

By Senator Sachs

34-00980-15

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1 A bill to be entitled
2 An act relating to condominiums; amending s. 718.112,
3 F.S.; providing that the annual budget of a
4 multicondominium association may provide for an item
5 that has a deferred maintenance expense or replacement
6 cost that exceeds a specified amount if approved by
7 the board; providing an effective date.

8
9 Be It Enacted by the Legislature of the State of Florida:

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11 Section 1. Paragraph (f) of subsection (2) of section
12 718.112, Florida Statutes, is amended to read:

13 718.112 Bylaws.—

14 (2) REQUIRED PROVISIONS.—The bylaws shall provide for the
15 following and, if they do not do so, shall be deemed to include
16 the following:

17 (f) *Annual budget*.—

18 1. The proposed annual budget of estimated revenues and
19 expenses must be detailed and must show the amounts budgeted by
20 accounts and expense classifications, including, if applicable,
21 but not limited to, those expenses listed in s. 718.504(21). A
22 multicondominium association shall adopt a separate budget of
23 common expenses for each condominium the association operates
24 and shall adopt a separate budget of common expenses for the
25 association. In addition, if the association maintains limited
26 common elements with the cost to be shared only by those
27 entitled to use the limited common elements as provided for in
28 s. 718.113(1), the budget or a schedule attached to it must show
29 the amount budgeted for this maintenance. If, after turnover of

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30 control of the association to the unit owners, any of the
31 expenses listed in s. 718.504(21) are not applicable, they need
32 not be listed.

33 2. In addition to annual operating expenses, the budget
34 must include reserve accounts for capital expenditures and
35 deferred maintenance. These accounts must include, but are not
36 limited to, roof replacement, building painting, and pavement
37 resurfacing, regardless of the amount of deferred maintenance
38 expense or replacement cost. If approved by the board, the
39 annual budget may also provide, ~~and~~ for any other item that has
40 a deferred maintenance expense or replacement cost that exceeds
41 \$100,000 ~~\$10,000~~. The amount to be reserved must be computed
42 using a formula based upon estimated remaining useful life and
43 estimated replacement cost or deferred maintenance expense of
44 each reserve item. The association may adjust replacement
45 reserve assessments annually to take into account any changes in
46 estimates or extension of the useful life of a reserve item
47 caused by deferred maintenance. This subsection does not apply
48 to an adopted budget in which the members of an association have
49 determined, by a majority vote at a duly called meeting of the
50 association, to provide no reserves or less reserves than
51 required by this subsection. However, prior to turnover of
52 control of an association by a developer to unit owners other
53 than a developer pursuant to s. 718.301, the developer may vote
54 to waive the reserves or reduce the funding of reserves through
55 the period expiring at the end of the second fiscal year after
56 the fiscal year in which the certificate of a surveyor and
57 mapper is recorded pursuant to s. 718.104(4)(e) or an instrument
58 that transfers title to a unit in the condominium which is not

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59 accompanied by a recorded assignment of developer rights in
60 favor of the grantee of such unit is recorded, whichever occurs
61 first, after which time reserves may be waived or reduced only
62 upon the vote of a majority of all nondeveloper voting interests
63 voting in person or by limited proxy at a duly called meeting of
64 the association. If a meeting of the unit owners has been called
65 to determine whether to waive or reduce the funding of reserves,
66 and no such result is achieved or a quorum is not attained, the
67 reserves included in the budget shall go into effect. After the
68 turnover, the developer may vote its voting interest to waive or
69 reduce the funding of reserves.

70 3. Reserve funds and any interest accruing thereon shall
71 remain in the reserve account or accounts, and may be used only
72 for authorized reserve expenditures unless their use for other
73 purposes is approved in advance by a majority vote at a duly
74 called meeting of the association. Prior to turnover of control
75 of an association by a developer to unit owners other than the
76 developer pursuant to s. 718.301, the developer-controlled
77 association shall not vote to use reserves for purposes other
78 than that for which they were intended without the approval of a
79 majority of all nondeveloper voting interests, voting in person
80 or by limited proxy at a duly called meeting of the association.

81 4. The only voting interests that are eligible to vote on
82 questions that involve waiving or reducing the funding of
83 reserves, or using existing reserve funds for purposes other
84 than purposes for which the reserves were intended, are the
85 voting interests of the units subject to assessment to fund the
86 reserves in question. Proxy questions relating to waiving or
87 reducing the funding of reserves or using existing reserve funds

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88 for purposes other than purposes for which the reserves were
89 intended shall contain the following statement in capitalized,
90 bold letters in a font size larger than any other used on the
91 face of the proxy ballot: WAIVING OF RESERVES, IN WHOLE OR IN
92 PART, OR ALLOWING ALTERNATIVE USES OF EXISTING RESERVES MAY
93 RESULT IN UNIT OWNER LIABILITY FOR PAYMENT OF UNANTICIPATED
94 SPECIAL ASSESSMENTS REGARDING THOSE ITEMS.

95 Section 2. This act shall take effect July 1, 2015.