

1 A bill to be entitled
2 An act relating to condominiums and
3 cooperatives; amending s. 702.09, F.S.;
4 redefining the terms "mortgage" and
5 "foreclosure proceedings"; amending s. 718.104,
6 F.S.; revising provisions relating to
7 declarations for the creation of a condominium;
8 amending s. 718.106, F.S.; revising provisions
9 relating to appurtenances that pass with a
10 condominium unit; amending s. 718.110, F.S.;
11 revising provisions relating to amendments to a
12 declaration of condominium; amending s.
13 718.111, F.S.; revising provisions relating to
14 the association; amending s. 718.112, F.S.;
15 revising provisions relating to bylaws;
16 amending s. 718.113, F.S.; revising provisions
17 relating to material alterations of common
18 elements or association real property operated
19 by a multicondominium association; amending s.
20 718.115, F.S.; revising provisions relating to
21 common expenses; amending s. 718.1255, F.S.,
22 relating to alternative dispute resolution
23 procedures; providing for the expedited
24 handling of any allegation of an irregularity
25 in the election of any director of the board of
26 administration of a condominium; amending s.
27 718.405, F.S.; revising provisions relating to
28 multicondominiums and multicondominium
29 associations; amending s. 718.503, F.S.;
30 relating to disclosure requirements for the
31 sale of certain condominiums; removing the

1 requirement that question and answer sheets be
2 part of the closing documents; amending s.
3 718.504, F.S.; revising provisions relating to
4 the prospectus or offering circular; creating
5 s. 718.701, F.S.; providing definitions;
6 creating s. 718.702, F.S.; providing for master
7 association meetings; requiring certain
8 notices; establishing meeting rules; creating
9 s. 718.703, F.S.; providing powers of the
10 Division of Florida Land Sales, Condominiums,
11 and Mobile Homes over master associations;
12 creating s. 718.704, F.S.; requiring master
13 associations to provide certain financial
14 records or statements; providing an effective
15 date.

16
17 Be It Enacted by the Legislature of the State of Florida:

18
19 Section 1. Section 702.09, Florida Statutes, is
20 amended to read:

21 702.09 Definitions.--For the purposes of ss. 702.07
22 and 702.08 the words "decree of foreclosure" shall include a
23 judgment or order rendered or passed in the foreclosure
24 proceedings in which the decree of foreclosure shall be
25 rescinded, vacated, and set aside; the word "mortgage" shall
26 mean any written instrument securing the payment of money or
27 advances and includes liens to secure payment of assessments
28 arising under chapters 718 and 719; the word "debt" shall
29 include promissory notes, bonds, and all other written
30 obligations given for the payment of money; the words
31 "foreclosure proceedings" shall embrace every action in the

1 circuit or county courts of this state wherein it is sought to
2 foreclose a mortgage and sell the property covered by the
3 same; and the word "property" shall mean and include both real
4 and personal property.

5 Section 2. Paragraph (h) of subsection (4) and
6 subsection (5) of section 718.104, Florida Statutes, are
7 amended to read:

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

11 (4) The declaration must contain or provide for the
12 following matters:

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

30 (5) The declaration as originally recorded or as
31 amended under the procedures provided therein may include

1 covenants and restrictions concerning the use, occupancy, and
2 transfer of the units permitted by law with reference to real
3 property. However, the rule against perpetuities shall not
4 defeat a right given any person or entity by the declaration
5 for the purpose of allowing unit owners to retain reasonable
6 control over the use, occupancy, and transfer of units.

7 Section 3. Paragraph (b) of subsection (2) of section
8 718.106, Florida Statutes, is amended to read:

9 718.106 Condominium parcels; appurtenances; possession
10 and enjoyment.--

11 (2) There shall pass with a unit, as appurtenances
12 thereto:

13 (b) The exclusive right to use such portion of the
14 common elements as may be provided by the declaration,
15 including the right to transfer such right to other units or
16 unit owners to the extent authorized by the declaration as
17 originally recorded, or amendments to the declaration adopted
18 pursuant to the provisions contained therein ~~under s.~~
19 718.110(2). Amendments to declarations of condominium
20 providing for the transfer of use rights with respect to
21 limited common elements are not amendments that materially
22 modify unit appurtenances as described in s. 718.110(4).
23 However, in order to be effective, the transfer of use rights
24 with respect to limited common elements must be effectuated in
25 conformity with the procedures set forth in the declaration as
26 originally recorded or as amended under the procedures
27 provided therein. This section is intended to clarify existing
28 law and applies to associations existing on the effective date
29 of this act.

30 Section 4. Subsection (4) of section 718.110, Florida
31 Statutes, is amended to read:

1 718.110 Amendment of declaration; correction of error
2 or omission in declaration by circuit court.--

3 (4) Unless otherwise provided in the declaration as
4 originally recorded, no amendment may change the configuration
5 or size of any unit in any material fashion, materially alter
6 or modify the appurtenances to the unit, or change the
7 proportion or percentage by which the unit owner shares the
8 common expenses of the condominium and owns the common surplus
9 of the condominium unless the record owner of the unit and all
10 record owners of liens on the unit join in the execution of
11 the amendment and unless all the record owners of all other
12 units in the same condominium approve the amendment. The
13 acquisition of property by the association, and material
14 alterations or substantial additions to such property or the
15 common elements by the association in accordance with s.
16 718.111(7) or s. 718.113, and amendments providing for the
17 transfer of use rights in limited common elements pursuant to
18 s. 718.106(2)(b) shall not be deemed to constitute a material
19 alteration or modification of the appurtenances to the units.
20 A declaration recorded after April 1, 1992, may not require
21 the approval of less than a majority of total voting interests
22 of the condominium for amendments under this subsection,
23 unless otherwise required by a governmental entity.

24 Section 5. Subsections (4) and (13) of section
25 718.111, Florida Statutes, are amended to read:

26 718.111 The association.--

27 (4) ASSESSMENTS; MANAGEMENT OF COMMON ELEMENTS.--The
28 association has the power to make and collect assessments and
29 to lease, maintain, repair, and replace the common elements or
30 association property; however, the association may not charge
31 a use fee against a unit owner for the use of common elements

1 or association property unless otherwise provided for in the
2 declaration of condominium or by a majority vote of the
3 association or unless the charges relate to expenses incurred
4 by an owner having exclusive use of the common elements or
5 association property.

6 (13) FINANCIAL REPORTING.--Within 90 days after the
7 end of the fiscal year, or annually on a date provided in the
8 bylaws, the association shall prepare and complete, or
9 contract for the preparation and completion of ~~or cause to be~~
10 ~~prepared and completed by a third party~~, a financial report
11 for the preceding fiscal year. Within 21 days after the final
12 financial report is completed by the association or received
13 ~~by the association~~ from the third party, but not later than
14 120 days after the end of the fiscal year or other date as
15 provided in the bylaws, the association shall mail to each
16 unit owner at the address last furnished to the association by
17 the unit owner, or hand deliver to each unit owner, a copy of
18 the financial report or a notice that a copy of the financial
19 report will be mailed or hand delivered to the unit owner,
20 without charge, upon receipt of a written request from the
21 unit owner. The division shall adopt rules setting forth
22 uniform accounting principles and standards to be used by all
23 associations and shall adopt rules addressing financial
24 reporting requirements for multicondominium associations. In
25 adopting such rules, the division shall consider the number of
26 members and annual revenues of an association. Financial
27 reports shall be prepared as follows:

28 (a) An association that meets the criteria of this
29 paragraph shall prepare or cause to be prepared a complete set
30 of financial statements in accordance with generally accepted
31 accounting principles. The financial statements shall be

1 based upon the association's total annual revenues, as
2 follows:

3 1. An association with total annual revenues of
4 \$100,000 or more, but less than \$200,000, shall prepare
5 compiled financial statements.

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

9 3. An association with total annual revenues of
10 \$400,000 or more shall prepare audited financial statements.

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

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

18 3. A report of cash receipts and disbursements must
19 disclose the amount of receipts by accounts and receipt
20 classifications and the amount of expenses by accounts and
21 expense classifications, including, but not limited to, the
22 following, as applicable: costs for security, professional and
23 management fees and expenses, taxes, costs for recreation
24 facilities, expenses for refuse collection and utility
25 services, expenses for lawn care, costs for building
26 maintenance and repair, insurance costs, administration and
27 salary expenses, and reserves accumulated and expended for
28 capital expenditures, deferred maintenance, and any other
29 category for which the association maintains reserves.

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

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

4 2. Reviewed or audited financial statements, if the
5 association is required to prepare compiled financial
6 statements; or

7 3. Audited financial statements if the association is
8 required to prepare reviewed financial statements.

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

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

14 2. A report of cash receipts and expenditures or a
15 compiled financial statement in lieu of a reviewed or audited
16 financial statement; or

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

20
21 Such meeting and approval must occur prior to the end of the
22 fiscal year and is effective only for the fiscal year in which
23 the vote is taken. With respect to an association to which the
24 developer has not turned over control of the association, all
25 unit owners, including the developer, may vote on issues
26 related to the preparation of financial reports for the first
27 2 fiscal years of the association's operation, beginning with
28 the fiscal year in which the declaration is recorded.
29 Thereafter, all unit owners except the developer may vote on
30 such issues until control is turned over to the association by
31 the developer.

1 Section 6. Subsection (3) of section 718.112, Florida
2 Statutes, is amended to read:

3 718.112 Bylaws.--

4 (3) OPTIONAL PROVISIONS.--The bylaws as originally
5 recorded or as amended under the procedures provided therein
6 may provide for the following:

7 (a) A method of adopting and amending administrative
8 rules and regulations governing the details of the operation
9 and use of the common elements.

10 (b) Restrictions on and requirements for the use,
11 maintenance, and appearance of the units and the use of the
12 common elements.

13 (c) Other provisions which are not inconsistent with
14 this chapter or with the declaration, as may be desired.

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

17 718.113 Maintenance; limitation upon improvement;
18 display of flag; hurricane shutters.--

19 (2)(a) Except as otherwise provided in this section,
20 there shall be no material alteration or substantial additions
21 to the common elements or to real property which is
22 association property, except in a manner provided in the
23 declaration as originally recorded or as amended under the
24 procedures provided therein. If the declaration as originally
25 recorded or as amended under the procedures provided therein
26 does not specify the procedure for approval of material
27 alterations or substantial additions, 75 percent of the total
28 voting interests of the association must approve the
29 alterations or additions.

30 (b) There shall not be any material alteration of, or
31 substantial addition to, the common elements of any

1 condominium operated by a multicondominium association unless
2 approved in the manner provided in the declaration of the
3 affected condominium or condominiums as originally recorded or
4 as amended under the procedures provided therein. If a
5 declaration as originally recorded or as amended under the
6 procedures provided therein does not specify a procedure for
7 approving such an alteration or addition, the approval of 75
8 percent of the total voting interests of each affected
9 condominium is required. This subsection does not prohibit a
10 provision in any declaration, articles of incorporation, or
11 bylaws as originally recorded or as amended under the
12 procedures provided therein requiring the approval of unit
13 owners in any condominium operated by the same association or
14 requiring board approval before a material alteration or
15 substantial addition to the common elements is permitted. This
16 paragraph is intended to clarify existing law and applies to
17 associations existing on the effective date of this act.

18 (c) There shall not be any material alteration or
19 substantial addition made to association real property
20 operated by a multicondominium association, except as provided
21 in the declaration, articles of incorporation, or bylaws as
22 originally recorded or as amended under the procedures
23 provided therein. If the declaration, articles of
24 incorporation, or bylaws as originally recorded or as amended
25 under the procedures provided therein do not specify the
26 procedure for approving an alteration or addition to
27 association real property, the approval of 75 percent of the
28 total voting interests of the association is required. This
29 paragraph is intended to clarify existing law and applies to
30 associations existing on the effective date of this act.

31

1 Section 8. Paragraphs (b) and (c) of subsection (1) of
2 section 718.115, Florida Statutes, are amended to read:

3 718.115 Common expenses and common surplus.--

4 (1)

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. This paragraph is intended to clarify
12 existing law and applies to associations existing on the
13 effective date of this act.

14 (c) The common expenses of a multicondominium
15 association may include categories of expenses related to the
16 property or common elements within a specific condominium in
17 the multicondominium if such property or common elements are
18 areas in which all members of the multicondominium association
19 have use rights or from which all members receive tangible
20 economic benefits. Such common expenses of the association
21 shall be identified in the declaration or bylaws as originally
22 recorded or as amended under the procedures provided therein
23 of each condominium within the multicondominium association.
24 This paragraph is intended to clarify existing law and applies
25 to associations existing on the effective date of this act.

26 Section 9. Subsection (5) is added to section
27 718.1255, Florida Statutes, to read:

28 718.1255 Alternative dispute resolution; voluntary
29 mediation; mandatory nonbinding arbitration; legislative
30 findings.--

31

1 (5) DISPUTES INVOLVING ELECTION IRREGULARITIES.--Every
2 arbitration petition received by the division and required to
3 be filed under this section challenging the legality of the
4 election of any director of the board of administration must
5 be handled on an expedited basis in the manner provided by the
6 division's rules for recall arbitration disputes.

7 Section 10. Subsections (1) and (4) of section
8 718.405, Florida Statutes, are amended to read:

9 718.405 Multicondominiums; multicondominium
10 associations.--

11 (1) An association may operate more than one
12 condominium. For multicondominiums created on or after July 1,
13 2000, if the declaration for each condominium to be operated
14 by that association must provide ~~provides~~ for participation in
15 a multicondominium, in conformity with this section, and
16 disclose ~~discloses~~ or describe ~~describes~~:

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

22 (b) Whether unit owners in any other condominium, or
23 any other persons, will or may have the right to use
24 recreational areas or any other facilities or amenities that
25 are common elements of the condominium, and, if so, the
26 specific formula by which the other users will share the
27 common expenses related to those facilities or amenities.

28 (c) Recreational and other commonly used facilities or
29 amenities which the developer has committed to provide that
30 will be owned, leased by, or dedicated by a recorded plat to
31 the association but which are not included within any

1 condominium operated by the association. The developer may
2 reserve the right to add additional facilities or amenities if
3 the declaration and prospectus for each condominium to be
4 operated by the association contains the following statement
5 in conspicuous type and in substantially the following form:
6 RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT
7 CONSENT OF UNIT OWNERS OR THE ASSOCIATION.

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

14 (4) This section does not prevent or restrict the
15 formation of a multicondominium by the merger or consolidation
16 of two or more condominium associations. Mergers or
17 consolidations of associations shall be accomplished in
18 accordance with this chapter, the declarations of the
19 condominiums being merged or consolidated, and chapter 617.
20 Section 718.110(4) does not apply to amendments to
21 declarations necessary to effect a merger or consolidation.
22 This section is intended to clarify existing law and applies
23 to associations existing on the effective date of this act.

24 Section 11. Subsection (2) of section 718.503, Florida
25 Statutes, is amended to read:

26 718.503 Developer disclosure prior to sale;
27 nondeveloper unit owner disclosure prior to sale;
28 voidability.--

29 (2) NONDEVELOPER DISCLOSURE.--

30 (a) Each unit owner who is not a developer as defined
31 by this chapter shall comply with the provisions of this

1 subsection prior to the sale of his or her unit. Each
2 prospective purchaser who has entered into a contract for the
3 purchase of a condominium unit is entitled, at the seller's
4 expense, to a current copy of the declaration of condominium,
5 articles of incorporation of the association, bylaws, and
6 rules of the association, ~~as well as a copy of the question
7 and answer sheet provided for by s. 718.504~~ and a copy of the
8 financial information required by s. 718.111.

9 (b) If a person licensed under part I of chapter 475
10 provides to or otherwise obtains for a prospective purchaser
11 the documents described in this subsection, the person is not
12 liable for any error or inaccuracy contained in the documents.

13 (c) Each contract entered into after July 1, 1992, for
14 the resale of a residential unit shall contain in conspicuous
15 type either:

16 1. A clause which states: THE BUYER HEREBY
17 ACKNOWLEDGES THAT BUYER HAS BEEN PROVIDED A CURRENT COPY OF
18 THE DECLARATION OF CONDOMINIUM, ARTICLES OF INCORPORATION OF
19 THE ASSOCIATION, BYLAWS, RULES OF THE ASSOCIATION, AND A COPY
20 OF THE MOST RECENT YEAR-END FINANCIAL INFORMATION ~~AND THE
21 QUESTION AND ANSWER SHEET~~ MORE THAN 3 DAYS, EXCLUDING
22 SATURDAYS, SUNDAYS, AND LEGAL HOLIDAYS, PRIOR TO EXECUTION OF
23 THIS CONTRACT; or

24 2. A clause which states: THIS AGREEMENT IS VOIDABLE
25 BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION
26 TO CANCEL WITHIN 3 DAYS, EXCLUDING SATURDAYS, SUNDAYS, AND
27 LEGAL HOLIDAYS, AFTER THE DATE OF EXECUTION OF THIS AGREEMENT
28 BY THE BUYER AND RECEIPT BY BUYER OF A CURRENT COPY OF THE
29 DECLARATION OF CONDOMINIUM, ARTICLES OF INCORPORATION, BYLAWS,
30 ~~AND~~ RULES OF THE ASSOCIATION, AND A COPY OF THE MOST RECENT
31 YEAR-END FINANCIAL INFORMATION ~~AND QUESTION AND ANSWER SHEET~~

1 IF SO REQUESTED IN WRITING. ANY PURPORTED WAIVER OF THESE
2 VOIDABILITY RIGHTS SHALL BE OF NO EFFECT. BUYER MAY EXTEND THE
3 TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN 3 DAYS,
4 EXCLUDING SATURDAYS, SUNDAYS, AND LEGAL HOLIDAYS, AFTER THE
5 BUYER RECEIVES THE DECLARATION, ARTICLES OF INCORPORATION,
6 BYLAWS, AND RULES, ~~AND QUESTION AND ANSWER SHEET~~ IF REQUESTED
7 IN WRITING. BUYER'S RIGHT TO VOID THIS AGREEMENT SHALL
8 TERMINATE AT CLOSING.

9

10 A contract that does not conform to the requirements of this
11 paragraph is voidable at the option of the purchaser prior to
12 closing.

13 Section 12. Subsection (15) of section 718.504,
14 Florida Statutes, is amended to read:

15 718.504 Prospectus or offering circular.--Every
16 developer of a residential condominium which contains more
17 than 20 residential units, or which is part of a group of
18 residential condominiums which will be served by property to
19 be used in common by unit owners of more than 20 residential
20 units, shall prepare a prospectus or offering circular and
21 file it with the Division of Florida Land Sales, Condominiums,
22 and Mobile Homes prior to entering into an enforceable
23 contract of purchase and sale of any unit or lease of a unit
24 for more than 5 years and shall furnish a copy of the
25 prospectus or offering circular to each buyer. In addition to
26 the prospectus or offering circular, each buyer shall be
27 furnished a separate page entitled "Frequently Asked Questions
28 and Answers," which shall be in accordance with a format
29 approved by the division and a copy of the financial
30 information required by s. 718.111. This page shall, in
31 readable language, inform prospective purchasers regarding

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

23 (15) If a the condominium created on or after July 1,
24 2000, is or may become part of a multicondominium, the
25 following information must be provided:

26 (a) A statement in conspicuous type in substantially
27 the following form: THIS CONDOMINIUM IS (MAY BE) PART OF A
28 MULTICONDOMINIUM DEVELOPMENT IN WHICH OTHER CONDOMINIUMS WILL
29 (MAY) BE OPERATED BY THE SAME ASSOCIATION. Immediately
30 following this statement, the location in the prospectus or
31

1 offering circular and its exhibits where the multicondominium
2 aspects of the offering are described must be stated.

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

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

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

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

23 Section 13. Section 718.701, Florida Statutes, is
24 created to read:

25 718.701 Definitions.--As used in ss. 718.701-718.704,
26 the term:

27 (1) "Affected owner" means a condominium unit owner or
28 homeowner that has use rights in the common property or
29 facilities administered by the master association.

30 (2) "Master association" means any entity not covered
31 under the definition of "association" in s. 718.103(2) which

1 has been given control or decision-making authority over real
2 property or facilities serving one or more condominiums under
3 its governing documents, and which receives moneys funded by
4 mandatory dues or assessments paid by affected owners, whether
5 or not the master association has a governing body that
6 includes representatives of the condominium association. The
7 term does not include an entity that is granted management or
8 maintenance responsibility under a service contract with a
9 single association. The term also does not include any entity
10 that has been granted or assigned decision-making authority
11 over real property or facilities that include, in whole or in
12 part, a timeshare plan as defined in s. 721.03, or any entity
13 governed under chapter 720, until control of the association
14 has been relinquished by the developer.

15 (3) "Master association documents" means any
16 declaration of covenants and restrictions or other
17 organizational document that governs the property administered
18 by the master association and includes the bylaws and the
19 articles of incorporation of the master association.

20 (4) "Member" means a member of the master association
21 as designated by the master association documents.

22 (5) "Revenues" means all regular or special
23 assessments for reserves, operating or other expenses, and all
24 other sources of revenue, including interest, user fees,
25 developer subsidies, litigation proceeds, and insurance
26 proceeds.

27 Section 14. Section 718.702, Florida Statutes, is
28 created to read:

29 718.702 Master association meetings; records.--

30 (1) Meetings of a master association board at which a
31 quorum of board members are present are open to the members of

1 the master association and affected owners. Meetings between
2 the board or a committee and the master association attorney
3 with respect to proposed or pending litigation, or board or
4 committee meetings pertaining to legal advice, are not open to
5 the membership of the master association, and notice to the
6 membership is not required.

7 (a) Adequate meeting notice in the manner provided in
8 s. 718.112(2)(c) shall be given to affected owners, and the
9 affected owners are entitled to the rights provided in s.
10 718.112(2)(c).

11 (b) The right to attend such meetings includes the
12 right to speak with reference to all designated agenda items.
13 The master association may adopt written reasonable rules
14 governing the frequency, duration, and manner of unit owner
15 statements.

16 (2) Subsection 718.111(12) applies to master
17 associations, except that references to unit owners contained
18 in that subsection apply to members and affected owners, and
19 references to condominium documents therein refer to the
20 master association documents.

21 Section 15. Section 718.703, Florida Statutes, is
22 created to read:

23 718.703 Powers of Division of Florida Land Sales,
24 Condominiums, and Mobile Homes over master associations.--On
25 demand by the division, any condominium association must
26 notify the division of any master association with which it is
27 associated which is pertinent to any inquiry or investigation
28 regarding the rights of individual unit owners, and must
29 provide copies of documents that establish and govern the
30 relationship between the association and the master
31 association.

1 Section 16. Section 718.704, Florida Statutes, is
2 created to read:

3 718.704 Financial reporting.--

4 (1) If total annual revenue of a master association is
5 \$100,000 or less, the association shall obtain from the master
6 association for inclusion in the association's records a
7 complete cash basis financial report of actual receipts and
8 expenditures for the prior fiscal year.

9 (2) If total annual revenue of a master association
10 exceeds \$100,000, the association shall prepare a complete set
11 of financial statements in accordance with generally accepted
12 accounting principles as follows:

13 (a) If total annual revenue of the master association
14 exceeds \$100,000 but is less than \$200,000, the association
15 shall obtain from the master association for inclusion in the
16 association's records compiled financial statements.

17 (b) If total annual revenue of the master association
18 exceeds \$200,000 but is less than \$400,000, the association
19 shall obtain from the master association for inclusion in the
20 association's records reviewed financial statements.

21 (c) If total annual revenue of the master association
22 exceeds \$400,000, the association shall obtain from the master
23 association for inclusion in the association's records audited
24 financial statements.

25 (3) Master associations may exceed these reporting
26 requirements.

27 (4) The association shall obtain the financial reports
28 or statements within 90 days following the end of the fiscal
29 year to which the reports or statements relate. The
30 condominium association shall make the reports or statements
31 available to condominium unit owners in the manner and form

1 required under its governing documents, but no later than 14
2 days after receipt.

3 (5) This section does not limit public records or
4 disclosure requirements that are required of a master
5 association or association under their governing documents or
6 under any other provision of law; however, the financial
7 reporting requirements of this section satisfy the financial
8 reporting requirements of s. 720.303(7).

9 Section 17. This act shall take effect July 1, 2002.

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