

1 A bill to be entitled
2 An act relating to condominium associations;
3 amending s. 718.115, F.S.; authorizing
4 condominium households receiving supplemental
5 security income or food stamps to discontinue
6 cable television service without fees,
7 penalties, or service charges; amending s.
8 718.103, F.S.; revising definitions; providing
9 an additional definition; amending s. 718.104,
10 F.S.; changing from 30 business days to 120
11 calendar days the requirement to file recorded
12 documents; providing additional requirements
13 for a declaration of condominium; providing for
14 determining the percentage share of liability
15 for common expenses and ownership; amending s.
16 718.106, F.S.; providing for the right to
17 assign exclusive use; providing for the right
18 to seek election; amending s. 718.110, F.S.;
19 clarifying requirements for amending and
20 recording the declaration of condominium;
21 providing for determining the percentage share
22 of liability for common expenses and ownership
23 for purposes of condominiums comprising a
24 multicondominium development; amending s.
25 718.111, F.S.; clarifying an attorney-client
26 privilege; revising requirements for financial
27 reporting; authorizing certain financial
28 statements in lieu of reports; deleting
29 requirements for financial statements; revising
30 certain limitations on the commingling of funds
31 maintained in the name of a condominium

1 association or multicondominium; amending s.
2 718.112, F.S.; revising requirements for budget
3 meetings; requiring separate budgets for
4 condominiums and associations; providing
5 conditions under which a multicondominium
6 association may waive or reduce its funding of
7 reserves; amending s. 718.113, F.S.; providing
8 certain limitations on making material
9 alterations or additions to multicondominiums;
10 providing a procedure for approving an
11 alteration or addition if not provided for in
12 the bylaws; revising requirements for
13 condominium boards with respect to installing
14 and maintaining hurricane shutters; specifying
15 expenses that constitute common expenses of a
16 multicondominium association; providing for an
17 association's bylaws to allow certain
18 educational expenses of the officers or
19 directors to be a permitted common expense;
20 amending s. 718.115, F.S.; providing for
21 determining the common surplus owned by a unit
22 owner of a multicondominium; amending s.
23 718.116, F.S.; revising circumstances under
24 which a developer may be excused from paying
25 certain common expenses and assessments;
26 providing for the developer's obligation for
27 such expenses with respect to a
28 multicondominium association; amending s.
29 718.117, F.S.; providing that certain
30 requirements governing the termination of a
31 condominium are inapplicable to the merger of a

1 condominium with one or more other
2 condominiums; amending s. 718.403, F.S.;
3 changing from 30 working days to 120 calendar
4 days the requirement to file recorded
5 documents; creating s. 718.405, F.S.; providing
6 for the creation of multicondominiums;
7 providing requirements for the declaration of
8 condominium; providing for the merger or
9 consolidation of condominium associations;
10 amending s. 718.5019, F.S.; providing for a
11 member's continued service until a replacement
12 has been appointed; amending s. 718.504, F.S.;
13 providing requirements for the prospectus or
14 offering circular for a condominium that is or
15 may become part of a multicondominium; amending
16 s. 721.13, F.S.; correcting a cross reference;
17 repealing s. 718.501(1)(j), F.S., relating to
18 uniform accounting principles, policies, and
19 standards required to be adopted by the
20 Division of Florida Land Sales, Condominiums,
21 and Mobile Homes of the Department of Business
22 and Professional Regulation; providing an
23 effective date.

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

Section 1. Paragraph (b) of subsection (1) of section
718.115, Florida Statutes, is amended to read:

718.115 Common expenses and common surplus.--
(1)

1 (b) If so provided in the declaration, the cost of a
 2 master antenna television system or duly franchised cable
 3 television service obtained pursuant to a bulk contract shall
 4 be deemed a common expense. If the declaration does not
 5 provide for the cost of a master antenna television system or
 6 duly franchised cable television service obtained under a bulk
 7 contract as a common expense, the board of administration may
 8 enter into such a contract, and the cost of the service will
 9 be a common expense but allocated on a per-unit basis rather
 10 than a percentage basis if the declaration provides for other
 11 than an equal sharing of common expenses, and any contract
 12 entered into before July 1, 1998, in which the cost of the
 13 service is not equally divided among all unit owners, may be
 14 changed by vote of a majority of the voting interests present
 15 at a regular or special meeting of the association, to
 16 allocate the cost equally among all units. The contract shall
 17 be for a term of not less than 2 years.

18 1. Any contract made by the board after the effective
 19 date hereof for a community antenna system or duly franchised
 20 cable television service may be canceled by a majority of the
 21 voting interests present at the next regular or special
 22 meeting of the association. Any member may make a motion to
 23 cancel said contract, but if no motion is made or if such
 24 motion fails to obtain the required majority at the next
 25 regular or special meeting, whichever is sooner, following the
 26 making of the contract, then such contract shall be deemed
 27 ratified for the term therein expressed.

28 2. Any such contract shall provide, and shall be
 29 deemed to provide if not expressly set forth, that any hearing
 30 impaired or legally blind unit owner who does not occupy the
 31 unit with a non-hearing-impaired or sighted person, or any

1 unit owner receiving supplemental security income under Title
2 XVI of the Social Security Act or food stamps as administered
3 by the Department of Children and Family Services pursuant to
4 s. 414.31, may discontinue the service without incurring
5 disconnect fees, penalties, or subsequent service charges, and
6 as to such units, the owners shall not be required to pay any
7 common expenses charge related to such service. If less than
8 all members of an association share the expenses of cable
9 television, the expense shall be shared equally by all
10 participating unit owners. The association may use the
11 provisions of s. 718.116 to enforce payment of the shares of
12 such costs by the unit owners receiving cable television.

13 Section 2. Section 718.103, Florida Statutes, is
14 amended to read:

15 718.103 Definitions.--As used in this chapter, the
16 term:

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

20 (2) "Association" means, in addition to any entity
21 ~~those entities~~ responsible for the operation of common
22 elements owned in undivided shares by unit owners, any entity
23 which operates or maintains other real property in which
24 ~~condominium~~ unit owners have use rights, where ~~unit owner~~
25 membership in the entity is composed exclusively of
26 ~~condominium~~ unit owners or their elected or appointed
27 representatives, and ~~where membership in the entity~~ is a
28 required condition of unit ownership.

29 (3) "Association property" means that property, real
30 and personal, which is owned or leased by, or is dedicated by

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1 a recorded plat to, the association for the use and benefit of
2 its members.

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

6 (5) "Buyer" means a person who purchases a condominium
7 unit. The term "purchaser" may be used interchangeably with
8 the term "buyer."

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

11 (7) "Committee" means a group of board members, unit
12 owners, or board members and unit owners appointed by the
13 board or a member of the board to make recommendations to the
14 board regarding the proposed annual association budget or to
15 take action on behalf of the board.

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

18 (9) "Common expenses" means all expenses ~~and~~
19 ~~assessments which are~~ properly incurred by the association in
20 the performance of its duties, including expenses specified in
21 s. 718.115 for the condominium.

22 (10) "Common surplus" means the amount ~~excess~~ of all
23 receipts or revenues, ~~of the association collected on behalf~~
24 ~~of a condominium (including, but not limited to, assessments,~~
25 rents, or profits, collected by a condominium association
26 which exceeds, and revenues on account of the common elements)
27 ~~over the~~ common expenses.

28 (11) "Condominium" means that form of ownership of
29 real property ~~which is~~ created pursuant to ~~the provisions of~~
30 this chapter, which is comprised entirely of units that may be
31 owned by one or more persons, and in which there is,

1 appurtenant to each unit, an undivided share in common
2 elements.

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

6 (13) "Condominium property" means the lands,
7 leaseholds, and personal property that are subjected to
8 condominium ownership, whether or not contiguous, and all
9 improvements thereon and all easements and rights appurtenant
10 thereto intended for use in connection with the condominium.

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

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

23 (16) "Developer" means a person who creates a
24 condominium or offers condominium parcels for sale or lease in
25 the ordinary course of business, but does not include an owner
26 or lessee of a condominium or cooperative unit who has
27 acquired the unit for his or her own occupancy, nor does it
28 include a cooperative association which creates a condominium
29 by conversion of an existing residential cooperative after
30 control of the association has been transferred to the unit
31 owners if, following the conversion, the unit owners will be

1 the same persons who were unit owners of the cooperative and
2 no units are offered for sale or lease to the public as part
3 of the plan of conversion.

4 (17) "Division" means the Division of Florida Land
5 Sales, Condominiums, and Mobile Homes of the Department of
6 Business and Professional Regulation.

7 (18) "Land" means, ~~unless otherwise defined in the~~
8 ~~declaration as hereinafter provided,~~ the surface of a legally
9 described parcel of real property and includes, unless
10 otherwise specified in the declaration and whether separate
11 from or including such surface, airspace lying above and
12 subterranean space lying below such surface. However, if so
13 defined in the declaration, the term "land" may mean all or
14 any portion of the airspace or subterranean space between two
15 legally identifiable elevations and may exclude the surface of
16 a parcel of real property and may mean any combination of the
17 foregoing, whether or not contiguous.

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

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

25 (21)~~(20)~~ "Operation" or "operation of the condominium"
26 includes the administration and management of the condominium
27 property.

28 (22)~~(21)~~ "Rental agreement" means any written
29 agreement, or oral agreement if for less duration than 1 year,
30 providing for use and occupancy of premises.

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1 (23)~~(22)~~ "Residential condominium" means a condominium
 2 consisting of two or more ~~condominium~~ units, any of which are
 3 intended for use as a private temporary or permanent
 4 residence, except that a condominium is not a residential
 5 condominium if the use for which the units are intended is
 6 primarily commercial or industrial and not more than three
 7 units are intended to be used for private residence, and are
 8 intended to be used as housing for maintenance, managerial,
 9 janitorial, or other operational staff of the condominium.
 10 With respect to a condominium that is not a timeshare
 11 condominium, a residential unit includes a unit intended as a
 12 private temporary or permanent residence as well as a unit not
 13 intended for commercial or industrial use. With respect to a
 14 timeshare condominium, the timeshare instrument as defined in
 15 s. 721.05(30) shall govern the intended use of each unit in
 16 the condominium. If a condominium is a residential condominium
 17 but contains units intended to be used for commercial or
 18 industrial purposes, then, with respect to those units which
 19 are not intended for or used as private residences, the
 20 condominium is not a residential condominium. A condominium
 21 which contains both commercial and residential units is a
 22 mixed-use condominium and is subject to the requirements of s.
 23 718.404.

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

27 (25)~~(24)~~ "Timeshare estate" means any interest in a
 28 unit under which the exclusive right of use, possession, or
 29 occupancy of the unit circulates among the various purchasers
 30 of a timeshare plan pursuant to chapter 721 on a recurring
 31 basis for a period of time.

1 ~~(26)~~(25) "Timeshare unit" means a unit in which
2 timeshare estates have been created.

3 ~~(27)~~(26) "Unit" means a part of the condominium
4 property which is subject to exclusive ownership. A unit may
5 be in improvements, land, or land and improvements together,
6 as specified in the declaration.

7 ~~(28)~~(27) "Unit owner" or "owner of a unit" means a
8 record owner of legal title to a condominium parcel.

9 ~~(29)~~(28) "Voting certificate" means a document which
10 designates one of the record title owners, or the corporate,
11 partnership, or entity representative, who is authorized to
12 vote on behalf of a condominium unit that is owned by more
13 than one owner or by any entity.

14 ~~(30)~~(29) "Voting interests ~~interest~~" means the voting
15 rights distributed to the association members pursuant to s.
16 718.104(4)(i). In a multicondominium association, the voting
17 interests of the association are the voting rights distributed
18 to the unit owners in all condominiums operated by the
19 association. On matters related to a specific condominium in
20 a multicondominium association, the voting interests of the
21 condominium are the voting rights distributed to the unit
22 owners in that condominium.

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

27 718.104 Creation of condominiums; contents of
28 declaration.--Every condominium created in this state shall be
29 created pursuant to this chapter.

30 (2) A condominium is created by recording a
31 declaration in the public records of the county where the land

1 is located, executed and acknowledged with the requirements
 2 for a deed. All persons who have record title to the interest
 3 in the land being submitted to condominium ownership, or their
 4 lawfully authorized agents, must join in the execution of the
 5 declaration. Upon the recording of the declaration, or an
 6 amendment adding a phase to the condominium under s.
 7 718.403(6), all units described in the declaration or phase
 8 amendment as being located in or on the land then being
 9 submitted to condominium ownership shall come into existence,
 10 regardless of the state of completion of planned improvements
 11 in which the units may be located. Upon recording the
 12 declaration of condominium pursuant to this section, the
 13 developer shall file the recording information with the
 14 division within 120 calendar ~~30 business~~ days on a form
 15 prescribed by the division.

16 (4) The declaration must contain or provide for the
 17 following matters:

18 (f) The undivided share of ownership of ~~in~~ the common
 19 elements and common surplus of the condominium that is
 20 appurtenant to each unit stated as a percentage or a fraction
 21 ~~of percentages or fractions, which, in the aggregate, must~~
 22 ~~equal~~ the whole. In the declaration of condominium for
 23 residential condominiums created after April 1, 1992, the
 24 ownership share of the common elements assigned to each
 25 residential unit shall be based either upon the total square
 26 footage of each residential unit in uniform relationship to
 27 the total square footage of each other residential unit in the
 28 condominium or on an equal fractional basis.

29 (g) The percentage or fractional shares of liability
 30 ~~for proportions or percentages of and manner of sharing~~ common
 31 expenses of the condominium ~~and owning common surplus~~, which,

1 for all ~~a~~ residential units ~~condominium~~, must be the same as
2 the undivided shares of ownership of ~~in~~ the common elements
3 and common surplus appurtenant to each unit as provided for in
4 paragraph (f).

5 (h) If a developer reserves the right, in a
6 declaration recorded on or after July 1, 2000, to create a
7 multicondominium, the declaration must state, or provide a
8 specific formula for determining, the fractional or percentage
9 shares of liability for the common expenses of the association
10 and of ownership of the common surplus of the association to
11 be allocated to the units in each condominium to be operated
12 by the association. If the declaration as originally recorded
13 fails to so provide, the share of liability for the common
14 expenses of the association and of ownership of the common
15 surplus of the association allocated to each unit in each
16 condominium operated by the association shall be a fraction of
17 the whole, the numerator of which is the number "one" and the
18 denominator of which is the total number of units in all
19 condominiums operated by the association.

20 Section 4. Subsection (2) of section 718.106, Florida
21 Statutes, is amended to read:

22 718.106 Condominium parcels; appurtenances; possession
23 and enjoyment.--

24 (2) There shall pass with a unit, as appurtenances
25 thereto:

26 (a) An undivided share in the common elements and
27 common surplus.

28 (b) The exclusive right to use such portion of the
29 common elements as may be provided by the declaration,
30 including the right to transfer such right to other units or
31 unit owners to the extent authorized by the declaration as

1 originally recorded, or amendments to the declaration adopted
2 under s. 718.110(2).

3 (c) An exclusive easement for the use of the airspace
4 occupied by the unit as it exists at any particular time and
5 as the unit may lawfully be altered or reconstructed from time
6 to time. An easement in airspace which is vacated shall be
7 terminated automatically.

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

10 (e) Other appurtenances as may be provided in the
11 declaration.

12 Section 5. Subsections (4) and (9) of section 718.110,
13 Florida Statutes, are amended, and subsection (12) is added to
14 said section, to read:

15 718.110 Amendment of declaration; correction of error
16 or omission in declaration by circuit court.--

17 (4) Unless otherwise provided in the declaration as
18 originally recorded, no amendment may change the configuration
19 or size of any ~~condominium~~ unit in any material fashion,
20 materially alter or modify the appurtenances to the unit, or
21 change the proportion or percentage by which the unit owner ~~of~~
22 ~~the parcel~~ shares the common expenses of the condominium and
23 owns the common surplus of the condominium unless the record
24 owner of the unit and all record owners of liens on the unit
25 ~~it~~ join in the execution of the amendment and unless all the
26 record owners of all other units in the same condominium
27 approve the amendment. The acquisition of property by the
28 association, and material alterations or substantial additions
29 to such property or the common elements by the association in
30 accordance with s. 718.111(7) or s. 718.113, shall not be
31 deemed to constitute a material alteration or modification of

1 the appurtenances to the units. A declaration recorded after
 2 April 1, 1992, may not require the approval of less than a
 3 majority of total voting interests of the condominium for
 4 amendments under this subsection, unless otherwise required by
 5 a ~~any~~ governmental entity.

6 (9) If there is an omission or error in a declaration
 7 ~~of condominium~~, or in any other document required by law to
 8 establish the condominium, the association may correct the
 9 error or omission by an amendment to the declaration or to the
 10 other document required to create a condominium in the manner
 11 provided in the declaration to amend the declaration or, if
 12 none is provided, by vote of a majority of the voting
 13 interests of the condominium. The amendment is effective when
 14 passed and approved and a certificate of ~~the~~ amendment is
 15 executed and recorded as provided in subsections (2) and (3)
 16 ~~s. 718.104~~. This procedure for amendment cannot be used if
 17 such an amendment would materially or adversely affect
 18 property rights of unit owners, unless the affected unit
 19 owners consent in writing. This subsection does not restrict
 20 the powers of the association to otherwise amend the
 21 declaration, or other documentation, but authorizes a simple
 22 process of amendment requiring a lesser vote for the purpose
 23 of curing defects, errors, or omissions when the property
 24 rights of unit owners are not materially or adversely
 25 affected.

26 (12)(a) With respect to an existing multicondominium
 27 association, any amendment to change the fractional or
 28 percentage share of liability for the common expenses of the
 29 association and ownership of the common surplus of the
 30 association must be approved by at least a majority of the
 31 total voting interests of each condominium operated by the

1 association unless the declarations of all condominiums
2 operated by the association uniformly require approval by a
3 greater percentage of the voting interests of each
4 condominium.

5 (b) Unless approval by a greater percentage of the
6 voting interests of an existing multicondominium association
7 is expressly required in the declaration of an existing
8 condominium, the declaration may be amended upon approval of
9 at least a majority of the total voting interests of each
10 condominium operated by the multicondominium association for
11 the purpose of:

12 1. Setting forth in the declaration the formula
13 currently utilized, but not previously stated in the
14 declaration, for determining the percentage or fractional
15 shares of liability for the common expenses of the
16 multicondominium association and ownership of the common
17 surplus of the multicondominium association.

18 2. Providing for the creation or enlargement of a
19 multicondominium association by the merger or consolidation of
20 two or more associations and changing the name of the
21 association, as appropriate.

22 Section 6. Paragraphs (a) and (c) of subsection (12)
23 and subsections (13), (14), and (15) of section 718.111,
24 Florida Statutes, are amended to read:

25 718.111 The association.--

26 (12) OFFICIAL RECORDS.--

27 (a) From the inception of the association, the
28 association shall maintain each of the following items, when
29 applicable, which shall constitute the official records of the
30 association:

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- 1 1. A copy of the plans, permits, warranties, and other
2 items provided by the developer pursuant to s. 718.301(4).
- 3 2. A photocopy of the recorded declaration of
4 condominium of each condominium operated by the association
5 and of each amendment to each declaration.
- 6 3. A photocopy of the recorded bylaws of the
7 association and of each amendment to the bylaws.
- 8 4. A certified copy of the articles of incorporation
9 of the association, or other documents creating the
10 association, and of each amendment thereto.
- 11 5. A copy of the current rules of the association.
- 12 6. A book or books which contain the minutes of all
13 meetings of the association, of the board of directors, and of
14 unit owners, which minutes shall be retained for a period of
15 not less than 7 years.
- 16 7. A current roster of all unit owners and their
17 mailing addresses, unit identifications, voting
18 certifications, and, if known, telephone numbers.
- 19 8. All current insurance policies of the association
20 and condominiums operated by the association.
- 21 9. A current copy of any management agreement, lease,
22 or other contract to which the association is a party or under
23 which the association or the unit owners have an obligation or
24 responsibility.
- 25 10. Bills of sale or transfer for all property owned
26 by the association.
- 27 11. Accounting records for the association and
28 separate accounting records for each condominium which the
29 association operates, ~~according to good accounting practices.~~
30 All accounting records shall be maintained for a period of not
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1 less than 7 years. The accounting records shall include, but
2 are not limited to:

3 a. Accurate, itemized, and detailed records of all
4 receipts and expenditures.

5 b. A current account and a monthly, bimonthly, or
6 quarterly statement of the account for each unit designating
7 the name of the unit owner, the due date and amount of each
8 assessment, the amount paid upon the account, and the balance
9 due.

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

12 d. All contracts for work to be performed. Bids for
13 work to be performed shall also be considered official records
14 and shall be maintained for a period of 1 year.

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

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

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

23 15. All other records of the association not
24 specifically included in the foregoing which are related to
25 the operation of the association.

26 (c) The official records of the association are open
27 to inspection by any association member or the authorized
28 representative of such member at all reasonable times. The
29 right to inspect the records includes the right to make or
30 obtain copies, at the reasonable expense, if any, of the
31 association member. The association may adopt reasonable

1 rules regarding the frequency, time, location, notice, and
 2 manner of record inspections and copying. The failure of an
 3 association to provide the records within 10 working days
 4 after receipt of a written request shall create a rebuttable
 5 presumption that the association willfully failed to comply
 6 with this paragraph. A unit owner who is denied access to
 7 official records is entitled to the actual damages or minimum
 8 damages for the association's willful failure to comply with
 9 this paragraph. The minimum damages shall be \$50 per calendar
 10 day up to 10 days, the calculation to begin on the 11th
 11 working day after receipt of the written request. The failure
 12 to permit inspection of the association records as provided
 13 herein entitles any person prevailing in an enforcement action
 14 to recover reasonable attorney's fees from the person in
 15 control of the records who, directly or indirectly, knowingly
 16 denied access to the records for inspection. The association
 17 shall maintain an adequate number of copies of the
 18 declaration, articles of incorporation, bylaws, and rules, and
 19 all amendments to each of the foregoing, as well as the
 20 question and answer sheet provided for in s. 718.504 and
 21 year-end financial information required in this section on the
 22 condominium property to ensure their availability to unit
 23 owners and prospective purchasers, and may charge its actual
 24 costs for preparing and furnishing these documents to those
 25 requesting the same. Notwithstanding the provisions of this
 26 paragraph, the following records shall not be accessible to
 27 unit owners:

- 28 1. Any record protected by the lawyer-client privilege
 29 as described in s. 90.502, and any record protected by the
 30 work-product privilege including any ~~A record which was~~
 31 prepared by an association attorney or prepared at the

1 attorney's express direction, which reflects a mental
2 impression, conclusion, litigation strategy, or legal theory
3 of the attorney or the association, and which was prepared
4 exclusively for civil or criminal litigation or for
5 adversarial administrative proceedings, or which was prepared
6 in anticipation of imminent civil or criminal litigation or
7 imminent adversarial administrative proceedings until the
8 conclusion of the litigation or adversarial administrative
9 proceedings.

10 2. Information obtained by an association in
11 connection with the approval of the lease, sale, or other
12 transfer of a unit.

13 3. Medical records of unit owners.

14 (13) FINANCIAL REPORTING REPORTS.--Within 90 days
15 after the end of the fiscal year, or annually on a date
16 provided in the bylaws, the association shall prepare and
17 complete, or cause to be prepared and completed by a third
18 party, a financial report for the preceding fiscal year.
19 Within 21 days after the financial report is completed or
20 received by the association from the third party, the
21 association shall mail to each unit owner at the address last
22 furnished to the association by the unit owner, or hand
23 deliver to each unit owner, a copy of the financial report or
24 a notice that a copy of the financial report will be mailed or
25 hand delivered to the unit owner, without charge, upon receipt
26 of a written request from the unit owner. The division shall
27 adopt rules setting forth uniform accounting principles and
28 standards to be used by all associations and shall adopt rules
29 addressing financial reporting requirements for
30 multicondominium associations. In adopting such rules, the
31 division shall consider the number of members and annual

1 revenues of an association. Financial reports shall be
2 prepared as follows:

3 (a) An association that meets the criteria of this
4 paragraph shall prepare or cause to be prepared a complete set
5 of financial statements in accordance with generally accepted
6 accounting principles. The financial statements shall be
7 based upon the association's total annual revenues, as
8 follows:

9 1. An association with total annual revenues of
10 \$100,000 or more, but less than \$200,000, shall prepare
11 compiled financial statements.

12 2. An association with total annual revenues of
13 \$200,000 or more, but less than \$400,000, shall prepare
14 reviewed financial statements.

15 3. An association with total annual revenues of
16 \$400,000 or more shall prepare audited financial statements.

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

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

24 3. A report of cash receipts and disbursements shall
25 disclose the amount of receipts by accounts and receipt
26 classifications and the amount of expenses by accounts and
27 expense classifications, including, but not limited to, the
28 following, as applicable: Costs for security, professional
29 and management fees and expenses, taxes, costs for recreation
30 facilities, expenses for refuse collection and utility
31 services, expenses for lawn care, costs for building

1 maintenance and repair, insurance costs, administration and
2 salary expenses, and reserves accumulated and expended for
3 capital expenditures, deferred maintenance, and any other
4 category for which the association maintains reserves.

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

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

10 2. Reviewed or audited financial statements, if the
11 association is required to prepare compiled financial
12 statements; or

13 3. Audited financial statements if the association is
14 required to prepare reviewed financial statements.

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

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

20 2. A report of cash receipts and expenditures or a
21 compiled financial statement in lieu of a reviewed or audited
22 financial statement; or

23 3. A report of cash receipts and expenditures, a
24 compiled financial statement, or a reviewed financial
25 statement in lieu of an audited financial statement.

26
27 Such meeting and approval must occur prior to the end of the
28 fiscal year and is effective only for the fiscal year in which
29 the vote is taken. With respect to an association to which
30 the developer has not turned over control of the association,
31 all unit owners, including the developer, may vote on issues

1 related to the preparation of financial reports for the first
2 2 fiscal years of the association's operation, beginning with
3 the fiscal year in which the declaration is recorded.
4 Thereafter, all unit owners except the developer may vote on
5 such issues until control is turned over to the association by
6 the developer. ~~Within 60 days following the end of the fiscal~~
7 ~~or calendar year or annually on such date as is otherwise~~
8 ~~provided in the bylaws of the association, the board of~~
9 ~~administration of the association shall mail or furnish by~~
10 ~~personal delivery to each unit owner a complete financial~~
11 ~~report of actual receipts and expenditures for the previous 12~~
12 ~~months, or a complete set of financial statements for the~~
13 ~~preceding fiscal year prepared in accordance with generally~~
14 ~~accepted accounting principles. The report shall show the~~
15 ~~amounts of receipts by accounts and receipt classifications~~
16 ~~and shall show the amounts of expenses by accounts and expense~~
17 ~~classifications, including, if applicable, but not limited to,~~
18 ~~the following:~~
19 ~~(a) Costs for security;~~
20 ~~(b) Professional and management fees and expenses;~~
21 ~~(c) Taxes;~~
22 ~~(d) Costs for recreation facilities;~~
23 ~~(e) Expenses for refuse collection and utility~~
24 ~~services;~~
25 ~~(f) Expenses for lawn care;~~
26 ~~(g) Costs for building maintenance and repair;~~
27 ~~(h) Insurance costs;~~
28 ~~(i) Administrative and salary expenses; and~~
29 ~~(j) Reserves for capital expenditures, deferred~~
30 ~~maintenance, and any other category for which the association~~
31 ~~maintains a reserve account or accounts.~~

1 ~~(14) The division shall adopt rules which may require~~
2 ~~that the association deliver to the unit owners, in lieu of~~
3 ~~the financial report required by subsection (13), a complete~~
4 ~~set of financial statements for the preceding fiscal year.~~
5 ~~The financial statements shall be delivered within 90 days~~
6 ~~following the end of the previous fiscal year or annually on~~
7 ~~such other date as provided by the bylaws. The rules of the~~
8 ~~division may require that the financial statements be~~
9 ~~compiled, reviewed, or audited, and the rules shall take into~~
10 ~~consideration the criteria set forth in s. 718.501(1)(j). The~~
11 ~~requirement to have the financial statements compiled,~~
12 ~~reviewed, or audited does not apply to associations when a~~
13 ~~majority of the voting interests of the association present at~~
14 ~~a duly called meeting of the association have determined for a~~
15 ~~fiscal year to waive this requirement. In an association in~~
16 ~~which turnover of control by the developer has not occurred,~~
17 ~~the developer may vote to waive the audit requirement for the~~
18 ~~first 2 years of the operation of the association, after which~~
19 ~~time waiver of an applicable audit requirement shall be by a~~
20 ~~majority of voting interests other than the developer. The~~
21 ~~meeting shall be held prior to the end of the fiscal year, and~~
22 ~~the waiver shall be effective for only 1 fiscal year. This~~
23 ~~subsection does not apply to a condominium which consists of~~
24 ~~50 or fewer units.~~

25 ~~(14)(15) COMMINGLING.--~~All funds collected by an
26 association shall be maintained separately in the
27 association's name. For investment purposes only, reserve
28 funds may be commingled with operating funds of the
29 association. Commingled operating and reserve funds shall be
30 accounted for separately and a commingled account shall not,
31 at any time, be less than the amount identified as reserve

1 funds. This subsection does not prohibit a multicondominium
2 association from commingling the operating funds of separate
3 condominiums or the reserve funds of separate condominiums.
4 Furthermore, for investment purposes only, a multicondominium
5 association may commingle the operating funds of separate
6 condominiums with the reserve funds of separate condominiums.
7 A manager or business entity required to be licensed or
8 registered under s. 468.432, or an agent, employee, officer,
9 or director of an association, shall not commingle any
10 association funds with his or her funds or with the funds of
11 any other condominium association or the funds of a community
12 association as defined in s. 468.431.~~All funds shall be~~
13 ~~maintained separately in the association's name. Reserve and~~
14 ~~operating funds of the association shall not be commingled~~
15 ~~unless combined for investment purposes. This subsection is~~
16 ~~not meant to prohibit prudent investment of association funds~~
17 ~~even if combined with operating or other reserve funds of the~~
18 ~~same association, but such funds must be accounted for~~
19 ~~separately, and the combined account balance may not, at any~~
20 ~~time, be less than the amount identified as reserve funds in~~
21 ~~the combined account. No manager or business entity required~~
22 ~~to be licensed or registered under s. 468.432, and no agent,~~
23 ~~employee, officer, or director of a condominium association~~
24 ~~shall commingle any association funds with his or her funds or~~
25 ~~with the funds of any other condominium association or~~
26 ~~community association as defined in s. 468.431.~~

27 Section 7. Paragraphs (d), (e), and (f) of subsection
28 (2) of section 718.112, Florida Statutes, are amended to read:
29 718.112 Bylaws.--

30
31

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

4 (d) Unit owner meetings.--

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

27 2. The bylaws shall provide the method of calling
28 meetings of unit owners, including annual meetings. Written
29 notice, which notice must include an agenda, shall be mailed
30 or hand delivered to each unit owner at least 14 days prior to
31 the annual meeting and shall be posted in a conspicuous place

1 on the condominium property at least 14 continuous days
2 preceding the annual meeting. Upon notice to the unit owners,
3 the board shall by duly adopted rule designate a specific
4 location on the condominium property or association property
5 upon which all notices of unit owner meetings shall be posted;
6 however, if there is no condominium property or association
7 property upon which notices can be posted, this requirement
8 does not apply. Unless a unit owner waives in writing the
9 right to receive notice of the annual meeting ~~by mail~~, such
10 ~~the notice of the annual meeting~~ shall be hand delivered or
11 mailed sent by mail to each unit owner. Notice for meetings
12 and notice for all other purposes shall be mailed to each unit
13 owner at the address last furnished to the association by the
14 unit owner, or hand delivered to each unit owner. However, if
15 ~~where~~ a unit is owned by more than one person, the association
16 shall provide notice, for meetings and all other purposes, to
17 that one address which the developer initially identifies for
18 that purpose and thereafter as one or more of the owners of
19 the unit shall so advise the association in writing, or if no
20 address is given or the owners of the unit do not agree, to
21 the address provided on the deed of record. An officer of the
22 association, or the manager or other person providing notice
23 of the association meeting, shall provide an affidavit or
24 United States Postal Service certificate of mailing, to be
25 included in the official records of the association affirming
26 that the notice was mailed or hand delivered, in accordance
27 with this provision, ~~to each unit owner at the address last~~
28 ~~furnished to the association.~~

29 3. The members of the board ~~of administration~~ shall be
30 elected by written ballot or voting machine. Proxies shall in
31 no event be used in electing the board ~~of administration~~,

1 either in general elections or elections to fill vacancies
2 caused by recall, resignation, or otherwise, unless otherwise
3 provided in this chapter. Not less than 60 days before a
4 scheduled election, the association shall mail or deliver,
5 whether by separate association mailing or included in another
6 association mailing or delivery including regularly published
7 newsletters, to each unit owner entitled to a vote, a first
8 notice of the date of the election. Any unit owner or other
9 eligible person desiring to be a candidate for the board ~~of~~
10 ~~administration~~ must give written notice to the association not
11 less than 40 days before a scheduled election. Together with
12 the written notice and agenda as set forth in subparagraph 2.,
13 the association shall mail or deliver a second notice of the
14 election to all unit owners entitled to vote therein, together
15 with a ballot which shall list all candidates. Upon request of
16 a candidate, the association shall include an information
17 sheet, no larger than 8 1/2 inches by 11 inches, which must
18 be furnished by the candidate not less than 35 days before the
19 election, to be included with the mailing of the ballot, with
20 the costs of mailing or delivery and copying to be borne by
21 the association. ~~However,~~The association is not liable ~~has no~~
22 ~~liability~~ for the contents of the information sheets prepared
23 by the candidates. In order to reduce costs, the association
24 may print or duplicate the information sheets on both sides of
25 the paper. The division shall by rule establish voting
26 procedures consistent with the provisions contained herein,
27 including rules providing for the secrecy of ballots.
28 Elections shall be decided by a plurality of those ballots
29 cast. There shall be no quorum requirement; however, at least
30 20 percent of the eligible voters must cast a ballot in order
31 to have a valid election of members of the board ~~of~~

1 ~~administration~~. No unit owner shall permit any other person to
2 vote his or her ballot, and any such ballots improperly cast
3 shall be deemed invalid, and any unit owner who violates this
4 provision may be fined by the association in accordance with
5 s. 718.303. A unit owner who needs assistance in casting the
6 ballot for the reasons stated in s. 101.051 may obtain
7 assistance in casting the ballot. ~~Any unit owner violating~~
8 ~~this provision may be fined by the association in accordance~~
9 ~~with s. 718.303~~. The regular election shall occur on the date
10 of the annual meeting. The provisions of this subparagraph
11 shall not apply to timeshare condominium associations.
12 Notwithstanding the provisions of this subparagraph, an
13 election is ~~and balloting are~~ not required unless more
14 candidates file notices of intent to run or are nominated than
15 board vacancies exist ~~on the board~~.

16 4. Any approval by unit owners called for by this
17 chapter or the applicable declaration or bylaws, including,
18 but not limited to, the approval requirement in s. 718.111(8),
19 shall be made at a duly noticed meeting of unit owners and
20 shall be subject to all requirements of this chapter or the
21 applicable condominium documents relating to unit owner
22 decisionmaking, except that unit owners may take action by
23 written agreement, without meetings, on matters for which
24 action by written agreement without meetings is expressly
25 allowed by the applicable bylaws or declaration or any statute
26 that provides for such action.

27 5. Unit owners may waive notice of specific meetings
28 if allowed by the applicable bylaws or declaration or any
29 statute.

30 6. Unit owners shall have the right to participate in
31 meetings of unit owners with reference to all designated

1 agenda items. However, the association may adopt reasonable
2 rules governing the frequency, duration, and manner of unit
3 owner participation.

4 7. Any unit owner may tape record or videotape a
5 meeting of the unit owners subject to reasonable rules adopted
6 by the division.

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

22
23 Notwithstanding subparagraphs (b)2. and (d)3., an association
24 may, by the affirmative vote of a majority of the total voting
25 interests, provide for different voting and election
26 procedures in its bylaws, which vote may be by a proxy
27 specifically delineating the different voting and election
28 procedures. The different voting and election procedures may
29 provide for elections to be conducted by limited or general
30 proxy.

31 (e) Budget meeting.--

1 1. Any meeting at which a proposed annual budget of an
 2 association will be considered by the board or unit owners
 3 shall be open to all unit owners. At least 14 days prior to
 4 such a meeting, the board shall hand deliver to each unit
 5 owner, or mail to each unit owner at the address last
 6 furnished to the association by the unit owner, a notice of
 7 such meeting and a copy of the proposed annual budget. An
 8 officer or manager of the association, or other person
 9 providing notice of such meeting, shall execute an affidavit
 10 evidencing compliance with such notice requirement and such
 11 affidavit shall be filed among the official records of the
 12 association.

13 2.a. If a board adopts in any fiscal year an annual
 14 budget which requires assessments against unit owners which
 15 exceed 115 percent of assessments for the preceding fiscal
 16 year, the board shall conduct a special meeting of the unit
 17 owners to consider a substitute budget if the board receives,
 18 within 21 days after adoption of the annual budget, a written
 19 request for a special meeting from at least 10 percent of all
 20 voting interests. The special meeting shall be conducted
 21 within 60 days after adoption of the annual budget. At least
 22 14 days prior to such special meeting, the board shall hand
 23 deliver to each unit owner, or mail to each unit owner at the
 24 address last furnished to the association, a notice of the
 25 meeting. An officer or manager of the association, or other
 26 person providing notice of such meeting shall execute an
 27 affidavit evidencing compliance with this notice requirement
 28 and such affidavit shall be filed among the official records
 29 of the association. Unit owners may consider and adopt a
 30 substitute budget at the special meeting. A substitute budget
 31 is adopted if approved by a majority of all voting interests

1 unless the bylaws require adoption by a greater percentage of
2 voting interests. If there is not a quorum at the special
3 meeting or a substitute budget is not adopted, the annual
4 budget previously adopted by the board shall take effect as
5 scheduled.

6 b. Any determination of whether assessments exceed 115
7 percent of assessments for the prior fiscal year shall exclude
8 any authorized provision for reasonable reserves for repair or
9 replacement of the condominium property, anticipated expenses
10 of the association which the board does not expect to be
11 incurred on a regular or annual basis, or assessments for
12 betterments to the condominium property.

13 c. If the developer controls the board, assessments
14 shall not exceed 115 percent of assessments for the prior
15 fiscal year unless approved by a majority of all voting
16 interests.~~The board of administration shall hand deliver to~~
17 ~~each unit owner, or mail to each unit owner at the address~~
18 ~~last furnished to the association, a meeting notice and copies~~
19 ~~of the proposed annual budget of common expenses not less than~~
20 ~~14 days prior to the meeting of the unit owners or the board~~
21 ~~of administration at which the budget will be considered.~~
22 ~~Evidence of compliance with this 14-day notice must be made by~~
23 ~~an affidavit executed by an officer of the association or the~~
24 ~~manager or other person providing notice of the meeting and~~
25 ~~filed among the official records of the association. The~~
26 ~~meeting must be open to the unit owners. If an adopted budget~~
27 ~~requires assessments against the unit owners in any fiscal or~~
28 ~~calendar year which exceed 115 percent of the assessments for~~
29 ~~the preceding year, the board, upon written application of 10~~
30 ~~percent of the voting interests to the board, shall call a~~
31 ~~special meeting of the unit owners within 30 days upon not~~

1 ~~less than 10 days' written notice to each unit owner. At the~~
 2 ~~special meeting, unit owners shall consider and enact a~~
 3 ~~budget. Unless the bylaws require a larger vote, the adoption~~
 4 ~~of the budget requires a vote of not less than a majority vote~~
 5 ~~of all the voting interests. The board of administration may~~
 6 ~~propose a budget to the unit owners at a meeting of members or~~
 7 ~~in writing, and if the budget or proposed budget is approved~~
 8 ~~by the unit owners at the meeting or by a majority of all the~~
 9 ~~voting interests in writing, the budget is adopted. If a~~
 10 ~~meeting of the unit owners has been called and a quorum is not~~
 11 ~~attained or a substitute budget is not adopted by the unit~~
 12 ~~owners, the budget adopted by the board of directors goes into~~
 13 ~~effect as scheduled. In determining whether assessments~~
 14 ~~exceed 115 percent of similar assessments in prior years, any~~
 15 ~~authorized provisions for reasonable reserves for repair or~~
 16 ~~replacement of the condominium property, anticipated expenses~~
 17 ~~by the condominium association which are not anticipated to be~~
 18 ~~incurred on a regular or annual basis, or assessments for~~
 19 ~~betterments to the condominium property must be excluded from~~
 20 ~~the computation. However, as long as the developer is in~~
 21 ~~control of the board of administration, the board may not~~
 22 ~~impose an assessment for any year greater than 115 percent of~~
 23 ~~the prior fiscal or calendar year's assessment without~~
 24 ~~approval of a majority of all the voting interests.~~

25 (f) Annual budget.--

26 1. The proposed annual budget of common expenses shall
 27 be detailed and shall show the amounts budgeted by accounts
 28 and expense classifications, including, if applicable, but not
 29 limited to, those expenses listed in s. 718.504(21)~~s.~~
 30 ~~718.504(20)~~. A multicondominium association shall adopt a
 31 separate budget of common expenses for each condominium the

1 association operates and shall adopt a separate budget of
2 common expenses for the association.In addition, if the
3 association maintains limited common elements with the cost to
4 be shared only by those entitled to use the limited common
5 elements as provided for in s. 718.113(1), the budget or a
6 schedule attached thereto shall show amounts budgeted
7 therefor. If, after turnover of control of the association to
8 the unit owners, any of the expenses listed in s. 718.504(21)
9 ~~s. 718.504(20)~~ are not applicable, they need not be listed.

10 2. In addition to annual operating expenses, the
11 budget shall include reserve accounts for capital expenditures
12 and deferred maintenance. These accounts shall include, but
13 are not limited to, roof replacement, building painting, and
14 pavement resurfacing, regardless of the amount of deferred
15 maintenance expense or replacement cost, and for any other
16 item for which the deferred maintenance expense or replacement
17 cost exceeds \$10,000. The amount to be reserved shall be
18 computed by means of a formula which is based upon estimated
19 remaining useful life and estimated replacement cost or
20 deferred maintenance expense of each reserve item. The
21 association may adjust replacement reserve assessments
22 annually to take into account any changes in estimates or
23 extension of the useful life of a reserve item caused by
24 deferred maintenance. This subsection does not apply to an
25 adopted budget ~~budgets~~ in which the members of an association
26 have determined, by a majority vote at a duly called meeting
27 of the association, ~~and voting determined for a fiscal year to~~
28 provide no reserves or less reserves ~~less adequate~~ than
29 required by this subsection. However, prior to turnover of
30 control of an association by a developer to unit owners other
31 than a developer pursuant to s. 718.301, the developer may

1 vote to waive the reserves or reduce the funding of reserves
 2 for the first 2 fiscal years of the association's operation of
 3 ~~the association, beginning with the fiscal year in which the~~
 4 initial declaration is recorded, after which time reserves may
 5 be waived or reduced only upon the vote of a majority of all
 6 nondeveloper voting interests voting in person or by limited
 7 proxy at a duly called meeting of the association. If a
 8 meeting of the unit owners has been called to determine
 9 whether to waive or reduce the funding of ~~to provide no~~
 10 ~~reserves or reserves less adequate than required~~, and no such
 11 result is achieved ~~not attained~~ or a quorum is not attained,
 12 the reserves as included in the budget shall go into effect.
 13 After the turnover, the developer may vote its voting interest
 14 to waive or reduce the funding of reserves.

15 3. Reserve funds and any interest accruing thereon
 16 shall remain in the reserve account or accounts, and shall be
 17 used only for authorized reserve expenditures unless their use
 18 for other purposes is approved in advance by a majority vote
 19 at a duly called meeting of the association. Prior to turnover
 20 of control of an association by a developer to unit owners
 21 other than the developer pursuant to s. 718.301, the
 22 developer-controlled association shall not vote to use
 23 reserves for purposes other than that for which they were
 24 intended without the approval of a majority of all
 25 nondeveloper voting interests, voting in person or by limited
 26 proxy at a duly called meeting of the association.

27 4. In a multicondominium association, the only voting
 28 interests which are eligible to vote on questions that involve
 29 waiving or reducing the funding of reserves, or using existing
 30 reserve funds for purposes other than purposes for which the
 31

1 reserves were intended, are the voting interests of the units
2 subject to assessment to fund the reserves in question.

3 Section 8. Subsection (2) of section 718.113, Florida
4 Statutes, is amended to read:

5 718.113 Maintenance; limitation upon improvement;
6 display of flag; hurricane shutters.--

7 (2)(a) Except as otherwise provided in this section,
8 there shall be no material alteration or substantial additions
9 to the common elements or to real property which is
10 association property, except in a manner provided in the
11 declaration. If the declaration does not specify the
12 procedure for approval of material alterations or substantial
13 additions, 75 percent of the total voting interests of the
14 association must approve the alterations or additions.

15 (b) There shall not be any material alteration of, or
16 substantial addition to, the common elements of any
17 condominium operated by a multicondominium association unless
18 approved in the manner provided in the declaration of the
19 affected condominium or condominiums. If a declaration does
20 not specify a procedure for approving such an alteration or
21 addition, the approval of 75 percent of the total voting
22 interests of each affected condominium is required. This
23 subsection does not prohibit a provision in any declaration,
24 articles of incorporation, or bylaws requiring the approval of
25 unit owners in any condominium operated by the same
26 association or requiring board approval before a material
27 alteration or substantial addition to the common elements is
28 permitted.

29 (c) There shall not be any material alteration or
30 substantial addition made to association real property
31 operated by a multicondominium association, except as provided

1 in the declaration, articles of incorporation, or bylaws. If
2 the declaration, articles of incorporation, or bylaws do not
3 specify the procedure for approving an alteration or addition
4 to association real property, the approval of 75 percent of
5 the total voting interests of the association is required.

6 Section 9. Section 718.115, Florida Statutes, is
7 amended to read:

8 718.115 Common expenses and common surplus.--

9 (1)(a) Common expenses include the expenses of the
10 operation, maintenance, repair, replacement, or protection of
11 the common elements and association property, costs of
12 carrying out the powers and duties of the association, and any
13 other expense, whether or not included in the foregoing,
14 designated as common expense by this chapter, the declaration,
15 the documents creating the association, or the bylaws. Common
16 expenses also include reasonable transportation services,
17 insurance for directors and officers, road maintenance and
18 operation expenses, in-house communications, and security
19 services, which are reasonably related to the general benefit
20 of the unit owners even if such expenses do not attach to the
21 common elements or property of the condominium. However, such
22 common expenses must either have been services or items
23 provided on or after ~~from~~ the date ~~the control of the board of~~
24 ~~administration~~ of the association is ~~was~~ transferred from the
25 developer to the unit owners or must be services or items
26 provided for in the condominium documents or bylaws.

27 (b) The common expenses of a condominium within a
28 multicondominium are the common expenses directly attributable
29 to the operation of that condominium. The common expenses of a
30 multicondominium association do not include the common
31 expenses directly attributable to the operation of any

1 specific condominium or condominiums within the
2 multicondominium.

3 (c) The common expenses of a multicondominium
4 association may include categories of expenses related to the
5 property or common elements within a specific condominium in
6 the multicondominium if such property or common elements are
7 areas in which all members of the multicondominium association
8 have use rights or from which all members receive tangible
9 economic benefits. Such common expenses of the association
10 shall be identified in the declaration or bylaws of each
11 condominium within the multicondominium association.

12 (d)~~(b)~~ If so provided in the declaration, the cost of
13 a master antenna television system or duly franchised cable
14 television service obtained pursuant to a bulk contract shall
15 be deemed a common expense. If the declaration does not
16 provide for the cost of a master antenna television system or
17 duly franchised cable television service obtained under a bulk
18 contract as a common expense, the board ~~of administration~~ may
19 enter into such a contract, and the cost of the service will
20 be a common expense but allocated on a per-unit basis rather
21 than a percentage basis if the declaration provides for other
22 than an equal sharing of common expenses, and any contract
23 entered into before July 1, 1998, in which the cost of the
24 service is not equally divided among all unit owners, may be
25 changed by vote of a majority of the voting interests present
26 at a regular or special meeting of the association, to
27 allocate the cost equally among all units. The contract shall
28 be for a term of not less than 2 years.

29 1. Any contract made by the board after the effective
30 date hereof for a community antenna system or duly franchised
31 cable television service may be canceled by a majority of the

1 voting interests present at the next regular or special
 2 meeting of the association. Any member may make a motion to
 3 cancel said contract, but if no motion is made or if such
 4 motion fails to obtain the required majority at the next
 5 regular or special meeting, whichever is sooner, following the
 6 making of the contract, then such contract shall be deemed
 7 ratified for the term therein expressed.

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

21 (e)~~(c)~~ The expense of installation, replacement,
 22 operation, repair, and maintenance of hurricane shutters by
 23 the board pursuant to s. 718.113(5) shall constitute a common
 24 expense as defined herein and shall be collected as provided
 25 in this section. Notwithstanding the provisions of s.
 26 718.116(9), a unit owner who has previously installed
 27 hurricane shutters in accordance with s. 718.113(5) or
 28 laminated glass architecturally designed to function as
 29 hurricane protection which complies with the applicable
 30 building code shall receive a credit equal to the pro rata
 31 portion of the assessed installation cost assigned to each

1 unit. However, such unit owner shall remain responsible for
 2 the pro rata share of expenses for hurricane shutters
 3 installed on common elements and association property by the
 4 board pursuant to s. 718.113(5), and shall remain responsible
 5 for a pro rata share of the expense of the replacement,
 6 operation, repair, and maintenance of such shutters.

7 (f)~~(d)~~ If any unpaid share of common expenses or
 8 assessments is extinguished by foreclosure of a superior lien
 9 or by a deed in lieu of foreclosure thereof, the unpaid share
 10 of common expenses or assessments are common expenses
 11 collectible from all the unit owners in the condominium in
 12 which the unit is located.

13 (2) Except as otherwise provided by this chapter,
 14 funds for ~~the~~ payment of the common expenses of a condominium
 15 shall be collected by assessments against the units in that
 16 condominium ~~unit owners~~ in the proportions or percentages
 17 provided in that condominium's ~~the~~ declaration. In a
 18 residential condominium, or mixed-use condominium created
 19 after January 1, 1996, each unit's share ~~unit owners' shares~~
 20 of the common expenses of the condominium and common surplus
 21 of the condominium shall be the same as the unit's appurtenant
 22 ~~in the same proportions as their ownership interest in the~~
 23 common elements.

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

26 (4)(a) Funds for payment of the common expenses of a
 27 condominium within a multicondominium shall be collected as
 28 provided in subsection (2). Common expenses of a
 29 multicondominium association shall be funded by assessments
 30 against all unit owners in the association in the proportion
 31

1 or percentage set forth in the declaration as required by s.
2 718.104(4)(h) or s. 718.110(12), as applicable.

3 (b) In a multicondominium association, the total
4 common surplus owned by a unit owner consists of that owner's
5 share of the common surplus of the association plus that
6 owner's share of the common surplus of the condominium in
7 which the owner's unit is located, in the proportion or
8 percentage set forth in the declaration as required by s.
9 718.104(4)(h) or s. 718.110(12), as applicable.

10 Section 10. Subsection (9) of section 718.116, Florida
11 Statutes, is amended to read:

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

14 718.116 Assessments; liability; lien and priority;
15 interest; collection.--

16 (9)(a) A unit owner may not be excused from payment of
17 the unit owner's share of common expenses unless all other
18 unit owners are likewise proportionately excluded from
19 payment, except as provided in subsection (1) and in the
20 following cases:

21 1. If authorized by the declaration, a developer who
22 is offering units for sale may elect to be excused from
23 payment of assessments against those unsold units for a stated
24 period of time after the declaration is recorded. However,
25 the developer must pay common expenses incurred during such
26 period which exceed regular periodic assessments against other
27 unit owners in the same condominium. The stated period must
28 terminate no later than the first day of the fourth calendar
29 month following the month in which the first closing occurs of
30 a purchase contract for a unit in that condominium. If a
31 developer-controlled association has maintained all insurance

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

11 2. A developer who owns condominium units, and who is
12 offering the units for sale, may be excused from payment of
13 assessments against those unsold units for the period of time
14 the developer has guaranteed to all purchasers or other unit
15 owners in the same condominium that assessments will not
16 exceed a stated dollar amount and that the developer will pay
17 any common expenses that exceed the guaranteed amount. Such
18 guarantee may be stated in the purchase contract, declaration,
19 prospectus, or written agreement between the developer and a
20 majority of the unit owners other than the developer and may
21 provide that after the initial guarantee period, the developer
22 may extend the guarantee for one or more stated periods. If a
23 developer-controlled association has maintained all insurance
24 coverage required by s. 718.111(11)(a), common expenses
25 incurred during a guarantee period, as a result of a natural
26 disaster or an act of God occurring during the same guarantee
27 period, which are not covered by the proceeds from such
28 insurance, may be assessed against all unit owners owning
29 units on the date of such natural disaster or act of God, and
30 their successors and assigns, including the developer with
31 respect to units owned by the developer. Any such assessment

1 shall be in accordance with s. 718.115(2) or (4), as
2 applicable.

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

16 (c) If a developer of a multicondominium is excused
17 from payment of assessments under paragraph (a), the
18 developer's financial obligation to the multicondominium
19 association during any period in which the developer is
20 excused from payment of assessments is as follows:

21 1. The developer shall pay the common expenses of a
22 condominium affected by a guarantee, including the funding of
23 reserves as provided in the adopted annual budget of that
24 condominium, which exceed the regular periodic assessments at
25 the guaranteed level against all other unit owners within that
26 condominium.

27 2. The developer shall pay the common expenses of a
28 multicondominium association, including the funding of
29 reserves as provided in the adopted annual budget of the
30 association, which are allocated to units within a condominium
31 affected by a guarantee and which exceed the regular periodic

1 assessments against all other unit owners within that
2 condominium.

3 Section 11. Subsection (11) is added to section
4 718.117, Florida Statutes, to read:

5 718.117 Termination.--

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

9 Section 12. Subsection (8) of section 718.403, Florida
10 Statutes, is amended to read:

11 718.403 Phase condominiums.--

12 (8) Upon recording the declaration of condominium or
13 amendments adding phases pursuant to this section, the
14 developer shall file the recording information with the
15 division within 120 calendar ~~30 working~~ days on a form
16 prescribed by the division.

17 Section 13. Section 718.405, Florida Statutes, is
18 created to read:

19 718.405 Multicondominiums; multicondominium
20 associations.--

21 (1) An association may operate more than one
22 condominium if the declaration for each condominium to be
23 operated by that association provides for participation in a
24 multicondominium, in conformity with this section, and
25 discloses or describes:

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

31

1 (b) Whether unit owners in any other condominium, or
2 any other persons, will or may have the right to use
3 recreational areas or any other facilities or amenities that
4 are common elements of the condominium, and, if so, the
5 specific formula by which the other users will share the
6 common expenses related to those facilities or amenities.

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

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

24 (2) If any declaration requires a developer to convey
25 additional lands or facilities to a multicondominium
26 association and the developer fails to do so within the time
27 specified, or within a reasonable time if none is specified in
28 the declaration, any unit owner or the association may enforce
29 that obligation against the developer or bring an action
30 against the developer for specific performance or for damages
31

1 that result from the developer's failure or refusal to convey
2 the additional lands or facilities.

3 (3) The declaration for each condominium to be
4 operated by a multicondominium association may not, at the
5 time of the initial recording of the declaration, contain any
6 provision with respect to allocation of the association's
7 assets, liabilities, common surplus, or common expenses which
8 is inconsistent with this chapter or the provisions of a
9 declaration for any other condominium then being operated by
10 the multicondominium association.

11 (4) This section does not prevent or restrict the
12 formation of a multicondominium by the merger or consolidation
13 of two or more condominium associations. Mergers or
14 consolidations of associations shall be accomplished in
15 accordance with this chapter, the declarations of the
16 condominiums being merged or consolidated, and chapter 617.
17 Section 718.110(4) does not apply to amendments to
18 declarations necessary to effect a merger or consolidation.

19 Section 14. Subsection (1) of section 718.5019,
20 Florida Statutes, is amended to read:

21 718.5019 Advisory council; membership; functions.--

22 (1) There is created the Advisory Council on
23 Condominiums. The council shall consist of seven members. Two
24 shall be appointed by the Speaker of the House of
25 Representatives, two shall be appointed by the President of
26 the Senate, and three members shall be appointed by the
27 Governor. At least one member shall represent timeshare
28 condominiums. Members shall be appointed to 2-year terms. Each
29 member shall continue to serve until his or her replacement
30 has been appointed. In addition to these appointed members,
31 the director of the Division of Florida Land Sales,

1 Condominiums, and Mobile Homes shall serve as an ex officio
 2 member of the council. It is the intent of the Legislature
 3 that the appointments to this council be geographically
 4 distributed across the state and represent a cross section of
 5 persons interested in condominium issues and include
 6 unit-owner and board representatives and a representative from
 7 at least one association with less than 100 units. For
 8 administrative purposes, the commission shall be located in
 9 the Division of Florida Land Sales, Condominiums, and Mobile
 10 Homes of the Department of Business and Professional
 11 Regulation. Members of the council shall serve without
 12 compensation, but shall be entitled to receive per diem and
 13 travel expenses pursuant to s. 112.061 while on official
 14 business.

15 Section 15. Present subsections (15) through (27) of
 16 section 718.504, Florida Statutes, are redesignated as
 17 subsections (16) through (28), respectively, and a new
 18 subsection (15) is added to said section, to read:

19 718.504 Prospectus or offering circular.--Every
 20 developer of a residential condominium which contains more
 21 than 20 residential units, or which is part of a group of
 22 residential condominiums which will be served by property to
 23 be used in common by unit owners of more than 20 residential
 24 units, shall prepare a prospectus or offering circular and
 25 file it with the Division of Florida Land Sales, Condominiums,
 26 and Mobile Homes prior to entering into an enforceable
 27 contract of purchase and sale of any unit or lease of a unit
 28 for more than 5 years and shall furnish a copy of the
 29 prospectus or offering circular to each buyer. In addition to
 30 the prospectus or offering circular, each buyer shall be
 31 furnished a separate page entitled "Frequently Asked Questions

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

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

29 (a) A statement in conspicuous type in substantially
 30 the following form: THIS CONDOMINIUM IS (MAY BE) PART OF A
 31 MULTICONDOMINIUM DEVELOPMENT IN WHICH OTHER CONDOMINIUMS WILL

1 (MAY) BE OPERATED BY THE SAME ASSOCIATION. Immediately
2 following this statement, the location in the prospectus or
3 offering circular and its exhibits where the multicondominium
4 aspects of the offering are described must be stated.

5 (b) A summary of the provisions in the declaration,
6 articles of incorporation, and bylaws which establish and
7 provide for the operation of the multicondominium, including a
8 statement as to whether unit owners in the condominium will
9 have the right to use recreational or other facilities located
10 or planned to be located in other condominiums operated by the
11 same association, and the manner of sharing the common
12 expenses related to such facilities.

13 (c) A statement of the minimum and maximum number of
14 condominiums, and the minimum and maximum number of units in
15 each of those condominiums, which will or may be operated by
16 the association, and the latest date by which the exact number
17 will be finally determined.

18 (d) A statement as to whether any of the condominiums
19 in the multicondominium may include units intended to be used
20 for nonresidential purposes and the purpose or purposes
21 permitted for such use.

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

25 Section 16. Paragraph (e) of subsection (3) of section
26 721.13, Florida Statutes, is amended to read:

27 721.13 Management.--

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

30 (e) Arranging for an annual audit of the financial
31 statements of the timeshare plan by a certified public

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

21 Section 17. Paragraph (j) of subsection (1) of section
22 718.501, Florida Statutes, is repealed.

23 Section 18. This act shall take effect July 1, 2000.
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