

1 A bill to be entitled

2 An act relating to community associations; creating s.
3 633.2225, F.S.; requiring certain condominium or
4 cooperative associations to post certain signs or
5 symbols on buildings; requiring the State Fire Marshal
6 to adopt rules governing such signs or symbols;
7 providing for enforcement; providing penalties;
8 amending s. 718.111, F.S.; revising reporting
9 requirements; amending s. 718.112, F.S.; authorizing
10 an association to adopt rules for posting certain
11 notices on a website; revising provisions relating to
12 required condominium and cooperative association
13 bylaws; revising provisions relating to evidence of
14 condominium and cooperative association compliance
15 with the fire and life safety code; revising unit and
16 common elements required to be retrofitted; revising
17 provisions relating to an association vote to forego
18 retrofitting; providing applicability; amending s.
19 718.113, F.S.; revising voting requirements relating
20 to alterations and additions to certain common
21 elements or association property; amending s. 718.117,
22 F.S.; providing legislative findings; revising voting
23 requirements for the rejection of a plan of
24 termination; increasing the amount of time to consider
25 a plan of termination under certain conditions;

26 | revising applicability; revising the requirements to
27 | qualify for payment as a homestead owner if the owner
28 | has rejected a plan of termination; revising and
29 | providing notice requirements; requiring the
30 | Department of Business and Professional Regulation to
31 | review and approve a plan of termination; providing
32 | applicability; providing an appropriation and
33 | authorizing a position; amending s. 718.707, F.S.;
34 | revising the time period for classification as bulk
35 | assignee or bulk buyer; amending s. 719.104, F.S.;
36 | revising recordkeeping and reporting requirements;
37 | amending s. 719.1055, F.S.; revising provisions
38 | relating to required condominium and cooperative
39 | association bylaws; revising provisions relating to
40 | evidence of condominium and cooperative association
41 | compliance with the fire and life safety code;
42 | revising unit and common elements required to be
43 | retrofitted; revising provisions relating to an
44 | association vote to forego retrofitting; providing
45 | applicability; amending s. 719.106, F.S.; revising
46 | requirements to serve as a board member; prohibiting a
47 | board member from voting via e-mail; requiring that
48 | directors who are delinquent in certain payments owed
49 | in excess of certain periods of time be deemed to have
50 | abandoned their offices; authorizing an association to

51 adopt rules for posting certain notices on a website;
 52 amending s. 719.107, F.S.; specifying certain services
 53 which are obtained pursuant to a bulk contract to be
 54 deemed a common expense; amending s. 720.303, F.S.;
 55 prohibiting a board member from voting via e-mail;
 56 revising certain notice requirements relating to board
 57 meetings; revising and providing budget requirements;
 58 providing an exemption to certain requirements;
 59 revising financial reporting requirements; authorizing
 60 an association to adopt rules for posting certain
 61 notices on a website; amending s. 720.306, F.S.;
 62 revising elections requirements; amending s. 720.3085,
 63 F.S.; providing applicability; amending s. 720.401,
 64 F.S.; revising the disclosure summary form; providing
 65 an effective date.

66
 67 Be It Enacted by the Legislature of the State of Florida:

68
 69 Section 1. Section 633.2225, Florida Statutes is created
 70 to read:

71 633.2225 Condominium and cooperative buildings without
 72 sprinkler systems; notice requirements; enforcement.-

73 (1) The board of a condominium or cooperative association
 74 that operates a building of three stories or more that has not
 75 installed a sprinkler system in the common areas of the building

76 | shall mark the building with a sign or symbol approved by the
 77 | State Fire Marshal in a manner sufficient to warn persons
 78 | conducting fire control and other emergency operations of the
 79 | lack of a sprinkler system in the common areas.

80 | (2) The State Fire Marshal shall adopt rules necessary to
 81 | implement the provisions of this section, including, but not
 82 | limited to:

83 | (a) The dimensions and color of such sign or symbol.

84 | (b) The time within which the condominium or cooperative
 85 | buildings without sprinkler systems shall be marked as required
 86 | by this section.

87 | (c) The location on each condominium or cooperative
 88 | building without a sprinkler system where such sign or symbol
 89 | must be posted.

90 | (3) The State Fire Marshal, and local fire officials in
 91 | accordance with s. 633.118, shall enforce this section. An owner
 92 | who fails to comply with the requirements of this section is
 93 | subject to penalties as provided in s. 633.228.

94 | Section 2. Subsections (12) and (13) of section 718.111,
 95 | Florida Statutes, are amended to read:

96 | 718.111 The association.—

97 | (12) OFFICIAL RECORDS.—

98 | (a) From the inception of the association, the association
 99 | shall maintain each of the following items, if applicable, which
 100 | constitutes the official records of the association:

101 1. A copy of the plans, permits, warranties, and other
102 items provided by the developer pursuant to s. 718.301(4).

103 2. A photocopy of the recorded declaration of condominium
104 of each condominium operated by the association and each
105 amendment to each declaration.

106 3. A photocopy of the recorded bylaws of the association
107 and each amendment to the bylaws.

108 4. A certified copy of the articles of incorporation of
109 the association, or other documents creating the association,
110 and each amendment thereto.

111 5. A copy of the current rules of the association.

112 6. A book or books that contain the minutes of all
113 meetings of the association, the board of administration, and
114 the unit owners, which minutes must be retained for at least 7
115 years.

116 7. A current roster of all unit owners and their mailing
117 addresses, unit identifications, and voting certifications, and,
118 if known, telephone numbers. The association shall also maintain
119 the electronic mailing addresses and facsimile numbers of unit
120 owners consenting to receive notice by electronic transmission.
121 The electronic mailing addresses and facsimile numbers are not
122 accessible to unit owners if consent to receive notice by
123 electronic transmission is not provided in accordance with
124 subparagraph (c)5. However, the association is not liable for an
125 inadvertent disclosure of the electronic mail address or

126 | facsimile number for receiving electronic transmission of
127 | notices.

128 | 8. All current insurance policies of the association and
129 | condominiums operated by the association.

130 | 9. A current copy of any management agreement, lease, or
131 | other contract to which the association is a party or under
132 | which the association or the unit owners have an obligation or
133 | responsibility.

134 | 10. Bills of sale or transfer for all property owned by
135 | the association.

136 | 11. Accounting records for the association and separate
137 | accounting records for each condominium that the association
138 | operates. All accounting records must be maintained for at least
139 | 7 years. Any person who knowingly or intentionally defaces or
140 | destroys such records, or who knowingly or intentionally fails
141 | to create or maintain such records, with the intent of causing
142 | harm to the association or one or more of its members, is
143 | personally subject to a civil penalty pursuant to s.
144 | 718.501(1)(d). The accounting records must include, but are not
145 | limited to:

146 | a. Accurate, itemized, and detailed records of all
147 | receipts and expenditures.

148 | b. A current account and a monthly, bimonthly, or
149 | quarterly statement of the account for each unit designating the
150 | name of the unit owner, the due date and amount of each

151 assessment, the amount paid on the account, and the balance due.

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

154 d. All contracts for work to be performed. Bids for work
155 to be performed are also considered official records and must be
156 maintained by the association for 1 year.

157 12. Ballots, sign-in sheets, voting proxies, and all other
158 papers and electronic records relating to voting by unit owners,
159 which must be maintained for 1 year from the date of the
160 election, vote, or meeting to which the document relates,
161 notwithstanding paragraph (b).

162 13. All rental records if the association is acting as
163 agent for the rental of condominium units.

164 14. A copy of the current question and answer sheet as
165 described in s. 718.504.

166 15. All other written records of the association not
167 specifically included in the foregoing which are related to the
168 operation of the association.

169 16. A copy of the inspection report as described in s.
170 718.301(4)(p).

171 (b) The official records of the association must be
172 maintained within the state for at least 7 years. The records of
173 the association shall be made available to a unit owner within
174 45 miles of the condominium property or within the county in
175 which the condominium property is located within 10 ~~5~~ working

176 days after receipt of a written request by the board or its
177 designee. However, such distance requirement does not apply to
178 an association governing a timeshare condominium. This paragraph
179 may be complied with by having a copy of the official records of
180 the association available for inspection or copying on the
181 condominium property or association property, or the association
182 may offer the option of making the records available to a unit
183 owner electronically via the Internet or by allowing the records
184 to be viewed in electronic format on a computer screen and
185 printed upon request. The association is not responsible for the
186 use or misuse of the information provided to an association
187 member or his or her authorized representative pursuant to the
188 compliance requirements of this chapter unless the association
189 has an affirmative duty not to disclose such information
190 pursuant to this chapter.

191 (c) The official records of the association are open to
192 inspection by any association member or the authorized
193 representative of such member at all reasonable times. The right
194 to inspect the records includes the right to make or obtain
195 copies, at the reasonable expense, if any, of the member. The
196 association may adopt reasonable rules regarding the frequency,
197 time, location, notice, and manner of record inspections and
198 copying. The failure of an association to provide the records
199 within 10 working days after receipt of a written request
200 creates a rebuttable presumption that the association willfully

201 failed to comply with this paragraph. A unit owner who is denied
202 access to official records is entitled to the actual damages or
203 minimum damages for the association's willful failure to comply.
204 Minimum damages are \$50 per calendar day for up to 10 days,
205 beginning on the 11th working day after receipt of the written
206 request. The failure to permit inspection entitles any person
207 prevailing in an enforcement action to recover reasonable
208 attorney fees from the person in control of the records who,
209 directly or indirectly, knowingly denied access to the records.
210 Any person who knowingly or intentionally defaces or destroys
211 accounting records that are required by this chapter to be
212 maintained during the period for which such records are required
213 to be maintained, or who knowingly or intentionally fails to
214 create or maintain accounting records that are required to be
215 created or maintained, with the intent of causing harm to the
216 association or one or more of its members, is personally subject
217 to a civil penalty pursuant to s. 718.501(1)(d). The association
218 shall maintain an adequate number of copies of the declaration,
219 articles of incorporation, bylaws, and rules, and all amendments
220 to each of the foregoing, as well as the question and answer
221 sheet as described in s. 718.504 and year-end financial
222 information required under this section, on the condominium
223 property to ensure their availability to unit owners and
224 prospective purchasers, and may charge its actual costs for
225 preparing and furnishing these documents to those requesting the

226 documents. An association shall allow a member or his or her
227 authorized representative to use a portable device, including a
228 smartphone, tablet, portable scanner, or any other technology
229 capable of scanning or taking photographs, to make an electronic
230 copy of the official records in lieu of the association's
231 providing the member or his or her authorized representative
232 with a copy of such records. The association may not charge a
233 member or his or her authorized representative for the use of a
234 portable device. Notwithstanding this paragraph, the following
235 records are not accessible to unit owners:

236 1. Any record protected by the lawyer-client privilege as
237 described in s. 90.502 and any record protected by the work-
238 product privilege, including a record prepared by an association
239 attorney or prepared at the attorney's express direction, which
240 reflects a mental impression, conclusion, litigation strategy,
241 or legal theory of the attorney or the association, and which
242 was prepared exclusively for civil or criminal litigation or for
243 adversarial administrative proceedings, or which was prepared in
244 anticipation of such litigation or proceedings until the
245 conclusion of the litigation or proceedings.

246 2. Information obtained by an association in connection
247 with the approval of the lease, sale, or other transfer of a
248 unit.

249 3. Personnel records of association or management company
250 employees, including, but not limited to, disciplinary, payroll,

251 health, and insurance records. For purposes of this
252 subparagraph, the term "personnel records" does not include
253 written employment agreements with an association employee or
254 management company, or budgetary or financial records that
255 indicate the compensation paid to an association employee.

256 4. Medical records of unit owners.

257 5. Social security numbers, driver license numbers, credit
258 card numbers, e-mail addresses, telephone numbers, facsimile
259 numbers, emergency contact information, addresses of a unit
260 owner other than as provided to fulfill the association's notice
261 requirements, and other personal identifying information of any
262 person, excluding the person's name, unit designation, mailing
263 address, property address, and any address, e-mail address, or
264 facsimile number provided to the association to fulfill the
265 association's notice requirements. Notwithstanding the
266 restrictions in this subparagraph, an association may print and
267 distribute to parcel owners a directory containing the name,
268 parcel address, and all telephone numbers of each parcel owner.
269 However, an owner may exclude his or her telephone numbers from
270 the directory by so requesting in writing to the association. An
271 owner may consent in writing to the disclosure of other contact
272 information described in this subparagraph. The association is
273 not liable for the inadvertent disclosure of information that is
274 protected under this subparagraph if the information is included
275 in an official record of the association and is voluntarily

276 provided by an owner and not requested by the association.

277 6. Electronic security measures that are used by the
278 association to safeguard data, including passwords.

279 7. The software and operating system used by the
280 association which allow the manipulation of data, even if the
281 owner owns a copy of the same software used by the association.
282 The data is part of the official records of the association.

283 (d) The association shall prepare a question and answer
284 sheet as described in s. 718.504, and shall update it annually.

285 (e)1. The association or its authorized agent is not
286 required to provide a prospective purchaser or lienholder with
287 information about the condominium or the association other than
288 information or documents required by this chapter to be made
289 available or disclosed. The association or its authorized agent
290 may charge a reasonable fee to the prospective purchaser,
291 lienholder, or the current unit owner for providing good faith
292 responses to requests for information by or on behalf of a
293 prospective purchaser or lienholder, other than that required by
294 law, if the fee does not exceed \$150 plus the reasonable cost of
295 photocopying and any attorney's fees incurred by the association
296 in connection with the response.

297 2. An association and its authorized agent are not liable
298 for providing such information in good faith pursuant to a
299 written request if the person providing the information includes
300 a written statement in substantially the following form: "The

301 responses herein are made in good faith and to the best of my
302 ability as to their accuracy."

303 (f) An outgoing board or committee member must relinquish
304 all official records and property of the association in his or
305 her possession or under his or her control to the incoming board
306 within 5 days after the election. The division shall impose a
307 civil penalty as set forth in s. 718.501(1)(d)6. against an
308 outgoing board or committee member who willfully and knowingly
309 fails to relinquish such records and property.

310 (13) FINANCIAL REPORTING.—Within 90 days after the end of
311 the fiscal year, or annually on a date provided in the bylaws,
312 the association shall prepare and complete, or contract for the
313 preparation and completion of, a financial report for the
314 preceding fiscal year. Within 21 days after the final financial
315 report is completed by the association or received from the
316 third party, but not later than 120 days after the end of the
317 fiscal year or other date as provided in the bylaws, the
318 association shall mail to each unit owner at the address last
319 furnished to the association by the unit owner, or hand deliver
320 to each unit owner, a copy of the financial report or a notice
321 that a copy of the financial report will be mailed or hand
322 delivered to the unit owner, without charge, upon receipt of a
323 written request from the unit owner. The division shall adopt
324 rules setting forth uniform accounting principles and standards
325 to be used by all associations and addressing the financial

326 reporting requirements for multicondominium associations. The
327 rules must include, but not be limited to, standards for
328 presenting a summary of association reserves, including a good
329 faith estimate disclosing the annual amount of reserve funds
330 that would be necessary for the association to fully fund
331 reserves for each reserve item based on the straight-line
332 accounting method. This disclosure is not applicable to reserves
333 funded via the pooling method. In adopting such rules, the
334 division shall consider the number of members and annual
335 revenues of an association. Financial reports shall be prepared
336 as follows:

337 (a) An association that meets the criteria of this
338 paragraph shall prepare a complete set of financial statements
339 in accordance with generally accepted accounting principles. The
340 financial statements must be based upon the association's total
341 annual revenues, as follows:

342 1. An association with total annual revenues of \$150,000
343 or more, but less than \$300,000, shall prepare compiled
344 financial statements.

345 2. An association with total annual revenues of at least
346 \$300,000, but less than \$500,000, shall prepare reviewed
347 financial statements.

348 3. An association with total annual revenues of \$500,000
349 or more shall prepare audited financial statements.

350 (b)1. An association with total annual revenues of less

351 than \$150,000 shall prepare a report of cash receipts and
352 expenditures.

353 ~~2. An association that operates fewer than 50 units,~~
354 ~~regardless of the association's annual revenues, shall prepare a~~
355 ~~report of cash receipts and expenditures in lieu of financial~~
356 ~~statements required by paragraph (a).~~

357 2.3. A report of cash receipts and disbursements must
358 disclose the amount of receipts by accounts and receipt
359 classifications and the amount of expenses by accounts and
360 expense classifications, including, but not limited to, the
361 following, as applicable: costs for security, professional and
362 management fees and expenses, taxes, costs for recreation
363 facilities, expenses for refuse collection and utility services,
364 expenses for lawn care, costs for building maintenance and
365 repair, insurance costs, administration and salary expenses, and
366 reserves accumulated and expended for capital expenditures,
367 deferred maintenance, and any other category for which the
368 association maintains reserves.

369 (c) An association may prepare, without a meeting of or
370 approval by the unit owners:

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

374 2. Reviewed or audited financial statements, if the
375 association is required to prepare compiled financial

376 statements; or

377 3. Audited financial statements if the association is
378 required to prepare reviewed financial statements.

379 (d) If approved by a majority of the voting interests
380 present at a properly called meeting of the association, an
381 association may prepare:

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

384 2. A report of cash receipts and expenditures or a
385 compiled financial statement in lieu of a reviewed or audited
386 financial statement; or

387 3. A report of cash receipts and expenditures, a compiled
388 financial statement, or a reviewed financial statement in lieu
389 of an audited financial statement.

390

391 Such meeting and approval must occur before the end of the
392 fiscal year and is effective only for the fiscal year in which
393 the vote is taken, except that the approval may also be
394 effective for the following fiscal year. If the developer has
395 not turned over control of the association, all unit owners,
396 including the developer, may vote on issues related to the
397 preparation of the association's financial reports, from the
398 date of incorporation of the association through the end of the
399 second fiscal year after the fiscal year in which the
400 certificate of a surveyor and mapper is recorded pursuant to s.

401 718.104(4) (e) or an instrument that transfers title to a unit in
402 the condominium which is not accompanied by a recorded
403 assignment of developer rights in favor of the grantee of such
404 unit is recorded, whichever occurs first. Thereafter, all unit
405 owners except the developer may vote on such issues until
406 control is turned over to the association by the developer. Any
407 audit or review prepared under this section shall be paid for by
408 the developer if done before turnover of control of the
409 association. ~~An association may not waive the financial~~
410 ~~reporting requirements of this section for more than 3~~
411 ~~consecutive years.~~

412 Section 3. Paragraphs (c) and (l) of subsection (2) of
413 section 718.112, Florida Statutes, are amended to read:

414 718.112 Bylaws.—

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

418 (c) Board of administration meetings.—Meetings of the
419 board of administration at which a quorum of the members is
420 present are open to all unit owners. Members of the board of
421 administration may use e-mail as a means of communication but
422 may not cast a vote on an association matter via e-mail. A unit
423 owner may tape record or videotape the meetings. The right to
424 attend such meetings includes the right to speak at such
425 meetings with reference to all designated agenda items. The

426 | division shall adopt reasonable rules governing the tape
427 | recording and videotaping of the meeting. The association may
428 | adopt written reasonable rules governing the frequency,
429 | duration, and manner of unit owner statements.

430 | 1. Adequate notice of all board meetings, which must
431 | specifically identify all agenda items, must be posted
432 | conspicuously on the condominium property at least 48 continuous
433 | hours before the meeting except in an emergency. If 20 percent
434 | of the voting interests petition the board to address an item of
435 | business, the board, within 60 days after receipt of the
436 | petition, shall place the item on the agenda at its next regular
437 | board meeting or at a special meeting called for that purpose.
438 | An item not included on the notice may be taken up on an
439 | emergency basis by a vote of at least a majority plus one of the
440 | board members. Such emergency action must be noticed and
441 | ratified at the next regular board meeting. Notice of any
442 | meeting in which a regular or special assessment against unit
443 | owners is to be considered must specifically state that
444 | assessments will be considered and provide the estimated amount
445 | and a description of the purposes for such assessments. ~~However,~~
446 | Written notice of a meeting at which a nonemergency special
447 | assessment or an amendment to rules regarding unit use will be
448 | considered must be mailed, delivered, or electronically
449 | transmitted to the unit owners and posted conspicuously on the
450 | condominium property at least 14 days before the meeting.

451 Evidence of compliance with this 14-day notice requirement must
452 be made by an affidavit executed by the person providing the
453 notice and filed with the official records of the association.
454 Upon notice to the unit owners, the board shall, by duly adopted
455 rule, designate a specific location on the condominium or
456 association property where all notices of board meetings must be
457 posted. If there is no condominium property or association
458 property where notices can be posted, notices shall be mailed,
459 delivered, or electronically transmitted to each unit owner at
460 least 14 days before the meeting. In lieu of or in addition to
461 the physical posting of the notice on the condominium property,
462 the association may, by reasonable rule, adopt a procedure for
463 conspicuously posting and repeatedly broadcasting the notice and
464 the agenda on a closed-circuit cable television system serving
465 the condominium association. However, if broadcast notice is
466 used in lieu of a notice physically posted on condominium
467 property, the notice and agenda must be broadcast at least four
468 times every broadcast hour of each day that a posted notice is
469 otherwise required under this section. If broadcast notice is
470 provided, the notice and agenda must be broadcast in a manner
471 and for a sufficient continuous length of time so as to allow an
472 average reader to observe the notice and read and comprehend the
473 entire content of the notice and the agenda. In addition to any
474 of the authorized means of providing notice of a meeting of the
475 board, the association may, by rule, adopt a procedure for

476 conspicuously posting the meeting notice and the agenda on a
477 website serving the condominium association for at least the
478 minimum period of time for which a notice of a meeting is also
479 required to be physically posted on the condominium property.
480 Any rule adopted shall, in addition to other matters, include a
481 requirement that the association send an electronic notice
482 providing a hypertext link to the website where the notice is
483 posted. ~~Notice of any meeting in which regular or special~~
484 ~~assessments against unit owners are to be considered must~~
485 ~~specifically state that assessments will be considered and~~
486 ~~provide the nature, estimated cost, and description of the~~
487 ~~purposes for such assessments.~~

488 2. Meetings of a committee to take final action on behalf
489 of the board or make recommendations to the board regarding the
490 association budget are subject to this paragraph. Meetings of a
491 committee that does not take final action on behalf of the board
492 or make recommendations to the board regarding the association
493 budget are subject to this section, unless those meetings are
494 exempted from this section by the bylaws of the association.

495 3. Notwithstanding any other law, the requirement that
496 board meetings and committee meetings be open to the unit owners
497 does not apply to:

498 a. Meetings between the board or a committee and the
499 association's attorney, with respect to proposed or pending
500 litigation, if the meeting is held for the purpose of seeking or

501 rendering legal advice; or

502 b. Board meetings held for the purpose of discussing
503 personnel matters.

504 (1) Certificate of compliance.—A provision that a
505 certificate of compliance from a licensed electrical contractor
506 or electrician may be accepted by the association's board as
507 evidence of compliance ~~of the condominium units~~ with the
508 applicable fire and life safety code must be included.
509 Notwithstanding chapter 633, s. 509.215, s. 553.895(1), or ~~of~~
510 any other code, statute, ordinance, administrative rule, or
511 regulation, or any interpretation of the foregoing, an
512 association, ~~residential condominium,~~ or unit owner is not
513 obligated to retrofit the common elements, association property,
514 or units of a residential condominium with a fire sprinkler
515 system or other engineered lifesafety system in a building that
516 is 75 feet or less in height. There is no obligation to retrofit
517 for a building greater than 75 feet in height, calculated from
518 the lowest level of fire department vehicle access to the floor
519 of the highest occupiable story ~~has been certified for occupancy~~
520 ~~by the applicable governmental entity~~ if the unit owners have
521 voted to forego such retrofitting by the affirmative vote of a
522 majority of all voting interests in the affected condominium.
523 There is no requirement that owners in condominiums of 75 feet
524 or less conduct an opt-out vote and such condominiums are exempt
525 from fire sprinkler or other engineered lifesafety retrofitting.

526 The preceding sentence is intended to clarify existing law. The
527 local authority having jurisdiction may not require completion
528 of retrofitting with a fire sprinkler system or other engineered
529 lifesafety system before January 1, 2022 ~~2020~~. By December 31,
530 2018 ~~2016~~, an a residential condominium association that
531 operates a residential condominium that is not in compliance
532 with the requirements for a fire sprinkler system or other
533 engineered lifesafety system and has not voted to forego
534 retrofitting of such a system must initiate an application for a
535 building permit for the required installation with the local
536 government having jurisdiction demonstrating that the
537 association will become compliant by December 31, 2021 ~~2019~~.

538 1. A vote to forego required retrofitting may be obtained
539 by limited proxy or by a ballot personally cast at a duly called
540 membership meeting, or by execution of a written consent by the
541 member, or by electronic voting, and is effective upon recording
542 a certificate executed by an officer or agent of the association
543 attesting to such vote in the public records of the county where
544 the condominium is located. When an opt-out vote is to be
545 conducted at a meeting, the association shall mail or ~~hand~~
546 deliver to each unit owner written notice at least 14 days
547 before the membership meeting in which the vote to forego
548 retrofitting of the required fire sprinkler system or other
549 engineered lifesafety system is to take place. Within 30 days
550 after the association's opt-out vote, notice of the results of

551 the opt-out vote must be mailed or ~~hand~~ delivered to all unit
552 owners. Evidence of compliance with this notice requirement must
553 be made by affidavit executed by the person providing the notice
554 and filed among the official records of the association. Failure
555 to provide timely notice to unit owners does not invalidate an
556 otherwise valid opt-out vote if notice of the results is
557 provided to the owners. After notice is provided to each owner,
558 a copy must be provided by the current owner to a new owner
559 before closing and by a unit owner to a renter before signing a
560 lease.

561 2. If there has been a previous vote to forego
562 retrofitting, a vote to require retrofitting may be obtained at
563 a special meeting of the unit owners called by a petition of at
564 least 10 percent of the voting interests or by a majority of the
565 board of directors. ~~Such a vote may only be called once every 3~~
566 ~~years.~~ Notice shall be provided as required for any regularly
567 called meeting of the unit owners, and must state the purpose of
568 the meeting. ~~Electronic transmission may not be used to provide~~
569 ~~notice of a meeting called in whole or in part for this purpose.~~

570 3. As part of the information collected annually from
571 condominiums, the division shall require condominium
572 associations to report the membership vote and recording of a
573 certificate under this subsection and, if retrofitting has been
574 undertaken, the per-unit cost of such work. The division shall
575 annually report to the Division of State Fire Marshal of the

576 Department of Financial Services the number of condominiums that
577 have elected to forego retrofitting. Compliance with this
578 administrative reporting requirement does not affect the
579 validity of an opt-out vote.

580 4. Notwithstanding s. 553.509, a residential association
581 may not be obligated to, and may forego the retrofitting of, any
582 improvements required by s. 553.509(2) upon an affirmative vote
583 of a majority of the voting interests in the affected
584 condominium.

585 5. The provisions of this paragraph do not apply to
586 timeshare condominium associations, which shall be governed by
587 s. 721.24.

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

590 718.113 Maintenance; limitation upon improvement; display
591 of flag; hurricane shutters and protection; display of religious
592 decorations.—

593 (2) (a) Except as otherwise provided in this section, there
594 shall be no material alteration or substantial additions to the
595 common elements or to real property which is association
596 property, except in a manner provided in the declaration as
597 originally recorded or as amended under the procedures provided
598 therein. If the declaration as originally recorded or as amended
599 under the procedures provided therein does not specify the
600 procedure for approval of material alterations or substantial

601 additions, 75 percent of the total voting interests of the
602 association must approve the alterations or additions before the
603 material alterations or substantial additions are commenced.

604 This paragraph is intended to clarify existing law and applies
605 to associations existing on the effective date of this act
606 ~~October 1, 2008.~~

607 (b) There shall not be any material alteration of, or
608 substantial addition to, the common elements of any condominium
609 operated by a multicondominium association unless approved in
610 the manner provided in the declaration of the affected
611 condominium or condominiums as originally recorded or as amended
612 under the procedures provided therein. If a declaration as
613 originally recorded or as amended under the procedures provided
614 therein does not specify a procedure for approving such an
615 alteration or addition, the approval of 75 percent of the total
616 voting interests of each affected condominium is required before
617 the material alterations or substantial additions are commenced.

618 This subsection does not prohibit a provision in any
619 declaration, articles of incorporation, or bylaws as originally
620 recorded or as amended under the procedures provided therein
621 requiring the approval of unit owners in any condominium
622 operated by the same association or requiring board approval
623 before a material alteration or substantial addition to the
624 common elements is permitted. This paragraph is intended to
625 clarify existing law and applies to associations existing on the

626 effective date of this act.

627 (c) There shall not be any material alteration or
 628 substantial addition made to association real property operated
 629 by a multicondominium association, except as provided in the
 630 declaration, articles of incorporation, or bylaws as originally
 631 recorded or as amended under the procedures provided therein. If
 632 the declaration, articles of incorporation, or bylaws as
 633 originally recorded or as amended under the procedures provided
 634 therein do not specify the procedure for approving an alteration
 635 or addition to association real property, the approval of 75
 636 percent of the total voting interests of the association is
 637 required before the material alterations or substantial
 638 additions are commenced. This paragraph is intended to clarify
 639 existing law and applies to associations existing on the
 640 effective date of this act.

641 Section 5. Subsections (1) and (3) of section 718.117,
 642 Florida Statutes, are amended, and subsection (21) is added to
 643 that section, to read:

644 718.117 Termination of condominium.—

645 (1) LEGISLATIVE FINDINGS.—The Legislature finds that:

646 (a) Condominiums are created as authorized by statute and
 647 are subject to covenants that encumber the land and restrict the
 648 use of the use of real property.

649 (b) In some circumstances, the continued enforcement of
 650 those covenants ~~that~~ may create economic waste, areas of

651 disrepair that threaten the safety and welfare of the public, or
652 cause obsolescence of the a condominium property for its
653 intended use and thereby lower property tax values, and ~~the~~
654 ~~Legislature further finds that~~ it is the public policy of this
655 state to provide by statute a method to preserve the value of
656 the property interests and the rights of alienation thereof that
657 owners have in the condominium property before and after
658 termination.

659 (c) ~~The Legislature further finds that~~ It is contrary to
660 the public policy of this state to require the continued
661 operation of a condominium when to do so constitutes economic
662 waste or when the ability to do so is made impossible by law or
663 regulation.

664 (d) It is in the best interest of the state to provide for
665 termination of the covenants of a declaration of condominium in
666 certain circumstances, in order to:

667 1. Ensure the continued maintenance, management, and
668 repair of stormwater management systems, conservation areas, and
669 conservation easements.

670 2. Avoid transferring the expense of maintaining
671 infrastructure serving the condominium property, including, but
672 not limited to, stormwater systems and conservation areas, to
673 the general tax bases of the state and local governments.

674 3. Prevent covenants from impairing the continued
675 productive use of the property.

676 4. Protect state residents from health and safety hazards
677 created by derelict, damaged, obsolete, or abandoned condominium
678 properties.

679 5. Provide for fair treatment and just compensation for
680 individuals, preserve property values, and preserve the local
681 property tax base.

682 6. Preserve the state's long history of protecting
683 homestead property and homestead property rights by ensuring
684 that such protection is extended to homestead property owners in
685 the context of a termination of the covenants of a declaration
686 of condominium. This section applies to all condominiums in this
687 state in existence on or after July 1, 2007.

688 (3) OPTIONAL TERMINATION. ~~Except as provided in subsection~~
689 ~~(2) or unless the declaration provides for a lower percentage,~~
690 The condominium form of ownership may be terminated for all or a
691 portion of the condominium property pursuant to a plan of
692 termination meeting the requirements of this section and
693 approved by the division. Before a residential association
694 submits a plan to the division, the plan must be approved by at
695 least 80 percent of the total voting interests of the
696 condominium. However, if 5 ~~10~~ percent or more of the total
697 voting interests of the condominium have rejected the plan of
698 termination by negative vote or by providing written objections,
699 the plan of termination may not proceed.

700 (a) The termination of the condominium form of ownership

701 is subject to the following conditions:

702 1. The total voting interests of the condominium must
703 include all voting interests for the purpose of considering a
704 plan of termination. A voting interest of the condominium may
705 not be suspended for any reason when voting on termination
706 pursuant to this subsection.

707 2. If 5 ~~10~~ percent or more of the total voting interests
708 of the condominium reject a plan of termination, a subsequent
709 plan of termination pursuant to this subsection may not be
710 considered for 24 ~~18~~ months after the date of the rejection.

711 (b) This subsection does not apply to any condominium
712 created pursuant to part VI of this chapter until 10 ~~5~~ years
713 after the recording of the declaration of condominium, unless
714 there is no objection to the plan of termination.

715 (c) For purposes of this subsection, the term "bulk owner"
716 means the single holder of such voting interests or an owner
717 together with a related entity or entities that would be
718 considered an insider, as defined in s. 726.102, holding such
719 voting interests. If the condominium association is a
720 residential association proposed for termination pursuant to
721 this section and, at the time of recording the plan of
722 termination, at least 80 percent of the total voting interests
723 are owned by a bulk owner, the plan of termination is subject to
724 the following conditions and limitations:

725 1. If the former condominium units are offered for lease

726 to the public after the termination, each unit owner in
727 occupancy immediately before the date of recording of the plan
728 of termination may lease his or her former unit and remain in
729 possession of the unit for 12 months after the effective date of
730 the termination on the same terms as similar unit types within
731 the property are being offered to the public. In order to obtain
732 a lease and exercise the right to retain exclusive possession of
733 the unit owner's former unit, the unit owner must make a written
734 request to the termination trustee to rent the former unit
735 within 90 days after the date the plan of termination is
736 recorded. Any unit owner who fails to timely make such written
737 request and sign a lease within 15 days after being presented
738 with a lease is deemed to have waived his or her right to retain
739 possession of his or her former unit and shall be required to
740 vacate the former unit upon the effective date of the
741 termination, unless otherwise provided in the plan of
742 termination.

743 2. Any former unit owner whose unit was granted homestead
744 exemption status by the applicable county property appraiser as
745 of the date of the recording of the plan of termination shall be
746 paid a relocation payment in an amount equal to 1 percent of the
747 termination proceeds allocated to the owner's former unit. Any
748 relocation payment payable under this subparagraph shall be paid
749 by the single entity or related entities owning at least 80
750 percent of the total voting interests. Such relocation payment

751 shall be in addition to the termination proceeds for such
752 owner's former unit and shall be paid no later than 10 days
753 after the former unit owner vacates his or her former unit.

754 3. For their respective units, all unit owners other than
755 the bulk owner must be compensated at least 100 percent of the
756 fair market value of their units. The fair market value shall be
757 determined as of a date that is no earlier than 90 days before
758 the date that the plan of termination is recorded and shall be
759 determined by an independent appraiser selected by the
760 termination trustee. For a person ~~an original purchaser from the~~
761 ~~developer who rejects the plan of termination and~~ whose unit was
762 granted homestead exemption status by the applicable county
763 property appraiser, or was an owner-occupied operating business,
764 as of the date that the plan of termination is recorded and who
765 is current in payment of both assessments and other monetary
766 obligations to the association ~~and any mortgage encumbering the~~
767 ~~unit~~ as of the date the plan of termination is recorded, the
768 fair market value for the unit owner rejecting the plan shall be
769 at least the original purchase price paid for the unit. For
770 purposes of this subparagraph, the term "fair market value"
771 means the price of a unit that a seller is willing to accept and
772 a buyer is willing to pay on the open market in an arms-length
773 transaction based on similar units sold in other condominiums,
774 including units sold in bulk purchases but excluding units sold
775 at wholesale or distressed prices. The purchase price of units

776 | acquired in bulk following a bankruptcy or foreclosure shall not
777 | be considered for purposes of determining fair market value.

778 | 4. The plan of termination must provide for payment of a
779 | first mortgage encumbering a unit to the extent necessary to
780 | satisfy the lien, but the payment may not exceed the unit's
781 | share of the proceeds of termination under the plan. If the unit
782 | owner is current in payment of both assessments and other
783 | monetary obligations to the association and any mortgage
784 | encumbering the unit as of the date the plan of termination is
785 | recorded, the receipt by the holder of the unit's share of the
786 | proceeds of termination under the plan or the outstanding
787 | balance of the mortgage, whichever is less, shall be deemed to
788 | have satisfied the first mortgage in full.

789 | 5. Before a plan of termination is presented to the unit
790 | owners for consideration pursuant to this paragraph, the plan
791 | must include the following written disclosures in a sworn
792 | statement:

793 | a. The identity of any person or entity that owns or
794 | controls 25 ~~50~~ percent or more of the units in the condominium
795 | and, if the units are owned by an artificial entity or entities,
796 | a disclosure of the natural person or persons who, directly or
797 | indirectly, manage or control the entity or entities and the
798 | natural person or persons who, directly or indirectly, own or
799 | control 10 ~~20~~ percent or more of the artificial entity or
800 | entities that constitute the bulk owner.

801 b. The units acquired by any bulk owner, the date each
802 unit was acquired, and the total amount of compensation paid to
803 each prior unit owner by the bulk owner, regardless of whether
804 attributed to the purchase price of the unit.

805 c. The relationship of any board member to the bulk owner
806 or any person or entity affiliated with the bulk owner subject
807 to disclosure pursuant to this subparagraph.

808 d. The factual circumstances that show that the plan
809 complies with the requirements of this section and that the plan
810 supports the expressed public policies of this section.

811 (d) If the members of the board of administration are
812 elected by the bulk owner, unit owners other than the bulk owner
813 may elect at least one-third of the members of the board of
814 administration before the approval of any plan of termination.

815 (e) Upon approval of a plan of termination by the unit
816 owners in a residential condominium, the plan shall be filed
817 with the division. The division shall review the plan to
818 determine its sufficiency under the Condominium Act and must,
819 within 45 days after receipt of the initial filing, notify the
820 association by mail of any procedural deficiencies or that the
821 filing is accepted. If the notice is not provided to the
822 association within 45 days after receipt of the filing, the
823 filing is presumed to be accepted. If the division determines
824 that the conditions required by this section have been met and
825 the plan complies with the procedural requirements of this

826 section, the division shall authorize the termination and the
 827 termination may proceed pursuant to this section.

828 (f) The provisions of subsection (2) do not apply to
 829 optional termination pursuant to this subsection.

830 (21) APPLICABILITY.—This section applies to all
 831 condominiums in this state in existence on or after July 1,
 832 2007.

833 Section 6. The amendments made by Section 5 of this act
 834 are intended to clarify existing law, are remedial in nature and
 835 intended to address the rights and liabilities of the affected
 836 parties, and apply to all condominiums created under the
 837 Condominium Act.

838 Section 7. For the 2017-2018 fiscal year, the sums of
 839 \$85,006 in recurring funds and \$4,046 in nonrecurring funds from
 840 the Division of Florida Condominiums, Timeshares, and Mobile
 841 Homes Trust Fund are appropriated to the Department of Business
 842 and Professional Regulation, and one full-time equivalent
 843 position with associated salary rate of 56,791 is authorized,
 844 for the purpose of implementing Section 5 of this act.

845 Section 8. Section 718.707, Florida Statutes, is amended
 846 to read:

847 718.707 Time limitation for classification as bulk
 848 assignee or bulk buyer.—A person acquiring condominium parcels
 849 may not be classified as a bulk assignee or bulk buyer unless
 850 the condominium parcels were acquired on or after July 1, 2010,

851 ~~but before July 1, 2018.~~ The date of such acquisition shall be
852 determined by the date of recording a deed or other instrument
853 of conveyance for such parcels in the public records of the
854 county in which the condominium is located, or by the date of
855 issuing a certificate of title in a foreclosure proceeding with
856 respect to such condominium parcels.

857 Section 9. Paragraphs (a) and (b) of subsection (2) and
858 paragraphs (b) and (c) of subsection (4) of section 719.104,
859 Florida Statutes, are amended to read:

860 719.104 Cooperatives; access to units; records; financial
861 reports; assessments; purchase of leases.—

862 (2) OFFICIAL RECORDS.—

863 (a) From the inception of the association, the association
864 shall maintain a copy of each of the following, where
865 applicable, which shall constitute the official records of the
866 association:

867 1. The plans, permits, warranties, and other items
868 provided by the developer pursuant to s. 719.301(4).

869 2. A photocopy of the cooperative documents.

870 3. A copy of the current rules of the association.

871 4. A book or books containing the minutes of all meetings
872 of the association, of the board of directors, and of the unit
873 owners, which minutes shall be retained for a period of not less
874 than 7 years.

875 5. A current roster of all unit owners and their mailing

876 addresses, unit identifications, voting certifications, and, if
877 known, telephone numbers. The association shall also maintain
878 the electronic mailing addresses and the numbers designated by
879 unit owners for receiving notice sent by electronic transmission
880 of those unit owners consenting to receive notice by electronic
881 transmission. The electronic mailing addresses and numbers
882 provided by unit owners to receive notice by electronic
883 transmission shall be removed from association records when
884 consent to receive notice by electronic transmission is revoked.
885 However, the association is not liable for an erroneous
886 disclosure of the electronic mail address or the number for
887 receiving electronic transmission of notices.

888 6. All current insurance policies of the association.

889 7. A current copy of any management agreement, lease, or
890 other contract to which the association is a party or under
891 which the association or the unit owners have an obligation or
892 responsibility.

893 8. Bills of sale or transfer for all property owned by the
894 association.

895 9. Accounting records for the association and separate
896 accounting records for each unit it operates, according to good
897 accounting practices. All accounting records shall be maintained
898 for a period of not less than 7 years. The accounting records
899 shall include, but not be limited to:

900 a. Accurate, itemized, and detailed records of all

901 receipts and expenditures.

902 b. A current account and a monthly, bimonthly, or
903 quarterly statement of the account for each unit designating the
904 name of the unit owner, the due date and amount of each
905 assessment, the amount paid upon the account, and the balance
906 due.

907 c. All audits, reviews, accounting statements, and
908 financial reports of the association.

909 d. All contracts for work to be performed. Bids for work
910 to be performed shall also be considered official records and
911 shall be maintained for a period of 1 year.

912 10. Ballots, sign-in sheets, voting proxies, and all other
913 papers and electronic records relating to voting by unit owners,
914 which shall be maintained for a period of 1 year after the date
915 of the election, vote, or meeting to which the document relates.

916 11. All rental records where the association is acting as
917 agent for the rental of units.

918 12. A copy of the current question and answer sheet as
919 described in s. 719.504.

920 13. All other written records of the association not
921 specifically included in the foregoing which are related to the
922 operation of the association.

923 (b) The official records of the association must be
924 maintained within the state for at least 7 years. The records of
925 the association shall be made available to a unit owner within

926 45 miles of the cooperative property or within the county in
927 which the cooperative property is located within 10 ~~5~~ working
928 days after receipt of written request by the board or its
929 designee. This paragraph may be complied with by having a copy
930 of the official records of the association available for
931 inspection or copying on the cooperative property or the
932 association may offer the option of making the records available
933 to a unit owner electronically via the Internet or by allowing
934 the records to be viewed in an electronic format on a computer
935 screen and printed upon request. The association is not
936 responsible for the use or misuse of the information provided to
937 an association member or his or her authorized representative
938 pursuant to the compliance requirements of this chapter unless
939 the association has an affirmative duty not to disclose such
940 information pursuant to this chapter.

941 (4) FINANCIAL REPORT.—

942 (b) Except as provided in paragraph (c), an association
943 whose total annual revenues meet the criteria of this paragraph
944 shall prepare or cause to be prepared a complete set of
945 financial statements according to the generally accepted
946 accounting principles adopted by the Board of Accountancy. The
947 financial statements shall be as follows:

948 1. An association with total annual revenues between
949 \$150,000 and \$299,999 shall prepare a compiled financial
950 statement.

951 2. An association with total annual revenues between
952 \$300,000 and \$499,999 shall prepare a reviewed financial
953 statement.

954 3. An association with total annual revenues of \$500,000
955 or more shall prepare an audited financial statement.

956 4. The requirement to have the financial statement
957 compiled, reviewed, or audited does not apply to an association
958 if a majority of the voting interests of the association present
959 at a duly called meeting of the association have voted to waive
960 this requirement for the fiscal year. In an association in which
961 turnover of control by the developer has not occurred, the
962 developer may vote to waive the audit requirement for the first
963 2 years of operation of the association, after which time waiver
964 of an applicable audit requirement shall be by a majority of
965 voting interests other than the developer. The meeting shall be
966 held prior to the end of the fiscal year, and the waiver shall
967 be effective for only one fiscal year. ~~An association may not
968 waive the financial reporting requirements of this section for
969 more than 3 consecutive years.~~

970 (c)1. An association with total annual revenues of less
971 than \$150,000 shall prepare a report of cash receipts and
972 expenditures.

973 ~~2. An association in a community of fewer than 50 units,
974 regardless of the association's annual revenues, shall prepare a
975 report of cash receipts and expenditures in lieu of the~~

976 ~~financial statements required by paragraph (b), unless the~~
977 ~~declaration or other recorded governing documents provide~~
978 ~~otherwise.~~

979 2.3. A report of cash receipts and expenditures must
980 disclose the amount of receipts by accounts and receipt
981 classifications and the amount of expenses by accounts and
982 expense classifications, including the following, as applicable:
983 costs for security, professional, and management fees and
984 expenses; taxes; costs for recreation facilities; expenses for
985 refuse collection and utility services; expenses for lawn care;
986 costs for building maintenance and repair; insurance costs;
987 administration and salary expenses; and reserves, if maintained
988 by the association.

989 Section 10. Subsection (5) of section 719.1055, Florida
990 Statutes, is amended to read:

991 719.1055 Amendment of cooperative documents; alteration
992 and acquisition of property.—

993 (5) The bylaws must include a provision whereby a
994 certificate of compliance from a licensed electrical contractor
995 or electrician may be accepted by the association's board as
996 evidence of compliance ~~of the cooperative units~~ with the
997 applicable fire and life safety code.

998 (a)1. Notwithstanding chapter 633, s. 509.215, s.
999 553.895(1), or any other code, statute, ordinance,
1000 administrative rule, or regulation, or any interpretation of the

1001 foregoing, an association ~~a cooperative~~ or unit owner is not
1002 obligated to retrofit the common elements or units of a
1003 residential cooperative with a fire sprinkler system or other
1004 engineered lifesafety system in a building that is 75 feet or
1005 less in height. There is no obligation to retrofit for a
1006 building greater than 75 feet in height, calculated from the
1007 lowest level of fire department vehicle access to the floor of
1008 the highest occupiable story ~~has been certified for occupancy by~~
1009 ~~the applicable governmental entity~~ if the unit owners have voted
1010 to forego such retrofitting by the affirmative vote of a
1011 majority of all voting interests in the affected cooperative.
1012 There is no requirement that owners in cooperatives of 75 feet
1013 or less conduct an opt-out vote and such cooperatives are exempt
1014 from fire sprinkler or other engineered life safety
1015 retrofitting. The preceding sentence is intended to clarify
1016 existing law. The local authority having jurisdiction may not
1017 require completion of retrofitting with a fire sprinkler system
1018 or other engineered life safety system before January 1, 2022
1019 ~~the end of 2019~~. By December 31, 2018 ~~2016~~, a cooperative that
1020 is not in compliance with the requirements for a fire sprinkler
1021 system or other engineered lifesafety system and has not voted
1022 to forego retrofitting of such a system must initiate an
1023 application for a building permit for the required installation
1024 with the local government having jurisdiction demonstrating that
1025 the cooperative will become compliant by December 31, 2021 ~~2019~~.

1026 2. A vote to forego required retrofitting may be obtained
1027 by limited proxy or by a ballot personally cast at a duly called
1028 membership meeting, or by execution of a written consent by the
1029 member, or by electronic voting, and is effective upon recording
1030 a certificate executed by an officer or agent of the association
1031 attesting to such vote in the public records of the county where
1032 the cooperative is located. When the opt-out vote is to be
1033 conducted at a meeting, the cooperative shall mail or ~~hand~~
1034 deliver to each unit owner written notice at least 14 days
1035 before the membership meeting in which the vote to forego
1036 retrofitting of the required fire sprinkler system or other
1037 engineered lifesafety system is to take place. Within 30 days
1038 after the cooperative's opt-out vote, notice of the results of
1039 the opt-out vote must be mailed or ~~hand~~ delivered to all unit
1040 owners. Evidence of compliance with this notice requirement must
1041 be made by affidavit executed by the person providing the notice
1042 and filed among the official records of the cooperative. Failure
1043 to provide timely notice to unit owners does not invalidate an
1044 otherwise valid opt-out vote if notice of the results is
1045 provided to the owners. After notice is provided to each owner,
1046 a copy must be provided by the current owner to a new owner
1047 before closing and by a unit owner to a renter before signing a
1048 lease.

1049 (b) If there has been a previous vote to forego
1050 retrofitting, a vote to require retrofitting may be obtained at

1051 a special meeting of the unit owners called by a petition of
1052 least 10 percent of the voting interests or by a majority of the
1053 board of directors. ~~Such vote may only be called once every 3~~
1054 ~~years.~~ Notice must be provided as required for any regularly
1055 called meeting of the unit owners, and the notice must state the
1056 purpose of the meeting. ~~Electronic transmission may not be used~~
1057 ~~to provide notice of a meeting called in whole or in part for~~
1058 ~~this purpose.~~

1059 (c) As part of the information collected annually from
1060 cooperatives, the division shall require associations to report
1061 the membership vote and recording of a certificate under this
1062 subsection and, if retrofitting has been undertaken, the per-
1063 unit cost of such work. The division shall annually report to
1064 the Division of State Fire Marshal of the Department of
1065 Financial Services the number of cooperatives that have elected
1066 to forego retrofitting. Compliance with this administrative
1067 reporting requirement does not affect the validity of an opt-out
1068 vote.

1069 Section 11. Paragraphs (a) and (c) of subsection (1) of
1070 section 719.106, Florida Statutes, are amended, and paragraph
1071 (m) is added to that subsection, to read:

1072 719.106 Bylaws; cooperative ownership.—

1073 (1) MANDATORY PROVISIONS.—The bylaws or other cooperative
1074 documents shall provide for the following, and if they do not,
1075 they shall be deemed to include the following:

1076 (a) Administration.—

1077 1. The form of administration of the association shall be
1078 described, indicating the titles of the officers and board of
1079 administration and specifying the powers, duties, manner of
1080 selection and removal, and compensation, if any, of officers and
1081 board members. In the absence of such a provision, the board of
1082 administration shall be composed of five members, except in the
1083 case of cooperatives having five or fewer units, in which case
1084 in not-for-profit corporations, the board shall consist of not
1085 fewer than three members. In a residential cooperative
1086 association of more than 10 units, co-owners of a unit may not
1087 serve as members of the board of directors at the same time
1088 unless the co-owners own more than one unit or unless there are
1089 not enough eligible candidates to fill the vacancies on the
1090 board at the time of the vacancy. In the absence of provisions
1091 to the contrary, the board of administration shall have a
1092 president, a secretary, and a treasurer, who shall perform the
1093 duties of those offices customarily performed by officers of
1094 corporations. Unless prohibited in the bylaws, the board of
1095 administration may appoint other officers and grant them those
1096 duties it deems appropriate. Unless otherwise provided in the
1097 bylaws, the officers shall serve without compensation and at the
1098 pleasure of the board. Unless otherwise provided in the bylaws,
1099 the members of the board shall serve without compensation.

1100 2. A person who has been suspended or removed by the

1101 division under this chapter, or who is delinquent in the payment
1102 of any monetary obligation due to the association, is not
1103 eligible to be a candidate for board membership and may not be
1104 listed on the ballot. A director or officer charged by
1105 information or indictment with a felony theft or embezzlement
1106 offense involving the association's funds or property is
1107 suspended from office. The board shall fill the vacancy
1108 according to general law until the end of the period of the
1109 suspension or the end of the director's term of office,
1110 whichever occurs first. However, if the charges are resolved
1111 without a finding of guilt or without acceptance of a plea of
1112 guilty or nolo contendere, the director or officer shall be
1113 reinstated for any remainder of his or her term of office. A
1114 member who has such criminal charges pending may not be
1115 appointed or elected to a position as a director or officer. A
1116 person who has been convicted of any felony in this state or in
1117 any United States District Court, or who has been convicted of
1118 any offense in another jurisdiction which would be considered a
1119 felony if committed in this state, is not eligible for board
1120 membership unless such felon's civil rights have been restored
1121 for at least 5 years as of the date such person seeks election
1122 to the board. The validity of an action by the board is not
1123 affected if it is later determined that a board member is
1124 ineligible for board membership due to having been convicted of
1125 a felony.

1126 3. When a unit owner files a written inquiry by certified
1127 mail with the board of administration, the board shall respond
1128 in writing to the unit owner within 30 days of receipt of the
1129 inquiry. The board's response shall either give a substantive
1130 response to the inquirer, notify the inquirer that a legal
1131 opinion has been requested, or notify the inquirer that advice
1132 has been requested from the division. If the board requests
1133 advice from the division, the board shall, within 10 days of its
1134 receipt of the advice, provide in writing a substantive response
1135 to the inquirer. If a legal opinion is requested, the board
1136 shall, within 60 days after the receipt of the inquiry, provide
1137 in writing a substantive response to the inquirer. The failure
1138 to provide a substantive response to the inquirer as provided
1139 herein precludes the board from recovering attorney's fees and
1140 costs in any subsequent litigation, administrative proceeding,
1141 or arbitration arising out of the inquiry. The association may,
1142 through its board of administration, adopt reasonable rules and
1143 regulations regarding the frequency and manner of responding to
1144 the unit owners' inquiries, one of which may be that the
1145 association is obligated to respond to only one written inquiry
1146 per unit in any given 30-day period. In such case, any
1147 additional inquiry or inquiries must be responded to in the
1148 subsequent 30-day period, or periods, as applicable.

1149 (c) Board of administration meetings.—Members of the board
1150 of administration may use e-mail as a means of communication but

1151 may not cast a vote on an association matter via e-mail.
1152 Meetings of the board of administration at which a quorum of the
1153 members is present shall be open to all unit owners. Any unit
1154 owner may tape record or videotape meetings of the board of
1155 administration. The right to attend such meetings includes the
1156 right to speak at such meetings with reference to all designated
1157 agenda items. The division shall adopt reasonable rules
1158 governing the tape recording and videotaping of the meeting. The
1159 association may adopt reasonable written rules governing the
1160 frequency, duration, and manner of unit owner statements.
1161 Adequate notice of all meetings shall be posted in a conspicuous
1162 place upon the cooperative property at least 48 continuous hours
1163 preceding the meeting, except in an emergency. Any item not
1164 included on the notice may be taken up on an emergency basis by
1165 at least a majority plus one of the members of the board. Such
1166 emergency action shall be noticed and ratified at the next
1167 regular meeting of the board. Notice of any meeting in which
1168 regular or special assessments against unit owners are to be
1169 considered must specifically state that assessments will be
1170 considered and provide the estimated amount and description of
1171 the purposes for such assessments. ~~However,~~ Written notice of
1172 any meeting at which nonemergency special assessments, or at
1173 which amendment to rules regarding unit use, will be considered
1174 shall be mailed, delivered, or electronically transmitted to the
1175 unit owners and posted conspicuously on the cooperative property

1176 not less than 14 days before the meeting. Evidence of compliance
1177 with this 14-day notice shall be made by an affidavit executed
1178 by the person providing the notice and filed among the official
1179 records of the association. Upon notice to the unit owners, the
1180 board shall by duly adopted rule designate a specific location
1181 on the cooperative property upon which all notices of board
1182 meetings shall be posted. In lieu of or in addition to the
1183 physical posting of notice of any meeting of the board of
1184 administration on the cooperative property, the association may,
1185 by reasonable rule, adopt a procedure for conspicuously posting
1186 and repeatedly broadcasting the notice and the agenda on a
1187 closed-circuit cable television system serving the cooperative
1188 association. However, if broadcast notice is used in lieu of a
1189 notice posted physically on the cooperative property, the notice
1190 and agenda must be broadcast at least four times every broadcast
1191 hour of each day that a posted notice is otherwise required
1192 under this section. When broadcast notice is provided, the
1193 notice and agenda must be broadcast in a manner and for a
1194 sufficient continuous length of time so as to allow an average
1195 reader to observe the notice and read and comprehend the entire
1196 content of the notice and the agenda. In addition to any of the
1197 authorized means of providing notice of a meeting of the board,
1198 the association may, by rule, adopt a procedure for
1199 conspicuously posting the meeting notice and the agenda on a
1200 website serving the cooperative association for at least the

1201 minimum period of time for which a notice of a meeting is also
1202 required to be physically posted on the cooperative property.
1203 Any rule adopted shall, in addition to other matters, include a
1204 requirement that the association send an electronic notice
1205 providing a hypertext link to the website where the notice is
1206 posted. ~~Notice of any meeting in which regular assessments~~
1207 ~~against unit owners are to be considered for any reason shall~~
1208 ~~specifically contain a statement that assessments will be~~
1209 ~~considered and the nature of any such assessments.~~ Meetings of a
1210 committee to take final action on behalf of the board or to make
1211 recommendations to the board regarding the association budget
1212 are subject to the provisions of this paragraph. Meetings of a
1213 committee that does not take final action on behalf of the board
1214 or make recommendations to the board regarding the association
1215 budget are subject to the provisions of this section, unless
1216 those meetings are exempted from this section by the bylaws of
1217 the association. Notwithstanding any other law to the contrary,
1218 the requirement that board meetings and committee meetings be
1219 open to the unit owners does not apply to board or committee
1220 meetings held for the purpose of discussing personnel matters or
1221 meetings between the board or a committee and the association's
1222 attorney, with respect to proposed or pending litigation, if the
1223 meeting is held for the purpose of seeking or rendering legal
1224 advice.
1225 (m) Director or officer delinquencies.—A director or

1226 officer more than 90 days delinquent in the payment of any
 1227 monetary obligation due the association shall be deemed to have
 1228 abandoned the office, creating a vacancy in the office to be
 1229 filled according to law.

1230 Section 12. Paragraph (b) of subsection (1) of section
 1231 719.107, Florida Statutes, is amended to read:

1232 719.107 Common expenses; assessment.—

1233 (1)

1234 (b) If so provided in the bylaws, the cost of
 1235 communications services as defined in chapter 202, information
 1236 services, or Internet services ~~a master antenna television~~
 1237 ~~system or duly franchised cable television service~~ obtained
 1238 pursuant to a bulk contract shall be deemed a common expense,
 1239 and if not obtained pursuant to a bulk contract, such cost shall
 1240 be considered common expense if it is designated as such in a
 1241 written contract between the board of administration and the
 1242 company providing the communications services as defined in
 1243 chapter 202, information services, or Internet services ~~master~~
 1244 ~~television antenna system or the cable television service~~. The
 1245 contract shall be for a term of not less than 2 years.

1246 1. Any contract made by the board after April 2, 1992, for
 1247 a community antenna system or duly franchised cable television
 1248 service, communications services as defined in chapter 202,
 1249 information services, or Internet services may be canceled by a
 1250 majority of the voting interests present at the next regular or

1251 special meeting of the association. Any member may make a motion
1252 to cancel the contract, but if no motion is made or if such
1253 motion fails to obtain the required majority at the next regular
1254 or special meeting, whichever is sooner, following the making of
1255 the contract, then such contract shall be deemed ratified for
1256 the term therein expressed.

1257 2. Any such contract shall provide, and shall be deemed to
1258 provide if not expressly set forth, that any hearing impaired or
1259 legally blind unit owner who does not occupy the unit with a
1260 nonhearing impaired or sighted person may discontinue the
1261 service without incurring disconnect fees, penalties, or
1262 subsequent service charges, and as to such units, the owners
1263 shall not be required to pay any common expenses charge related
1264 to such service. If less than all members of an association
1265 share the expenses of cable television, the expense shall be
1266 shared equally by all participating unit owners. The association
1267 may use the provisions of s. 719.108 to enforce payment of the
1268 shares of such costs by the unit owners receiving cable
1269 television.

1270 Section 13. Paragraphs (a) and (c) of subsection (2) and
1271 subsections (6) and (7) of section 720.303, Florida Statutes,
1272 are amended to read:

1273 720.303 Association powers and duties; meetings of board;
1274 official records; budgets; budget meetings; financial reporting;
1275 association funds; recalls.-

1276 (2) BOARD MEETINGS.—

1277 (a) Members of the board of administration may use e-mail
1278 as a means of communication, but may not cast a vote on an
1279 association matter via e-mail. A meeting of the board of
1280 directors of an association occurs whenever a quorum of the
1281 board gathers to conduct association business. Meetings of the
1282 board must be open to all members, except for meetings between
1283 the board and its attorney with respect to proposed or pending
1284 litigation where the contents of the discussion would otherwise
1285 be governed by the attorney-client privilege. A meeting of the
1286 board must be held at a location that is accessible to a
1287 physically handicapped person if requested by a physically
1288 handicapped person who has a right to attend the meeting. The
1289 provisions of this subsection shall also apply to the meetings
1290 of any committee or other similar body when a final decision
1291 will be made regarding the expenditure of association funds and
1292 to meetings of any body vested with the power to approve or
1293 disapprove architectural decisions with respect to a specific
1294 parcel of residential property owned by a member of the
1295 community.

1296 (c) The bylaws shall provide the following for giving
1297 notice to parcel owners and members of all board meetings and,
1298 if they do not do so, shall be deemed to include ~~provide~~ the
1299 following:

1300 1. Notices of all board meetings must be posted in a

1301 conspicuous place in the community at least 48 hours in advance
1302 of a meeting, except in an emergency. In the alternative, if
1303 notice is not posted in a conspicuous place in the community,
1304 notice of each board meeting must be mailed or delivered to each
1305 member at least 7 days before the meeting, except in an
1306 emergency. Notwithstanding this general notice requirement, for
1307 communities with more than 100 members, the association bylaws
1308 may provide for a reasonable alternative to posting or mailing
1309 of notice for each board meeting, including publication of
1310 notice, provision of a schedule of board meetings, or the
1311 conspicuous posting and repeated broadcasting of the notice on a
1312 closed-circuit cable television system serving the homeowners'
1313 association. However, if broadcast notice is used in lieu of a
1314 notice posted physically in the community, the notice must be
1315 broadcast at least four times every broadcast hour of each day
1316 that a posted notice is otherwise required. When broadcast
1317 notice is provided, the notice and agenda must be broadcast in a
1318 manner and for a sufficient continuous length of time so as to
1319 allow an average reader to observe the notice and read and
1320 comprehend the entire content of the notice and the agenda. The
1321 association may provide notice by electronic transmission in a
1322 manner authorized by law for meetings of the board of directors,
1323 committee meetings requiring notice under this section, and
1324 annual and special meetings of the members to any member who has
1325 provided a facsimile number or e-mail address to the association

1326 | to be used for such purposes; however, a member must consent in
 1327 | writing to receiving notice by electronic transmission.

1328 | 2. An assessment may not be levied at a board meeting
 1329 | unless the notice of the meeting includes a statement that
 1330 | assessments will be considered and the nature of the
 1331 | assessments. Written notice of any meeting at which special
 1332 | assessments will be considered or at which amendments to rules
 1333 | regarding parcel use will be considered must be mailed,
 1334 | delivered, or electronically transmitted to the members and
 1335 | parcel owners and posted conspicuously on the property or
 1336 | broadcast on closed-circuit cable television not less than 14
 1337 | days before the meeting.

1338 | 3. Directors may not vote by proxy or by secret ballot at
 1339 | board meetings, except that secret ballots may be used in the
 1340 | election of officers. This subsection also applies to the
 1341 | meetings of any committee or other similar body, when a final
 1342 | decision will be made regarding the expenditure of association
 1343 | funds, and to any body vested with the power to approve or
 1344 | disapprove architectural decisions with respect to a specific
 1345 | parcel of residential property owned by a member of the
 1346 | community.

1347 | (6) BUDGETS; BUDGET MEETINGS.—

1348 | (a) The association shall prepare an annual budget that
 1349 | sets out the annual operating expenses. The budget must reflect
 1350 | the estimated revenues and expenses for that year and the

1351 estimated surplus or deficit as of the end of the current year.
1352 The budget must set out separately all fees or charges paid for
1353 by the association for recreational amenities, whether owned by
1354 the association, the developer, or another person. The
1355 association shall provide each member with a copy of the annual
1356 budget or a written notice that a copy of the budget is
1357 available upon request at no charge to the member. The copy must
1358 be provided to the member within the time limits set forth in
1359 subsection (5).

1360 (b) In addition to annual operating expenses, for all
1361 associations incorporated after July 1, 2017, and any
1362 association incorporated before that date which, by a majority
1363 vote of the members of the association present, in person or by
1364 proxy, at a meeting of the association at which a quorum is
1365 present, affirmatively votes to be bound by the provisions of
1366 this subsection as amended effective July 1, 2017, the budget
1367 must ~~may~~ include a disclosure of reserves ~~reserve accounts~~ for
1368 capital expenditures and deferred maintenance ~~for~~ which are
1369 obligations of the association under ~~is responsible~~. ~~If reserve~~
1370 ~~accounts are not established pursuant to paragraph (d), funding~~
1371 ~~of such reserves is limited to the extent that the governing~~
1372 documents for any item that has a deferred maintenance expense
1373 greater than \$100,000. The amount to be reserved must be
1374 computed using a formula based upon the estimated deferred
1375 maintenance expense of each reserve item divided by the

1376 estimated remaining useful life of that item. However, and
1377 notwithstanding the amount disclosed as being the total required
1378 reserve amount, each parcel which is obligated to pay reserves
1379 to the association each year shall be assessed for reserves only
1380 the amount determined by dividing the total annual reserve
1381 amount disclosed in the budget by the total number of parcels
1382 that will ultimately be operated by the association. Therefore,
1383 the assessments actually collected will be less than the full
1384 amount of required reserves as disclosed in the proposed annual
1385 budget until all parcels are obligated to pay assessments for
1386 reserves. The association may adjust the deferred maintenance
1387 reserve ~~limit increases in assessments annually to take into~~
1388 account any changes in estimates or extension of the useful life
1389 of a reserve item, the anticipated cost of the deferred
1390 maintenance and any changes in the number of parcels that will
1391 ultimately be operated by the association. This subsection does
1392 not apply to an adopted budget for which members of an
1393 association have determined, by a majority vote of the members
1394 of the association present, in person or by proxy, and voting at
1395 a meeting, including reserves. If the budget of the association,
1396 at which a quorum is present, to provide no reserves or less
1397 reserves than required by this subsection ~~includes reserve~~
1398 accounts established pursuant to paragraph (d), such reserves
1399 shall be determined, maintained, and waived in the manner
1400 provided in this subsection. Once an association provides for

1401 ~~reserve accounts pursuant to paragraph (d), the association~~
1402 ~~shall thereafter determine, maintain, and waive reserves in~~
1403 ~~compliance with this subsection.~~ This section does not preclude
1404 an association from ceasing to add amounts to the termination of
1405 a reserve account established pursuant to this paragraph upon
1406 approval of a majority of the total voting interests present in
1407 person or by proxy and voting at a meeting of the association at
1408 which a quorum is present of the association. Upon such
1409 approval, no reserves shall be included in the terminating
1410 reserve account shall be removed from the budget for that year.
1411 Amounts in the reserve account may be used only for deferred
1412 maintenance and for no other purpose. Only parcels with
1413 completed improvements as evidenced by certificates of occupancy
1414 for such improvements are obligated to pay assessments for
1415 reserves. A developer that subsidizes the association's budget
1416 pursuant to s. 720.308(1) is not obligated to include reserve
1417 contributions in any such subsidy payments. If a developer
1418 establishes a guarantee under s. 720.308(2) or otherwise
1419 subsidizes the association budget, the developer is not
1420 obligated to include reserve contributions in any such guarantee
1421 or subsidy payments.

1422 (c)1. The developer may vote the voting interests
1423 allocated to its parcels with completed improvements, as
1424 evidenced by certificates of occupancy for such improvements, to
1425 waive the reserves or reduce the funding of reserves if the

1426 ~~budget of the association does not provide for reserve accounts~~
1427 ~~pursuant to paragraph (d) and the association is responsible for~~
1428 ~~the repair and maintenance of capital improvements that may~~
1429 ~~result in a special assessment if reserves are not provided,~~
1430 ~~each financial report for the preceding fiscal year required by~~
1431 ~~subsection (7) must contain the following statement in~~
1432 ~~conspicuous type:~~

1433 ~~THE BUDGET OF THE ASSOCIATION DOES NOT PROVIDE FOR RESERVE~~
1434 ~~ACCOUNTS FOR CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE THAT~~
1435 ~~MAY RESULT IN SPECIAL ASSESSMENTS. OWNERS MAY ELECT TO PROVIDE~~
1436 ~~FOR RESERVE ACCOUNTS PURSUANT TO SECTION 720.303(6), FLORIDA~~
1437 ~~STATUTES, UPON OBTAINING THE APPROVAL OF A MAJORITY OF THE TOTAL~~
1438 ~~VOTING INTERESTS OF THE ASSOCIATION BY VOTE OF THE MEMBERS AT A~~
1439 ~~MEETING OR BY WRITTEN CONSENT.~~

1440 ~~2. If the budget of the association does provide for~~
1441 ~~funding accounts for deferred expenditures, including, but not~~
1442 ~~limited to, funds for capital expenditures and deferred~~
1443 ~~maintenance, but such accounts are not created or established~~
1444 ~~pursuant to paragraph (d), each financial report for the~~
1445 ~~preceding fiscal year required under subsection (7) must also~~
1446 ~~contain the following statement in conspicuous type:~~
1447 ~~THE BUDGET OF THE ASSOCIATION PROVIDES FOR LIMITED VOLUNTARY~~
1448 ~~DEFERRED EXPENDITURE ACCOUNTS, INCLUDING CAPITAL EXPENDITURES~~
1449 ~~AND DEFERRED MAINTENANCE, SUBJECT TO LIMITS ON FUNDING CONTAINED~~
1450 ~~IN OUR GOVERNING DOCUMENTS. BECAUSE THE OWNERS HAVE NOT ELECTED~~

1451 ~~TO PROVIDE FOR RESERVE ACCOUNTS PURSUANT TO SECTION 720.303(6),~~
1452 ~~FLORIDA STATUTES, THESE FUNDS ARE NOT SUBJECT TO THE~~
1453 ~~RESTRICTIONS ON USE OF SUCH FUNDS SET FORTH IN THAT STATUTE, NOR~~
1454 ~~ARE RESERVES CALCULATED IN ACCORDANCE WITH THAT STATUTE.~~

1455 ~~(d) An association is deemed to have provided for reserve~~
1456 ~~accounts if reserve accounts have been initially established by~~
1457 ~~the developer or if the membership of the association~~
1458 ~~affirmatively elects to provide for reserves. If reserve~~
1459 ~~accounts are established by the developer, the budget must~~
1460 ~~designate the components for which the reserve accounts may be~~
1461 ~~used. If reserve accounts are not initially provided by the~~
1462 ~~developer, the membership of the association may elect to do so~~
1463 ~~upon the affirmative approval of a majority of the total voting~~
1464 ~~interests of the association. Such approval may be obtained by~~
1465 ~~vote of the members at a duly called meeting of the membership~~
1466 ~~or by the written consent of a majority of the total voting~~
1467 ~~interests of the association. The approval action of the~~
1468 ~~membership must state that reserve accounts shall be provided~~
1469 ~~for in the budget and must designate the components for which~~
1470 ~~the reserve accounts are to be established. Upon approval by the~~
1471 ~~membership, the board of directors shall include the required~~
1472 ~~reserve accounts in the budget in the next fiscal year following~~
1473 ~~the approval and each year thereafter. Once established as~~
1474 ~~provided in this subsection, the reserve accounts must be funded~~
1475 ~~or maintained or have their funding waived in the manner~~

1476 ~~provided in paragraph (f).~~

1477 ~~(c) The amount to be reserved in any account established~~
1478 ~~shall be computed by means of a formula that is based upon~~
1479 ~~estimated remaining useful life and estimated replacement cost~~
1480 ~~or deferred maintenance expense of each reserve item. The~~
1481 ~~association may adjust replacement reserve assessments annually~~
1482 ~~to take into account any changes in estimates of cost or useful~~
1483 ~~life of a reserve item.~~

1484 ~~(f) After one or more reserve accounts are established,~~
1485 ~~the membership of the association, upon a majority vote at a~~
1486 ~~meeting at which a quorum is present, may provide for no~~
1487 ~~reserves or less reserves than required by this section. If a~~
1488 ~~meeting of the parcel ~~unit~~ owners has been called to determine~~
1489 ~~whether to waive or reduce the funding of reserves and such~~
1490 ~~result is not achieved or a quorum is not present, the reserves~~
1491 ~~as included in the budget go into effect. ~~After the turnover,~~~~
1492 ~~the developer may vote its voting interest to waive or reduce~~
1493 ~~the funding of reserves. Any vote taken pursuant to this~~
1494 ~~subsection to waive or reduce reserves is applicable only to one~~
1495 ~~budget year.~~

1496 (d) Reserve funds and any interest accruing thereon shall
1497 remain in the reserve account or accounts and may be used only
1498 for authorized reserve expenditures and may not be used for any
1499 other purpose.

1500 (e) The only voting interests eligible to vote on

1501 questions that involve waiving or reducing the funding of
1502 reserves are the voting interests of the parcels subject to
1503 assessment to fund the reserves in question. Any vote taken
1504 pursuant to this subsection to waive or reduce reserves is
1505 applicable only to one budget year. Proxy questions relating to
1506 waiving or reducing the funding of reserves must contain the
1507 following statement in capitalized, bold letters in a font size
1508 larger than any other used on the face of the proxy ballot:
1509 WAIVING OF RESERVES, IN WHOLE OR IN PART, MAY RESULT IN PARCEL
1510 OWNER LIABILITY FOR PAYMENT OF UNANTICIPATED SPECIAL ASSESSMENTS
1511 REGARDING THOSE ITEMS.

1512 (f) Funding formulas for reserves required by this section
1513 shall be based on a pooled analysis of two or more of the items
1514 for which reserves are required to be accrued pursuant to this
1515 subsection. The projected annual cash inflows may include
1516 estimated earnings from investment of principal. The reserve
1517 funding formula shall have constant funding each year. However,
1518 each parcel which is obligated to pay reserves to the
1519 association each year shall be assessed for reserves only the
1520 amount determined by dividing the total annual reserve amount
1521 disclosed in the budget by the total number of parcels that will
1522 ultimately be operated by the association. The assessments
1523 actually collected shall be less than the full amount of
1524 required reserves as disclosed in the proposed annual budget
1525 until all parcels are obligated to pay assessments for reserves.

1526 (g) As alternative to the pooled analysis method described
1527 in paragraph (f) and, if approved by a majority vote of the
1528 members present, in person or by proxy, at a meeting of the
1529 members of the association at which a quorum is present, the
1530 funding formulas for reserves required ~~authorized~~ by this
1531 section may ~~must~~ be based on a separate analysis of each of the
1532 required assets or a pooled analysis of two or more of the
1533 required assets.

1534 ~~1.~~ If the association maintains separate reserve accounts
1535 for each of the required assets, the amount of the contribution
1536 to each reserve account is the sum of the following two
1537 calculations:

1538 ~~1.a.~~ The total amount necessary, if any, to bring a
1539 negative component balance to zero.

1540 ~~2.b.~~ The total estimated deferred maintenance expense or
1541 estimated replacement cost of the reserve component less the
1542 estimated balance of the reserve component as of the beginning
1543 of the period the budget will be in effect. The remainder, if
1544 greater than zero, shall be divided by the estimated remaining
1545 useful life of the component.

1546
1547 The formula may be adjusted each year for changes in estimates
1548 and deferred maintenance performed during the year and may
1549 include factors such as inflation and earnings on invested
1550 funds. An association may convert its funding formulas from a

1551 component method to a pooled method, as described in paragraph
1552 (f), at any time if approved by a majority vote of the members
1553 present, in person or by proxy, at a meeting at which a quorum
1554 is present.

1555 ~~2. If the association maintains a pooled account of two or~~
1556 ~~more of the required reserve assets, the amount of the~~
1557 ~~contribution to the pooled reserve account as disclosed on the~~
1558 ~~proposed budget may not be less than that required to ensure~~
1559 ~~that the balance on hand at the beginning of the period the~~
1560 ~~budget will go into effect plus the projected annual cash~~
1561 ~~inflows over the remaining estimated useful life of all of the~~
1562 ~~assets that make up the reserve pool are equal to or greater~~
1563 ~~than the projected annual cash outflows over the remaining~~
1564 ~~estimated useful lives of all the assets that make up the~~
1565 ~~reserve pool, based on the current reserve analysis. The~~
1566 ~~projected annual cash inflows may include estimated earnings~~
1567 ~~from investment of principal and accounts receivable minus the~~
1568 ~~allowance for doubtful accounts. The reserve funding formula may~~
1569 ~~not include any type of balloon payments.~~

1570 (h) 1. ~~Reserve funds and Any interest accruing thereon~~
1571 ~~shall remain in the reserve account or accounts and shall be~~
1572 ~~used only for authorized reserve expenditures unless their use~~
1573 ~~for other purposes is approved in advance by a majority vote at~~
1574 ~~a meeting at which a proposed annual budget of an association~~
1575 ~~will be considered by the board or a quorum is present. Prior to~~

1576 ~~turnover of control of an association by a developer to parcel~~
1577 ~~owners shall be open to all parcel owners, the developer-~~
1578 ~~controlled association shall not vote to use reserves for~~
1579 ~~purposes other than those for which they were intended without~~
1580 ~~the approval of a majority of all nondeveloper voting interests~~
1581 ~~voting in person or by limited proxy at a duly called meeting of~~
1582 ~~the association.~~

1583 2.a. If a board adopts in any fiscal year an annual budget
1584 which requires assessments against parcel owners which exceed
1585 115 percent of assessments for the preceding fiscal year, the
1586 board shall conduct a special meeting of the parcel owners to
1587 consider a substitute budget if the board receives, within 21
1588 days after adoption of the annual budget, a written request for
1589 a special meeting from at least 10 percent of all voting
1590 interests. The special meeting shall be conducted within 60 days
1591 after adoption of the annual budget. At least 14 days prior to
1592 such special meeting, the board shall hand deliver to each
1593 parcel owner, or mail to each parcel owner at the address last
1594 furnished to the association, a notice of the meeting. An
1595 officer or manager of the association, or other person providing
1596 notice of such meeting shall execute an affidavit evidencing
1597 compliance with this notice requirement, and such affidavit
1598 shall be filed among the official records of the association.
1599 Parcel owners may consider and adopt a substitute budget at the
1600 special meeting. A substitute budget is adopted if approved by a

1601 majority of all voting interests unless the governing documents
1602 require adoption by a greater percentage of voting interests. If
1603 there is not a quorum at the special meeting or a substitute
1604 budget is not adopted, the annual budget previously adopted by
1605 the board shall take effect as scheduled.

1606 b. Any determination of whether assessments exceed 115
1607 percent of assessments for the prior fiscal year shall exclude
1608 any provision for reasonable reserves for repair or deferred
1609 maintenance of items which are the obligations of the
1610 association under the governing documents, anticipated expenses
1611 of the association which the board does not expect to be
1612 incurred on a regular or annual basis, or assessments for
1613 betterments to the common areas, association property, or other
1614 items which are the obligation of the association under the
1615 governing documents.

1616 (i) The provisions of paragraphs (b)-(h) do not apply to
1617 mandatory reserve accounts required to be established and
1618 maintained by an association at the direction of a county or
1619 municipal government, water or drainage management district,
1620 community development district, or other political subdivision
1621 that has the authority to approve and control subdivision
1622 infrastructure which is entrusted to the care of an association
1623 on the condition that the association establish and maintain one
1624 or more mandatory reserve accounts for the deferred maintenance
1625 of the infrastructure in accordance with the requirements of

1626 that entrusting authority.

1627 (j) Reserve funds must be held in a separate bank account
1628 established for such funds.

1629 (7) FINANCIAL REPORTING.—Within 90 days after the end of
1630 the fiscal year, or annually on the date provided in the bylaws,
1631 the association shall prepare and complete, or contract with a
1632 third party for the preparation and completion of, a financial
1633 report for the preceding fiscal year. Within 21 days after the
1634 final financial report is completed by the association or
1635 received from the third party, but not later than 120 days after
1636 the end of the fiscal year or other date as provided in the
1637 bylaws, the association shall, within the time limits set forth
1638 in subsection (5), provide each member with a copy of the annual
1639 financial report or a written notice that a copy of the
1640 financial report is available upon request at no charge to the
1641 member. Financial reports shall be prepared as follows:

1642 (a) An association that meets the criteria of this
1643 paragraph shall prepare or cause to be prepared a complete set
1644 of financial statements in accordance with generally accepted
1645 accounting principles as adopted by the Board of Accountancy.
1646 The financial statements shall be based upon the association's
1647 total annual revenues, as follows:

1648 1. An association with total annual revenues of \$150,000
1649 or more, but less than \$300,000, shall prepare compiled
1650 financial statements.

1651 2. An association with total annual revenues of at least
 1652 \$300,000, but less than \$500,000, shall prepare reviewed
 1653 financial statements.

1654 3. An association with total annual revenues of \$500,000
 1655 or more shall prepare audited financial statements.

1656 (b)1. An association with total annual revenues of less
 1657 than \$150,000 shall prepare a report of cash receipts and
 1658 expenditures.

1659 ~~2. An association in a community of fewer than 50 parcels,~~
 1660 ~~regardless of the association's annual revenues, may prepare a~~
 1661 ~~report of cash receipts and expenditures in lieu of financial~~
 1662 ~~statements required by paragraph (a) unless the governing~~
 1663 ~~documents provide otherwise.~~

1664 2.3. A report of cash receipts and disbursement must
 1665 disclose the amount of receipts by accounts and receipt
 1666 classifications and the amount of expenses by accounts and
 1667 expense classifications, including, but not limited to, the
 1668 following, as applicable: costs for security, professional, and
 1669 management fees and expenses; taxes; costs for recreation
 1670 facilities; expenses for refuse collection and utility services;
 1671 expenses for lawn care; costs for building maintenance and
 1672 repair; insurance costs; administration and salary expenses; and
 1673 reserves if maintained by the association.

1674 (c) If 20 percent of the parcel owners petition the board
 1675 for a level of financial reporting higher than that required by

1676 | this section, the association shall duly notice and hold a
1677 | meeting of members within 30 days of receipt of the petition for
1678 | the purpose of voting on raising the level of reporting for that
1679 | fiscal year. Upon approval of a majority of the total voting
1680 | interests of the parcel owners, the association shall prepare or
1681 | cause to be prepared, shall amend the budget or adopt a special
1682 | assessment to pay for the financial report regardless of any
1683 | provision to the contrary in the governing documents, and shall
1684 | provide within 90 days of the meeting or the end of the fiscal
1685 | year, whichever occurs later:

1686 | 1. Compiled, reviewed, or audited financial statements, if
1687 | the association is otherwise required to prepare a report of
1688 | cash receipts and expenditures;

1689 | 2. Reviewed or audited financial statements, if the
1690 | association is otherwise required to prepare compiled financial
1691 | statements; or

1692 | 3. Audited financial statements if the association is
1693 | otherwise required to prepare reviewed financial statements.

1694 | (d) If approved by a majority of the voting interests
1695 | present at a properly called meeting of the association, an
1696 | association may prepare or cause to be prepared:

1697 | 1. A report of cash receipts and expenditures in lieu of a
1698 | compiled, reviewed, or audited financial statement;

1699 | 2. A report of cash receipts and expenditures or a
1700 | compiled financial statement in lieu of a reviewed or audited

1701 financial statement; or

1702 3. A report of cash receipts and expenditures, a compiled
 1703 financial statement, or a reviewed financial statement in lieu
 1704 of an audited financial statement.

1705 Section 14. Paragraph (a) of subsection (9) of section
 1706 720.306, Florida Statutes, is amended to read:

1707 720.306 Meetings of members; voting and election
 1708 procedures; amendments.—

1709 (9) ELECTIONS AND BOARD VACANCIES.—

1710 (a) Elections of directors must be conducted in accordance
 1711 with the procedures set forth in the governing documents of the
 1712 association. Except as provided in paragraph (b), all members of
 1713 the association are eligible to serve on the board of directors,
 1714 and a member may nominate himself or herself as a candidate for
 1715 the board at a meeting where the election is to be held;
 1716 provided, however, that if the election process allows
 1717 candidates to be nominated in advance of the meeting, the
 1718 association is not required to allow nominations at the meeting.
 1719 An election is not required unless more candidates are nominated
 1720 than vacancies exist. If an election is not required because
 1721 there are either an equal number or fewer qualified candidates
 1722 than vacancies exist, and if nominations from the floor are not
 1723 required pursuant to this section or the bylaws, write-in
 1724 nominations are not permitted and such candidates shall commence
 1725 service on the board of directors, regardless of whether a

1726 quorum is attained at the annual meeting. Except as otherwise
1727 provided in the governing documents, boards of directors must be
1728 elected by a plurality of the votes cast by eligible voters. Any
1729 challenge to the election process must be commenced within 60
1730 days after the election results are announced.

1731 Section 15. Paragraph (b) of subsection (3) of section
1732 720.3085, Florida Statutes, is amended to read:

1733 720.3085 Payment for assessments; lien claims.—

1734 (3) Assessments and installments on assessments that are
1735 not paid when due bear interest from the due date until paid at
1736 the rate provided in the declaration of covenants or the bylaws
1737 of the association, which rate may not exceed the rate allowed
1738 by law. If no rate is provided in the declaration or bylaws,
1739 interest accrues at the rate of 18 percent per year.

1740 (b) Any payment received by an association and accepted
1741 shall be applied first to any interest accrued, then to any
1742 administrative late fee, then to any costs and reasonable
1743 attorney fees incurred in collection, and then to the delinquent
1744 assessment. This paragraph applies notwithstanding any
1745 restrictive endorsement, designation, or instruction placed on
1746 or accompanying a payment. A late fee is not subject to the
1747 provisions of chapter 687 and is not a fine. The foregoing is
1748 applicable notwithstanding s. 673.3111, any purported accord and
1749 satisfaction, or any restrictive endorsement, designation, or
1750 instruction placed on or accompanying a payment. The preceding

1751 sentence is intended to clarify existing law.

1752 Section 16. Paragraph (a) of subsection (1) of section
1753 720.401, Florida Statutes, is amended to read:

1754 720.401 Prospective purchasers subject to association
1755 membership requirement; disclosure required; covenants;
1756 assessments; contract cancellation.—

1757 (1)(a) A prospective parcel owner in a community must be
1758 presented a disclosure summary before executing the contract for
1759 sale. The disclosure summary must be in a form substantially
1760 similar to the following form:

1761 DISCLOSURE SUMMARY
1762 FOR
1763 (NAME OF COMMUNITY)

1764 1. AS A PURCHASER OF PROPERTY IN THIS COMMUNITY, YOU WILL
1765 BE OBLIGATED TO BE A MEMBER OF A HOMEOWNERS' ASSOCIATION.

1766 2. THERE HAVE BEEN OR WILL BE RECORDED RESTRICTIVE
1767 COVENANTS GOVERNING THE USE AND OCCUPANCY OF PROPERTIES IN THIS
1768 COMMUNITY.

1769 3. YOU WILL BE OBLIGATED TO PAY ASSESSMENTS TO THE
1770 ASSOCIATION. ASSESSMENTS MAY BE SUBJECT TO PERIODIC CHANGE. IF
1771 APPLICABLE, THE CURRENT AMOUNT IS \$.... PER

1772 YOU WILL ALSO
1773 BE OBLIGATED TO PAY ANY SPECIAL ASSESSMENTS IMPOSED BY THE
1774 ASSOCIATION. SUCH SPECIAL ASSESSMENTS MAY BE SUBJECT TO CHANGE.
1775 IF APPLICABLE, THE CURRENT AMOUNT IS \$.... PER

1775 4. YOU MAY BE OBLIGATED TO PAY SPECIAL ASSESSMENTS TO THE

1776 RESPECTIVE MUNICIPALITY, COUNTY, OR SPECIAL DISTRICT. ALL
 1777 ASSESSMENTS ARE SUBJECT TO PERIODIC CHANGE.

1778 5. YOUR FAILURE TO PAY SPECIAL ASSESSMENTS OR ASSESSMENTS
 1779 LEVIED BY A MANDATORY HOMEOWNERS' ASSOCIATION COULD RESULT IN A
 1780 LIEN ON YOUR PROPERTY.

1781 6. THERE MAY BE AN OBLIGATION TO PAY RENT OR LAND USE FEES
 1782 FOR RECREATIONAL OR OTHER COMMONLY USED FACILITIES AS AN
 1783 OBLIGATION OF MEMBERSHIP IN THE HOMEOWNERS' ASSOCIATION. IF
 1784 APPLICABLE, THE CURRENT AMOUNT IS \$.... PER

1785 7. THE BUDGET OF THE ASSOCIATION MAY NOT INCLUDE RESERVE
 1786 FUNDS FOR DEFERRED MAINTENANCE SUFFICIENT TO COVER THE FULL COST
 1787 OF DEFERRED MAINTENANCE OF COMMON AREAS. YOU SHOULD REVIEW THE
 1788 BUDGET TO DETERMINE THE LEVEL OF RESERVE FUNDING, IF ANY.

1789 ~~8.7.~~ THE DEVELOPER MAY HAVE THE RIGHT TO AMEND THE
 1790 RESTRICTIVE COVENANTS WITHOUT THE APPROVAL OF THE ASSOCIATION
 1791 MEMBERSHIP OR THE APPROVAL OF THE PARCEL OWNERS.

1792 ~~9.8.~~ THE STATEMENTS CONTAINED IN THIS DISCLOSURE FORM ARE
 1793 ONLY SUMMARY IN NATURE, AND, AS A PROSPECTIVE PURCHASER, YOU
 1794 SHOULD REFER TO THE COVENANTS AND THE ASSOCIATION GOVERNING
 1795 DOCUMENTS BEFORE PURCHASING PROPERTY.

1796 ~~10.9.~~ THESE DOCUMENTS ARE EITHER MATTERS OF PUBLIC RECORD
 1797 AND CAN BE OBTAINED FROM THE RECORD OFFICE IN THE COUNTY WHERE
 1798 THE PROPERTY IS LOCATED, OR ARE NOT RECORDED AND CAN BE OBTAINED
 1799 FROM THE DEVELOPER.

1800 DATE:

PURCHASER:

1801 PURCHASER:
1802 The disclosure must be supplied by the developer, or by the
1803 parcel owner if the sale is by an owner that is not the
1804 developer. Any contract or agreement for sale shall refer to and
1805 incorporate the disclosure summary and shall include, in
1806 prominent language, a statement that the potential buyer should
1807 not execute the contract or agreement until they have received
1808 and read the disclosure summary required by this section.
1809 Section 17. This act shall take effect July 1, 2017.