

By Representative Posey

1 A bill to be entitled
2 An act relating to condominiums; amending s.
3 718.112, F.S.; providing for contingencies in
4 the reserve program; providing an effective
5 date.

6
7 Be It Enacted by the Legislature of the State of Florida:

8
9 Section 1. Paragraph (f) of subsection (2) of section
10 718.112, Florida Statutes, is amended to read:

11 718.112 Bylaws.--

12 (2) REQUIRED PROVISIONS.--The bylaws shall provide for
13 the following and, if they do not do so, shall be deemed to
14 include the following:

15 (f) Annual budget.--

16 1. The proposed annual budget of common expenses shall
17 be detailed and shall show the amounts budgeted by accounts
18 and expense classifications, including, if applicable, but not
19 limited to, those expenses listed in s. 718.504(20). In
20 addition, if the association maintains limited common elements
21 with the cost to be shared only by those entitled to use the
22 limited common elements as provided for in s. 718.113(1), the
23 budget or a schedule attached thereto shall show amounts
24 budgeted therefor.

25 2. In addition to annual operating expenses, the
26 budget shall include reserve accounts for capital
27 expenditures, ~~and~~ deferred maintenance, and contingencies.
28 These accounts shall include, but are not limited to, roof
29 replacement, building painting, and pavement resurfacing,
30 regardless of the amount of deferred maintenance expense or
31 replacement cost, and for any other item for which the

1 deferred maintenance expense or replacement cost exceeds
2 \$10,000. The amount to be reserved shall be computed by means
3 of a formula which is based upon estimated remaining useful
4 life and estimated replacement cost or deferred maintenance
5 expense of each reserve item. The association may adjust
6 replacement reserve assessments annually to take into account
7 any changes in estimates or extension of the useful life of a
8 reserve item caused by deferred maintenance. This subsection
9 does not apply to budgets in which the members of an
10 association have, by a majority vote at a duly called meeting
11 of the association, determined for a fiscal year to provide no
12 reserves or reserves less adequate than required by this
13 subsection. The board may provide for reserves for
14 contingencies in an amount approved by the board. However,
15 prior to turnover of control of an association by a developer
16 to unit owners other than a developer pursuant to s. 718.301,
17 the developer may vote to waive the reserves or reduce the
18 funding of reserves for the first 2 years of the operation of
19 the association, after which time reserves may only be waived
20 or reduced upon the vote of a majority of all nondeveloper
21 voting interests voting in person or by limited proxy at a
22 duly called meeting of the association. If a meeting of the
23 unit owners has been called to determine to provide no
24 reserves or reserves less adequate than required, and such
25 result is not attained or a quorum is not attained, the
26 reserves as included in the budget shall go into effect.

27 3. Reserve funds and any interest accruing thereon
28 shall remain in the reserve account or accounts, and shall be
29 used only for authorized reserve expenditures unless their use
30 for other purposes is approved in advance by a vote of the
31 majority of the voting interests, voting in person or by

1 limited proxy at a duly called meeting of the association.
2 Prior to turnover of control of an association by a developer
3 to unit owners other than the developer pursuant to s.
4 718.301, the developer-controlled association shall not vote
5 to use reserves for purposes other than that for which they
6 were intended without the approval of a majority of all
7 nondeveloper voting interests, voting in person or by limited
8 proxy at a duly called meeting of the association.

9 Section 2. This act shall take effect October 1, 1997.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

HOUSE SUMMARY

Provides for the inclusion of contingencies in the
reserve program for condominiums.