

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 1663                      Condominiums  
**SPONSOR(S):** Brandenburg  
**TIED BILLS:** None                      **IDEN./SIM. BILLS:** None

---

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Judiciary		Jaroslav	Havlicak
2)			
3)			
4)			
5)			

---

**SUMMARY ANALYSIS**

Current law requires that a prospective purchaser of a condominium unit must be provided with a “Frequently Asked Questions and Answers” (“FAQ”) page. It is unclear whether this page must be provided by current unit owners, or only need be provided to those prospective purchasers seeking to buy directly from a developer.

This bill makes clear that the FAQ must be provided to all prospective purchasers of condominium units, whether they are seeking to buy from a developer or from a current unit owner. It also changes the description of the FAQ from a “page” to a “document.”

**This document does not reflect the intent or official position of the bill sponsor or House of Representatives.**

**STORAGE NAME:** h1663.ju.doc  
**DATE:** March 22, 2004

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. DOES THE BILL:

- |                                      |                              |                             |   |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government?                | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes?                      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom?        | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families?                 | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a “no” above, please explain:

#### B. EFFECT OF PROPOSED CHANGES:

##### Present Situation

Chapter 718 of the Florida Statutes governs condominium associations. Under s. 718.504, F.S., the developer of a condominium is required to provide a prospective unit buyer, or someone seeking to lease a unit for more than five years, with a prospectus or offering containing extensive disclosures about the condominium.<sup>1</sup> A prospective buyer must also be furnished with a separate page entitled “Frequently Asked Questions and Answers” (“FAQ”), in accordance with a format adopted in the rules of the Department of Business and Professional Regulation’s Division of Florida Land Sales, Condominiums and Mobile Homes (“the Division”). This page:

shall, in readable language, inform prospective purchasers regarding their voting rights and unit use restrictions, including restrictions on the leasing of a unit; shall indicate whether and in what amount the unit owners or the association is obligated to pay rent or land use fees for recreational or other commonly used facilities; shall contain a statement identifying that amount of assessment which, pursuant to the budget, would be levied upon each unit type, exclusive of any special assessments, and which shall further identify the basis upon which assessments are levied, whether monthly, quarterly, or otherwise; shall state and identify any court cases in which the association is currently a party of record in which the association may face liability in excess of \$100,000; and which shall further state whether membership in a recreational facilities association is mandatory, and if so, shall identify the fees currently charged per unit type.<sup>2</sup>

It is clear under current law that a prospectus or offering circular need only be provided to a prospective purchaser from the developer, not from a current unit owner. However, it is unclear whether the FAQ page must be provided to prospective buyers by current unit owners.

##### Proposed Changes

This bill specifies that the FAQ page developed by the Division must be provided to a prospective buyer from a current condominium unit owner, not only from the developer. It also changes the description of the FAQ from a “page” to a “document.”

<sup>1</sup> See ss. 718.504(1)-718.504(28), F.S.

<sup>2</sup> Section 718.504, F.S.

C. SECTION DIRECTORY:

**Section 1.** Amends s. 718.504, F.S., to rename the FAQ page as a “document” and make clear that it must be provided to prospective condominium unit purchasers by current unit owners, not only by developers.

**Section 2.** Provides an effective date of July 1, 2004.

**II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

By requiring unit owners as well as developers to provide the FAQ document to prospective buyers, this bill may impose additional printing or copying costs on unit owners who wish to sell their units, or on condominium associations. The overall fiscal impact is unknown, but probably negligible.

D. FISCAL COMMENTS:

None.

**III. COMMENTS**

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, does not appear to reduce the authority that counties or municipalities have to raise revenue in the aggregate, and does not appear to reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**

N/A