into the same or similar traps. It doesn't appear that substantial compliance with the provisions of the Michigan Condominium Act will provide an adequate defense any time soon.

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