

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB 957 CS Homeowners' and Community Associations  
**SPONSOR(S):** Anderson  
**TIED BILLS:** None **IDEN./SIM. BILLS:** SB 546

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Civil Justice Committee</u>	<u>7 Y, 0 N, w/CS</u>	<u>Blalock</u>	<u>Bond</u>
2) <u>State Administration Appropriations Committee</u>	<u></u>	<u></u>	<u></u>
3) <u>Justice Council</u>	<u></u>	<u></u>	<u></u>
4) <u></u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

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**SUMMARY ANALYSIS**

A condominium is created by recording a declaration of condominium in the public records of the county in which the condominium will be located. A declaration of condominium may be amended as provided in the declaration. This bill revises condominium association powers and provides that leaseholds and other possessory and use interests can only be acquired by means provided in the declaration of condominium or by approval of 3/4 of the voting interest instead of 2/3 of the voting interest provided in current law.

A homeowners' association is a corporation responsible for the operation of a community in which voting membership is made up of parcel ownership and in which membership is a mandatory condition of parcel ownership, and which is authorized to impose assessments that, if unpaid, may become a lien on the parcel. This bill increases the regulation of homeowners' associations by:

- Providing that non-regulated homeowners' associations may use statutory provisions to revive expired covenants.
- Revising the requirements for providing information about a homeowners' association to a prospective purchaser or lienholder.
- Providing that homeowners associations have the option of establishing reserve accounts in their annual budgets and providing requirements for funding the reserves.
- Expanding the deadline for preparing an annual financial report from 60 to 90 days after the close of the fiscal year.
- Allowing a fine to become a lien if it is for violating governing documents that have been recorded in the public record.
- Specifying that merger or consolidation of associations is not a material or adverse alteration of the voting interest.
- Requiring that the developer deliver the financial records of the association to the board at the time the members are entitled to elect a majority of the board of directors.
- Establishing guarantees of common expenses for homeowners associations.

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

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. HOUSE PRINCIPLES ANALYSIS:

Provide limited government -- This bill increases government regulation of community associations.

Promote personal responsibility -- This bill increases personal responsibility by allowing a fine for violating the governing documents of a homeowners' association to become a lien on member's parcel under certain circumstances.

#### B. EFFECT OF PROPOSED CHANGES:

##### **Background**

A condominium is a "form of ownership of real property created pursuant to ch. 718, F.S., which is comprised entirely of units that may be owned by one or more persons, and in which there is, appurtenant to each unit, an undivided share in common elements".<sup>1</sup> A condominium is created by recording a declaration of condominium in the public records of the county in which the condominium will be located.<sup>2</sup> A declaration is like a constitution in that it:

"Strictly governs the relationships among condominium units owners and the condominium association. Under the declaration, the Board of the condominium association has broad authority to enact rules for the benefit of the community."<sup>3</sup>

A declaration may include covenants and restrictions concerning the use, occupancy, and transfer of the units permitted by law with reference to real property.<sup>4</sup> A declaration of condominium may be amended as provided in the declaration. If the declaration does not provide a method for amendment, it may generally be amended as to any matter by a vote of two-thirds of the units.<sup>5</sup>

A homeowners' association is a Florida corporation responsible for the operation of a subdivision in which voting membership is made up of parcel ownership and in which membership is mandatory condition of parcel ownership, and which is authorized to impose assessments that, if unpaid, may become a lien on the parcel.<sup>6</sup> Homeowners' associations are regulated under chapter 720, F.S.

##### **Effect of Bill**

##### Covenant Revitalization

The governing documents in some Florida homeowners' associations provide for an expiration of the community covenants after a specified number of years. The Marketable Record Title Act, s. 712.05, F.S., will cause covenants to lapse by operation of law either where the covenants are silent as to expiration, or where the Marketable Record Title Act period is shorter than the stated expiration time. Residents in these communities have the option to revive the covenants after the expiration by following the procedural steps found in ss. 720.403 - 720.407, F.S. Currently, the covenant revitalization procedures contained in ss. 720.403 - 720.407, F.S., are not available to any homeowners' association not governed by ch. 720, F.S., such as associations governing communities

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<sup>1</sup> Section 718.103(11), F.S.

<sup>2</sup> Section 718.104(2), F.S.

<sup>3</sup> *Neuman v. Grand View at Emerald Hills*, 861 So.2d 494, 496-497 (Fla. 4th DCA 2003)

<sup>4</sup> Section 718.104(5), F.S.

<sup>5</sup> Section 718.110(1)(a), F.S.

<sup>6</sup> Section 720.301(9), F.S.

that are comprised of property primarily intended for commercial, industrial, or other non-residential use. Chapter 720, F.S. governs only residential homeowners' associations where membership is a mandatory condition for the owners of property upon which assessments are required and may become a lien on the parcel<sup>7</sup>, thus, non-mandatory associations may not revive covenants pursuant to ss. 702.403 - 702.407, F.S.

This bill creates s. 712.11, F.S., to provide that a homeowner's association that is not subject to ch. 720, F.S. may use the procedures established in ss. 720.403, F.S. - 720.407, F.S., to revive covenants that have lapsed under the terms of chapter 712, F.S. This bill would allow homeowners' associations that are not regulated by ch. 720, F.S., to utilize the covenant revitalization procedures available to mandatory homeowners' associations.

### Condominium Association Powers

Section 718.114, F.S., provides for the powers of a condominium association. Among other powers, an association has the authority to enter into agreements and acquire leaseholds, memberships, and other possessory or use interests in lands or facilities such as country clubs, golf courses, marinas, and other recreational facilities. All leaseholds, memberships, and other possessory or use interests existing or created at the time the declaration was recorded must be stated and fully described in the declaration. Following the recording of the declaration, the association may not acquire or enter into agreements acquiring these leaseholds, memberships, or other possessory or use interests except as authorized by the declaration. If the declaration does not provide this authority, then the declaration can be amended if the amendment is approved by the owners of not less than 2/3 of the units<sup>8</sup>.

This bill amends s. 718.114, F.S., to provide that acquiring these leaseholds, memberships, or other possessory or use interests is a material alteration or substantial addition to association property, and the association may not acquire or enter into agreements acquiring these leaseholds, memberships, or other possessory or use interests except as authorized by the provisions in s. 718.113, F.S. Section 718.113(2), F.S., provides that there can be no material alteration or substantial additions to the common elements or to real property that is association property, except as provided in the declaration. If the declaration does not specify the procedure for approval of material alterations or substantial additions, 75% of the total voting interests of the association must approve the alterations or additions. Therefore this bill provides that acquiring leaseholds, memberships, or other use interest is a material alteration or substantial addition, and therefore, where the declaration is silent regarding the procedure for acquiring these leaseholds, memberships, or other use interest, there must be approval by 3/4 of the total voting interest of the association instead of only 2/3 as required if it were not a material alteration or substantial addition.

### Purpose, Scope, and Application of Homeowners' Association Statutes

Section 720.302, F.S., pertains to the purposes, scope, and application for ch. 720, F.S. Section 720.302(3), F.S., provides that ch. 720, F.S., does not apply to the following:

- A community that is composed of property primarily intended for commercial, industrial, or other nonresidential use; or
- The commercial or industrial parcels in a community that contains both residential parcels and parcels intended for commercial or industrial use.

Section 720.302(5), F.S, provides that unless expressly stated to the contrary, corporations not for profit that operate residential homeowners' associations in this state are to be governed by and subject to ch. 617, F.S. and ch. 720, F.S.

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<sup>7</sup> Section 720.301(8) and (11), F.S.

<sup>8</sup> Section 718.110(1)(a), F.S.

This bill amends s. 720.302(3), F.S., to provide that "except as specifically provided in ch. 720, F.S.", ch. 720, F.S, does not apply to the type of communities stated above.

This bill amends s. 720.302(5), F.S., to remove the reference to "not for profit" corporations so that a homeowners association can organize as a "for profit" corporations and not just a not for profit corporation. In reference to this change this bill also provides that homeowners associations in Florida must be governed by and subject to ch. 617, F.S. (non-profit corporations) "or ch. 607, F.S. (corporations) if incorporated under that chapter", unless expressly stated to the contrary.

#### Homeowners' Association Inspection and Copying of Records

Section 720.303(5), F.S., requires that a homeowners' association allow its members to inspect and copy its official records within 10 days of a written request for access. A failure to comply with such a request in a timely fashion creates a rebuttable presumption that the association failed to do so, and entitles the requesting party to actual damages, or to a minimum of \$50 per calendar day, commencing on the eleventh business day. A homeowners' association may adopt reasonable written rules governing the frequency, time, location, notice, records to be inspected, and manner of inspections, but may not impose a requirement that a parcel owner demonstrate any proper purpose for the inspection, state any reason for the inspection, or limit a parcel owner's right to inspect records less than one 8-hour business day per month. The association may impose fees to cover the costs of providing copies of the official records, including without limitation, the costs of copying. The association may charge up to 50 cents per page for copies made on the associations copy machine. If the association does not have a copy machine available where the records are kept, or if the records requested to be copied exceed 25 pages, then the association may have copies made by an outside vendor and may charge the actual cost of copying.

Current law expressly exempts the following from inspection by a member or parcel owner:

- Any record protected by attorney-client or work-product privilege;
- Information obtained in association with the lease, sale or transfer of a parcel that is otherwise privileged by state or federal law; disciplinary, health, insurance and personnel records of the association's employees; or
- Medical records of parcel owners or other community residents.<sup>9</sup>

This bill amends s. 720.303(5), F.S., to provide that an association or its agent is not required to provide a prospective purchaser or lienholder with information about the residential subdivision or the association unless required by ch. 720, F.S., to be made available or disclosed. This bill also provides that an association or agent may charge a reasonable fee to a prospective purchaser or lienholder or the current parcel owner or member for providing good faith responses to requests for information, except for information required by law. The fee cannot exceed \$150 plus the reasonable cost of photocopying and any attorney's fees incurred by the association in connection with the response.

This bill provides that an association and its agent are not liable for providing information in good faith if the person providing the information includes a written statement in the following form: "The responses herein are made in good faith and to the best of my ability as to their accuracy."

#### Homeowners' Association Budgets

Section 720.303(6), F.S., provides that an association must prepare an annual budget.

This bill amends s. 720.303(6), F.S., to require that the annual budget provide for the annual operating expenses.

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<sup>9</sup> Section 720.303(1), (2), (3), (4), F.S.  
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This bill also amends s. 720.303(6), F.S., to provide that the budget may include reserve accounts for capital expenditures and deferred maintenance that the association is responsible for if the governing documents do not limit increases in assessments, including reserve accounts.

This bill provides that if the budget does not provide for reserve accounts and is responsible for the repair and maintenance of capital improvements that may result in a special assessment, each financial report for the preceding year must contain the following statement:

The budget of the association does not provide for reserve accounts for capital expenditures and deferred maintenance that may result in special assessments. Owners may elect to provide for reserve accounts pursuant to the provisions of section 720.303(6), Florida Statutes, upon the approval of not less than a majority of the total voting interests of the association.

This bill also provides that an association is deemed to have provided reserve accounts when they have been initially established by the developer or when the association members elects to provide for reserves. The association members can elect to provide for reserves with approval of at least a majority of the total voting interest of the association. The approval action by the members must state that reserve accounts must be provided for in the budget and must designate the components for which reserve accounts are to be established.

The amount to be reserved must be computed using a formula that is based on the estimated remaining useful life and estimated replacement cost or deferred maintenance expense of each reserve item. The association must adjust replacement reserve assessments annually.

Once a reserve account is established, the association members can provide for no reserves or less reserves than required by this section, upon a majority vote at a meeting where quorum is present. If the reserves are not voted favorably to be reduced or waived then the reserves as provided in the budget must go into effect. After turnover of control of an association by the developer to the parcel owners, the developer can vote its voting interest to waive or reduce the funding reserves. Any vote to waive or reduce reserves is only applicable to one budget year.

Funding formulas for reserves must be based on either a separate analysis of each required asset, or a pooled analysis of two or more required assets. This bill provides the calculations that must be used to determine the amount of funding to go into reserve accounts whether the association uses a separate analysis of each asset or a pooled analysis of each asset.

Reserve funds and any interest accruing must stay in the reserve account, and can only be used for reserve expenditures unless another use is approved by a majority vote of the association members. Prior to turnover of control of an association, the developer-controlled association must not vote to use reserves for purposes other than for which they were intended without the approval of a majority of all nondeveloper voting interests voting in person or by limited proxy at a meeting of the association.

#### Homeowners' Association Financial Reporting

Section 720.303(7), F.S., requires homeowners' associations to prepare an annual financial report within 60 days after the close of the fiscal year. The association must provide each member with a copy of the annual financial report or a written notice that a copy of the financial report is available upon request at no charge to the member.

This bill amends s. 720.303(7), F.S., to increase from 60 to 90 days the time that an association has to prepare and complete an annual financial report after the close of the fiscal year.

This bill also provides that an association that must prepare a complete set of financial statements, do so in accordance with the generally accepted accounting principles "as adopted by the Florida Board of Accountancy".

#### Homeowners' Association Levy of Fines and Suspension of Use Rights

Section 720.305(2), F.S., provides that an association may suspend, for a reasonable period of time, the rights of a member or a member's tenants, guests, or invitees, or both to use common areas and facilities for failing or refusing to comply with the governing documents of the community. An association can also levy reasonable fines, not to exceed \$100 per violation, against any member or tenant, guest, or invitee for failing or refusing to comply with the governing documents of the association. The fine can be levied each day that the violation continues, however, no fine can exceed \$1,000 unless it is allowed in the governing documents. A fine cannot become a lien against a parcel.

This bill amends s. 720.305(2), F.S., to provide an exception to the provision that a fine cannot become a lien against a parcel. This bill provides that a fine may become a lien against a parcel if it is levied for a violation of the governing documents which have been recorded in the public records of the county where the property is located. The fine cannot exceed \$1,000.

#### Mergers

Section 720.306(1)(c), F.S., provides that an amendment may not materially and adversely alter the proportionate voting interest attached to a parcel or increase the proportion or percentage by which a parcel shares in the common expenses of the association, unless all owners and lienholders join in the execution of the amendment.

This bill amends s. 720.306(1)(c), F.S., to provide that the merger or consolidation of associations under ch. 607, F.S. (regulating corporations) or ch. 617, F.S. (regulating non-profit corporations), is not considered a material or adverse alteration of the proportionate voting interest appurtenant to a parcel.

#### Transition of Homeowners' Association Control

Section 720.307, F.S., provides procedures for turning over control of an association from the developer to parcel owners. The transition of association control begins with the election of the board of directors of the homeowners' association by the members. At the time the members elect the board of directors, the developer must deliver various documents to the board.

This bill amends s. 720.307, F.S., to require additional documents that the developer must provide to the board of directors. Along with the documents that must be provided by the developer under current law, this bill requires that the developer to also provide the board of directors the financial records, including the statements of the association, and source documents from the incorporation of the association through the date of turnover. This bill also provides that an independent certified public accountant must audit the records and determine that the developer was charged with, and paid, the proper amounts of assessments.

The language in this section of the bill is taken from language found in s. 718.301(4)(c), F.S., of the condominium law. The current law for homeowners' associations pertaining to transition of association control is very similar to the current condominium law and this bill provides conformity between the homeowners' associations and the condominium associations.

#### Guarantees of Common Expenses

The developer of a community is responsible for paying the costs of the common expenses of the community until the sale of the parcels to a purchaser in which time the developer pays a proportionate share of the common expenses with the parcel owners. Condominium law allows a developer to be

excused from payment of common expenses if the common expenses of all unit owners are guaranteed not to increase and the developer agrees to pay all common expenses incurred but not covered by unit owner payments during the period of the guarantee.<sup>10</sup>

This bill amends s. 720.308, F.S., to incorporate the guarantees of common expenses provision found in condominium law into homeowners' association law. Currently, s. 720.308, F.S., provides for guarantees of common expenses if it is provided for in the declaration. This bill amends s. 720.308, F.S., to provide for guarantees of common expenses if a guarantee is not included in the purchase contract or declaration. This bill provides that a guarantee is effective only upon approval of a majority of the voting interests of the members other than the developer. This bill also provides that:

- The time period of a guarantee must have a specific beginning and ending date or event;
- The dollar amount of the guarantee must be an exact dollar amount for each parcel identified in the declaration;
- The cash payments required from the developer must be when the revenue collected by the association are not sufficient to provide payment for all common expenses; and
- The expenses incurred in the production of non-assessment revenues, not in excess of the non-assessment revenues, must not be included in the common expenses. If expenses attributable to non-assessment revenues exceed non-assessment revenues, then the developer must only fund the excess expenses.

This bill also provides the formula for determining what the developer's final obligation is to the association at the end of the guarantee period.

#### Publication of False and Misleading Information

Section 720.402, F.S., creates a cause of action to rescind the contract for sale or for damages against a developer for false or misleading material statements. After closing, the purchaser has a cause of action against the developer for one year after the date upon which the last of the following events takes place:

- The closing of the transaction;
- The issuance of a certificate of occupancy or other evidence to allow lawful occupancy of the residence;
- The date of lawful occupancy in counties or municipalities in which certificates of occupancy or other evidence of lawful occupancy are not customarily issued;
- The completion by the developer of the common areas and recreational facilities, whether or not they are common areas, which the developer is obligated to complete or provide under the terms of the written contract;
- The completion by the developer of the common areas and such recreational facilities, whether or not they are common areas, that the developer is obligated to complete under any rule of law if there is no written contract.

Section 720.402, F.S., also limits any cause of action brought under this provision to five years after the closing of the transaction, provides that the prevailing party may recover reasonable attorney's fees, and prohibits the developer from using association funds to defend a suit brought under this section.

This bill amends s. 720.402, F.S., to provide that this section does not limit any rights provided by common law. This section as currently written does not limit the right to sue under other legal theories. It is unclear what effect, if any, this change makes.

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<sup>10</sup> Section 718.116, F.S.

C. SECTION DIRECTORY:

Section 1 creates s. 712.11, F.S., to provide that homeowners' associations may use procedures established in ss. 720.403, F.S. - 720.407, F.S., to revive covenants that have lapsed under the terms of Chapter 712, F.S.

Section 2 amends s. 718.114, F.S., to revise condominium association powers pertaining to agreements acquiring possessory or use interests after recording the declaration.

Section 3 amends s. 720.302, F.S., to revise the purpose, scope, and application of ch. 720, F.S.

Section 4 amends 720.303(5), F.S., relating to the copying and inspection of homeowners' association records. This section amends s. 720.303(6), F.S. to revise provisions regarding association budgets by providing an association the option of establishing reserve accounts. This section amends 720.303(7), F.S., revising the time period for when an association must prepare and complete a financial report for the preceding fiscal year.

Section 5 amends s. 720.305, F.S., to revise provisions related to the levy of fines and suspension of use rights.

Section 6 amends s. 720.306, F.S., revising provisions pertaining to meetings of members and amendments providing that merger or consolidation of associations is not considered a material or adverse alteration of the proportionate voting interest appurtenant to a parcel.

Section 7 amends s. 720.307(3), F.S., to require that at the time the members are entitled to elect at least a majority of the board of directors the developer must deliver the financial records of the association.

Section 8 amends s. 720.308, F.S., to establish guarantees of common expenses if a guarantee is not included in the purchase contract or declaration.

Section 9 amends s. 720.402, F.S., to add a provision that the section does not limit any rights provided by common law.

Section 10 provides an effective date of July 1, 2006.

**II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This bill does not appear to require counties or municipalities to take an action requiring the expenditure of funds, reduce the authority that counties or municipalities have to raise revenue in the aggregate, nor reduce the percentage of state tax shared with counties or municipalities.

2. Other:

This bill provides that a fine cannot become a lien against a parcel "unless it is levied for a violation of governing documents that have been recorded in the public records of the county where the property is located." This exception could possibly be a violation of the Contract Clause of the Florida Constitution. Article I, Section 10 of the Florida Constitution provides: "[n]o bill of attainder, ex post facto law or law impairing the obligation of contracts shall be passed."<sup>11</sup> "A statute contravenes the constitutional prohibition against impairment of contracts when it has the effect of rewriting antecedent contracts, that is, of changing the substantive rights of the parties to existing contracts."<sup>12 13</sup>

The Supreme Court of Florida in *Pomponio v. Claridge of Pompano Condominium, Inc.*, 378 So. 2d 774 (Fla. 1979) held that laws impairing contracts can be unconstitutional if they unreasonably and unnecessarily impair the contractual rights of citizens.<sup>14</sup> The *Pomponio* Court indicated that the "well-accepted" principle in this state is that virtually no degree of contract impairment is tolerable in this state." *Pomponio*, 378 So. 2d at 780. When seeking to determine what level of impairment is constitutionally permissible, a court "must weigh the degree to which a party's contract rights are statutorily impaired against both the source of authority under which the state purports to alter the contractual relationship and the evil which it seeks to remedy." *Id.*

In other words, "[t]his method requires a balancing of a person's interest not to have his contracts impaired with the state's interest in exercising its legitimate police power." *U.S. Fidelity and Guar. Co. v. Department of Ins.*, 453 So. 2d 1355, 1360-61 (1984). What should be reviewed when considering this balancing test?

[T]he United States Supreme Court recently outlined the main factors to be considered in applying this balancing test. The threshold inquiry is whether the state law has, in fact, operated as a substantial impairment of a contractual relationship. The severity of the impairment is said to increase the level of scrutiny to which the legislation will be subjected. Total destruction of contractual expectations is not necessary for a finding of substantial impairment. On the

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<sup>11</sup> Article 1, Section 10(1) of the U.S. Constitution provides: "No State shall . . . pass any Bill of Attainder, ex post facto Law, or Law impairing the Obligation of Contracts . . . ."

<sup>12</sup> 10a Fla. Jur. s. 414, Constitutional Law.

<sup>13</sup> The term impair is defined as "to make worse; to diminish in quantity, value, excellence, or strength; or to lessen in power or weaken." 10a Fla. Jur. s. 414, Constitutional Law.

<sup>14</sup> The Florida Supreme Court has adopted the method of analysis from the United States Supreme Court in cases involving the contract clause. *Pomponio*, 378 So. 2d at 780.

other hand, state regulation that restricts a party to gains it reasonably expected from the contract does not necessarily constitute a substantial impairment. In determining the extent of the impairment, we are to consider whether the industry the complaining party has entered has been regulated in the past. The Court long ago observed: One whose rights, such as they are, are subject to state restriction, cannot remove them from the power of the State by making a contract about them. If the state regulation constitutes a substantial impairment, the State, in justification, must have a significant and legitimate public purpose behind the regulation such as the remedying of a broad and general social or economic problem. Furthermore, since *Blaisdell*, the Court has indicated that the public purpose need not be addressed to an emergency or temporary situation. One legitimate state interest is the elimination of unforeseen windfall profits. The requirement of a legitimate public purpose guarantees that the State is exercising its police power, rather than providing a benefit to special interests. Once a legitimate public purpose has been identified, the next inquiry is whether the adjustment of the rights and responsibilities of contracting parties [is based] upon reasonable conditions and [is] of a character appropriate to the public purpose justifying [the legislation's] adoption. Unless the State itself is a contracting party, as is customary in reviewing economic and social regulation, courts properly defer to legislative judgment as to the necessity and reasonableness of a particular measure.

*U.S. Fidelity and Guar. Co.*, 453 So.2d at 1360-61 (Fla. 1984) (internal citations and quotations omitted).

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

#### IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES

On March 22, 2006, the Civil Justice Committee adopted 1 strike-all amendment to this bill. The amendment made the following revisions to the bill:

- Removed the section of the bill repealing s. 720.311, F.S., pertaining to dispute resolution, and removed revisions made to other sections that referenced s. 720.311, F.S.
- Removed "not for profit" from s. 720.302(5), F.S.
- Removed the section in the bill revising s. 720.303(2), F.S.
- Amended s. 720.302(6), F.S., regarding homeowners' association budgets, to provide for reserve accounts and funding for those accounts.
- Amended s. 720.302(7), F.S., regarding financial reporting by homeowners associations, to remove the provision from the bill that the association provide each member with a copy of the annual report within "21 days after the report is prepared but no later than 120 days after the end of the fiscal year".
- Removed provisions relating to the homeowners association members' right to speak on meeting agenda items.
- Amended s. 720.307(3), F.S., to require that at the time the members are entitled to elect at least a majority of the board of directors the developer must deliver the financial records of the association.
- Amended s. 720.308, F.S., to establish guarantees of common expenses for homeowners associations.
- Removed revision to s. 720.405, F.S., regarding the requirements to a proposed revived declaration.

This bill was then reported favorably with a committee substitute.