

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** CS/HB 337 Condominiums  
**SPONSOR(S):** Civil Justice & Courts Policy Committee; Roberson  
**TIED BILLS:** None **IDEN./SIM. BILLS:** SB 968

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	<b>REFERENCE</b>	<b>ACTION</b>	<b>ANALYST</b>	<b>STAFF DIRECTOR</b>
1)	Civil Justice & Courts Policy Committee	10 Y, 1 N, As CS	Bond	De La Paz
2)	Insurance, Business & Financial Affairs Policy Committee		Marra	Cooper
3)	Criminal & Civil Justice Policy Council			
4)				
5)				

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**SUMMARY ANALYSIS**

Condominium associations require unit owners to pay assessments to fund the operations of the association. Current law, and the governing documents of a condominium association, imposes certain penalties or restrictions upon a unit owner who is delinquent in payment of assessments necessary to operate the association.

This bill requires a condominium association to provide a detailed notice of delinquency to a delinquent unit owner. No restriction on a unit owner goes into effect until at least 20 days after the unit owner has received notice; and, if the owner objects to the assessment and shows payment, no restriction may go into effect until the objection is resolved.

This bill does not appear to have a fiscal effect on state or local governments.

The bill has an effective date of January 1, 2011.

## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

A condominium association is in effect a partnership between unit owners with a common interest in a condominium building or buildings. To operate, an association must collect regular assessments from the unit owners in order to pay for management, maintenance, insurance, and reserves for anticipated future major expenses. Section 718.116, F.S., provides for the assessment and collection of periodic and special assessments to fund the association.

The governing documents of a condominium association may impose certain penalties or restrictions upon a unit owner who is delinquent in payment of assessments. Condominium law provides that a unit owner may not file to run for a seat on the board of directors if the unit owner is delinquent, s. 718.112(2)(d), F.S., and an officer or director who falls 90 days delinquent is removed from office, s. 718.112(2)(n), F.S.

This bill amends s. 718.116, to require that a notice of delinquency must provide a unit owner with the date, principal balance, affiliated late fees or collection charges, and total of all assessments due.

This bill also provides that no restriction or condition upon a unit owner may go into effect until 20 days after the unit owner receives the detailed notice of delinquency. If the unit owner objects to the claim within the 20 day period and shows that the owner has paid the disputed amount, the restriction or condition may not go into effect until the objection is resolved.

#### B. SECTION DIRECTORY:

Section 1 amends s. 718.116, F.S., regarding notice of delinquency for unpaid assessments.

Section 2 provides an effective date of January 1, 2011.

### 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:**

None.

**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, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor 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:**

This bill does not make corresponding changes to the similar laws on cooperatives and homeowners associations.

The 20 day notice period in the bill starts upon unit owner receipt of the notice of delinquency. This may be contrasted with notice requirements of intent to foreclose, also found in s. 718.016, F.S., which provides "notice must be given by delivery of a copy of it to the unit owner or by certified or registered mail, return receipt requested ... and upon such mailing, the notice shall be deemed to have been given." Requiring the period to begin upon receipt may cause difficulty in practice where a unit owner refuses mail and evades service of process.

**IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES**

On March 9, 2010, the Civil Justice & Courts Policy Committee adopted one amendment to this bill. The amendment requires a unit owner to show proof of payment in order to avoid sanctions while an objection is pending, and moves the effective date back 6 months to January 1, 2011. The bill was then reported favorably as a committee substitute.