1	A bill to be entitled
2	An act relating to the Florida Construction
3	Industries Recovery Fund; amending s. 489.140,
4	F.S.; renaming the fund as the Florida
5	Homeowners' Construction Recovery Fund;
6	creating s. 489.1401, F.S.; declaring
7	legislative intent with respect to use of the
8	fund; creating s. 489.1402, F.S.; defining
9	terms; amending s. 489.141, F.S.; revising
10	conditions for recovery from the fund; amending
11	s. 489.142, F.S.; providing for hearings and
12	for service of notice; amending s. 489.1425,
13	F.S.; conforming to changes in terminology;
14	amending s. 489.143, F.S.; providing a limit on
15	disbursements with respect to a single
16	contract; revising guidelines for making
17	payments from the fund; providing criminal
18	penalties for specified fraudulent acts;
19	amending ss. 489.144, 489.13, 489.131, F.S.;
20	conforming terminology to the changes made by
21	the act; amending s. 468.631, F.S.; requiring
22	certain information relating to building
23	permits to be reported to the Department of
24	Business and Professional Regulation; providing
25	an effective date.
26	
27	WHEREAS, the Florida Construction Industries Recovery
28	Fund was created to reimburse a person who has suffered
29	monetary damages as a result of financial mismanagement by a
30	contractor, and
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CODING: Words stricken are deletions; words underlined are additions.

1	WHEREAS, the Legislature recognizes that homeowners
2	have been caused most monetary damages as a result of
3	financial mismanagement or abandonment by Division I
4	contractors, and
5	WHEREAS, the Legislature desires to provide homeowners
6	with recompense for such monetary damages, and
7	WHEREAS, the Legislature recognizes that the current
8	law places claimants in the position of having to reestablish
9	damages in order to comply with the provisions of the statute,
10	and
11	WHEREAS, the Legislature desires to make clear the
12	circumstances under which an award from the fund shall be
13	made, and
14	WHEREAS, the Legislature wishes to make other
15	clarifying changes and improve the disposition of claims
16	filed, and
17	WHEREAS, the Legislature recognizes that there are
18	claims currently pending from persons who are not homeowners
19	or who have presented claims for monetary damages caused by
20	Division II contractors, and
21	WHEREAS, the Legislature desires to provide a mechanism
22	for those claims if eligible, to be paid, NOW, THEREFORE,
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24	Be It Enacted by the Legislature of the State of Florida:
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26	Section 1. Section 489.140, Florida Statutes, is
27	amended to read:
28	489.140 Florida Homeowners' Construction Industries
29	Recovery Fund There is created the Florida Homeowners'
30	Construction Industries Recovery Fund as a separate account in
31	the Professional Regulation Trust Fund.

1	(1) The Florida Construction Industries Recovery Fund
2	shall be disbursed as provided in s. 489.143, on order of the
3	board, as reimbursement to any natural person adjudged by a
4	court of competent jurisdiction to have suffered monetary
5	damages, or to whom the licensee has been ordered to pay
6	restitution by the board, where the judgment or restitution
7	order is based on a violation of s. 489.129(1)(g), (j), or
8	(k), committed by any contractor, financially responsible
9	officer, or business organization licensed under the
10	provisions of this part at the time the violation was
11	committed, and providing that the violation occurs after July
12	1, 1993.
13	(2) The Construction Industries recovery fund shall be
14	funded out of the receipts deposited in the Professional
15	Regulation Trust Fund from the one-half cent per square foot
16	surcharge on building permits collected and disbursed pursuant
17	to s. 468.631.
18	Section 2. Section 489.1401, Florida Statutes, is
19	created to read:
20	489.1401 Legislative intent
21	(1) It is the intent of the Legislature that actions
22	taken by the Construction Industry Licensing Board with
23	respect to contractor sanctions and pursuant to this chapter
24	are an exercise of the department's regulatory power for the
25	protection of public safety and welfare.
26	(2) It is the intent of the Legislature that the sole
27	purpose of the Florida Homeowners' Construction Recovery Fund
28	is to compensate any aggrieved claimant who contracted for the
29	construction or improvement of the residence located within
30	this state and who has obtained a final judgment in any court
31	of competent jurisdiction, was awarded restitution by the

1	Construction Industry Licensing Board, or received an award in
2	arbitration against a licensee on grounds of financial
3	mismanagement or misconduct, abandoning a construction
4	project, or making a false statement with respect to a project
5	and arising directly out of any transaction when the judgment
6	debtor was licensed and performed any of the activities
7	enumerated under s. 489.129(1)(q), (j) or (k) on the
8	homeowner's residence.
9	(3) It is the intent of the Legislature that Division
10	I contractors set apart funds for the specific objective of
11	participating in the fund.
12	Section 3. Section 489.1402, Florida Statutes, is
13	created to read:
14	489.1402 Definitions
15	(1) The following definitions apply to
16	ss.489.140-489.144:
17	(a) "Arbitration" means alternative dispute resolution
18	entered into between a claimant and a contractor either
19	pursuant to a construction contract that contains a mandatory
20	arbitration clause or through any binding arbitration under
21	the Florida Arbitration Code.
22	(b) "Board" means the Construction Industry Licensing
23	Board.
24	(c) "Claimant" means a homeowner.
25	(d) "Contractor" means a Division I contractor
26	performing services described in s. 489.105 (3)(a)-(c).
27	(e) "Court of competent jurisdiction" means a civil or
28	criminal court in the state of Florida, or a bankruptcy court.
29	(f) "Homeowner" means the owner of an owner-occupied
30	residence, including a trustee based upon a trust instrument
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1	<u>granting a person a beneficial interest for life in the</u>
2	residence.
3	(q) "Licensee" means a contractor, financially
4	responsible officer, or business organization licensed under
5	this part at the time the violation was committed.
6	(h) "Notice" means service as described in s. 455.275.
7	(i) "Residence" means an individual residential
8	condominium or cooperative unit or a residential building
9	containing not more than two residential units in which the
10	owner contracting for the improvement is residing or will
11	reside 6 months or more each calendar year upon completion of
12	the improvement.
13	(j) "Recovery fund" means the Florida Homeowner's
14	Construction Recovery Fund.
15	(k) "Same transaction" means a contract, or any series
16	of contracts, between a claimant and a contractor or qualified
17	business, when such contract or contracts involve the same
18	property or contiquous properties and are entered into either
19	at one time or serially.
20	(1) "Valid and current license," for the purpose of s.
21	489.141(2)(d), means any license issued pursuant to this part
22	to a licensee, including a license in an active, inactive,
23	<u>delinquent</u> , or suspended status.
24	(2) The following definitions apply to claims made
25	prior to July 1, 2007, when the contract was executed and the
26	violation occurred on or before January 1, 2005.
27	(a) "Claimant" means a natural person.
28	(b) "Licensee" means a contractor, financially
29	responsible officer, or business organization licensed under
30	this part at the time the violation was committed.
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Section 4. Section 489.141, Florida Statutes, is 2 amended to read: 3 489.141 Conditions for recovery; eligibility.--4 (1) Any <u>claimant</u> person is eligible to seek recovery 5 from the Construction Industries recovery fund after having made a claim and exhausting the limits of any available bond, 6 cash bond, surety, guarantee, warranty, letter of credit, or 8 policy of insurance, provided that each of the following conditions is satisfied if: 9 (a) The claimant Such person has received final 10 judgment in a court of competent jurisdiction in this state in 11 any action wherein the cause of action was based on a 12 13 construction contract or has received an award in arbitration 14 or the Construction Industry Licensing Board has issued a final order directing the licensee to pay restitution to the 15 claimant. The board may waive this requirement if: 16 1. The claimant is unable to secure a final judgment 17 against the licensee due to the death of the licensee; or 18 2. The claimant has sought to have assets involving 19 the transaction that gave rise to the claim removed from the 20 bankruptcy proceedings so that the matter might be heard in a 2.1 22 court of competent jurisdiction in this state and, after due diligence, the claimant is precluded by action of the 23 24 bankruptcy court from securing a final judgment against the 2.5 licensee. (b) The judgment, award, or restitution is based upon 26 a violation of s. 489.129(1)(g), (j), or (k) or s. 713.35.7 27 28 where the 29 (c) The violation was committed by a licensee. 30

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(d) The judgment, award, or restitution order
specifies the actual damages suffered as a consequence of such violation.
(e) The contract was executed and the violation

occurred on or after July 1, 1993, and provided that:

1.a. The claimant Such person has caused to be issued a writ of execution upon such judgment, and the officer executing the writ has made a return showing that no personal or real property of the judgment debtor or licensee liable to be levied upon in satisfaction of the judgment can be found or that the amount realized on the sale of the judgment debtor's or licensee's property pursuant to such execution was insufficient to satisfy the judgment; or

2.b. If the claimant such person is unable to comply with subparagraph 1. sub subparagraph a. for a valid reason to be determined by the board, the claimant such person has made all reasonable searches and inquiries to ascertain whether the judgment debtor or licensee is possessed of real or personal property or other assets subject to being sold or applied in satisfaction of the judgment and by his or her search has discovered no property or assets or has discovered property and assets and has taken all necessary action and proceedings for the application thereof to the judgment but the amount thereby realized was insufficient to satisfy the judgment; and

3.2. The claimant has made a diligent attempt, as defined by board rule, to collect the restitution awarded by the board.

 $\underline{(f)(b)}$ A claim for recovery is made within $\frac{2 \text{ years}}{2 \text{ years}}$ from the time of the act giving rise to the claim or within $\frac{2}{2}$ years from the time the act is discovered or should have been

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discovered with the exercise of due diligence; however, in no event may a claim for recovery be made more than 4 years after the date of the act giving rise to the claim or more than 1 year after the conclusion of any civil, criminal, or administrative action or award in arbitration based on the act. This paragraph applies to any claim filed with the board after October 1, 1998., whichever is later;

(q)(c) Any amounts recovered by the claimant such person from the judgment debtor or licensee, or from any other source, have been applied to the damages awarded by the court or the amount of restitution ordered by the board. ; and

(h)(d) The claimant Such person is not a person who is precluded by this act from making a claim for recovery.

- (2) A <u>claimant</u> person is not qualified to make a claim for recovery from the Construction Industries Recovery Fund, if:
- (a) The claimant is the spouse of the judgment debtor or licensee or a personal representative of such spouse;
- (b) The claimant is a licensee who acted as the contractor in the transaction which is the subject of the claim;
- (c) The Such person's claim is based upon a construction contract in which the licensee was acting with respect to the property owned or controlled by the licensee;
- (d) The Such person's claim is based upon a construction contract in which the contractor did not hold a valid and current license at the time of the construction contract; or
- (e) The claimant Such person was associated in a business relationship with the licensee other than the 31 contract at issue :-

1	(f) <u>The claimant</u> Such person has suffered damages as
2	the result of making improper payments to a contractor as
3	defined in part I of chapter 713; or-
4	(q) The claimant has contracted with a licensee to
5	perform a scope of work described in paragraphs
6	489.105(3)(d)-(q).
7	(3) The board may determine by rule documentation that
8	is required to complete a claim.
9	Section 5. Section 489.142, Florida Statutes, is
10	amended to read:
11	489.142 Board powers relating to recovery; conduct of
12	hearings and service
13	(1) With respect to actions for recovery from the
14	Construction Industries recovery fund, the board may
15	intervene, enter an appearance, file an answer, defend the
16	action, or take any action it deems appropriate and may take
17	recourse through any appropriate method of review on behalf of
18	the State of Florida. The board may delegate to the department
19	by rule the authority to close any case when a claimant is not
20	qualified to make a claim for recovery from the recovery fund
21	under s. 489.141(2); when after notice the claimant has failed
22	to provide documentation in support of the claim as required
23	by the board; or when the licensee has reached the aggregate
24	limit.
25	(2) Notwithstanding any other provision of law, the
26	board shall cause a notice of hearing to be served 14 days in
27	advance of the hearing on the claimant and on the licensee
28	whose license is subject to suspension by s. 489.143. Each
29	notice shall inform the recipient of any administrative
30	hearing or judicial review that is available under s. 120.569,
31	s. 120.57, or s. 120.68; shall indicate the procedure that

must be followed to obtain the hearing or judicial review; and shall state the time limits that apply. Service of the notice on the licensee shall be made in accordance with s. 455.275. Service of the notice on the claimant shall be by regular United State mail at the address provided on the claim. The service of notice in accordance with this section is complete upon expiration of 14 days after deposit in the United States mail. Proof of service of a notice shall be made by entry in the records of the department that the notice was given. The entry shall be admissible in judicial and administrative proceedings of this state and shall constitute sufficient proof that notice was given.

(3) Notwithstanding any other provision of law, board hearings on claims shall be conducted in accordance with ss. 120.569 and 120.57(2). All claim hearings shall be conducted at the board's regular meeting at the place, date, and time published. Orders of the board denying or awarding funds to a claimant constitute final orders that may be appealed in accordance with s. 120.68. Orders awarding or denying claims shall be served in the same manner as notices of hearing in this section.

Section 6. Section 489.1425, Florida Statutes, is amended to read:

489.1425 Duty of contractor to notify residential property owner of recovery fund.--

(1) Any agreement or contract for repair, restoration, improvement, or construction to residential real property must contain a written statement explaining the consumer's rights under the Construction Industries recovery fund, except where the value of all labor and materials does not exceed \$2,500.

1	The written statement must be substantially in the following
2	form:
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4	FLORIDA HOMEOWNERS' CONSTRUCTION
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7	PAYMENT MAY BE AVAILABLE FROM THE <u>FLORIDA</u>
8	HOMEOWNERS' CONSTRUCTION INDUSTRIES RECOVERY
9	FUND IF YOU LOSE MONEY ON A PROJECT PERFORMED
10	UNDER CONTRACT, WHERE THE LOSS RESULTS FROM
11	SPECIFIED VIOLATIONS OF FLORIDA LAW BY A
12	LICENSED STATE LICENSED CONTRACTOR. FOR
13	INFORMATION ABOUT THE RECOVERY FUND AND FILING
14	A CLAIM, CONTACT THE FLORIDA CONSTRUCTION
15	INDUSTRY LICENSING BOARD AT THE FOLLOWING
16	TELEPHONE NUMBER AND ADDRESS:
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18	The statement shall be immediately followed by the board's
19	address and telephone number as established by board rule.
20	(2)(a) Upon finding a first violation of subsection
21	(1), the board may fine the contractor up to \$500, and the
22	moneys must be deposited into the Construction Industries
23	recovery fund.
24	(b) Upon finding a second or subsequent violation of
25	subsection (1), the board shall fine the contractor \$1,000 per
26	violation, and the moneys must be deposited into the
27	Construction Industries recovery fund.
28	Section 7. Section 489.143, Florida Statutes, is
29	amended to read:
30	489.143 Payment from the fund
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(1) The fund shall be disbursed as provided in s. 489.141 on a final order of the board.

(2)(1) Any claimant person who meets all of the conditions prescribed in $\underline{s.\ 489.141}$ $\underline{s.\ 489.141(1)}$ may apply to the board to cause payment to be made to a claimant such person from the Construction Industries recovery fund in an amount equal to the judgment, award, or restitution order, exclusive of postjudgment interest, against the licensee or \$25,000, whichever is less, or an amount equal to the unsatisfied portion of such person's judgment, award, or restitution order, exclusive of postjudgment interest, or 12 \$25,000, whichever is less, but only to the extent and amount of actual damages suffered by the claimant reflected in the judgment or restitution order as being actual or compensatory damages. Payment from the fund for other costs related to or pursuant to civil proceedings such as postjudgment interest, attorney's fees, court costs, medical damages, and punitive damages is prohibited. The recovery fund is not obligated to pay any judgment, award, or restitution order, or any portion thereof, which is not expressly based on one of the grounds for recovery set forth in s. 489.141 s. 489.140(1). Beginning January 1, 2005, for each contract entered after July 1, 2004, payment from the recovery fund shall be subject to a \$50,000 maximum payment.

(3)(2) Upon receipt by a claimant under subsection (2)26 (1) of payment from the Construction Industries recovery fund, the claimant shall assign his or her additional right, title, and interest in the judgment, award, or restitution order, to the extent of such payment, to the board, and thereupon the board shall be subrogated to the right, title, and interest of 31 the claimant; and any amount subsequently recovered on the

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judgment, award, or restitution order by the board, to the extent of the right, title, and interest of the board therein, shall be for the purpose of reimbursing the Construction Industries recovery fund.

(4)(3) Payments for claims arising out of the same transaction shall be limited, in the aggregate, to the lesser of the judgment, award, or restitution order or the maximum payment allowed\$25,000, regardless of the number of claimants involved in the transaction.

(5)(4) Payments for claims against any one licensee shall not exceed, in the aggregate, \$100,000 annually, up to a total aggregate of \$250,000. Beginning January 1, 1998, For any claim approved by the board which is in excess of the annual cap, the amount in excess of \$100,000 up to the total aggregate cap of \$250,000 is eligible for payment in the next and succeeding fiscal years, but only after all claims for the then-current calendar year have been paid. Payments may not exceed the aggregate annual or per claimant limits under law. Beginning January 1, 2005, for each contract entered into after July 1, 2004, payment from the recovery fund is subject only to a total aggregate cap of \$500,000.

(6)(5) Claims shall be paid in the order filed, up to the aggregate limits for each transaction and licensee and to the limits of the amount appropriated to pay claims against the fund for the fiscal year in which the claims were filed.

(7)(6) If the annual appropriation is exhausted with claims pending, such claims shall be carried forward to the next fiscal year. Any moneys in excess of pending claims remaining in the Construction Industries recovery fund at the end of the fiscal year shall be paid as provided in s. 31 468.631.

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(8) (7) Upon the payment of any amount from the Construction Industries recovery fund in settlement of a claim in satisfaction of a judgment, award, or restitution order against a licensee as described in $\underline{s. 489.141} \times \underline{s. 489.141(1)}$, the license of such licensee shall be automatically suspended, without further administrative action, upon the date of payment from the fund. The license of such licensee shall not be reinstated until he or she has repaid in full, plus interest, the amount paid from the fund. A discharge of bankruptcy does not relieve a person from the penalties and disabilities provided in this section.

(9) Any firm, corporation, partnership, or association, or any person acting in his or her individual capacity, who aids, abets, solicits, or conspires with any person to knowingly present or cause to be presented any false or fraudulent claim for the payment of a loss under this act is quilty of a third-degree felony, punishable as provided in s. 775.082 or s. 775.084 and by a fine not exceeding \$30,000, unless the value of the fraud exceed \$30,000 in which event the fine may not exceed double the value of the fraud.

(10) All payments and disbursements from the recovery fund shall be made by the Chief Financial Officer upon a voucher signed by the secretary of the department or the secretary's designee.

Section 8. Section 489.144, Florida Statutes, is amended to read:

489.144 Investment of the fund. -- The funds in the Construction Industries recovery fund may be invested by the Chief Financial Officer under the same limitations as apply to the investment of other state funds, and the interest earned 31 thereon shall be deposited to the credit of the Construction

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purposes as other moneys deposited in the Construction Industries recovery fund. 3 Section 9. Paragraph (c) of subsection (4) of section 4 489.13, Florida Statutes, is amended to read: 5 6 489.13 Unlicensed contracting; notice of noncompliance; fine; authority to issue or receive a building 8 permit; web page. --9 (4)(c) The balance of any fines collected under this 10 section shall be used to maintain the department's unlicensed 11 contractor website page, as specified in subsection (6), and 12 13 to fund the Florida Homeowners' Construction Industries 14 Recovery Fund. Nothing in this paragraph shall be construed to permit recovery from the Construction Industries Recovery Fund 15 if the contractor is unlicensed. 16 Section 10. Paragraph (e) of subsection (3) of section 17 18 489.131, Florida Statutes, is amended to read:

Industries recovery fund and shall be available for the same

489.131 Applicability.--

- (3) Nothing in this part limits the power of a municipality or county:
- 22 (e) To require one bond for each contractor in an 23 amount not to exceed \$5,000, which bond shall be conditioned 24 only upon compliance with the Florida Building Code adopted pursuant to s. 553.73. Any such bond must be equally 26 available to all contractors without regard to the period of time a contractor has been certified or registered and without 27 28 regard to any financial responsibility requirements. Any such 29 bonds shall be payable to the Florida Homeowners' Construction Industry Recovery Fund and filed in each county or

31 | municipality in which a building permit is requested. Bond

reciprocity shall be granted statewide. All such bonds shall be included in meeting any financial responsibility requirements imposed by any statute or rule. Any contractor 3 who provides a third party insured warranty policy in connection with a new building or structure for the benefit of the purchaser or owner shall be exempt from the bond 6 requirements under this subsection with respect to such 8 building or structure. Section 11. Section 468.631, Florida Statutes, is 9 amended to read: 10 468.631 Building Code Administrators and Inspectors 11 Fund.--12 13 (1) The provisions of This part shall be funded 14 through a surcharge, to be assessed pursuant to s. 125.56(4) or s. 166.201 at the rate of one-half cent per square foot of 15 under-roof floor space permitted, including new construction, 16 renovations, alterations, and additions. The unit of 17 government responsible for collecting permit fees pursuant to s. 125.56(4) or s. 166.201 shall collect such surcharge and 19 shall remit the funds to the department on a quarterly 20 calendar basis beginning not later than December 31, 1993, for 21 the preceding quarter, and continuing each third month 2.2 23 thereafter; and such unit of government may retain an amount 24 up to 10 percent of the surcharge collected to fund projects and activities intended to improve the quality of building 2.5 code enforcement. There is created within the Professional 26 Regulation Trust Fund a separate account to be known as the 27 28 Building Code Administrators and Inspectors Fund, which shall 29 deposit and disburse funds as necessary for the implementation 30 of this part. The department shall annually establish the 31 amount needed to fund the certification and regulation of

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building code administrators, plans examiners, and building
   code inspectors. Any funds collected in excess of the amount
   needed to adequately fund the certification and regulation of
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   building code administrators, plans examiners, and building
    code inspectors shall be deposited into the Florida
   Homeowners' Construction <del>Industries</del> Recovery Fund established
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   by s. 489.140. If the Florida Homeowners' Construction
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    Industries Recovery Fund is fully funded as provided by s.
    489.140, any remaining funds shall be distributed to the
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    Construction Industry Licensing Board for use in the
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   regulation of certified and registered contractors.
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          (2) The unit of government responsible for collecting
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   permit fees under this section shall report to the department
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    quarterly the number of permits issued for under-roof floor
    space during the quarter, the total square footage for the
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    number of permits issued for under-roof floor space during the
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    quarter, and the calculation of the amount of funds being
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    remitted to the department. The report shall be attested to by
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    the officer in charge of collecting permit fees.
           Section 12. This act shall take effect July 1, 2004.
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