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LEGISLATIVE ACTION

Senate	.	House
Comm: RCS	.	
03/29/2017	.	
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The Committee on Regulated Industries (Passidomo) recommended the following:

Senate Amendment (with title amendment)

Delete lines 552 - 1096

and insert:

Section 3. Subsection (2) of section 718.113, Florida Statutes, is amended to read:

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

(2) (a) Except as otherwise provided in this section, there



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11 shall be no material alteration or substantial additions to the
12 common elements or to real property which is association
13 property, except in a manner provided in the declaration as
14 originally recorded or as amended under the procedures provided
15 therein. If the declaration as originally recorded or as amended
16 under the procedures provided therein does not specify the
17 procedure for approval of material alterations or substantial
18 additions, 75 percent of the total voting interests of the
19 association must approve the alterations or additions before the
20 material alterations or substantial additions are commenced.

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

24 (b) There shall not be any material alteration of, or
25 substantial addition to, the common elements of any condominium
26 operated by a multicondominium association unless approved in
27 the manner provided in the declaration of the affected
28 condominium or condominiums as originally recorded or as amended
29 under the procedures provided therein. If a declaration as
30 originally recorded or as amended under the procedures provided
31 therein does not specify a procedure for approving such an
32 alteration or addition, the approval of 75 percent of the total
33 voting interests of each affected condominium is required before
34 the material alterations or substantial additions are commenced.

35 This subsection does not prohibit a provision in any
36 declaration, articles of incorporation, or bylaws as originally
37 recorded or as amended under the procedures provided therein
38 requiring the approval of unit owners in any condominium
39 operated by the same association or requiring board approval



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40 before a material alteration or substantial addition to the
41 common elements is permitted. This paragraph is intended to
42 clarify existing law and applies to associations existing on the
43 effective date of this act.

44 (c) There shall not be any material alteration or
45 substantial addition made to association real property operated
46 by a multicondominium association, except as provided in the
47 declaration, articles of incorporation, or bylaws as originally
48 recorded or as amended under the procedures provided therein. If
49 the declaration, articles of incorporation, or bylaws as
50 originally recorded or as amended under the procedures provided
51 therein do not specify the procedure for approving an alteration
52 or addition to association real property, the approval of 75
53 percent of the total voting interests of the association is
54 required before the material alterations or substantial
55 additions are commenced. This paragraph is intended to clarify
56 existing law and applies to associations existing on the
57 effective date of this act.

58 Section 4. Section 718.707, Florida Statutes, is amended to
59 read:

60 718.707 Time limitation for classification as bulk assignee
61 or bulk buyer.—A person acquiring condominium parcels may not be
62 classified as a bulk assignee or bulk buyer unless the
63 condominium parcels were acquired on or after July 1, 2010, ~~but~~
64 ~~before July 1, 2018~~. The date of such acquisition shall be
65 determined by the date of recording a deed or other instrument
66 of conveyance for such parcels in the public records of the
67 county in which the condominium is located, or by the date of
68 issuing a certificate of title in a foreclosure proceeding with



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69 respect to such condominium parcels.

70 Section 5. Paragraphs (a) and (b) of subsection (2) and
71 paragraph (c) of subsection (4) of section 719.104, Florida
72 Statutes, are amended to read:

73 719.104 Cooperatives; access to units; records; financial
74 reports; assessments; purchase of leases.-

75 (2) OFFICIAL RECORDS.-

76 (a) From the inception of the association, the association
77 shall maintain a copy of each of the following, where
78 applicable, which shall constitute the official records of the
79 association:

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

82 2. A photocopy of the cooperative documents.

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

84 4. A book or books containing the minutes of all meetings
85 of the association, of the board of directors, and of the unit
86 owners, which minutes shall be retained for a period of not less
87 than 7 years.

88 5. A current roster of all unit owners and their mailing
89 addresses, unit identifications, voting certifications, and, if
90 known, telephone numbers. The association shall also maintain
91 the electronic mailing addresses and the numbers designated by
92 unit owners for receiving notice sent by electronic transmission
93 of those unit owners consenting to receive notice by electronic
94 transmission. The electronic mailing addresses and numbers
95 provided by unit owners to receive notice by electronic
96 transmission shall be removed from association records when
97 consent to receive notice by electronic transmission is revoked.



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98 However, the association is not liable for an erroneous
99 disclosure of the electronic mail address or the number for
100 receiving electronic transmission of notices.

101 6. All current insurance policies of the association.

102 7. A current copy of any management agreement, lease, or
103 other contract to which the association is a party or under
104 which the association or the unit owners have an obligation or
105 responsibility.

106 8. Bills of sale or transfer for all property owned by the
107 association.

108 9. Accounting records for the association and separate
109 accounting records for each unit it operates, according to good
110 accounting practices. All accounting records shall be maintained
111 for a period of not less than 7 years. The accounting records
112 shall include, but not be limited to:

113 a. Accurate, itemized, and detailed records of all receipts
114 and expenditures.

115 b. A current account and a monthly, bimonthly, or quarterly
116 statement of the account for each unit designating the name of
117 the unit owner, the due date and amount of each assessment, the
118 amount paid upon the account, and the balance due.

119 c. All audits, reviews, accounting statements, and
120 financial reports of the association.

121 d. All contracts for work to be performed. Bids for work to
122 be performed shall also be considered official records and shall
123 be maintained for a period of 1 year.

124 10. Ballots, sign-in sheets, voting proxies, and all other
125 papers and electronic records relating to voting by unit owners,
126 which shall be maintained for a period of 1 year after the date



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127 of the election, vote, or meeting to which the document relates.

128 11. All rental records where the association is acting as
129 agent for the rental of units.

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

132 13. All other written records of the association not
133 specifically included in the foregoing which are related to the
134 operation of the association.

135 (b) The official records of the association must be
136 maintained within the state for at least 7 years. The records of
137 the association shall be made available to a unit owner within
138 45 miles of the cooperative property or within the county in
139 which the cooperative property is located within 10 ~~5~~ working
140 days after receipt of written request by the board or its
141 designee. This paragraph may be complied with by having a copy
142 of the official records of the association available for
143 inspection or copying on the cooperative property or the
144 association may offer the option of making the records available
145 to a unit owner electronically via the Internet or by allowing
146 the records to be viewed in an electronic format on a computer
147 screen and printed upon request. The association is not
148 responsible for the use or misuse of the information provided to
149 an association member or his or her authorized representative
150 pursuant to the compliance requirements of this chapter unless
151 the association has an affirmative duty not to disclose such
152 information pursuant to this chapter.

153 (4) FINANCIAL REPORT.—

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



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156 expenditures.

157 ~~2. An association in a community of fewer than 50 units,~~
158 ~~regardless of the association's annual revenues, shall prepare a~~
159 ~~report of cash receipts and expenditures in lieu of the~~
160 ~~financial statements required by paragraph (b), unless the~~
161 ~~declaration or other recorded governing documents provide~~
162 ~~otherwise.~~

163 2.3. A report of cash receipts and expenditures must
164 disclose the amount of receipts by accounts and receipt
165 classifications and the amount of expenses by accounts and
166 expense classifications, including the following, as applicable:
167 costs for security, professional, and management fees and
168 expenses; taxes; costs for recreation facilities; expenses for
169 refuse collection and utility services; expenses for lawn care;
170 costs for building maintenance and repair; insurance costs;
171 administration and salary expenses; and reserves, if maintained
172 by the association.

173 Section 6. Subsection (5) of section 719.1055, Florida
174 Statutes, is amended to read:

175 719.1055 Amendment of cooperative documents; alteration and
176 acquisition of property.—

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

182 (a)1. Notwithstanding chapter 633, s. 509.215, s.
183 553.895(1), or any other code, statute, ordinance,
184 administrative rule, or regulation, or any interpretation of the



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185 foregoing, an association ~~a cooperative~~ or unit owner is not
186 obligated to retrofit the common elements or units of a
187 residential cooperative with a fire sprinkler system or other
188 engineered lifesafety system in a building that is 75 feet or
189 less in height. There is no obligation to retrofit for a
190 building greater than 75 feet in height, calculated from the
191 lowest level of fire department vehicle access to the floor of
192 the highest occupiable story ~~has been certified for occupancy by~~
193 ~~the applicable governmental entity~~ if the unit owners have voted
194 to forego such retrofitting by the affirmative vote of a
195 majority of all voting interests in the affected cooperative.
196 There is no requirement that owners in cooperatives of 75 feet
197 or less conduct an opt-out vote and such cooperatives are exempt
198 from fire sprinkler or other engineered lifesafety retrofitting.
199 The preceding sentence is intended to clarify existing law. The
200 local authority having jurisdiction may not require completion
201 of retrofitting with a fire sprinkler system or other engineered
202 lifesafety system before January 1, 2022 ~~the end of 2019~~. By
203 December 31, 2018 ~~2016~~, a cooperative that is not in compliance
204 with the requirements for a fire sprinkler system or other
205 engineered lifesafety system and has not voted to forego
206 retrofitting of such a system must initiate an application for a
207 building permit for the required installation with the local
208 government having jurisdiction demonstrating that the
209 cooperative will become compliant by December 31, 2021 ~~2019~~.

210 2. A vote to forego required retrofitting may be obtained
211 by limited proxy or by a ballot personally cast at a duly called
212 membership meeting, or by execution of a written consent by the
213 member, or by electronic voting, and is effective upon recording



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214 a certificate executed by an officer or agent of the association
215 attesting to such vote in the public records of the county where
216 the cooperative is located. When the opt-out vote is to be
217 conducted at a meeting, the cooperative shall mail or ~~hand~~
218 deliver to each unit owner written notice at least 14 days
219 before the membership meeting in which the vote to forego
220 retrofitting of the required fire sprinkler system or other
221 engineered lifesafety system is to take place. Within 30 days
222 after the cooperative's opt-out vote, notice of the results of
223 the opt-out vote must be mailed or ~~hand~~ delivered to all unit
224 owners. Evidence of compliance with this notice requirement must
225 be made by affidavit executed by the person providing the notice
226 and filed among the official records of the cooperative. Failure
227 to provide timely notice to unit owners does not invalidate an
228 otherwise valid opt-out vote if notice of the results is
229 provided to the owners. ~~After notice is provided to each owner,~~
230 ~~a copy must be provided by the current owner to a new owner~~
231 ~~before closing and by a unit owner to a renter before signing a~~
232 ~~lease.~~

233 (b) If there has been a previous vote to forego
234 retrofitting, a vote to require retrofitting may be obtained at
235 a special meeting of the unit owners called by a petition of
236 least 10 percent of the voting interests or by a majority of the
237 board of directors. ~~Such vote may only be called once every 3~~
238 ~~years.~~ Notice must be provided as required for any regularly
239 called meeting of the unit owners, and the notice must state the
240 purpose of the meeting. ~~Electronic transmission may not be used~~
241 ~~to provide notice of a meeting called in whole or in part for~~
242 ~~this purpose.~~



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243 (c) As part of the information collected annually from
244 cooperatives, the division shall require associations to report
245 the membership vote and recording of a certificate under this
246 subsection and, if retrofitting has been undertaken, the per-
247 unit cost of such work. The division shall annually report to
248 the Division of State Fire Marshal of the Department of
249 Financial Services the number of cooperatives that have elected
250 to forego retrofitting. Compliance with this administrative
251 reporting requirement does not affect the validity of an opt-out
252 vote.

253 Section 7. Paragraphs (a) and (c) of subsection (1) of
254 section 719.106, Florida Statutes, are amended, and paragraph
255 (m) is added to that subsection, to read:

256 719.106 Bylaws; cooperative ownership.—

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

260 (a) *Administration.*—

261 1. The form of administration of the association shall be
262 described, indicating the titles of the officers and board of
263 administration and specifying the powers, duties, manner of
264 selection and removal, and compensation, if any, of officers and
265 board members. In the absence of such a provision, the board of
266 administration shall be composed of five members, except in the
267 case of cooperatives having five or fewer units, in which case
268 in not-for-profit corporations, the board shall consist of not
269 fewer than three members. In a residential cooperative
270 association of more than 10 units, co-owners of a unit may not
271 serve as members of the board of directors at the same time



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272 unless the co-owners own more than one unit or unless there are
273 not enough eligible candidates to fill the vacancies on the
274 board at the time of the vacancy. In the absence of provisions
275 to the contrary, the board of administration shall have a
276 president, a secretary, and a treasurer, who shall perform the
277 duties of those offices customarily performed by officers of
278 corporations. Unless prohibited in the bylaws, the board of
279 administration may appoint other officers and grant them those
280 duties it deems appropriate. Unless otherwise provided in the
281 bylaws, the officers shall serve without compensation and at the
282 pleasure of the board. Unless otherwise provided in the bylaws,
283 the members of the board shall serve without compensation.

284 2. A person who has been suspended or removed by the
285 division under this chapter, or who is delinquent in the payment
286 of any monetary obligation due to the association, is not
287 eligible to be a candidate for board membership and may not be
288 listed on the ballot. A director or officer charged by
289 information or indictment with a felony theft or embezzlement
290 offense involving the association's funds or property is
291 suspended from office. The board shall fill the vacancy
292 according to general law until the end of the period of the
293 suspension or the end of the director's term of office,
294 whichever occurs first. However, if the charges are resolved
295 without a finding of guilt or without acceptance of a plea of
296 guilty or nolo contendere, the director or officer shall be
297 reinstated for any remainder of his or her term of office. A
298 member who has such criminal charges pending may not be
299 appointed or elected to a position as a director or officer. A
300 person who has been convicted of any felony in this state or in



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301 any United States District Court, or who has been convicted of
302 any offense in another jurisdiction which would be considered a
303 felony if committed in this state, is not eligible for board
304 membership unless such felon's civil rights have been restored
305 for at least 5 years as of the date such person seeks election
306 to the board. The validity of an action by the board is not
307 affected if it is later determined that a board member is
308 ineligible for board membership due to having been convicted of
309 a felony.

310 3. When a unit owner files a written inquiry by certified
311 mail with the board of administration, the board shall respond
312 in writing to the unit owner within 30 days of receipt of the
313 inquiry. The board's response shall either give a substantive
314 response to the inquirer, notify the inquirer that a legal
315 opinion has been requested, or notify the inquirer that advice
316 has been requested from the division. If the board requests
317 advice from the division, the board shall, within 10 days of its
318 receipt of the advice, provide in writing a substantive response
319 to the inquirer. If a legal opinion is requested, the board
320 shall, within 60 days after the receipt of the inquiry, provide
321 in writing a substantive response to the inquirer. The failure
322 to provide a substantive response to the inquirer as provided
323 herein precludes the board from recovering attorney's fees and
324 costs in any subsequent litigation, administrative proceeding,
325 or arbitration arising out of the inquiry. The association may,
326 through its board of administration, adopt reasonable rules and
327 regulations regarding the frequency and manner of responding to
328 the unit owners' inquiries, one of which may be that the
329 association is obligated to respond to only one written inquiry



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330 per unit in any given 30-day period. In such case, any
331 additional inquiry or inquiries must be responded to in the
332 subsequent 30-day period, or periods, as applicable.

333 (c) *Board of administration meetings.*—Members of the board
334 of administration may use e-mail as a means of communication but
335 may not cast a vote on an association matter via e-mail.

336 Meetings of the board of administration at which a quorum of the
337 members is present shall be open to all unit owners. Any unit
338 owner may tape record or videotape meetings of the board of
339 administration. The right to attend such meetings includes the
340 right to speak at such meetings with reference to all designated
341 agenda items. The division shall adopt reasonable rules
342 governing the tape recording and videotaping of the meeting. The
343 association may adopt reasonable written rules governing the
344 frequency, duration, and manner of unit owner statements.

345 Adequate notice of all meetings shall be posted in a conspicuous
346 place upon the cooperative property at least 48 continuous hours
347 preceding the meeting, except in an emergency. Any item not
348 included on the notice may be taken up on an emergency basis by
349 at least a majority plus one of the members of the board. Such
350 emergency action shall be noticed and ratified at the next
351 regular meeting of the board. Notice of any meeting in which
352 regular or special assessments against unit owners are to be
353 considered must specifically state that assessments will be
354 considered and provide the estimated amount and description of
355 the purposes for such assessments. ~~However,~~ Written notice of
356 any meeting at which nonemergency special assessments, or at
357 which amendment to rules regarding unit use, will be considered
358 shall be mailed, delivered, or electronically transmitted to the



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359 unit owners and posted conspicuously on the cooperative property
360 not less than 14 days before the meeting. Evidence of compliance
361 with this 14-day notice shall be made by an affidavit executed
362 by the person providing the notice and filed among the official
363 records of the association. Upon notice to the unit owners, the
364 board shall by duly adopted rule designate a specific location
365 on the cooperative property upon which all notices of board
366 meetings shall be posted. In lieu of or in addition to the
367 physical posting of notice of any meeting of the board of
368 administration on the cooperative property, the association may,
369 by reasonable rule, adopt a procedure for conspicuously posting
370 and repeatedly broadcasting the notice and the agenda on a
371 closed-circuit cable television system serving the cooperative
372 association. However, if broadcast notice is used in lieu of a
373 notice posted physically on the cooperative property, the notice
374 and agenda must be broadcast at least four times every broadcast
375 hour of each day that a posted notice is otherwise required
376 under this section. When broadcast notice is provided, the
377 notice and agenda must be broadcast in a manner and for a
378 sufficient continuous length of time so as to allow an average
379 reader to observe the notice and read and comprehend the entire
380 content of the notice and the agenda. In addition to any of the
381 authorized means of providing notice of a meeting of the board,
382 the association may, by rule, adopt a procedure for
383 conspicuously posting the meeting notice and the agenda on a
384 website serving the cooperative association for at least the
385 minimum period of time for which a notice of a meeting is also
386 required to be physically posted on the cooperative property.
387 Any rule adopted shall, in addition to other matters, include a



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388 requirement that the association send an electronic notice
389 providing a hypertext link to the website where the notice is
390 posted. Notice of any meeting in which regular assessments
391 against unit owners are to be considered for any reason shall
392 specifically contain a statement that assessments will be
393 considered and the nature of any such assessments. Meetings of a
394 committee to take final action on behalf of the board or to make
395 recommendations to the board regarding the association budget
396 are subject to the provisions of this paragraph. Meetings of a
397 committee that does not take final action on behalf of the board
398 or make recommendations to the board regarding the association
399 budget are subject to the provisions of this section, unless
400 those meetings are exempted from this section by the bylaws of
401 the association. Notwithstanding any other law to the contrary,
402 the requirement that board meetings and committee meetings be
403 open to the unit owners does not apply to board or committee
404 meetings held for the purpose of discussing personnel matters or
405 meetings between the board or a committee and the association's
406 attorney, with respect to proposed or pending litigation, if the
407 meeting is held for the purpose of seeking or rendering legal
408 advice.

409 (m) Director or officer delinquencies.—A director or
410 officer more than 90 days delinquent in the payment of any
411 monetary obligation due the association shall be deemed to have
412 abandoned the office, creating a vacancy in the office to be
413 filled according to law.

414 Section 8. Paragraph (b) of subsection (1) of section
415 719.107, Florida Statutes, is amended to read:

416 719.107 Common expenses; assessment.—



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417 (1)
418 (b) If so provided in the bylaws, the cost of a master
419 antenna television system or duly franchised cable television
420 service, communications services as defined in chapter 202,
421 information services, or Internet services obtained pursuant to
422 a bulk contract shall be deemed a common expense, and if not
423 obtained pursuant to a bulk contract, such cost shall be
424 considered common expense if it is designated as such in a
425 written contract between the board of administration and the
426 company providing the master television antenna system or the
427 cable television service, communications services as defined in
428 chapter 202, information services, or Internet services. The
429 contract shall be for a term of not less than 2 years.
430 1. Any contract made by the board after April 2, 1992, for
431 a community antenna system or duly franchised cable television
432 service, communications services as defined in chapter 202,
433 information services, or Internet services may be canceled by a
434 majority of the voting interests present at the next regular or
435 special meeting of the association. Any member may make a motion
436 to cancel the contract, but if no motion is made or if such
437 motion fails to obtain the required majority at the next regular
438 or special meeting, whichever is sooner, following the making of
439 the contract, then such contract shall be deemed ratified for
440 the term therein expressed.
441 2. Any such contract shall provide, and shall be deemed to
442 provide if not expressly set forth, that any hearing impaired or
443 legally blind unit owner who does not occupy the unit with a
444 nonhearing impaired or sighted person may discontinue the
445 service without incurring disconnect fees, penalties, or



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446 subsequent service charges, and as to such units, the owners
447 shall not be required to pay any common expenses charge related
448 to such service. If less than all members of an association
449 share the expenses of cable television, the expense shall be
450 shared equally by all participating unit owners. The association
451 may use the provisions of s. 719.108 to enforce payment of the
452 shares of such costs by the unit owners receiving cable
453 television.

454 Section 9. Paragraphs (a) and (c) of subsection (2) and
455 subsections (6) and (7) of section 720.303, Florida Statutes,
456 are amended to read:

457 720.303 Association powers and duties; meetings of board;
458 official records; budgets; budget meetings; financial reporting;
459 association funds; recalls.—

460 (2) BOARD MEETINGS.—

461 (a) Members of the board of administration may use e-mail
462 as a means of communication, but may not cast a vote on an
463 association matter via e-mail. A meeting of the board of
464 directors of an association occurs whenever a quorum of the
465 board gathers to conduct association business. Meetings of the
466 board must be open to all members, except for meetings between
467 the board and its attorney with respect to proposed or pending
468 litigation where the contents of the discussion would otherwise
469 be governed by the attorney-client privilege. A meeting of the
470 board must be held at a location that is accessible to a
471 physically handicapped person if requested by a physically
472 handicapped person who has a right to attend the meeting. The
473 provisions of this subsection shall also apply to the meetings
474 of any committee or other similar body when a final decision



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475 will be made regarding the expenditure of association funds and
476 to meetings of any body vested with the power to approve or
477 disapprove architectural decisions with respect to a specific
478 parcel of residential property owned by a member of the
479 community.

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

484 1. Notices of all board meetings must be posted in a
485 conspicuous place in the community at least 48 hours in advance
486 of a meeting, except in an emergency. In the alternative, if
487 notice is not posted in a conspicuous place in the community,
488 notice of each board meeting must be mailed or delivered to each
489 member at least 7 days before the meeting, except in an
490 emergency. Notwithstanding this general notice requirement, for
491 communities with more than 100 members, the association bylaws
492 may provide for a reasonable alternative to posting or mailing
493 of notice for each board meeting, including publication of
494 notice, provision of a schedule of board meetings, or the
495 conspicuous posting and repeated broadcasting of the notice on a
496 closed-circuit cable television system serving the homeowners'
497 association. However, if broadcast notice is used in lieu of a
498 notice posted physically in the community, the notice must be
499 broadcast at least four times every broadcast hour of each day
500 that a posted notice is otherwise required. When broadcast
501 notice is provided, the notice and agenda must be broadcast in a
502 manner and for a sufficient continuous length of time so as to
503 allow an average reader to observe the notice and read and



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504 comprehend the entire content of the notice and the agenda. The
505 association may provide notice by electronic transmission in a
506 manner authorized by law for meetings of the board of directors,
507 committee meetings requiring notice under this section, and
508 annual and special meetings of the members to any member who has
509 provided a facsimile number or e-mail address to the association
510 to be used for such purposes; however, a member must consent in
511 writing to receiving notice by electronic transmission.

512 2. An assessment may not be levied at a board meeting
513 unless the notice of the meeting includes a statement that
514 assessments will be considered and the nature of the
515 assessments. Written notice of any meeting at which special
516 assessments will be considered or at which amendments to rules
517 regarding parcel use will be considered must be mailed,
518 delivered, or electronically transmitted to the members and
519 parcel owners and posted conspicuously on the property or
520 broadcast on closed-circuit cable television not less than 14
521 days before the meeting.

522 3. Directors may not vote by proxy or by secret ballot at
523 board meetings, except that secret ballots may be used in the
524 election of officers. This subsection also applies to the
525 meetings of any committee or other similar body, when a final
526 decision will be made regarding the expenditure of association
527 funds, and to any body vested with the power to approve or
528 disapprove architectural decisions with respect to a specific
529 parcel of residential property owned by a member of the
530 community.

531 (6) BUDGETS; BUDGET MEETINGS.—

532 (a) The association shall prepare an annual budget that



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533 sets out the annual operating expenses. The budget must reflect
534 the estimated revenues and expenses for that year and the
535 estimated surplus or deficit as of the end of the current year.
536 The budget must set out separately all fees or charges paid for
537 by the association for recreational amenities, whether owned by
538 the association, the developer, or another person. The
539 association shall provide each member with a copy of the annual
540 budget or a written notice that a copy of the budget is
541 available upon request at no charge to the member. The copy must
542 be provided to the member within the time limits set forth in
543 subsection (5).

544 (b) In addition to annual operating expenses, the budget
545 must ~~may~~ include reserve accounts for capital expenditures and
546 deferred maintenance ~~for~~ which are obligations of the
547 association under is responsible. ~~If reserve accounts are not~~
548 ~~established pursuant to paragraph (d), funding of such reserves~~
549 ~~is limited to the extent that~~ the governing documents for any
550 item that has a deferred maintenance expense or replacement cost
551 that exceeds \$10,000. The amount to be reserved must be computed
552 using a formula based upon estimated remaining useful life and
553 estimated replacement cost or deferred maintenance expense of
554 each reserve item. The association may adjust replacement
555 reserve limit increases in assessments annually to take into
556 account any changes in estimates or extension of the useful life
557 of a reserve item caused by deferred maintenance. This
558 subsection does not apply to a budget adopted by the members of
559 an association by a majority vote at a duly called meeting,
560 including reserves. If the budget of the association to provide
561 no reserves or less reserves than required by this subsection



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562 ~~includes reserve accounts established pursuant to paragraph (d),~~
563 ~~such reserves shall be determined, maintained, and waived in the~~
564 ~~manner provided in this subsection. Once an association provides~~
565 ~~for reserve accounts pursuant to paragraph (d), the association~~
566 ~~shall thereafter determine, maintain, and waive reserves in~~
567 ~~compliance with this subsection. This section does not preclude~~
568 the termination of a reserve account established pursuant to
569 this paragraph upon approval of a majority of the total voting
570 interests of the association. Upon such approval, the
571 terminating reserve account shall be removed from the budget.

572 (c)1. Before turnover of control of an If the budget of the
573 association pursuant to s. 720.307, the developer may vote the
574 voting interests allocated to its parcels to waive the reserves
575 or reduce the funding of reserves through the period expiring at
576 the end of the second fiscal year after the fiscal year in which
577 the governing documents are initially recorded or an instrument
578 that transfers title to a parcel subject to the governing
579 documents which is not accompanied by a recorded assignment of
580 developer rights in favor of the grantee of such parcel is
581 recorded, whichever occurs first, after which time reserves may
582 be waived or reduced only upon the vote of a majority of all
583 nondeveloper voting interests voting in person or by limited
584 proxy at a duly called meeting of the association. does not
585 ~~provide for reserve accounts pursuant to paragraph (d) and the~~
586 ~~association is responsible for the repair and maintenance of~~
587 ~~capital improvements that may result in a special assessment if~~
588 ~~reserves are not provided, each financial report for the~~
589 ~~preceding fiscal year required by subsection (7) must contain~~
590 ~~the following statement in conspicuous type:~~



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591 ~~THE BUDGET OF THE ASSOCIATION DOES NOT PROVIDE FOR RESERVE~~
592 ~~ACCOUNTS FOR CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE THAT~~
593 ~~MAY RESULT IN SPECIAL ASSESSMENTS. OWNERS MAY ELECT TO PROVIDE~~
594 ~~FOR RESERVE ACCOUNTS PURSUANT TO SECTION 720.303(6), FLORIDA~~
595 ~~STATUTES, UPON OBTAINING THE APPROVAL OF A MAJORITY OF THE TOTAL~~
596 ~~VOTING INTERESTS OF THE ASSOCIATION BY VOTE OF THE MEMBERS AT A~~
597 ~~MEETING OR BY WRITTEN CONSENT.~~

598 ~~2. If the budget of the association does provide for~~
599 ~~funding accounts for deferred expenditures, including, but not~~
600 ~~limited to, funds for capital expenditures and deferred~~
601 ~~maintenance, but such accounts are not created or established~~
602 ~~pursuant to paragraph (d), each financial report for the~~
603 ~~preceding fiscal year required under subsection (7) must also~~
604 ~~contain the following statement in conspicuous type:~~
605 ~~THE BUDGET OF THE ASSOCIATION PROVIDES FOR LIMITED VOLUNTARY~~
606 ~~DEFERRED EXPENDITURE ACCOUNTS, INCLUDING CAPITAL EXPENDITURES~~
607 ~~AND DEFERRED MAINTENANCE, SUBJECT TO LIMITS ON FUNDING CONTAINED~~
608 ~~IN OUR GOVERNING DOCUMENTS. BECAUSE THE OWNERS HAVE NOT ELECTED~~
609 ~~TO PROVIDE FOR RESERVE ACCOUNTS PURSUANT TO SECTION 720.303(6),~~
610 ~~FLORIDA STATUTES, THESE FUNDS ARE NOT SUBJECT TO THE~~
611 ~~RESTRICTIONS ON USE OF SUCH FUNDS SET FORTH IN THAT STATUTE, NOR~~
612 ~~ARE RESERVES CALCULATED IN ACCORDANCE WITH THAT STATUTE.~~

613 ~~(d) An association is deemed to have provided for reserve~~
614 ~~accounts if reserve accounts have been initially established by~~
615 ~~the developer or if the membership of the association~~
616 ~~affirmatively elects to provide for reserves. If reserve~~
617 ~~accounts are established by the developer, the budget must~~
618 ~~designate the components for which the reserve accounts may be~~
619 ~~used. If reserve accounts are not initially provided by the~~



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620 ~~developer, the membership of the association may elect to do so~~
621 ~~upon the affirmative approval of a majority of the total voting~~
622 ~~interests of the association. Such approval may be obtained by~~
623 ~~vote of the members at a duly called meeting of the membership~~
624 ~~or by the written consent of a majority of the total voting~~
625 ~~interests of the association. The approval action of the~~
626 ~~membership must state that reserve accounts shall be provided~~
627 ~~for in the budget and must designate the components for which~~
628 ~~the reserve accounts are to be established. Upon approval by the~~
629 ~~membership, the board of directors shall include the required~~
630 ~~reserve accounts in the budget in the next fiscal year following~~
631 ~~the approval and each year thereafter. Once established as~~
632 ~~provided in this subsection, the reserve accounts must be funded~~
633 ~~or maintained or have their funding waived in the manner~~
634 ~~provided in paragraph (f).~~

635 ~~(e) The amount to be reserved in any account established~~
636 ~~shall be computed by means of a formula that is based upon~~
637 ~~estimated remaining useful life and estimated replacement cost~~
638 ~~or deferred maintenance expense of each reserve item. The~~
639 ~~association may adjust replacement reserve assessments annually~~
640 ~~to take into account any changes in estimates of cost or useful~~
641 ~~life of a reserve item.~~

642 ~~(f) After one or more reserve accounts are established, the~~
643 ~~membership of the association, upon a majority vote at a meeting~~
644 ~~at which a quorum is present, may provide for no reserves or~~
645 ~~less reserves than required by this section. If a meeting of the~~
646 ~~parcel unit owners has been called to determine whether to waive~~
647 ~~or reduce the funding of reserves and such result is not~~
648 ~~achieved or a quorum is not present, the reserves as included in~~



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649 the budget go into effect. After the turnover, the developer may
650 vote its voting interest to waive or reduce the funding of
651 reserves. ~~Any vote taken pursuant to this subsection to waive or~~
652 ~~reduce reserves is applicable only to one budget year.~~

653 (d) Reserve funds and any interest accruing thereon shall
654 remain in the reserve account or accounts and may be used only
655 for authorized reserve expenditures unless their use for other
656 purposes is approved in advance by a majority vote at a duly
657 called meeting of the association. Before turnover of control of
658 an association by a developer to parcel owners other than the
659 developer pursuant to s. 720.307, the developer-controlled
660 association may not vote to use reserves for purposes other than
661 those for which they were intended without the approval of a
662 majority of all nondeveloper voting interests, voting in person
663 or by limited proxy at a duly called meeting of the association.

664 (e) The only voting interests eligible to vote on questions
665 that involve waiving or reducing the funding of reserves, or
666 using existing reserve funds for purposes other than purposes
667 for which the reserves were intended, are the voting interests
668 of the parcels subject to assessment to fund the reserves in
669 question. Any vote taken pursuant to this subsection to waive or
670 reduce reserves is applicable only to one budget year. Proxy

671 questions relating to waiving or reducing the funding of
672 reserves or using existing reserve funds for purposes other than
673 purposes for which the reserves were intended must contain the
674 following statement in capitalized, bold letters in a font size
675 larger than any other used on the face of the proxy ballot:

676 WAIVING OF RESERVES, IN WHOLE OR IN PART, OR ALLOWING
677 ALTERNATIVE USES OF EXISTING RESERVES MAY RESULT IN PARCEL OWNER



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678 LIABILITY FOR PAYMENT OF UNANTICIPATED SPECIAL ASSESSMENTS
679 REGARDING THOSE ITEMS.

680 (f) Funding formulas for reserves required by this section
681 must be based on a pooled analysis of two or more of the items
682 for which reserves are required to be accrued pursuant to this
683 subsection. The amount of the contribution to the pooled reserve
684 account as disclosed on the proposed budget may not be less than
685 that required to ensure that the balance on hand at the
686 beginning of the period the budget will go into effect plus the
687 projected annual cash inflows over the remaining estimated
688 useful life of all of the assets that make up the reserve pool
689 are equal to or greater than the projected annual cash outflows
690 over the remaining estimated useful lives of all the assets that
691 make up the reserve pool based on the current reserve analysis.
692 The projected annual cash inflows may include estimated earnings
693 from investment of principal and accounts receivable minus the
694 allowance for doubtful accounts. The reserve funding formula may
695 not include any type of balloon payments.

696 (g) As alternative to the pooled analysis method described
697 in paragraph (f) and, if approved by a majority vote at a
698 meeting of the members of the association at which a quorum is
699 present, the funding formulas for reserves required authorized
700 by this section ~~may~~ must be based on a separate analysis of each
701 of the required assets or a pooled analysis of two or more of
702 the required assets.

703 1. If the association maintains separate reserve accounts
704 for each of the required assets, the amount of the contribution
705 to each reserve account is the sum of the following two
706 calculations:



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

709 ~~2.b.~~ The total estimated deferred maintenance expense or
710 estimated replacement cost of the reserve component less the
711 estimated balance of the reserve component as of the beginning
712 of the period the budget will be in effect. The remainder, if
713 greater than zero, shall be divided by the estimated remaining
714 useful life of the component.

715
716 The formula may be adjusted each year for changes in estimates
717 and deferred maintenance performed during the year and may
718 include factors such as inflation and earnings on invested
719 funds. An association may convert its funding formulas from a
720 component method to a pooled method, as described in paragraph
721 (f), at any time if approved by a majority vote at a meeting at
722 which a quorum is present.

723 ~~2. If the association maintains a pooled account of two or~~
724 ~~more of the required reserve assets, the amount of the~~
725 ~~contribution to the pooled reserve account as disclosed on the~~
726 ~~proposed budget may not be less than that required to ensure~~
727 ~~that the balance on hand at the beginning of the period the~~
728 ~~budget will go into effect plus the projected annual cash~~
729 ~~inflows over the remaining estimated useful life of all of the~~
730 ~~assets that make up the reserve pool are equal to or greater~~
731 ~~than the projected annual cash outflows over the remaining~~
732 ~~estimated useful lives of all the assets that make up the~~
733 ~~reserve pool, based on the current reserve analysis. The~~
734 ~~projected annual cash inflows may include estimated earnings~~
735 ~~from investment of principal and accounts receivable minus the~~



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736 ~~allowance for doubtful accounts. The reserve funding formula may~~
737 ~~not include any type of balloon payments.~~

738 ~~(h)1. Reserve funds and Any interest accruing thereon shall~~
739 ~~remain in the reserve account or accounts and shall be used only~~
740 ~~for authorized reserve expenditures unless their use for other~~
741 ~~purposes is approved in advance by a majority vote at a meeting~~
742 ~~at which a proposed annual budget of an association will be~~
743 ~~considered by the board or a quorum is present. Prior to~~
744 ~~turnover of control of an association by a developer to parcel~~
745 ~~owners shall be open to all parcel owners, the developer-~~
746 ~~controlled association shall not vote to use reserves for~~
747 ~~purposes other than those for which they were intended without~~
748 ~~the approval of a majority of all nondeveloper voting interests~~
749 ~~voting in person or by limited proxy at a duly called meeting of~~
750 ~~the association.~~

751 ~~2.a. If a board adopts in any fiscal year an annual budget~~
752 ~~that requires assessments against parcel owners which exceed 115~~
753 ~~percent of assessments for the preceding fiscal year, the board~~
754 ~~shall conduct a special meeting of the parcel owners to consider~~
755 ~~a substitute budget if the board receives, within 21 days after~~
756 ~~adoption of the annual budget, a written request for a special~~
757 ~~meeting from at least 10 percent of all voting interests. The~~
758 ~~special meeting shall be conducted within 60 days after adoption~~
759 ~~of the annual budget. At least 14 days before such special~~
760 ~~meeting, the board shall hand deliver to each parcel owner, or~~
761 ~~mail to each parcel owner at the address last furnished to the~~
762 ~~association, a notice of the meeting. An officer or manager of~~
763 ~~the association, or other person providing notice of such~~
764 ~~meeting shall execute an affidavit evidencing compliance with~~



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765 this notice requirement, and such affidavit shall be filed among
766 the official records of the association. Parcel owners may
767 consider and adopt a substitute budget at the special meeting. A
768 substitute budget is adopted if approved by a majority of all
769 voting interests unless the bylaws require adoption by a greater
770 percentage of voting interests. If there is not a quorum at the
771 special meeting or a substitute budget is not adopted, the
772 annual budget previously adopted by the board shall take effect
773 as scheduled.

774 b. Any determination of whether assessments exceed 115
775 percent of assessments for the prior fiscal year shall exclude
776 any authorized provision for reasonable reserves for repair or
777 replacement of the association property, anticipated expenses of
778 the association which the board does not expect to be incurred
779 on a regular or annual basis, or assessments for betterments to
780 the condominium property.

781 c. If the developer controls the board, assessments may not
782 exceed 115 percent of assessments for the prior fiscal year
783 unless approved by a majority of all voting interests.

784 (i) The provisions of paragraphs (b)-(h) do not apply to
785 mandatory reserve accounts required to be established and
786 maintained by an association at the direction of a county or
787 municipal government, water or drainage management district,
788 community development district, or other political subdivision
789 that has the authority to approve and control subdivision
790 infrastructure which is entrusted to the care of an association
791 on the condition that the association establish and maintain one
792 or more mandatory reserve accounts for the deferred maintenance
793 or replacement of the infrastructure in accordance with the



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794 requirements of that entrusting authority.

795 (7) FINANCIAL REPORTING.—Within 90 days after the end of
796 the fiscal year, or annually on the date provided in the bylaws,
797 the association shall prepare and complete, or contract with a
798 third party for the preparation and completion of, a financial
799 report for the preceding fiscal year. Within 21 days after the
800 final financial report is completed by the association or
801 received from the third party, but not later than 120 days after
802 the end of the fiscal year or other date as provided in the
803 bylaws, the association shall, within the time limits set forth
804 in subsection (5), provide each member with a copy of the annual
805 financial report or a written notice that a copy of the
806 financial report is available upon request at no charge to the
807 member. Financial reports shall be prepared as follows:

808 (a) An association that meets the criteria of this
809 paragraph shall prepare or cause to be prepared a complete set
810 of financial statements in accordance with generally accepted
811 accounting principles as adopted by the Board of Accountancy.
812 The financial statements shall be based upon the association's
813 total annual revenues, as follows:

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

817 2. An association with total annual revenues of at least
818 \$300,000, but less than \$500,000, shall prepare reviewed
819 financial statements.

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

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



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

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

830 2.3. A report of cash receipts and disbursement must
831 disclose the amount of receipts by accounts and receipt
832 classifications and the amount of expenses by accounts and
833 expense classifications, including, but not limited to, the
834 following, as applicable: costs for security, professional, and
835 management fees and expenses; taxes; costs for recreation
836 facilities; expenses for refuse collection and utility services;
837 expenses for lawn care; costs for building maintenance and
838 repair; insurance costs; administration and salary expenses; and
839 reserves if maintained by the association.

840 (c) If 20 percent of the parcel owners petition the board
841 for a level of financial reporting higher than that required by
842 this section, the association shall duly notice and hold a
843 meeting of members within 30 days of receipt of the petition for
844 the purpose of voting on raising the level of reporting for that
845 fiscal year. Upon approval of a majority of the total voting
846 interests of the parcel owners, the association shall prepare or
847 cause to be prepared, shall amend the budget or adopt a special
848 assessment to pay for the financial report regardless of any
849 provision to the contrary in the governing documents, and shall
850 provide within 90 days of the meeting or the end of the fiscal
851 year, whichever occurs later:



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

855 2. Reviewed or audited financial statements, if the
856 association is otherwise required to prepare compiled financial
857 statements; or

858 3. Audited financial statements if the association is
859 otherwise required to prepare reviewed financial statements.

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

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

865 2. A report of cash receipts and expenditures or a compiled
866 financial statement in lieu of a reviewed or audited financial
867 statement; or

868 3. A report of cash receipts and expenditures, a compiled
869 financial statement, or a reviewed financial statement in lieu
870 of an audited financial statement.

871
872 ===== T I T L E A M E N D M E N T =====

873 And the title is amended as follows:

874 Delete lines 14 - 54

875 and insert:

876 applicability; amending s. 718.113, F.S.; revising
877 voting requirements relating to alterations and
878 additions to certain common elements or association
879 property; amending s. 718.707, F.S.; revising the time
880 period for classification as bulk assignee or bulk



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881 buyer; amending s. 719.104, F.S.; revising
882 recordkeeping and reporting requirements; amending s.
883 719.1055, F.S.; revising provisions relating to
884 required condominium and cooperative association
885 bylaws; revising provisions relating to evidence of
886 condominium and cooperative association compliance
887 with the fire and life safety code; revising unit and
888 common elements required to be retrofitted; revising
889 provisions relating to an association vote to forego
890 retrofitting; providing applicability; amending s.
891 719.106, F.S.; revising requirements to serve as a
892 board member; prohibiting a board member from voting
893 via e-mail; requiring that directors who are
894 delinquent in certain payments owed in excess of
895 certain periods of time be deemed to have abandoned
896 their offices; authorizing an association to adopt
897 rules for posting certain notices on a website;
898 amending s. 719.107, F.S.; specifying certain services
899 which are obtained pursuant to a bulk contract to be
900 deemed a common expense; amending s. 720.303, F.S.;
901 prohibiting a board member from voting via e-mail;
902 revising certain notice requirements relating to board
903 meetings; revising and providing budget requirements;
904 providing an exemption to certain requirements;
905 revising financial reporting requirements; authorizing
906 an association to adopt rules for posting certain
907 notices on a website; amending s. 720.306, F.S.;