

By Senator Saunders

25-342A-00

See HB

1                                   A bill to be entitled  
2           An act relating to condominium associations;  
3           amending s. 718.103, F.S.; revising  
4           definitions; providing an additional  
5           definition; amending s. 718.104, F.S.;  
6           providing additional requirements for a  
7           declaration of condominium; modifying time  
8           period for filing recorded documents; providing  
9           for determining the percentage share of  
10          liability for common expenses and ownership;  
11          amending s. 718.106, F.S.; providing for the  
12          right to assign exclusive use; providing for  
13          the right to seek election; amending s.  
14          718.110, F.S.; clarifying requirements for  
15          amending and recording the declaration of  
16          condominium; providing for determining the  
17          percentage share of liability for common  
18          expenses and ownership for purposes of  
19          condominiums comprising a multicondominium  
20          development; amending s. 718.111, F.S.;  
21          clarifying an attorney-client privilege;  
22          revising requirements for financial reporting;  
23          authorizing certain financial statements in  
24          lieu of reports; deleting requirements for  
25          financial statements; revising certain  
26          limitations on the commingling of funds  
27          maintained in the name of a condominium  
28          association or multicondominium; amending s.  
29          718.112, F.S.; revising requirements for budget  
30          meetings; requiring separate budgets for  
31          condominiums and associations; providing

1 conditions under which a multicondominium  
2 association may waive or reduce its funding of  
3 reserves; amending s. 718.113, F.S.; providing  
4 certain limitations on making material  
5 alterations or additions to multicondominiums;  
6 providing a procedure for approving an  
7 alteration or addition if not provided for in  
8 the bylaws; revising requirements for  
9 condominium boards with respect to installing  
10 and maintaining hurricane shutters; specifying  
11 expenses that constitute common expenses of a  
12 multicondominium association; providing for an  
13 association's bylaws to allow certain  
14 educational expenses of the officers or  
15 directors to be a permitted common expense;  
16 amending s. 718.115, F.S.; providing for  
17 determining the common surplus owned by a unit  
18 owner of a multicondominium; amending s.  
19 718.116, F.S.; revising circumstances under  
20 which a developer may be excused from paying  
21 certain common expenses and assessments;  
22 providing for the developer's obligation for  
23 such expenses with respect to a  
24 multicondominium association; amending s.  
25 718.117, F.S.; providing that certain  
26 requirements governing the termination of a  
27 condominium are inapplicable to the merger of a  
28 condominium with one or more other  
29 condominiums; amending s. 718.403, F.S.;  
30 modifying time period for filing recorded  
31 documents; creating s. 718.405, F.S.; providing

1 for the creation of multicondominiums;  
2 providing requirements for the declaration of  
3 condominium; providing for the merger or  
4 consolidation of condominium associations;  
5 amending s. 718.5019, F.S.; providing for a  
6 member's continued service until a replacement  
7 has been appointed; amending s. 718.504, F.S.;  
8 providing requirements for the prospectus or  
9 offering circular for a condominium that is or  
10 may become part of a multicondominium; amending  
11 s. 721.13, F.S.; conforming a cross-reference;  
12 repealing s. 718.501(1)(j), F.S., relating to  
13 uniform accounting principles, policies, and  
14 standards required to be adopted by the  
15 Division of Florida Land Sales, Condominiums,  
16 and Mobile Homes of the Department of Business  
17 and Professional Regulation; providing an  
18 effective date.

19

20 Be It Enacted by the Legislature of the State of Florida:

21

22 Section 1. Section 718.103, Florida Statutes, is  
23 amended to read:

24 718.103 Definitions.--As used in this chapter, the  
25 term:

26 (1) "Assessment" means a share of the funds which are  
27 required for the payment of common expenses, which from time  
28 to time is assessed against the unit owner.

29 (2) "Association" means, in addition to any entity  
30 ~~those entities~~ responsible for the operation of common  
31 elements owned in undivided shares by unit owners, any entity

1 which operates or maintains other real property in which  
2 ~~condominium~~ unit owners have use rights, where ~~unit owner~~  
3 membership in the entity is composed exclusively of  
4 ~~condominium~~ unit owners or their elected or appointed  
5 representatives, and ~~where membership in the entity~~ is a  
6 required condition of unit ownership.

7 (3) "Association property" means that property, real  
8 and personal, which is owned or leased by, or is dedicated by  
9 a recorded plat to, the association for the use and benefit of  
10 its members.

11 (4) "Board of administration" or "board" means the  
12 board of directors or other representative body which is  
13 responsible for administration of the association.

14 (5) "Buyer" means a person who purchases a condominium  
15 unit. The term "purchaser" may be used interchangeably with  
16 the term "buyer."

17 (6) "Bylaws" means the bylaws of the association as  
18 they are amended ~~exist~~ from time to time.

19 (7) "Committee" means a group of board members, unit  
20 owners, or board members and unit owners appointed by the  
21 board or a member of the board to make recommendations to the  
22 board regarding the proposed annual ~~association~~ budget or to  
23 take action on behalf of the board.

24 (8) "Common elements" means the portions of the  
25 condominium property ~~which are~~ not included in the units.

26 (9) "Common expenses" means all expenses ~~and~~  
27 ~~assessments which are~~ properly incurred by the association in  
28 the performance of its duties, including expenses specified in  
29 s. 718.115 ~~for the condominium~~.

30 (10) "Common surplus" means the amount ~~excess~~ of all  
31 receipts or revenues, ~~of the association collected on behalf~~

1 ~~of a condominium (including, but not limited to, assessments,~~  
2 rents, or profits, collected by a condominium association  
3 which exceeds, and revenues on account of the common elements)  
4 ~~over the common expenses.~~

5 (11) "Condominium" means that form of ownership of  
6 real property ~~which is~~ created pursuant to ~~the provisions of~~  
7 this chapter, which is comprised entirely of units that may be  
8 owned by one or more persons, and in which there is,  
9 appurtenant to each unit, an undivided share in common  
10 elements.

11 (12) "Condominium parcel" means a unit, together with  
12 the undivided share in the common elements ~~which is~~  
13 appurtenant to the unit.

14 (13) "Condominium property" means the lands,  
15 leaseholds, and personal property that are subjected to  
16 condominium ownership, whether or not contiguous, and all  
17 improvements thereon and all easements and rights appurtenant  
18 thereto intended for use in connection with the condominium.

19 (14) "Conspicuous type" means bold type in capital  
20 letters no smaller than the largest type, exclusive of  
21 headings, on the page on which it appears and, in all cases,  
22 at least 10-point type. Where conspicuous type is required,  
23 it must be separated on all sides from other type and print.  
24 Conspicuous type may be used in a contract ~~contracts~~ for  
25 purchase and sale of a unit, a lease of a unit for more than 5  
26 years, or a prospectus or offering circular ~~public offering~~  
27 ~~statements~~ only where required by law.

28 (15) "Declaration" or "declaration of condominium"  
29 means the instrument or instruments by which a condominium is  
30 created, as they are from time to time amended.

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1           (16) "Developer" means a person who creates a  
2 condominium or offers condominium parcels for sale or lease in  
3 the ordinary course of business, but does not include an owner  
4 or lessee of a condominium or cooperative unit who has  
5 acquired the unit for his or her own occupancy, nor does it  
6 include a cooperative association which creates a condominium  
7 by conversion of an existing residential cooperative after  
8 control of the association has been transferred to the unit  
9 owners if, following the conversion, the unit owners will be  
10 the same persons who were unit owners of the cooperative and  
11 no units are offered for sale or lease to the public as part  
12 of the plan of conversion.

13           (17) "Division" means the Division of Florida Land  
14 Sales, Condominiums, and Mobile Homes of the Department of  
15 Business and Professional Regulation.

16           (18) "Land" means, ~~unless otherwise defined in the~~  
17 ~~declaration as hereinafter provided,~~ the surface of a legally  
18 described parcel of real property and includes, unless  
19 otherwise specified in the declaration and whether separate  
20 from or including such surface, airspace lying above and  
21 subterranean space lying below such surface. However, if so  
22 defined in the declaration, the term "land" may mean all or  
23 any portion of the airspace or subterranean space between two  
24 legally identifiable elevations and may exclude the surface of  
25 a parcel of real property and may mean any combination of the  
26 foregoing, whether or not contiguous.

27           (19) "Limited common elements" means those common  
28 elements which are reserved for the use of a certain  
29 ~~condominium~~ unit or units to the exclusion of all other units,  
30 as specified in the declaration ~~of condominium~~.

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1           (20) "Multicondominium" means a real estate  
2 development containing two or more condominiums all of which  
3 are operated by the same association.

4           (21)~~(20)~~ "Operation" or "operation of the condominium"  
5 includes the administration and management of the condominium  
6 property.

7           (22)~~(21)~~ "Rental agreement" means any written  
8 agreement, or oral agreement if for less duration than 1 year,  
9 providing for use and occupancy of premises.

10           (23)~~(22)~~ "Residential condominium" means a condominium  
11 consisting of two or more ~~condominium~~ units, any of which are  
12 intended for use as a private temporary or permanent  
13 residence, except that a condominium is not a residential  
14 condominium if the use for which the units are intended is  
15 primarily commercial or industrial and not more than three  
16 units are intended to be used for private residence, and are  
17 intended to be used as housing for maintenance, managerial,  
18 janitorial, or other operational staff of the condominium.  
19 With respect to a condominium that is not a timeshare  
20 condominium, a residential unit includes a unit intended as a  
21 private temporary or permanent residence as well as a unit not  
22 intended for commercial or industrial use. With respect to a  
23 timeshare condominium, the timeshare instrument as defined in  
24 s. 721.05(30) shall govern the intended use of each unit in  
25 the condominium. If a condominium is a residential condominium  
26 but contains units intended to be used for commercial or  
27 industrial purposes, then, with respect to those units which  
28 are not intended for or used as private residences, the  
29 condominium is not a residential condominium. A condominium  
30 which contains both commercial and residential units is a

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1 mixed-use condominium and is subject to the requirements of s.  
2 718.404.

3 (24)~~(23)~~ "Special assessment" means any assessment  
4 levied against a unit owner ~~owners~~ other than the assessment  
5 required by a budget adopted annually.

6 (25)~~(24)~~ "Timeshare estate" means any interest in a  
7 unit under which the exclusive right of use, possession, or  
8 occupancy of the unit circulates among the various purchasers  
9 of a timeshare plan pursuant to chapter 721 on a recurring  
10 basis for a period of time.

11 (26)~~(25)~~ "Timeshare unit" means a unit in which  
12 timeshare estates have been created.

13 (27)~~(26)~~ "Unit" means a part of the condominium  
14 property which is subject to exclusive ownership. A unit may  
15 be in improvements, land, or land and improvements together,  
16 as specified in the declaration.

17 (28)~~(27)~~ "Unit owner" or "owner of a unit" means a  
18 record owner of legal title to a condominium parcel.

19 (29)~~(28)~~ "Voting certificate" means a document which  
20 designates one of the record title owners, or the corporate,  
21 partnership, or entity representative, who is authorized to  
22 vote on behalf of a condominium unit that is owned by more  
23 than one owner or by any entity.

24 (30)~~(29)~~ "Voting interests ~~interest~~" means the voting  
25 rights distributed to the association members pursuant to s.  
26 718.104(4)(i). In a multicondominium association, the voting  
27 interests of the association are the voting rights distributed  
28 to the unit owners in all condominiums operated by the  
29 association. On matters related to a specific condominium in  
30 a multicondominium association, the voting interests of the  
31



1 condominium are the voting rights distributed to the unit  
2 owners in that condominium.

3 Section 2. Subsection (2) and paragraphs (f) and (g)  
4 of subsection (4) of section 718.104, Florida Statutes, are  
5 amended, and paragraph (h) is added to subsection (4), to  
6 read:

7 718.104 Creation of condominiums; contents of  
8 declaration.--Every condominium created in this state shall be  
9 created pursuant to this chapter.

10 (2) A condominium is created by recording a  
11 declaration in the public records of the county where the land  
12 is located, executed and acknowledged with the requirements  
13 for a deed. All persons who have record title to the interest  
14 in the land being submitted to condominium ownership, or their  
15 lawfully authorized agents, must join in the execution of the  
16 declaration. Upon the recording of the declaration, or an  
17 amendment adding a phase to the condominium under s.  
18 718.403(6), all units described in the declaration or phase  
19 amendment as being located in or on the land then being  
20 submitted to condominium ownership shall come into existence,  
21 regardless of the state of completion of planned improvements  
22 in which the units may be located. Upon recording the  
23 declaration of condominium pursuant to this section, the  
24 developer shall file the recording information with the  
25 division within 120 calendar ~~30 business~~ days on a form  
26 prescribed by the division.

27 (4) The declaration must contain or provide for the  
28 following matters:

29 (f) The undivided share of ownership of in the common  
30 elements and common surplus of the condominium that is  
31 appurtenant to each unit stated as a percentage or a fraction

1 ~~of percentages or fractions, which, in the aggregate, must~~  
2 ~~equal~~ the whole. In the declaration of condominium for  
3 residential condominiums created after April 1, 1992, the  
4 ownership share of the common elements assigned to each  
5 residential unit shall be based either upon the total square  
6 footage of each residential unit in uniform relationship to  
7 the total square footage of each other residential unit in the  
8 condominium or on an equal fractional basis.

9 (g) The percentage or fractional shares of liability  
10 for proportions or percentages of and manner of sharing common  
11 expenses of the condominium and owning common surplus, which,  
12 for all a residential units condominium, must be the same as  
13 the undivided shares of ownership of in the common elements  
14 and common surplus appurtenant to each unit as provided for in  
15 paragraph (f).

16 (h) If a developer reserves the right, in a  
17 declaration recorded on or after July 1, 2000, to create a  
18 multicondominium, the declaration must state, or provide a  
19 specific formula for determining, the fractional or percentage  
20 shares of liability for the common expenses of the association  
21 and of ownership of the common surplus of the association to  
22 be allocated to the units in each condominium to be operated  
23 by the association. If the declaration as originally recorded  
24 fails to so provide, the share of liability for the common  
25 expenses of the association and of ownership of the common  
26 surplus of the association allocated to each unit in each  
27 condominium operated by the association shall be a fraction of  
28 the whole, the numerator of which is the number "one" and the  
29 denominator of which is the total number of units in all  
30 condominiums operated by the association.

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1           Section 3. Subsection (2) of section 718.106, Florida  
2 Statutes, is amended to read:

3           718.106 Condominium parcels; appurtenances; possession  
4 and enjoyment.--

5           (2) There shall pass with a unit, as appurtenances  
6 thereto:

7           (a) An undivided share in the common elements and  
8 common surplus.

9           (b) The exclusive right to use such portion of the  
10 common elements as may be provided by the declaration,  
11 including the right to transfer such right to other units or  
12 unit owners to the extent authorized by the declaration as  
13 originally recorded, or amendments to the declaration adopted  
14 under s. 718.110(2).

15           (c) An exclusive easement for the use of the airspace  
16 occupied by the unit as it exists at any particular time and  
17 as the unit may lawfully be altered or reconstructed from time  
18 to time. An easement in airspace which is vacated shall be  
19 terminated automatically.

20           (d) Membership in the association designated in the  
21 declaration, with the full voting rights appertaining thereto.

22           (e) Other appurtenances as may be provided in the  
23 declaration.

24           Section 4. Subsections (4) and (9) of section 718.110,  
25 Florida Statutes, are amended, and subsection (12) is added to  
26 that section, to read:

27           718.110 Amendment of declaration; correction of error  
28 or omission in declaration by circuit court.--

29           (4) Unless otherwise provided in the declaration as  
30 originally recorded, no amendment may change the configuration  
31 or size of any ~~condominium~~ unit in any material fashion,

1 materially alter or modify the appurtenances to the unit, or  
2 change the proportion or percentage by which the unit owner of  
3 ~~the parcel~~ shares the common expenses of the condominium and  
4 owns the common surplus of the condominium unless the record  
5 owner of the unit and all record owners of liens on the unit  
6 ~~it~~ join in the execution of the amendment and unless all the  
7 record owners of all other units in the same condominium  
8 approve the amendment. The acquisition of property by the  
9 association, and material alterations or substantial additions  
10 to such property or the common elements by the association in  
11 accordance with s. 718.111(7) or s. 718.113, shall not be  
12 deemed to constitute a material alteration or modification of  
13 the appurtenances to the units. A declaration recorded after  
14 April 1, 1992, may not require the approval of less than a  
15 majority of total voting interests of the condominium for  
16 amendments under this subsection, unless otherwise required by  
17 a any governmental entity.

18 (9) If there is an omission or error in a declaration  
19 ~~of condominium~~, or in any other document required by law to  
20 establish the condominium, the association may correct the  
21 error or omission by an amendment to the declaration or to the  
22 other document required to create a condominium in the manner  
23 provided in the declaration to amend the declaration or, if  
24 none is provided, by vote of a majority of the voting  
25 interests of the condominium. The amendment is effective when  
26 passed and approved and a certificate of ~~the~~ amendment is  
27 executed and recorded as provided in subsections (2) and (3)  
28 ~~s. 718.104~~. This procedure for amendment cannot be used if  
29 such an amendment would materially or adversely affect  
30 property rights of unit owners, unless the affected unit  
31 owners consent in writing. This subsection does not restrict

1 the powers of the association to otherwise amend the  
2 declaration, or other documentation, but authorizes a simple  
3 process of amendment requiring a lesser vote for the purpose  
4 of curing defects, errors, or omissions when the property  
5 rights of unit owners are not materially or adversely  
6 affected.

7 (12)(a) With respect to an existing multicondominium  
8 association, any amendment to change the fractional or  
9 percentage share of liability for the common expenses of the  
10 association and ownership of the common surplus of the  
11 association must be approved by at least a majority of the  
12 total voting interests of each condominium operated by the  
13 association unless the declarations of all condominiums  
14 operated by the association uniformly require approval by a  
15 greater percentage of the voting interests of each  
16 condominium.

17 (b) Unless approval by a greater percentage of the  
18 voting interests of an existing multicondominium association  
19 is expressly required in the declaration of an existing  
20 condominium, the declaration may be amended upon approval of  
21 at least a majority of the total voting interests of each  
22 condominium operated by the multicondominium association for  
23 the purpose of:

24 1. Setting forth in the declaration the formula  
25 currently utilized, but not previously stated in the  
26 declaration, for determining the percentage or fractional  
27 shares of liability for the common expenses of the  
28 multicondominium association and ownership of the common  
29 surplus of the multicondominium association.

30 2. Providing for the creation or enlargement of a  
31 multicondominium association by the merger or consolidation of

1 two or more associations and changing the name of the  
2 association, as appropriate.

3 Section 5. Paragraphs (a) and (c) of subsection (12)  
4 and subsections (13), (14), and (15) of section 718.111,  
5 Florida Statutes, are amended to read:

6 718.111 The association.--

7 (12) OFFICIAL RECORDS.--

8 (a) From the inception of the association, the  
9 association shall maintain each of the following items, when  
10 applicable, which shall constitute the official records of the  
11 association:

12 1. A copy of the plans, permits, warranties, and other  
13 items provided by the developer pursuant to s. 718.301(4).

14 2. A photocopy of the recorded declaration of  
15 condominium of each condominium operated by the association  
16 and of each amendment to each declaration.

17 3. A photocopy of the recorded bylaws of the  
18 association and of each amendment to the bylaws.

19 4. A certified copy of the articles of incorporation  
20 of the association, or other documents creating the  
21 association, and of each amendment thereto.

22 5. A copy of the current rules of the association.

23 6. A book or books which contain the minutes of all  
24 meetings of the association, of the board of directors, and of  
25 unit owners, which minutes shall be retained for a period of  
26 not less than 7 years.

27 7. A current roster of all unit owners and their  
28 mailing addresses, unit identifications, voting  
29 certifications, and, if known, telephone numbers.

30 8. All current insurance policies of the association  
31 and condominiums operated by the association.

1           9. A current copy of any management agreement, lease,  
2 or other contract to which the association is a party or under  
3 which the association or the unit owners have an obligation or  
4 responsibility.

5           10. Bills of sale or transfer for all property owned  
6 by the association.

7           11. Accounting records for the association and  
8 separate accounting records for each condominium which the  
9 association operates, ~~according to good accounting practices.~~

10 All accounting records shall be maintained for a period of not  
11 less than 7 years. The accounting records shall include, but  
12 are not limited to:

13           a. Accurate, itemized, and detailed records of all  
14 receipts and expenditures.

15           b. A current account and a monthly, bimonthly, or  
16 quarterly statement of the account for each unit designating  
17 the name of the unit owner, the due date and amount of each  
18 assessment, the amount paid upon the account, and the balance  
19 due.

20           c. All audits, reviews, accounting statements, and  
21 financial reports of the association or condominium.

22           d. All contracts for work to be performed. Bids for  
23 work to be performed shall also be considered official records  
24 and shall be maintained for a period of 1 year.

25           12. Ballots, sign-in sheets, voting proxies, and all  
26 other papers relating to voting by unit owners, which shall be  
27 maintained for a period of 1 year from the date of the  
28 election, vote, or meeting to which the document relates.

29           13. All rental records, when the association is acting  
30 as agent for the rental of condominium units.

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1           14. A copy of the current question and answer sheet as  
2 described by s. 718.504.

3           15. All other records of the association not  
4 specifically included in the foregoing which are related to  
5 the operation of the association.

6           (c) The official records of the association are open  
7 to inspection by any association member or the authorized  
8 representative of such member at all reasonable times. The  
9 right to inspect the records includes the right to make or  
10 obtain copies, at the reasonable expense, if any, of the  
11 association member. The association may adopt reasonable  
12 rules regarding the frequency, time, location, notice, and  
13 manner of record inspections and copying. The failure of an  
14 association to provide the records within 10 working days  
15 after receipt of a written request shall create a rebuttable  
16 presumption that the association willfully failed to comply  
17 with this paragraph. A unit owner who is denied access to  
18 official records is entitled to the actual damages or minimum  
19 damages for the association's willful failure to comply with  
20 this paragraph. The minimum damages shall be \$50 per calendar  
21 day up to 10 days, the calculation to begin on the 11th  
22 working day after receipt of the written request. The failure  
23 to permit inspection of the association records as provided  
24 herein entitles any person prevailing in an enforcement action  
25 to recover reasonable attorney's fees from the person in  
26 control of the records who, directly or indirectly, knowingly  
27 denied access to the records for inspection. The association  
28 shall maintain an adequate number of copies of the  
29 declaration, articles of incorporation, bylaws, and rules, and  
30 all amendments to each of the foregoing, as well as the  
31 question and answer sheet provided for in s. 718.504 and



1 year-end financial information required in this section on the  
2 condominium property to ensure their availability to unit  
3 owners and prospective purchasers, and may charge its actual  
4 costs for preparing and furnishing these documents to those  
5 requesting the same. Notwithstanding the provisions of this  
6 paragraph, the following records shall not be accessible to  
7 unit owners:

8           1. Any record protected by the lawyer-client privilege  
9 as described in s. 90.502, and any record protected by the  
10 work-product privilege including any ~~A record which was~~  
11 prepared by an association attorney or prepared at the  
12 attorney's express direction, which reflects a mental  
13 impression, conclusion, litigation strategy, or legal theory  
14 of the attorney or the association, and which was prepared  
15 exclusively for civil or criminal litigation or for  
16 adversarial administrative proceedings, or which was prepared  
17 in anticipation of imminent civil or criminal litigation or  
18 imminent adversarial administrative proceedings until the  
19 conclusion of the litigation or adversarial administrative  
20 proceedings.

21           2. Information obtained by an association in  
22 connection with the approval of the lease, sale, or other  
23 transfer of a unit.

24           3. Medical records of unit owners.

25           (13) FINANCIAL REPORTING REPORTS.--Within 90 days  
26 after the end of the fiscal year, or annually on a date  
27 provided in the bylaws, the association shall prepare and  
28 complete, or cause to be prepared and completed by a third  
29 party, a financial report for the preceding fiscal year.  
30 Within 21 days after the financial report is completed or  
31 received by the association from the third party, the

1 association shall mail to each unit owner at the address last  
2 furnished to the association by the unit owner, or hand  
3 deliver to each unit owner, a copy of the financial report or  
4 a notice that a copy of the financial report will be mailed or  
5 hand delivered to the unit owner, without charge, upon receipt  
6 of a written request from the unit owner. The division shall  
7 adopt rules setting forth uniform accounting principles and  
8 standards to be used by all associations and shall adopt rules  
9 addressing financial reporting requirements for  
10 multicondominium associations. In adopting such rules, the  
11 division shall consider the number of members and annual  
12 revenues of an association. Financial reports shall be  
13 prepared as follows:

14 (a) An association that meets the criteria of this  
15 paragraph shall prepare or cause to be prepared a complete set  
16 of financial statements in accordance with generally accepted  
17 accounting principles. The financial statements shall be  
18 based upon the association's total annual revenues, as  
19 follows:

20 1. An association with total annual revenues of  
21 \$100,000 or more, but less than \$200,000, shall prepare  
22 compiled financial statements.

23 2. An association with total annual revenues of at  
24 least \$200,000, but less than \$400,000, shall prepare reviewed  
25 financial statements.

26 3. An association with total annual revenues of  
27 \$400,000 or more shall prepare audited financial statements.

28 (b)1. An association with total annual revenues of  
29 less than \$100,000 shall prepare a report of cash receipts and  
30 expenditures.

31

1           2. An association which operates less than 50 units,  
2 regardless of the association's annual revenues, shall prepare  
3 a report of cash receipts and expenditures in lieu of  
4 financial statements required by paragraph (a).

5           3. A report of cash receipts and disbursements must  
6 disclose the amount of receipts by accounts and receipt  
7 classifications and the amount of expenses by accounts and  
8 expense classifications, including, but not limited to, the  
9 following, as applicable: costs for security, professional and  
10 management fees and expenses, taxes, costs for recreation  
11 facilities, expenses for refuse collection and utility  
12 services, expenses for lawn care, costs for building  
13 maintenance and repair, insurance costs, administration and  
14 salary expenses, and reserves accumulated and expended for  
15 capital expenditures, deferred maintenance, and any other  
16 category for which the association maintains reserves.

17           (c) An association may prepare or cause to be  
18 prepared, without a meeting of or approval by the unit owners:

19           1. Compiled, reviewed, or audited financial  
20 statements, if the association is required to prepare a report  
21 of cash receipts and expenditures;

22           2. Reviewed or audited financial statements, if the  
23 association is required to prepare compiled financial  
24 statements; or

25           3. Audited financial statements if the association is  
26 required to prepare reviewed financial statements.

27           (d) If approved by a majority of the voting interests  
28 present at a properly called meeting of the association, an  
29 association may prepare or cause to be prepared:

30           1. A report of cash receipts and expenditures in lieu  
31 of a compiled, reviewed, or audited financial statement;

1           2. A report of cash receipts and expenditures or a  
2 compiled financial statement in lieu of a reviewed or audited  
3 financial statement; or

4           3. A report of cash receipts and expenditures, a  
5 compiled financial statement, or a reviewed financial  
6 statement in lieu of an audited financial statement.

7  
8 Such meeting and approval must occur prior to the end of the  
9 fiscal year and is effective only for the fiscal year in which  
10 the vote is taken. With respect to an association to which  
11 the developer has not turned over control of the association,  
12 all unit owners, including the developer, may vote on issues  
13 related to the preparation of financial reports for the first  
14 2 fiscal years of the association's operation, beginning with  
15 the fiscal year in which the declaration is recorded.

16 Thereafter, all unit owners except the developer may vote on  
17 such issues until control is turned over to the association by  
18 the developer.~~Within 60 days following the end of the fiscal~~  
19 ~~or calendar year or annually on such date as is otherwise~~  
20 ~~provided in the bylaws of the association, the board of~~  
21 ~~administration of the association shall mail or furnish by~~  
22 ~~personal delivery to each unit owner a complete financial~~  
23 ~~report of actual receipts and expenditures for the previous 12~~  
24 ~~months, or a complete set of financial statements for the~~  
25 ~~preceding fiscal year prepared in accordance with generally~~  
26 ~~accepted accounting principles. The report shall show the~~  
27 ~~amounts of receipts by accounts and receipt classifications~~  
28 ~~and shall show the amounts of expenses by accounts and expense~~  
29 ~~classifications, including, if applicable, but not limited to,~~  
30 ~~the following:~~

31           ~~(a) Costs for security;~~

1           ~~(b) Professional and management fees and expenses;~~  
2           ~~(c) Taxes;~~  
3           ~~(d) Costs for recreation facilities;~~  
4           ~~(e) Expenses for refuse collection and utility~~  
5 ~~services;~~  
6           ~~(f) Expenses for lawn care;~~  
7           ~~(g) Costs for building maintenance and repair;~~  
8           ~~(h) Insurance costs;~~  
9           ~~(i) Administrative and salary expenses; and~~  
10           ~~(j) Reserves for capital expenditures, deferred~~  
11 ~~maintenance, and any other category for which the association~~  
12 ~~maintains a reserve account or accounts.~~  
13           ~~(14) The division shall adopt rules which may require~~  
14 ~~that the association deliver to the unit owners, in lieu of~~  
15 ~~the financial report required by subsection (13), a complete~~  
16 ~~set of financial statements for the preceding fiscal year.~~  
17 ~~The financial statements shall be delivered within 90 days~~  
18 ~~following the end of the previous fiscal year or annually on~~  
19 ~~such other date as provided by the bylaws. The rules of the~~  
20 ~~division may require that the financial statements be~~  
21 ~~compiled, reviewed, or audited, and the rules shall take into~~  
22 ~~consideration the criteria set forth in s. 718.501(1)(j). The~~  
23 ~~requirement to have the financial statements compiled,~~  
24 ~~reviewed, or audited does not apply to associations when a~~  
25 ~~majority of the voting interests of the association present at~~  
26 ~~a duly called meeting of the association have determined for a~~  
27 ~~fiscal year to waive this requirement. In an association in~~  
28 ~~which turnover of control by the developer has not occurred,~~  
29 ~~the developer may vote to waive the audit requirement for the~~  
30 ~~first 2 years of the operation of the association, after which~~  
31 ~~time waiver of an applicable audit requirement shall be by a~~

1 ~~majority of voting interests other than the developer. The~~  
2 ~~meeting shall be held prior to the end of the fiscal year, and~~  
3 ~~the waiver shall be effective for only 1 fiscal year. This~~  
4 ~~subsection does not apply to a condominium which consists of~~  
5 ~~50 or fewer units.~~

6 (14)(15) COMMINGLING.--All funds collected by an  
7 association shall be maintained separately in the  
8 association's name. For investment purposes only, reserve  
9 funds may be commingled with operating funds of the  
10 association. Commingled operating and reserve funds shall be  
11 accounted for separately and a commingled account shall not,  
12 at any time, be less than the amount identified as reserve  
13 funds. This subsection does not prohibit a multicondominium  
14 association from commingling the operating funds of separate  
15 condominiums or the reserve funds of separate condominiums.  
16 Furthermore, for investment purposes only, a multicondominium  
17 association may commingle the operating funds of separate  
18 condominiums with the reserve funds of separate condominiums.  
19 A manager or business entity required to be licensed or  
20 registered under s. 468.432, or an agent, employee, officer,  
21 or director of an association, shall not commingle any  
22 association funds with his or her funds or with the funds of  
23 any other condominium association or the funds of a community  
24 association as defined in s. 468.431.~~All funds shall be~~  
25 ~~maintained separately in the association's name. Reserve and~~  
26 ~~operating funds of the association shall not be commingled~~  
27 ~~unless combined for investment purposes. This subsection is~~  
28 ~~not meant to prohibit prudent investment of association funds~~  
29 ~~even if combined with operating or other reserve funds of the~~  
30 ~~same association, but such funds must be accounted for~~  
31 ~~separately, and the combined account balance may not, at any~~

1 ~~time, be less than the amount identified as reserve funds in~~  
2 ~~the combined account. No manager or business entity required~~  
3 ~~to be licensed or registered under s. 468.432, and no agent,~~  
4 ~~employee, officer, or director of a condominium association~~  
5 ~~shall commingle any association funds with his or her funds or~~  
6 ~~with the funds of any other condominium association or~~  
7 ~~community association as defined in s. 468.431.~~

8 Section 6. Paragraphs (d), (e), and (f) of subsection  
9 (2) of section 718.112, Florida Statutes, are amended to read:

10 718.112 Bylaws.--

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

14 (d) Unit owner meetings.--

15 1. There shall be an annual meeting of the unit  
16 owners. Unless the bylaws provide otherwise, a vacancy on the  
17 board of ~~administration~~ caused by the expiration of a  
18 director's term shall be filled by electing a new board  
19 member, and the election shall be by secret ballot; however,  
20 if the number of vacancies equals or exceeds the number of  
21 candidates, no election is required. If there is no provision  
22 in the bylaws for terms of the members of the board of  
23 ~~administration~~, the terms of all members of the board of  
24 ~~administration~~ shall expire upon the election of their  
25 successors at the annual meeting. Any unit owner desiring to  
26 be a candidate for board membership shall comply with  
27 subparagraph 3. ~~In order to be eligible for board membership,~~  
28 ~~a person must meet the requirements set forth in the~~  
29 ~~declaration.~~A person who has been convicted of any felony by  
30 any court of record in the United States and who has not had  
31 his or her right to vote restored pursuant to law in the

1 jurisdiction of his or her residence is not eligible for board  
2 membership. The validity of an action by the board is not  
3 affected if it is later determined that a member of the board  
4 is ineligible for board membership due to having been  
5 convicted of a felony.

6           2. The bylaws shall provide the method of calling  
7 meetings of unit owners, including annual meetings. Written  
8 notice, which notice must include an agenda, shall be mailed  
9 or hand delivered to each unit owner at least 14 days prior to  
10 the annual meeting and shall be posted in a conspicuous place  
11 on the condominium property at least 14 continuous days  
12 preceding the annual meeting. Upon notice to the unit owners,  
13 the board shall by duly adopted rule designate a specific  
14 location on the condominium property or association property  
15 upon which all notices of unit owner meetings shall be posted;  
16 however, if there is no condominium property or association  
17 property upon which notices can be posted, this requirement  
18 does not apply. Unless a unit owner waives in writing the  
19 right to receive notice of the annual meeting ~~by mail~~, such  
20 ~~the notice of the annual meeting~~ shall be hand delivered or  
21 mailed sent by mail to each unit owner. Notice for meetings  
22 and notice for all other purposes shall be mailed to each unit  
23 owner at the address last furnished to the association by the  
24 unit owner, or hand delivered to each unit owner. However, if  
25 ~~where~~ a unit is owned by more than one person, the association  
26 shall provide notice, for meetings and all other purposes, to  
27 that one address which the developer initially identifies for  
28 that purpose and thereafter as one or more of the owners of  
29 the unit shall so advise the association in writing, or if no  
30 address is given or the owners of the unit do not agree, to  
31 the address provided on the deed of record. An officer of the



1 association, or the manager or other person providing notice  
2 of the association meeting, shall provide an affidavit or  
3 United States Postal Service certificate of mailing, to be  
4 included in the official records of the association affirming  
5 that the notice was mailed or hand delivered, in accordance  
6 with this provision, ~~to each unit owner at the address last~~  
7 ~~furnished to the association.~~

8           3. The members of the board ~~of administration~~ shall be  
9 elected by written ballot or voting machine. Proxies shall in  
10 no event be used in electing the board ~~of administration~~,  
11 either in general elections or elections to fill vacancies  
12 caused by recall, resignation, or otherwise, unless otherwise  
13 provided in this chapter. Not less than 60 days before a  
14 scheduled election, the association shall mail or deliver,  
15 whether by separate association mailing or included in another  
16 association mailing or delivery including regularly published  
17 newsletters, to each unit owner entitled to a vote, a first  
18 notice of the date of the election. Any unit owner or other  
19 eligible person desiring to be a candidate for the board ~~of~~  
20 ~~administration~~ must give written notice to the association not  
21 less than 40 days before a scheduled election. Together with  
22 the written notice and agenda as set forth in subparagraph 2.,  
23 the association shall mail or deliver a second notice of the  
24 election to all unit owners entitled to vote therein, together  
25 with a ballot which shall list all candidates. Upon request of  
26 a candidate, the association shall include an information  
27 sheet, no larger than 8 1/2 inches by 11 inches, which must  
28 be furnished by the candidate not less than 35 days before the  
29 election, to be included with the mailing of the ballot, with  
30 the costs of mailing or delivery and copying to be borne by  
31 the association. ~~However,~~ The association is not liable ~~has no~~

1 ~~liability~~ for the contents of the information sheets prepared  
2 by the candidates. In order to reduce costs, the association  
3 may print or duplicate the information sheets on both sides of  
4 the paper. The division shall by rule establish voting  
5 procedures consistent with the provisions contained herein,  
6 including rules providing for the secrecy of ballots.  
7 Elections shall be decided by a plurality of those ballots  
8 cast. There shall be no quorum requirement; however, at least  
9 20 percent of the eligible voters must cast a ballot in order  
10 to have a valid election of members of the board ~~of~~  
11 ~~administration~~. No unit owner shall permit any other person to  
12 vote his or her ballot, and any such ballots improperly cast  
13 shall be deemed invalid, provided any unit owner who violates  
14 this provision may be fined by the association in accordance  
15 with s. 718.303. A unit owner who needs assistance in casting  
16 the ballot for the reasons stated in s. 101.051 may obtain  
17 assistance in casting the ballot. ~~Any unit owner violating~~  
18 ~~this provision may be fined by the association in accordance~~  
19 ~~with s. 718.303~~. The regular election shall occur on the date  
20 of the annual meeting. The provisions of this subparagraph  
21 shall not apply to timeshare condominium associations.  
22 Notwithstanding the provisions of this subparagraph, an  
23 election is ~~and balloting are~~ not required unless more  
24 candidates file notices of intent to run or are nominated than  
25 board vacancies exist on the board.  
26         4. Any approval by unit owners called for by this  
27 chapter or the applicable declaration or bylaws, including,  
28 but not limited to, the approval requirement in s. 718.111(8),  
29 shall be made at a duly noticed meeting of unit owners and  
30 shall be subject to all requirements of this chapter or the  
31 applicable condominium documents relating to unit owner

1 decisionmaking, except that unit owners may take action by  
2 written agreement, without meetings, on matters for which  
3 action by written agreement without meetings is expressly  
4 allowed by the applicable bylaws or declaration or any statute  
5 that provides for such action.

6           5. Unit owners may waive notice of specific meetings  
7 if allowed by the applicable bylaws or declaration or any  
8 statute.

9           6. Unit owners shall have the right to participate in  
10 meetings of unit owners with reference to all designated  
11 agenda items. However, the association may adopt reasonable  
12 rules governing the frequency, duration, and manner of unit  
13 owner participation.

14           7. Any unit owner may tape record or videotape a  
15 meeting of the unit owners subject to reasonable rules adopted  
16 by the division.

17           8. Unless otherwise provided in the bylaws, any  
18 vacancy occurring on the board before the expiration of a term  
19 may be filled by the affirmative vote of the majority of the  
20 remaining directors, even if the remaining directors  
21 constitute less than a quorum, or by the sole remaining  
22 director. In the alternative, a board may hold an election to  
23 fill the vacancy, in which case the election procedures must  
24 conform to the requirements of subparagraph 3. unless the  
25 association has opted out of the statutory election process,  
26 in which case the bylaws of the association control. Unless  
27 otherwise provided in the bylaws, a board member appointed or  
28 elected under this section shall fill the vacancy for the  
29 unexpired term of the seat being filled. Filling vacancies  
30 created by recall is governed by paragraph (j) and rules  
31 adopted by the division.

1  
2 Notwithstanding subparagraphs (b)2. and (d)3., an association  
3 may, by the affirmative vote of a majority of the total voting  
4 interests, provide for different voting and election  
5 procedures in its bylaws, which vote may be by a proxy  
6 specifically delineating the different voting and election  
7 procedures. The different voting and election procedures may  
8 provide for elections to be conducted by limited or general  
9 proxy.

10 (e) Budget meeting.--

11 1. Any meeting at which a proposed annual budget of an  
12 association will be considered by the board or unit owners  
13 shall be open to all unit owners. At least 14 days prior to  
14 such a meeting, the board shall hand deliver to each unit  
15 owner, or mail to each unit owner at the address last  
16 furnished to the association by the unit owner, a notice of  
17 such meeting and a copy of the proposed annual budget. An  
18 officer or manager of the association, or other person  
19 providing notice of such meeting, shall execute an affidavit  
20 evidencing compliance with such notice requirement and such  
21 affidavit shall be filed among the official records of the  
22 association.

23 2.a. If a board adopts in any fiscal year an annual  
24 budget which requires assessments against unit owners which  
25 exceed 115 percent of assessments for the preceding fiscal  
26 year, the board shall conduct a special meeting of the unit  
27 owners to consider a substitute budget if the board receives,  
28 within 21 days after adoption of the annual budget, a written  
29 request for a special meeting from at least 10 percent of all  
30 voting interests. The special meeting shall be conducted  
31 within 60 days after adoption of the annual budget. At least

1 14 days prior to such special meeting, the board shall hand  
2 deliver to each unit owner, or mail to each unit owner at the  
3 address last furnished to the association, a notice of the  
4 meeting. An officer or manager of the association, or other  
5 person providing notice of such meeting shall execute an  
6 affidavit evidencing compliance with this notice requirement  
7 and such affidavit shall be filed among the official records  
8 of the association. Unit owners may consider and adopt a  
9 substitute budget at the special meeting. A substitute budget  
10 is adopted if approved by a majority of all voting interests  
11 unless the bylaws require adoption by a greater percentage of  
12 voting interests. If there is not a quorum at the special  
13 meeting or a substitute budget is not adopted, the annual  
14 budget previously adopted by the board shall take effect as  
15 scheduled.

16 b. Any determination of whether assessments exceed 115  
17 percent of assessments for the prior fiscal year shall exclude  
18 any authorized provision for reasonable reserves for repair or  
19 replacement of the condominium property, anticipated expenses  
20 of the association which the board does not expect to be  
21 incurred on a regular or annual basis, or assessments for  
22 betterments to the condominium property.

23 c. If the developer controls the board, assessments  
24 shall not exceed 115 percent of assessments for the prior  
25 fiscal year unless approved by a majority of all voting  
26 interests.~~The board of administration shall hand deliver to~~  
27 ~~each unit owner, or mail to each unit owner at the address~~  
28 ~~last furnished to the association, a meeting notice and copies~~  
29 ~~of the proposed annual budget of common expenses not less than~~  
30 ~~14 days prior to the meeting of the unit owners or the board~~  
31 ~~of administration at which the budget will be considered.~~

1 ~~Evidence of compliance with this 14-day notice must be made by~~  
2 ~~an affidavit executed by an officer of the association or the~~  
3 ~~manager or other person providing notice of the meeting and~~  
4 ~~filed among the official records of the association. The~~  
5 ~~meeting must be open to the unit owners. If an adopted budget~~  
6 ~~requires assessments against the unit owners in any fiscal or~~  
7 ~~calendar year which exceed 115 percent of the assessments for~~  
8 ~~the preceding year, the board, upon written application of 10~~  
9 ~~percent of the voting interests to the board, shall call a~~  
10 ~~special meeting of the unit owners within 30 days upon not~~  
11 ~~less than 10 days' written notice to each unit owner. At the~~  
12 ~~special meeting, unit owners shall consider and enact a~~  
13 ~~budget. Unless the bylaws require a larger vote, the adoption~~  
14 ~~of the budget requires a vote of not less than a majority vote~~  
15 ~~of all the voting interests. The board of administration may~~  
16 ~~propose a budget to the unit owners at a meeting of members or~~  
17 ~~in writing, and if the budget or proposed budget is approved~~  
18 ~~by the unit owners at the meeting or by a majority of all the~~  
19 ~~voting interests in writing, the budget is adopted. If a~~  
20 ~~meeting of the unit owners has been called and a quorum is not~~  
21 ~~attained or a substitute budget is not adopted by the unit~~  
22 ~~owners, the budget adopted by the board of directors goes into~~  
23 ~~effect as scheduled. In determining whether assessments~~  
24 ~~exceed 115 percent of similar assessments in prior years, any~~  
25 ~~authorized provisions for reasonable reserves for repair or~~  
26 ~~replacement of the condominium property, anticipated expenses~~  
27 ~~by the condominium association which are not anticipated to be~~  
28 ~~incurred on a regular or annual basis, or assessments for~~  
29 ~~betterments to the condominium property must be excluded from~~  
30 ~~the computation. However, as long as the developer is in~~  
31 ~~control of the board of administration, the board may not~~

1 ~~impose an assessment for any year greater than 115 percent of~~  
2 ~~the prior fiscal or calendar year's assessment without~~  
3 ~~approval of a majority of all the voting interests.~~

4 (f) Annual budget.--

5 1. The proposed annual budget of common expenses shall  
6 be detailed and shall show the amounts budgeted by accounts  
7 and expense classifications, including, if applicable, but not  
8 limited to, those expenses listed in s. 718.504(21)~~s.~~

9 ~~718.504(20)~~. A multicondominium association shall adopt a  
10 separate budget of common expenses for each condominium the  
11 association operates and shall adopt a separate budget of  
12 common expenses for the association.In addition, if the

13 association maintains limited common elements with the cost to  
14 be shared only by those entitled to use the limited common  
15 elements as provided for in s. 718.113(1), the budget or a  
16 schedule attached thereto shall show amounts budgeted  
17 therefor. If, after turnover of control of the association to  
18 the unit owners, any of the expenses listed in s. 718.504(21)  
19 ~~s. 718.504(20)~~ are not applicable, they need not be listed.

20 2. In addition to annual operating expenses, the  
21 budget shall include reserve accounts for capital expenditures  
22 and deferred maintenance. These accounts shall include, but  
23 are not limited to, roof replacement, building painting, and  
24 pavement resurfacing, regardless of the amount of deferred  
25 maintenance expense or replacement cost, and for any other  
26 item for which the deferred maintenance expense or replacement  
27 cost exceeds \$10,000. The amount to be reserved shall be  
28 computed by means of a formula which is based upon estimated  
29 remaining useful life and estimated replacement cost or  
30 deferred maintenance expense of each reserve item. The  
31 association may adjust replacement reserve assessments

1 annually to take into account any changes in estimates or  
2 extension of the useful life of a reserve item caused by  
3 deferred maintenance. This subsection does not apply to an  
4 adopted budget ~~budgets~~ in which the members of an association  
5 have determined, by a majority vote at a duly called meeting  
6 of the association, ~~and voting determined for a fiscal year to~~  
7 provide no reserves or less reserves ~~less adequate~~ than  
8 required by this subsection. However, prior to turnover of  
9 control of an association by a developer to unit owners other  
10 than a developer pursuant to s. 718.301, the developer may  
11 vote to waive the reserves or reduce the funding of reserves  
12 for the first 2 fiscal years of the association's operation ~~of~~  
13 ~~the association, beginning with the fiscal year in which the~~  
14 initial declaration is recorded, after which time reserves may  
15 be waived or reduced only upon the vote of a majority of all  
16 nondeveloper voting interests voting in person or by limited  
17 proxy at a duly called meeting of the association. If a  
18 meeting of the unit owners has been called to determine  
19 whether to waive or reduce the funding of ~~to provide no~~  
20 ~~reserves or reserves less adequate than required~~, and no such  
21 result is achieved ~~not attained~~ or a quorum is not attained,  
22 the reserves as included in the budget shall go into effect.  
23 After the turnover, the developer may vote its voting interest  
24 to waive or reduce the funding of reserves.

25           3. Reserve funds and any interest accruing thereon  
26 shall remain in the reserve account or accounts, and shall be  
27 used only for authorized reserve expenditures unless their use  
28 for other purposes is approved in advance by a majority vote  
29 at a duly called meeting of the association. Prior to turnover  
30 of control of an association by a developer to unit owners  
31 other than the developer pursuant to s. 718.301, the



1 developer-controlled association shall not vote to use  
2 reserves for purposes other than that for which they were  
3 intended without the approval of a majority of all  
4 nondeveloper voting interests, voting in person or by limited  
5 proxy at a duly called meeting of the association.

6 4. In a multicondominium association, the only voting  
7 interests which are eligible to vote on questions that involve  
8 waiving or reducing the funding of reserves, or using existing  
9 reserve funds for purposes other than purposes for which the  
10 reserves were intended, are the voting interests of the units  
11 subject to assessment to fund the reserves in question.

12 Section 7. Subsection (2) of section 718.113, Florida  
13 Statutes, is amended to read:

14 718.113 Maintenance; limitation upon improvement;  
15 display of flag; hurricane shutters.--

16 (2)(a) Except as otherwise provided in this section,  
17 there shall be no material alteration or substantial additions  
18 to the common elements or to real property which is  
19 association property, except in a manner provided in the  
20 declaration. If the declaration does not specify the  
21 procedure for approval of material alterations or substantial  
22 additions, 75 percent of the total voting interests of the  
23 association must approve the alterations or additions.

24 (b) There shall not be any material alteration of, or  
25 substantial addition to, the common elements of any  
26 condominium operated by a multicondominium association unless  
27 approved in the manner provided in the declaration of the  
28 affected condominium or condominiums. If a declaration does  
29 not specify a procedure for approving such an alteration or  
30 addition, the approval of 75 percent of the total voting  
31 interests of each affected condominium is required. This

1 subsection does not prohibit a provision in any declaration,  
2 articles of incorporation, or bylaws requiring the approval of  
3 unit owners in any condominium operated by the same  
4 association or requiring board approval before a material  
5 alteration or substantial addition to the common elements is  
6 permitted.

7 (c) There shall not be any material alteration or  
8 substantial addition made to association real property  
9 operated by a multicondominium association, except as provided  
10 in the declaration, articles of incorporation, or bylaws. If  
11 the declaration, articles of incorporation, or bylaws do not  
12 specify the procedure for approving an alteration or addition  
13 to association real property, the approval of 75 percent of  
14 the total voting interests of the association is required.

15 Section 8. Section 718.115, Florida Statutes, is  
16 amended to read:

17 718.115 Common expenses and common surplus.--

18 (1)(a) Common expenses include the expenses of the  
19 operation, maintenance, repair, replacement, or protection of  
20 the common elements and association property, costs of  
21 carrying out the powers and duties of the association, and any  
22 other expense, whether or not included in the foregoing,  
23 designated as common expense by this chapter, the declaration,  
24 the documents creating the association, or the bylaws. Common  
25 expenses also include reasonable transportation services,  
26 insurance for directors and officers, road maintenance and  
27 operation expenses, in-house communications, and security  
28 services, which are reasonably related to the general benefit  
29 of the unit owners even if such expenses do not attach to the  
30 common elements or property of the condominium. However, such  
31 common expenses must either have been services or items

1 provided on or after ~~from~~ the date ~~the~~ control of ~~the board of~~  
2 ~~administration~~ of the association is ~~was~~ transferred from the  
3 developer to the unit owners or must be services or items  
4 provided for in the condominium documents or bylaws.

5 (b) The common expenses of a condominium within a  
6 multicondominium are the common expenses directly attributable  
7 to the operation of that condominium. The common expenses of a  
8 multicondominium association do not include the common  
9 expenses directly attributable to the operation of any  
10 specific condominium or condominiums within the  
11 multicondominium.

12 (c) The common expenses of a multicondominium  
13 association may include categories of expenses related to the  
14 property or common elements within a specific condominium in  
15 the multicondominium if such property or common elements are  
16 areas in which all members of the multicondominium association  
17 have use rights or from which all members receive tangible  
18 economic benefits. Such common expenses of the association  
19 shall be identified in the declaration or bylaws of each  
20 condominium within the multicondominium association.

21 (d)~~(b)~~ If so provided in the declaration, the cost of  
22 a master antenna television system or duly franchised cable  
23 television service obtained pursuant to a bulk contract shall  
24 be deemed a common expense. If the declaration does not  
25 provide for the cost of a master antenna television system or  
26 duly franchised cable television service obtained under a bulk  
27 contract as a common expense, the board ~~of administration~~ may  
28 enter into such a contract, and the cost of the service will  
29 be a common expense but allocated on a per-unit basis rather  
30 than a percentage basis if the declaration provides for other  
31 than an equal sharing of common expenses, and any contract

1 entered into before July 1, 1998, in which the cost of the  
2 service is not equally divided among all unit owners, may be  
3 changed by vote of a majority of the voting interests present  
4 at a regular or special meeting of the association, to  
5 allocate the cost equally among all units. The contract shall  
6 be for a term of not less than 2 years.

7         1. Any contract made by the board after the effective  
8 date hereof for a community antenna system or duly franchised  
9 cable television service may be canceled by a majority of the  
10 voting interests present at the next regular or special  
11 meeting of the association. Any member may make a motion to  
12 cancel said contract, but if no motion is made or if such  
13 motion fails to obtain the required majority at the next  
14 regular or special meeting, whichever is sooner, following the  
15 making of the contract, then such contract shall be deemed  
16 ratified for the term therein expressed.

17         2. Any such contract shall provide, and shall be  
18 deemed to provide if not expressly set forth, that any hearing  
19 impaired or legally blind unit owner who does not occupy the  
20 unit with a non-hearing-impaired or sighted person may  
21 discontinue the service without incurring disconnect fees,  
22 penalties, or subsequent service charges, and as to such  
23 units, the owners shall not be required to pay any common  
24 expenses charge related to such service. If less than all  
25 members of an association share the expenses of cable  
26 television, the expense shall be shared equally by all  
27 participating unit owners. The association may use the  
28 provisions of s. 718.116 to enforce payment of the shares of  
29 such costs by the unit owners receiving cable television.

30         (e)~~(c)~~ The expense of installation, replacement,  
31 operation, repair, and maintenance of hurricane shutters by

1 the board pursuant to s. 718.113(5) shall constitute a common  
2 expense as defined herein and shall be collected as provided  
3 in this section. Notwithstanding the provisions of s.  
4 718.116(9), a unit owner who has previously installed  
5 hurricane shutters in accordance with s. 718.113(5) or  
6 laminated glass architecturally designed to function as  
7 hurricane protection which complies with the applicable  
8 building code shall receive a credit equal to the pro rata  
9 portion of the assessed installation cost assigned to each  
10 unit. However, such unit owner shall remain responsible for  
11 the pro rata share of expenses for hurricane shutters  
12 installed on common elements and association property by the  
13 board pursuant to s. 718.113(5), and shall remain responsible  
14 for a pro rata share of the expense of the replacement,  
15 operation, repair, and maintenance of such shutters.

16 (f)~~(d)~~ If any unpaid share of common expenses or  
17 assessments is extinguished by foreclosure of a superior lien  
18 or by a deed in lieu of foreclosure thereof, the unpaid share  
19 of common expenses or assessments are common expenses  
20 collectible from all the unit owners in the condominium in  
21 which the unit is located.

22 (2) Except as otherwise provided by this chapter,  
23 funds for ~~the~~ payment of the common expenses of a condominium  
24 shall be collected by assessments against the units in that  
25 condominium ~~unit owners~~ in the proportions or percentages  
26 provided in that condominium's ~~the~~ declaration. In a  
27 residential condominium, or mixed-use condominium created  
28 after January 1, 1996, each unit's share ~~unit owners' shares~~  
29 of the common expenses of the condominium and common surplus  
30 of the condominium shall be the same as the unit's appurtenant

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1 ~~in the same proportions as their~~ ownership interest in the  
2 common elements.

3 (3) Common surplus is owned by unit owners in the same  
4 shares as their ownership interest in the common elements.

5 (4)(a) Funds for payment of the common expenses of a  
6 condominium within a multicondominium shall be collected as  
7 provided in subsection (2). Common expenses of a  
8 multicondominium association shall be funded by assessments  
9 against all unit owners in the association in the proportion  
10 or percentage set forth in the declaration as required by s.  
11 718.104(4)(h) or s. 718.110(12), as applicable.

12 (b) In a multicondominium association, the total  
13 common surplus owned by a unit owner consists of that owner's  
14 share of the common surplus of the association plus that  
15 owner's share of the common surplus of the condominium in  
16 which the owner's unit is located, in the proportion or  
17 percentage set forth in the declaration as required by s.  
18 718.104(4)(h) or s. 718.110(12), as applicable.

19 Section 9. Subsection (9) of section 718.116, Florida  
20 Statutes, is amended to read:

21 (Substantial rewording of subsection. See  
22 s. 718.116(9), F.S., for present text.)

23 718.116 Assessments; liability; lien and priority;  
24 interest; collection.--

25 (9)(a) A unit owner may not be excused from payment of  
26 the unit owner's share of common expenses unless all other  
27 unit owners are likewise proportionately excluded from  
28 payment, except as provided in subsection (1) and in the  
29 following cases:

30 1. If authorized by the declaration, a developer who  
31 is offering units for sale may elect to be excused from

1 payment of assessments against those unsold units for a stated  
2 period of time after the declaration is recorded. However,  
3 the developer must pay common expenses incurred during such  
4 period which exceed regular periodic assessments against other  
5 unit owners in the same condominium. The stated period must  
6 terminate no later than the first day of the fourth calendar  
7 month following the month in which the first closing occurs of  
8 a purchase contract for a unit in that condominium. If a  
9 developer-controlled association has maintained all insurance  
10 coverage required by s. 718.111(11)(a), common expenses  
11 incurred during the stated period resulting from a natural  
12 disaster or an act of God occurring during the stated period,  
13 which are not covered by proceeds from insurance maintained by  
14 the association, may be assessed against all unit owners  
15 owning units on the date of such natural disaster or act of  
16 God, and their respective successors and assigns, including  
17 the developer with respect to units owned by the developer. In  
18 the event of such an assessment, all units shall be assessed  
19 in accordance with s. 718.115(2).

20 2. A developer who owns condominium units, and who is  
21 offering the units for sale, may be excused from payment of  
22 assessments against those unsold units for the period of time  
23 the developer has guaranteed to all purchasers or other unit  
24 owners in the same condominium that assessments will not  
25 exceed a stated dollar amount and that the developer will pay  
26 any common expenses that exceed the guaranteed amount. Such  
27 guarantee may be stated in the purchase contract, declaration,  
28 prospectus, or written agreement between the developer and a  
29 majority of the unit owners other than the developer and may  
30 provide that after the initial guarantee period, the developer  
31 may extend the guarantee for one or more stated periods. If a

1 developer-controlled association has maintained all insurance  
2 coverage required by s. 718.111(11)(a), common expenses  
3 incurred during a guarantee period, as a result of a natural  
4 disaster or an act of God occurring during the same guarantee  
5 period, which are not covered by the proceeds from such  
6 insurance, may be assessed against all unit owners owning  
7 units on the date of such natural disaster or act of God, and  
8 their successors and assigns, including the developer with  
9 respect to units owned by the developer. Any such assessment  
10 shall be in accordance with s. 718.115(2) or (4), as  
11 applicable.

12 (b) If the purchase contract, declaration, prospectus,  
13 or written agreement between the developer and a majority of  
14 unit owners other than the developer, provides for the  
15 developer to be excused from payment of assessments under  
16 paragraph (a), only regular periodic assessments for common  
17 expenses as provided for in the declaration and prospectus and  
18 disclosed in the estimated operating budget shall be used for  
19 payment of common expenses during any period in which the  
20 developer is excused. Accordingly, no funds which are  
21 receivable from unit purchasers or unit owners and payable to  
22 the association, including capital contributions or startup  
23 funds collected from unit purchasers at closing, may be used  
24 for payment of such common expenses.

25 (c) If a developer of a multicondominium is excused  
26 from payment of assessments under paragraph (a), the  
27 developer's financial obligation to the multicondominium  
28 association during any period in which the developer is  
29 excused from payment of assessments is as follows:

30 1. The developer shall pay the common expenses of a  
31 condominium affected by a guarantee, including the funding of



1 reserves as provided in the adopted annual budget of that  
2 condominium, which exceed the regular periodic assessments at  
3 the guaranteed level against all other unit owners within that  
4 condominium.

5 2. The developer shall pay the common expenses of a  
6 multicondominium association, including the funding of  
7 reserves as provided in the adopted annual budget of the  
8 association, which are allocated to units within a condominium  
9 affected by a guarantee and which exceed the regular periodic  
10 assessments against all other unit owners within that  
11 condominium.

12 Section 10. Subsection (11) is added to section  
13 718.117, Florida Statutes, to read:

14 718.117 Termination.--

15 (11) This section does not apply to the termination of  
16 a condominium incident to a merger of that condominium with  
17 one or more other condominiums under s. 718.110(7).

18 Section 11. Subsection (8) of section 718.403, Florida  
19 Statutes, is amended to read:

20 718.403 Phase condominiums.--

21 (8) Upon recording the declaration of condominium or  
22 amendments adding phases pursuant to this section, the  
23 developer shall file the recording information with the  
24 division within 120 Calendar ~~30 working~~ days on a form  
25 prescribed by the division.

26 Section 12. Section 718.405, Florida Statutes, is  
27 created to read:

28 718.405 Multicondominiums; multicondominium  
29 associations.--

30 (1) An association may operate more than one  
31 condominium if the declaration for each condominium to be

1 operated by that association provides for participation in a  
2 multicondominium, in conformity with this section, and  
3 discloses or describes:

4 (a) The manner or formula by which the assets,  
5 liabilities, common surplus, and common expenses of the  
6 association will be apportioned among the units within the  
7 condominiums operated by the association, in accordance with  
8 s. 718.104(4)(g) or (h), as applicable.

9 (b) Whether unit owners in any other condominium, or  
10 any other persons, will or may have the right to use  
11 recreational areas or any other facilities or amenities that  
12 are common elements of the condominium, and, if so, the  
13 specific formula by which the other users will share the  
14 common expenses related to those facilities or amenities.

15 (c) Recreational and other commonly used facilities or  
16 amenities which the developer has committed to provide that  
17 will be owned, leased by, or dedicated by a recorded plat to  
18 the association but which are not included within any  
19 condominium operated by the association. The developer may  
20 reserve the right to add additional facilities or amenities if  
21 the declaration and prospectus for each condominium to be  
22 operated by the association contains the following statement  
23 in conspicuous type and in substantially the following form:  
24 RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT  
25 CONSENT OF UNIT OWNERS OR THE ASSOCIATION.

26 (d) The voting rights of the unit owners in the  
27 election of directors and in other multicondominium  
28 association affairs when a vote of the owners is taken,  
29 including, but not limited to, a statement as to whether each  
30 unit owner will have a right to personally cast his or her own  
31 vote in all matters voted upon.

1       (2) If any declaration requires a developer to convey  
2 additional lands or facilities to a multicondominium  
3 association and the developer fails to do so within the time  
4 specified, or within a reasonable time if none is specified in  
5 the declaration, any unit owner or the association may enforce  
6 that obligation against the developer or bring an action  
7 against the developer for specific performance or for damages  
8 that result from the developer's failure or refusal to convey  
9 the additional lands or facilities.

10       (3) The declaration for each condominium to be  
11 operated by a multicondominium association may not, at the  
12 time of the initial recording of the declaration, contain any  
13 provision with respect to allocation of the association's  
14 assets, liabilities, common surplus, or common expenses which  
15 is inconsistent with this chapter or the provisions of a  
16 declaration for any other condominium then being operated by  
17 the multicondominium association.

18       (4) This section does not prevent or restrict the  
19 formation of a multicondominium by the merger or consolidation  
20 of two or more condominium associations. Mergers or  
21 consolidations of associations shall be accomplished in  
22 accordance with this chapter, the declarations of the  
23 condominiums being merged or consolidated, and chapter 617.  
24 Section 718.110(4) does not apply to amendments to  
25 declarations necessary to effect a merger or consolidation.

26       Section 13. Subsection (1) of section 718.5019,  
27 Florida Statutes, is amended to read:

28       718.5019 Advisory council; membership; functions.--

29       (1) There is created the Advisory Council on  
30 Condominiums. The council shall consist of seven members. Two  
31 shall be appointed by the Speaker of the House of

1 Representatives, two shall be appointed by the President of  
2 the Senate, and three members shall be appointed by the  
3 Governor. At least one member shall represent timeshare  
4 condominiums. Members shall be appointed to 2-year terms. Each  
5 member shall continue to serve until his or her replacement  
6 has been appointed.In addition to these appointed members,  
7 the director of the Division of Florida Land Sales,  
8 Condominiums, and Mobile Homes shall serve as an ex officio  
9 member of the council. It is the intent of the Legislature  
10 that the appointments to this council be geographically  
11 distributed across the state and represent a cross section of  
12 persons interested in condominium issues and include  
13 unit-owner and board representatives and a representative from  
14 at least one association with less than 100 units. For  
15 administrative purposes, the commission shall be located in  
16 the Division of Florida Land Sales, Condominiums, and Mobile  
17 Homes of the Department of Business and Professional  
18 Regulation. Members of the council shall serve without  
19 compensation, but shall be entitled to receive per diem and  
20 travel expenses pursuant to s. 112.061 while on official  
21 business.

22           Section 14. Present subsections (15) through (27) of  
23 section 718.504, Florida Statutes, are redesignated as  
24 subsections (16) through (28), respectively, and a new  
25 subsection (15) is added to that section, to read:

26           718.504 Prospectus or offering circular.--Every  
27 developer of a residential condominium which contains more  
28 than 20 residential units, or which is part of a group of  
29 residential condominiums which will be served by property to  
30 be used in common by unit owners of more than 20 residential  
31 units, shall prepare a prospectus or offering circular and

1 file it with the Division of Florida Land Sales, Condominiums,  
2 and Mobile Homes prior to entering into an enforceable  
3 contract of purchase and sale of any unit or lease of a unit  
4 for more than 5 years and shall furnish a copy of the  
5 prospectus or offering circular to each buyer. In addition to  
6 the prospectus or offering circular, each buyer shall be  
7 furnished a separate page entitled "Frequently Asked Questions  
8 and Answers," which shall be in accordance with a format  
9 approved by the division and a copy of the financial  
10 information required by s. 718.111. This page shall, in  
11 readable language, inform prospective purchasers regarding  
12 their voting rights and unit use restrictions, including  
13 restrictions on the leasing of a unit; shall indicate whether  
14 and in what amount the unit owners or the association is  
15 obligated to pay rent or land use fees for recreational or  
16 other commonly used facilities; shall contain a statement  
17 identifying that amount of assessment which, pursuant to the  
18 budget, would be levied upon each unit type, exclusive of any  
19 special assessments, and which shall further identify the  
20 basis upon which assessments are levied, whether monthly,  
21 quarterly, or otherwise; shall state and identify any court  
22 cases in which the association is currently a party of record  
23 in which the association may face liability in excess of  
24 \$100,000; and which shall further state whether membership in  
25 a recreational facilities association is mandatory, and if so,  
26 shall identify the fees currently charged per unit type. The  
27 division shall by rule require such other disclosure as in its  
28 judgment will assist prospective purchasers. The prospectus or  
29 offering circular may include more than one condominium,  
30 although not all such units are being offered for sale as of  
31 the date of the prospectus or offering circular. The

1 prospectus or offering circular must contain the following  
2 information:

3 (15) If the condominium is or may become part of a  
4 multicondominium, the following information must be provided:

5 (a) A statement in conspicuous type in substantially  
6 the following form: THIS CONDOMINIUM IS (MAY BE) PART OF A  
7 MULTICONDOMINIUM DEVELOPMENT IN WHICH OTHER CONDOMINIUMS WILL  
8 (MAY) BE OPERATED BY THE SAME ASSOCIATION. Immediately  
9 following this statement, the location in the prospectus or  
10 offering circular and its exhibits where the multicondominium  
11 aspects of the offering are described must be stated.

12 (b) A summary of the provisions in the declaration,  
13 articles of incorporation, and bylaws which establish and  
14 provide for the operation of the multicondominium, including a  
15 statement as to whether unit owners in the condominium will  
16 have the right to use recreational or other facilities located  
17 or planned to be located in other condominiums operated by the  
18 same association, and the manner of sharing the common  
19 expenses related to such facilities.

20 (c) A statement of the minimum and maximum number of  
21 condominiums, and the minimum and maximum number of units in  
22 each of those condominiums, which will or may be operated by  
23 the association, and the latest date by which the exact number  
24 will be finally determined.

25 (d) A statement as to whether any of the condominiums  
26 in the multicondominium may include units intended to be used  
27 for nonresidential purposes and the purpose or purposes  
28 permitted for such use.

29 (e) A general description of the location and  
30 approximate acreage of any land on which any additional  
31 condominiums to be operated by the association may be located.

1           Section 15. Paragraph (e) of subsection (3) of section  
2 721.13, Florida Statutes, is amended to read:

3           721.13 Management.--

4           (3) The duties of the managing entity include, but are  
5 not limited to:

6           (e) Arranging for an annual audit of the financial  
7 statements of the timeshare plan by a certified public  
8 accountant licensed by the Board of Accountancy of the  
9 Department of Business and Professional Regulation, in  
10 accordance with generally accepted auditing standards as  
11 defined by the rules of the Board of Accountancy of the  
12 Department of Business and Professional Regulation. The  
13 financial statements required by this section must be prepared  
14 on an accrual basis using fund accounting, and must be  
15 presented in accordance with generally accepted accounting  
16 principles. A copy of the audited financial statements must be  
17 filed with the division and forwarded to the board of  
18 directors and officers of the owners' association, if one  
19 exists, no later than 5 calendar months after the end of the  
20 timeshare plan's fiscal year. If no owners' association  
21 exists, each purchaser must be notified, no later than 5  
22 months after the end of the timeshare plan's fiscal year, that  
23 a copy of the audited financial statements is available upon  
24 request to the managing entity. Notwithstanding any  
25 requirement of s. 718.111(13) ~~or (14)~~, the audited financial  
26 statements required by this section are the only annual  
27 financial reporting requirements for timeshare condominiums.

28           Section 16. Paragraph (j) of subsection (1) of section  
29 718.501, Florida Statutes, is repealed.

30           Section 17. This act shall take effect July 1, 2000.

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LEGISLATIVE SUMMARY

Revises various provisions of part I of ch. 718, F.S., relating to general provisions governing condominium associations. Authorizes the creation of multicondominiums and conforms various provisions to such authorization. Provides for determining the percentage share of liability for common expenses and ownership in a multicondominium. Provides certain limitations on making material alterations or additions to multicondominiums. Revises requirements for installing and maintaining hurricane shutters. Provides for determining the common surplus owned by a unit owner of a multicondominium. Provides for merging or consolidating certain condominium associations. (See bill for details.)