

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/CS/CS/HB 561 Community Associations  
**SPONSOR(S):** Criminal & Civil Justice Policy Council; Insurance, Business & Financial Affairs Policy Committee; Civil Justice & Courts Policy Committee; Bogdanoff and others  
**TIED BILLS:** None **IDEN./SIM. BILLS:** CS/CS/SB 1196

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1)	Civil Justice & Courts Policy Committee	11 Y, 2 N, As CS	Bond	De La Paz
2)	Insurance, Business & Financial Affairs Policy Committee	11 Y, 1 N, As CS	Reilly	Cooper
3)	Criminal & Civil Justice Policy Council	12 Y, 4 N, As CS	Bond	Havlicak
4)				
5)				

### SUMMARY ANALYSIS

This bill lowers the cost of owning a condominium by repealing the requirement to purchase individual unit owner insurance coverage, providing that certain low-rise condominium buildings with exterior corridors need not install a central fire alarm system, amending provisions relating to sprinklers and engineered lifesafety systems, providing for additional forms of bulk communications contracts, allowing associations to waive the requirement to provide alternative power supplies to elevators and alarms during emergencies, and delaying retrofitting requirements related to the elevators.

Current law requires older residential structures to retrofit units and common areas with sprinklers and engineered lifesafety systems by 2012. Current law also allows condominium and cooperative associations (by unit owner vote) to forever waive retrofitting of sprinklers in unit interiors, forever waive retrofitting of common areas in shorter buildings, and delay retrofitting of common areas in high-rise buildings until 2014. This bill allows all associations to forever waive retrofitting with sprinklers and engineered lifesafety systems. As to associations who do not vote to forego retrofitting, full compliance with retrofitting requirements is moved from 2014 to 2019, and such associations must complete planning and permitting by 2016.

As to delinquent assessments owed to a condominium association at the time of foreclosure, current law provides that the foreclosing lender is only liable for the lesser of 6 months or 1% of the original mortgage balance; this bill increases the limit to the lesser of 12 months or 1%. This bill also amends condominium law to move new director certification from election qualifying to after the election, and provides a means by which a bulk buyer may purchase units owned by a financially troubled developer without having to assume all of the liabilities of such developer.

This bill updates portions of cooperative law to match previous and current changes to the condominium law.

This bill amends all association laws to expand the list of records exempt from disclosure to members to include certain records containing personal identification information; allow an association to collect delinquent fees from a tenant (who deducts such payment from the rent owed to the delinquent unit or parcel owner); and to allow an association to suspend common area use rights and suspend voting rights of delinquent owners.

This bill amends homeowners association law to allow a homeowners association the ability to direct where a flagpole may be erected and whether the flag may be lighted, allows a homeowners association to purchase recreational facilities that are not located next to the neighborhood, limits compensation of directors of an association, and creates an absentee voting procedure.

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

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

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## HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### Elevators in Condominium and Cooperative Buildings

The Elevator Safety Act, chapter 399, F.S., provides minimum safety standards for elevators and minimum training and/or experience for elevator personnel working under the Florida Building Code. Elevators must comply with the edition of the Building Code in effect at the time of the elevator construction permit application.<sup>1</sup> Alterations, relocations and reclassifications of existing elevators must be in compliance with the edition of the Building Code in effect at the time of permit application. Elevators must also be retrofitted to comply with revisions or updates to the Building Code.

The bill amends s. 399.02, F.S., to exempt elevators in condominiums, cooperatives and other multi-family residential buildings that were issued certificates of occupancy as of July 1, 2008, from retroactive application of future updates to the Elevator Safety Code ( ASME A17.1 and A17.3) for 5 years or until the elevator is replaced or requires major modification, whichever occurs first. Elevator owners may request a variance from the applicable codes before or after expiration on the 5-year term. The exemption does not apply to buildings for which a certificate of occupancy was issued after July 1, 2008.

##### Conforming to Corporations Law

Condominium, cooperative and homeowners associations are incorporated under ch. 617, F.S. which chapter governs all not-for-profit corporations. The chapter contains provisions for governance of all not-for-profit corporations, including provisions on elections, removal, and member access to records. The laws on condominiums, cooperatives and homeowners associations also contain provisions on elections, removal, and member access to records. Section 617.0721, F.S., currently provides that the voting provisions of ch. 617, F.S., do not apply to homeowners associations; this bill adds that the voting provisions of ch. 617, F.S., similarly do not apply to condominium and cooperative associations. Section 617.0808, F.S., currently provides for the removal of directors (recall). This bill provides that the ch. 617, F.S., provisions on removal do not apply to homeowners associations, condominium associations, or cooperative associations. This bill also creates s. 617.1606, F.S., to provide that the ch. 617, F.S., provisions regarding access to records do not apply to homeowners associations, condominium associations, or cooperative associations.

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<sup>1</sup> Section 399.03, F.S.

## Condominium Unit Owner Insurance

Prior to 2004, the statutes did not provide for a split of responsibility between the insurance coverage required of the condominium association and individual unit owner property insurance that a unit owner may purchase. Thus, agents and companies had difficulty in underwriting, and competing claims and competing denials of coverage led to litigation following storms and other damage events. In the 2004 legislative session, s. 718.111(11), F.S., was amended to include a provision splitting insurance responsibilities between associations and owners.

In the 2008 legislative session, the insurance provisions were substantially amended. Included in the 2008 changes is a requirement that a unit owner purchase hazard insurance, that the unit owner name the association as an additional insured, and that an association may purchase insurance on behalf of a unit owner who has not purchased the required insurance and may require the unit owner to reimburse the association for the cost of the insurance.

This bill amends the insurance provisions of the condominium law, s. 718.111, F.S., to:

- Repeal the requirement that a unit owner must obtain insurance coverage on the unit owner's unit.
- Repeal the requirement that the association be named as an additional insured on an individual unit owner's coverage.
- Replace the inaccurate term "hazard insurance" with the term "property insurance."
- Remove the requirement that the board of administration of the association give specific notice to all members of its intent to discuss property insurance deductibles.
- Specify that the association insurance policy does not cover personal property that is located within the boundaries of a unit and serves that unit only.
- Repeal the requirement that condominium associations request from unit owners evidence of a currently effective insurance policy.

This bill also amends the insurance code, creating s. 627.714, F.S., to create a requirement that condominium owners' insurance policies that a condominium unit owner elects to purchase must include a minimum special assessment coverage of \$2,000, which special assessment coverage is for special assessments up to the association's deductible payable after an insured loss. The deductible may not exceed \$250. A unit owner's policy is excess coverage over the amount recoverable under any other policy covering the same property. The date of loss to the association is the date of loss applicable to the \$2,000 coverage, not the date of the special assessment. The assessment coverage is that in effect the day before the loss giving rise to the assessment.

## Condominium and Cooperative Fire Alarm Systems

Section 633.0215(2), F.S., enacted in 1998, is a part of the insurance law. The act requires the State Fire Marshal to "adopt the National Fire Pamphlet 101, current editions, by reference." Pamphlet 101 is referred to as the Life Safety Code. Chapter 2000-141, L.O.F., amended the original effective date of the act from July 1, 1999 to July 1, 2001. Subsequently, ch. 2001-186, L.O.F., amended the effective date of the act to January 1, 2002. The State Fire Marshall complied with the statute and adopted the Life Safety Code. Chapter 9.6 of the Life Safety Code requires installation of fire alarm systems in new and existing multi-family structures.

This bill adds subsection (13) to s. 633.0215, F.S., to provide that condominium or cooperative buildings less than four stories in height and that are constructed with exterior corridors are exempt from the requirement to install a manual fire alarm system.

## Condominium Rental Restrictions

Some condominium associations restrict or prohibit the renting or leasing of condominium units in the association. Where such restriction is in place when a person buys the unit, he or she is on notice and should price the unit accordingly. Where such restriction is enacted or changed as applied to current owners, it can cause an extreme hardship on unit owners who had planned on the rental income. After the courts upheld the right of an association to affect investors by passing rental restrictions,<sup>2</sup> s. 718.110(13), F.S., was added to provide that any amendment to governing documents restricting rental of units only applies to unit owners who agree to the change or to unit owners who purchase a condominium unit after the effective date of the amendment to the governing documents. As written, it appears that a change in rental restrictions that is not a "restriction" could be enacted, affecting current unit owners.

This bill amends s. 718.110(13), F.S., to provide that any amendment that prohibits rentals or that alters the duration of leases or how often a unit owner may lease out a unit only applies to unit owners who agree or to unit owners who acquire title to their unit after the effective date of the amendment.

## Official Records of a Condominium Association

Section 718.111(12), F.S., requires a condominium association to create and maintain records of the association. Such records are generally open to inspection and copying by members, but certain records are exempt from disclosure and may not be disclosed to unit owners.

Section 718.111(12)(a)11., F.S., requires an association to maintain accounting records for 7 years, and provides a penalty that may be imposed on any person who destroys, defaces, fails to create, or maintain accounting records. This bill amends that subparagraph and amends s. 718.111(12)(c), F.S., to clarify that the penalty does not apply to destruction of records after the retention period and to provide that the penalty only applies where the destruction, defacing, failure to create or maintain is made with the intent to harm the association or its members.

Section 718.111(12)(b), F.S., requires that records be maintained, and s. 718.111(12)(c), F.S., requires an association to provide for unit owner access to such records (with certain exceptions). This bill adds a provision to provide that an association is not responsible for misuse of information that the association was required to provide to a unit owner. However, an association is liable for misuse of information that the association was not allowed to disclose.

Section 718.111(12)(c), F.S., provides that certain records of a condominium association are not required to be made available for inspection and copying by unit owners. This bill adds the following records to the list:

- Personnel records of association employees, which includes disciplinary, payroll, health and insurance records.
- The following records related to an individual unit owner: email address, telephone number, emergency contacts, and addresses. However, the bill amends the section to specify that the name, unit number, and mailing addresses of a unit owner is available to the other unit owners.
- Electronic security measures.
- Software and operating systems of the association.

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<sup>2</sup> *Woodside Village Condominium Assn. v. Jahren*, 806 So.2d 452 (Fla. 2002).

## Condominium Association Accounting

Section 718.111(13), F.S., requires a condominium association to create and maintain certain accounting records. The subsection also requires the Department of Business and Professional Regulation to, by administrative rule, establish uniform accounting principles and standards related to reserves. If there is a shortage in reserves, the disclosure must specify the amount of a special assessment necessary to fully fund the reserves. This bill changes the requirement to provide that the administrative rules must create standards for presenting a summary of reserves based on a straight-line method and must disclose how much would be necessary to fully fund the reserves.

Section 718.111(13), F.S., provides for three levels of financial reporting, which levels are set based on the annual revenues of the association. However, any association of less than 50 units, regardless of revenues, may elect to use the lowest level, which is a report of cash receipts and expenditures. This bill changes the threshold from 50 to 75 units.

## Condominium Association Directors

Current law provides that, if no person files to run for a particular seat against an incumbent director, that director is eligible for reappointment without an election. This bill amends s. 718.112(2)(d)1., F.S., to provide that if the total number of candidates for election to the board is equal to or is less than the number of vacancies, the incumbent candidates are reappointed without election.

Current law provides that co-owners of a condominium unit, in a condominium association with more than 10 units, may not serve together on the association's board of administration. It is unclear under current law whether co-owners who own two or more units in an association are eligible to serve together on the board of administration. This bill amends s. 718.112(2)(d)1., F.S., to provide that co-owners who own more than one condominium unit in an association are eligible to serve together on the board of administration.

Current law provides that a person who is delinquent in payment of "any fee or assessment" is ineligible for election to the board of administration, and a current director who falls more than 90 days delinquent in payment of regular assessments is removed by action of law from the board. This bill amends s. 718.112(2)(d)1., F.S., to provide that delinquency in payment of any "fee, fine, or special or regular assessment" disqualifies a person from running for the board, and amends s. 718.112(2)(n), F.S., to provide that director or officer who is more than 90 days delinquent in payment of "any monetary obligation" is removed from the board.

Current law requires a person running for a seat on the board of administration must certify that he or she has read the condominium law and the association's governing documents upon qualifying to run for the office. A copy of the certification of each candidate must be distributed to unit owners with the notice of the election. This bill amends s. 718.112(2)(d)3., F.S., to remove the certification and distribution requirements. The bill requires that a newly elected or appointed director must, within 90 days of being elected, certify in writing that they have read the association's declarations of covenants and restrictions, articles of incorporation, bylaws, and current written policies, or, in lieu thereof, submit a certificate of satisfactory completion of the educational curriculum administered by a division-approved condominium education provider. The director must also certify that he or she will work to uphold the governing documents of the association and will discharge his or her fiduciary duties owed to the association. A director is suspended upon failure to file the certification, and his or her position may temporarily be filled by appointment.

Current law provides that a condominium association director "charged" with a felony theft or embezzlement offense involving the association's funds is removed from office. The apparent intent is to remove a director who may be criminally charged, but some people have interpreted the provision to apply to a director that someone alleges to have committed a theft. This bill amends s. 718.112(2)(o), F.S., to clarify that the removal from office only applies where a director has been formally charged by information or indictment, that is, formally charged by either a state attorney or by a grand jury filing a formal criminal charge.

## Condominium and Cooperative Fire Sprinkler and Lifesafety Retrofitting

Section 633.0215(2), F.S., enacted in the 1998 session, is a part of the insurance laws. This section requires the State Fire Marshal to "adopt the National Fire Protection Association's Standard 1, Fire Prevention Code . . . [and] the Life Safety Code, Pamphlet 101, current editions, by reference." The original effective date of the requirement to adopt was moved back by ch. 2000-141, L.O.F., and was moved back again by ch. 2001-186, L.O.F., to January 1, 2002. One of the many requirements of those fire prevention codes and standards is a requirement that certain existing multi-family structures be retrofitted with fire sprinkler systems within 12 years of enactment. Thus, one effect of s. 633.0215, F.S., as it currently is in law, is to require some older condominium buildings to complete installation of fire sprinkler systems (retrofit) by January 1, 2014, unless a change is made in the standards.

The state building code has required since 1994 that a multi-family structure three stories or taller must have installed sprinkler systems when first built. Prior to 1994, some local building codes required sprinklers upon initial construction of certain multi-family structures.

Section 718.112(2)(l), F.S., provides that, notwithstanding the provisions of ch. 633, F.S., or of any other code, statute, ordinance, administrative rule, or regulation, or any interpretation of the foregoing, a condominium association or unit owner is not obligated to retrofit the common elements or units of a residential condominium with a fire sprinkler system or other engineered life safety system in a building that has been certified for occupancy by the applicable governmental entity, if the unit owners have voted to forego such retrofitting and engineered life safety system by the affirmative vote of two-thirds of all voting interests in the affected condominium.

However, a condominium association may not vote to forego the retrofitting with a fire sprinkler system of the common areas in a high-rise building. A high-rise building is defined as a building that is greater than 75 feet in height where the building height is measured from the lowest level of fire department access to the floor of the highest story that can be occupied. For purposes of this exception, the term "common areas" means any enclosed hallway, corridor, lobby, stairwell, or entryway. In no event may the local authority having jurisdiction require completion of retrofitting of common areas with a sprinkler system before the end of 2014.

There are special voting, reporting, notice and recording requirements related to votes on retrofitting, including a requirement that a prospective purchaser or lessee of a condominium unit must be notified that the association has voted to forego retrofitting. Of the 74 associations that have reported to the DBPR that they have conducted a vote to forego retrofitting with sprinklers, the vote to forego failed only once and the remaining 73 have voted to forego retrofitting.<sup>3</sup>

This bill repeals the exception relating to buildings in excess of 75 feet, thus providing that a condominium association of a building of any height may vote to forego retrofitting of common areas and units with fire sprinklers and engineered lifesafety systems. The retrofitting deadline for associations who have not voted to forego retrofitting is extended from the end of 2014 to the end of 2019. Associations who have not voted to forego retrofitting must file for building permits and develop a plan for compliance by December 31, 2016.

Once a vote to forego retrofitting has been approved, 10 percent of the unit owners may petition for a vote to require retrofitting, which may be called no more than once every 3 years. A meeting to require retrofitting may not be noticed electronically.

This bill also amends cooperative law regarding retrofitting to match condominium law as amended by this bill.

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<sup>3</sup> Fire system retrofitting summary reports provided to staff by DBPR, on file with staff of the Civil Justice & Courts Policy Committee.

## Condominium Association Emergency Power Supplies

Current law at s. 553.509(2), F.S., requires every residential structure 75 feet in height or greater to have installed a means to supply 5 days worth of electricity to operate the building fire alarm systems and at least one elevator. Independent power can be either through an owned generator or through a contract to have a generator delivered during emergencies. The requirement applies to new construction and required retrofitting of existing structures. Current law also requires significant recurring costs, either for periodic maintenance and inspection of owned generators or for standby generator contracts. This bill amends s. 718.112(2)(l), F.S., to provide that a condominium association, by majority vote, may opt to forego the retrofitting required by s. 553.509, F.S.

## Condominium Association Marketing Funds

Under current law, a condominium association may not use association funds to market the association. Associations have expressed a desire to market themselves as a means to spur sales in the association and thereby increase the property values of all the owners in the association. This bill creates s. 718.112(3)(e), F.S., to authorize a community umbrella organization serving 1,000 or more units to use association funds for marketing purposes. A marketing firm may not be owned by any of the unit owners of the association.

## Bulk Communications Contracts

Section 718.115, F.S., provides for the splitting of costs and expenses to the unit owners of the association through assessments. Section 718.115(1)(d), F.S., authorizes an association to contract for and split the cost of a master antenna television system or a bulk cable television contract. Unlike ordinary assessments, which may vary between units, the cost of a bulk contract is split on a per-unit basis.

This bill expands the authority of a condominium association to enter into similar contracts by providing that a condominium association may enter into bulk contracts for communications services, information services, or Internet services.

Current law provides that a unit owner who is blind, hearing-impaired, or receives certain government assistance for the poor may voluntarily discontinue receiving cable television service and thereby not have to pay for the service. The bill amends this provision so that that ability to discontinue a bulk service only applies to cable or video service. Therefore, such persons may be required to continue receiving, and paying for, other communication, information, and Internet services contracted for by the association.

## Condominium Assessments: Lender Liability

A condominium association is somewhat like a partnership between unit owners with a common interest in a condominium building or buildings. To operate, an association must collect regular assessments from the unit owners in order to pay for management, maintenance, insurance, and reserves for anticipated future major expenses. Under current law, an owner is liable for all assessments that come due while he or she is the owner, and is jointly liable with past owners for any assessment owed by such previous owners. Of course, in an ordinary voluntary sale the buyer insists that all assessments be brought current through the date of sale, and an owner's title insurance company insures the buyer should the closing agent not properly see to payment of assessments through closing.

Foreclosure, an involuntary sale, is different. As expected, a unit owner who stops paying the mortgage will likely also stop paying the regular assessments. Should the condominium unit be sold to a third party at foreclosure sale, that buyer assumes responsibility for all of the past due assessments. The usual buyer at a foreclosure sale, however, is the lending institution. Section 718.116(1)(b), F.S., limits the liability for past due assessments of a first mortgage holder who is the winning bidder at the foreclosure sale to only being responsible to the association for the lesser of 6 months regular

assessments or 1% of the original mortgage loan. Uncollectible past due assessments that result from this limitation are passed on to all of the unit holders through increased regular assessments and may be passed on to the unit owners by special assessment.

In the past, foreclosures were infrequent and were generally resolved within 6 months, leaving condominium associations with small infrequent manageable foreclosure losses. Recent economic downturns have led to significant numbers of condominium units in foreclosure which, coupled with typical foreclosure delays now reaching approximately 18-24 months, have led to significant financial troubles in condominium associations statewide.<sup>4</sup>

This bill amends s. 718.116(1)(b), F.S., to increase the maximum liability of a first mortgage holder to the lesser of 12 months or 1% of the original mortgage amount, whichever is less.

#### Tenants of a Delinquent Condominium Unit Owner

Under current law, a condominium unit owner may rent out the unit and keep all of the rents while not paying the regular assessments owed to the association. Current law requires an association to continue to provide services to every unit, even those units whose owners in default in payment of assessments. Tenants must be allowed to use the common areas despite their landlord's delinquency in payment of assessments.<sup>5</sup>

This bill creates s. 718.116(11), F.S., to provide that, if assessments due from a condominium unit are delinquent, the association may demand that the tenant pay the association future assessments. The association must notify the unit owner/landlord of the demand that has been made upon the tenant. Monies paid to the association are credited against rent owed to the landlord. The association must give a tenant a written record of payments made upon request by the tenant. A tenant who claims to have pre-paid rent must show the association proof of payment. If the tenant fails to pay after demand, the association may evict the tenant.

#### Termination of Condominium

Section 718.117, F.S., provides a process for termination of a condominium because of economic waste or impossibility. The provisions appear to contemplate situations where the building has become too old, or has been too far damaged, to sensibly remain a viable entity. The provisions do not contemplate termination of an uncompleted condominium. This bill amends s. 718.117, F.S., to add that a condominium may be terminated where the cost to construct the intended improvements exceeds the fair market value of the units if they were completed.

#### Condominium Purchase Deposits

It is common for a condominium developer to enter into sales contracts and accept pre-purchase deposits far in advance of the completion of the condominium. Section 718.202, F.S., requires that an advance deposit be held in escrow pending completion of the condominium and closing of the sale. This bill creates s. 718.202(11), F.S., to specify that the escrow agent may hold all of the deposits in one single account.

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<sup>4</sup> See, for instance: Iuspa-Abbott, *Condo Meltdown*, Daily Business Review, July 22, 2008; Bayles, *Help for Homeowners Associations*, HeraldTribune.com, October 6, 2008; Andron, *Condo Associations in Eye of Foreclosure Storm*, Miami Herald, April 21, 2008; 2008 *Florida Community Association Mortgage Foreclosure Survey*, April 16, 2008; Geffner, *Condo Foreclosures Hurt Others, Too*, MSNBC.com, August 29, 2008; Moody, *Banks Stick Unpaid Fees to Condos*, Florida Today, October 26, 2008; Owers, *Foreclosures Lead to Budget Problems for Associations*, South Florida Sun-Sentinel, February 24, 2009; *State of Distress: Florida Community Association Mortgage Foreclosures Spawn Crisis Within State's Condo and HOA Population*, February 24, 2008 (survey finding that nearly two-thirds of associations were impacted by foreclosure losses). All articles on file with committee staff.

<sup>5</sup> See s. 718.106(4), F.S.



## Condominium Association Turnover

The developer who creates a condominium also initially controls the condominium association. Turnover is the point at which control of the association must be transferred from the developer to the unit owners. Section 718.301(1), F.S., contains 7 different tests for turnover, which must occur upon the happening of the first of any of the 7. Paragraph (1)(f) requires turnover if the developer is placed into receivership and the developer has not had such receivership discharged within 30 days. This bill amends s. 718.301(1)(f), F.S., to provide that the receivership court may, within those 30 days, order that turnover not occur if the court finds that it is in the best interest of the association that the developer maintain control.

## Unpaid Assessments, Use of the Common Areas, and Voting

Under current law, a condominium association has limited options available for collection of past due assessments. The association may, like any other entity, call and write asking for payment, subject to the restrictions imposed under state and federal consumer laws. An association may sue on the debt. An association may file a lien against the unit, and, if the lien remains unpaid, the association may file a foreclosure action. In practice, many associations feel that the cost of foreclosure exceeds the potential benefit, as unit owners who are delinquent to the association are probably also delinquent in payment of mortgage obligations that are superior. Under current law, an association may not suspend use rights of a delinquent unit owner or the unit owner's tenants, nor can an association suspend the voting rights of a delinquent unit owner.

This bill amends s. 718.303, F.S., to provide that if a unit owner is 90 days or more delinquent, the association may deny the unit owner and the unit owner's guests or tenants the right to use the common areas of the association. However, the association may not deny use of limited common elements<sup>6</sup>, common elements used to access the unit<sup>7</sup>, elevators, common elements that are used to provide utility services, or parking spaces.

Current law requires an association to give "reasonable notice" prior to imposing a fine. The term is not defined. This bill amends s. 718.303, F.S., to require an association to give at least 14 days written notice and an opportunity for a hearing before imposition of a fine. A suspension of use rights must be passed at a board meeting, and the unit owner and unit occupants must be notified of the suspension. Also, the voting rights of a unit owner over 90 days delinquent may be suspended.

## Condominium Bulk Buyers and Bulk Assignees

Section 718.103(16), F.S., defines a developer as one "who creates a condominium or offers condominium [units] for sale or lease in the ordinary course of business . . . ." In essence, the statute creates two classes of developers: those who create the condominium by executing and recording the condominium documents and those who offer condominium units for sale or lease in the ordinary course of business. There are advantages that may accrue with the status as successor developer, including acquisition of certain developer-retained rights under the condominium documents and the ability to control the condominium association by electing or designating a majority of the directors of the condominium association board of directors. On the other hand, there are certain disadvantages, including potential warranty liability, liability for prior financial mismanagement of the condominium association, and loss of the ability to control the condominium association.<sup>8</sup>

This bill creates part VII of ch. 718, F.S., consisting of ss. 718.701, 718.702, 718.703, 718.704, 718.705, 718.706, 718.707, and 718.708, F.S. Section 718.701, F.S., provides that part VII of ch. 718, F.S., may be cited as the "Distressed Condominium Relief Act."

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<sup>6</sup> A limited common element is a part of the common areas designated for use by a limited number of unit owners. The most common limited common element is the exterior balcony.

<sup>7</sup> This would appear to cover hallways, elevators, sidewalks, and the like.

<sup>8</sup> Schwartz, *The Successor Developer Conundrum in Distressed Condominium Projects*, The Florida Bar Journal, Vol. 83, No. 7, July/August 2009.

The bill creates s. 718.702, F.S., to provide legislative findings and legislative intent. This section includes a finding that potential successor purchasers of condominium units are unwilling to accept the risk of purchase because the potential liabilities inherited from the original developer are imputed to the successor purchaser, including the foreclosing mortgagee.<sup>9</sup> The bill provides a statement of legislative intent that it is public policy of this state to protect the interests of developers, lenders, unit owners, and condominium associations with regard to distressed condominiums.

### *Definitions*

The bill amends the definition of “developer” in s. 718.103(16), F.S., to exclude a bulk assignee or a bulk buyer. The bill creates s. 718.703, F.S., to define “bulk assignee” as a person who acquires more than seven condominium parcels as provided in s. 718.707, F.S., and receives an assignment of some or all of the rights of the developer under specified recorded documents. It also defines “bulk buyer” as a person who acquires more than seven condominium parcels but who does not receive an assignment of developer rights other than the right to:

- Conduct sales, leasing, and marketing activities within the condominium.
- Be exempt from payment of working capital contributions.
- Be exempt from rights of first refusal.

### *Assignment and Assumption of Developer Rights*

The bill creates s. 718.704, F.S., relating to the assignment and assumption of developer rights. In general, a bulk assignee assumes all liabilities of the developer. However, a bulk assignee is not liable for:

- Construction warranties, unless related to construction work performed by or on behalf of the bulk assignee.
- Funding converter reserves for a unit not acquired by the bulk assignee.
- Providing converter warranties on any portion of the condo property except as provided in a contract for sale between the assignee and a new purchaser.
- Including in the cumulative audit required at turnover an audit of income and expenses during the period prior to assignment.
- Any actions taken by the board prior to the time at which the bulk assignee appoints a majority of the board.
- The failure of a prior developer to fund previous assessments or resolve budgetary deficits.

A bulk assignee may receive the right to fund budgetary deficits in lieu of paying regular assessments. If so, the bulk assignee must accept the full developer responsibility, including the obligation to fund reserves. A bulk assignee that does not accept this right must pay full assessments for all units owned.

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<sup>9</sup> For instance, in one case the construction lender foreclosed after the original developer defaulted on a loan. The lender took title to condominium project, completed construction, and, while holding itself out as developer and owner of project, advertised and sold units to purchasers. The court found that the lender became the developer of the project and therefore liable for performance of express representations made to buyers, for patent construction defects in entire condominium project, and for breach of any applicable warranties due to defects in portions of project completed by lender. *Chotka v. Fidelco Growth Investors*, 383 So.2d 1169 (Fla. 2d DCA 1980).

An acquirer of condominium parcels is not considered a bulk assignee or a bulk buyer if the transfer of parcels was done to hinder, delay, or defraud any purchaser, unit owner, or the association, or if the acquiring person or entity is considered an insider.<sup>10</sup>

Development rights may be assigned to a bulk assignee by the developer, by a previous bulk assignee, or by a court of competent jurisdiction acting on behalf of the developer or previous bulk assignee.

There may be more than one bulk buyer in a condominium but there may only be one bulk assignee within a condominium at any particular time. If more than one acquirer receives an assignment of development rights from the same person, the bulk assignee is the acquirer who first records the assignment in the applicable public records.

#### *Transfer to Unit Owner-Controlled Board*

The bill creates s. 718.705, F.S., relating to the transfer of control of the condominium board of administration. The bill provides that transfer of condominium units to a bulk assignee that is entitled to elect a majority of the members of the board is not a transfer that would require turnover. However, units transferred from the bulk assignee count for purposes of determining when turnover is required.

In an ordinary turnover, the developer is required to deliver certain items and documents to the new board of administration that is controlled by unit owners. A bulk assignee is only required, however, to turnover items and documents that the bulk assignee actually has. A bulk assignee has the duty to attempt to obtain turnover materials from the original developer, and must list materials that the bulk assignee was unable to obtain. A bulk assignee that fails to comply with the turnover requirements created by this bill loses all legal protections otherwise afforded a bulk assignee.

#### *Sale or Lease of Units by a Bulk Assignee or a Bulk Buyer*

Under current law, a successor developer may be liable for filing anew all of the condominium documents for regulatory review. The bill creates s. 718.706, F.S., relating to the sale or lease of units by a bulk assignee or a bulk buyer. Prior to the sale or lease of units for a term of more than 5 years, a bulk assignee or a bulk buyer must file the following documents with the Division of Florida Condominiums, Timeshares and Mobile Homes in the Department of Business and Professional Regulation and must provide a copy of such documents to each prospective purchaser or tenant:

- Updated prospectus or offering circular, or a supplement, which must include the form of contract for purchase and sale;
- Updated Frequently Asked Questions and Answers sheet;
- Executed escrow agreement if required under s. 718.202, F.S., relating to sales or reservation deposits prior to closing; and
- Financial information required under s. 718.111(13), F.S. (association financial report for preceding fiscal year), unless the report does not exist for the previous fiscal year prior to acquisition by the bulk assignee or bulk buyer or accounting records cannot be obtained in good faith, in which case notice requirements must be met.

In addition, a bulk assignee (but not a bulk buyer) must file with the division and provide each purchaser with a disclosure statement that includes, but is not limited to, the following:

- A description of any rights of the developer assigned to the bulk assignee or to a bulk buyer;
- A statement relating to the seller's limited liability for warranties of the developer; and
- If the condominium is a conversion, a statement relating to the seller's limited obligation to fund converter reserves or to provide converter warranties under s. 718.618, F.S., relating to converter reserve accounts.

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<sup>10</sup> The bill references the definition of "insider" at s. 726.102(7), F.S. Chapter 726, F.S., prohibits fraudulent transfers.

Similar to the restrictions on developers while they are in control of the association, a bulk assignee may not waive reserves, reduce reserves, or use a reserve for a purpose other than set aside for, unless such waiver, reduction or use is approved by a majority of the voting interests not under the control of the developer, bulk assignee, or a bulk buyer.

While in control of the association, a bulk assignee or a bulk buyer must comply with the requirements of s. 718.302, F.S., which section regulates contracts entered into by the association. While in control of the association, a bulk buyer must comply with the requirements of the declaration regarding the transfer of any unit by sale, lease or sublease.

#### *Other Bulk Buyer and Bulk Assignee Changes*

The disciplinary powers of the Department of Business and Professional Regulation related to condominiums, at s. 718.501, F.S., are amended to give the department jurisdiction over bulk buyers and bulk assignees.

The provisions regarding bulk buyers and bulk assignees are only applicable to persons who acquire condominium units between July 1, 2010 and June 30, 2012.

The bulk buyer and bulk assignee provisions only affect liability under the condominium law. The provisions do not affect the liability of an original developer, who remains fully financially liable for all developer responsibilities.

#### Cooperative Law Update

Cooperative associations are very similar to condominium associations, in law and in practice. This bill changes cooperative law to match current condominium law or to match changes made in this bill, to:

- Amend s. 719.106(1)(d), F.S., to amend election law to provide that, in the absence of a contrary bylaw, a vacancy on the board of directors may be filled by appointment by the remaining members, matching s. 718.112(2)(d)8., F.S.
- Amend s. 719.1055, F.S., to match current law and changes to condominium law on fire sprinklers, fire safety retrogrades, and the ability of an association to waive retrogrades, matching s. 718.112(2)(l), F.S.
- Amend s. 719.108, F.S., to match current law and changes to condominium law on assessments, liens, and collections from tenants at s. 718.116, F.S.

#### Flag Displays in Homeowners Associations

Current law at s. 720.304(2)(b), F.S., provides that a homeowners association may not prohibit a member from erecting a flagpole or displaying a flag, within certain size and placement restrictions. This bill amends s. 720.304(2)(b), F.S., to provide that a flagpole display is subject to local government restrictions such as building codes, zoning setbacks, noise ordinances, and lighting ordinances; and is subject to "setback and locational criteria contained in the governing documents."

#### Homeowners Associations - Delinquency

Section 720.305, F.S., provides that, if a parcel owner is delinquent, a homeowners association may suspend the owner's use rights in the common areas for a reasonable period of time. This bill amends s. 720.305, F.S., to provide that a parcel owner must be more than 90 days delinquent before the association may suspend use rights. The suspension period may last until the debt is paid, and no association may suspend use rights in common areas that are necessary for access or utilities.

## Homeowners Associations Conforming Changes

This bill changes homeowners association law to match current condominium law or to match changes made in this bill:

- Amend s. 720.306(9), F.S., to amend election law to provide that, in the absence of a contrary bylaw, a vacancy on the board of directors may be filled by appointment by the remaining members, matching s. 718.112(2)(d)8., F.S.
- Amend s. 720.3085, F.S., to match changes by this bill creating a right to collect assessments from tenants, as created in s. 718.116, F.S.

## Acquisition of Recreational Leaseholds by a Homeowners Association

This bill creates s. 720.31(6), F.S., to allow a homeowners association to acquire leaseholds, memberships, or other possessory or use interests in lands or facilities such as country clubs, golf courses, marinas, and other recreational facilities. The land or facility being acquired does not have to be land or facilities contiguous to the association property, or provide enjoyment, recreation, or other uses or benefits to the owners. The bill requires that the leaseholds, memberships, or other possessory interest must be stated and fully described in the declaration of the association if the association is created or exists at the time the declaration is recorded. Once the declaration is recorded, agreements to acquire leaseholds, memberships, or other possessory or use interests not entered into within 12 months following the recording of the declaration may be entered into only if authorized by the declaration for material alterations or substantial additions to the common areas or association property. If the declaration does not provide for such material alterations or additions, the approval of 75 percent of the total voting interests is required. The declaration of material alterations or substantial additions may provide that the rental, membership fees, operations, replacements, or other expenses are common expenses; may impose covenants and restrictions concerning the use; and contain other provisions not inconsistent with the subsection. The association may join with other associations that are part of the same development or master association in the acquisition of the interest. The bill provides that subsection (6) is intended to clarify law in existence before July 1, 2010.

## Homeowners Association Records and Meetings

Similar to laws affecting state and local government, in general the meetings of a homeowners association are open to members and records are available for inspection and copying, with certain exclusions. This bill amends s. 720.303, F.S., as follows:

- Current law provides that all meetings between the board and its attorney may be closed to members. This bill narrows the exemption to provide that only meetings where proposed or pending litigation is discussed may be closed to members.
- This bill requires that a request to inspect and copy records must be in writing and sent by certified mail.
- Current law allows an association to charge a reasonable cost for copying of records, this bill allows an association to additionally charge for employee time.
- Current law protects some employee records, this bill exempts employee payroll records.

This bill adds additional information that is exempt from inspection and copying by members:

- Personal identifying information of other unit owners.
- Electronic security measures.
- Software and operating systems.

## Homeowners Association Budgets

Condominium and cooperative associations are required to budget reserves, unless the members affirmatively vote each year to waive funding of such reserves. Homeowners associations, however, are not required to create reserve accounts, but may do so. If an association does create a reserve account, it is governed by s. 720.303(6), F.S. This bill amends homeowners association budgeting to provide:

- An association may terminate a previously created reserve account.
- An association may create an account for deferred expenditures that is not a formal reserve account. The bill creates a disclosure to members that must be included in the annual budget if the association creates such an account. Such accounts are not required to be fully funded.

## Compensation of Homeowners Association Directors

There is no prohibition in current law on compensation of the directors, officers, or committee members of a homeowners' association. This bill creates s. 720.303(12), F.S., to provide that a director, officer or committee member may not receive any salary or compensation from the association for the performance of his or her duties and may not benefit in any other way financially from service to the association, other than:

- Participation in a financial benefit accruing to all or a significant number of members as a result of lawful actions taken by the board including in part maintenance or repair of community assets;
- Reimbursement for out-of-pocket expenses subject to approval in accordance with procedures established by the governing documents;
- Recovery of insurance proceeds which are derived from a policy of insurance maintained by the association for the benefit of its members;
- Any fee or compensation authorized in the governing documents;
- Any fee or compensation authorized in advance by a vote of a majority of the voting interests voting in person or by a proxy at the meeting of the members; or
- A developer or representative from serving on the board and otherwise financially benefitting from such service.

## Voting in Homeowners' Associations

Current law generally allows proxy voting in elections where the parcel owners may vote. A proxy is a written authorization allowing one person to cast another's vote. Current law does not allow nor does it prohibit an association from utilizing absentee balloting.

This bill amends subsections (8) and (9) of s. 720.306, F.S. to create a format for absentee balloting. The bill provides that if the governing documents allow a parcel owner who is not in attendance at a meeting to cast a secret ballot, the ballot must be placed in an inner envelope with no identifying markings and delivered to the association in an outer envelope with the required information. The outer envelope must include the name of the owner, the lot or parcel for which the vote is being cast, and the signature of the parcel owner casting the ballot. Once the eligibility to vote is verified and it is confirmed that there are no other ballots submitted for that lot or parcel, the inner envelope must be removed and added to the ballots of members who voted personally and must be opened when the ballots are counted. If there is more than one ballot submitted for a lot or parcel, the ballots for that lot or parcel are

disqualified. No ballot received after the close of balloting by a vote of the membership will be considered.

### Special Assessments Prior to Turnover

The developer that creates a homeowners association starts out controlling the association. Turnover is the point in time at which the developer must turn over control of the association to the parcel owners. A special assessment is any assessment other than the regular assessment that covers regular operating expenses plus reserves (if any). This bill creates s. 720.315, F.S., to prohibit a homeowners association from levying a special assessment prior to turnover, unless a majority of unit owners other than the developer vote to approve such special assessment.

#### B. SECTION DIRECTORY:

Section 1 amends s. 399.02, F.S., regarding the Elevator Safety Code.

Section 2 amends s. 617.0721, F.S., to amend the nonprofit corporations law to conform to condominium and cooperative law.

Section 3 amends s. 617.0808, F.S., to amend the nonprofit corporations law to conform to condominium and cooperative law.

Section 4 creates s. 617.1606, F.S., to amend the nonprofit corporations law to conform to condominium and cooperative law.

Section 5 creates s. 627.714, F.S., amending the insurance laws regarding property insurance coverage for condominium units.

Section 6 amends s. 633.0215, F.S., regarding the Florida Fire Prevention Code.

Section 7 amends s. 718.103, F.S., regarding definitions applicable to the condominium law.

Section 8 amends s. 718.110, F.S., regarding amendments to condominium association governing documents related to rental restrictions.

Section 9 amends s. 718.111, F.S., regarding condominium associations governance (insurance, records).

Section 10 amends s. 718.112, F.S., regarding the bylaws of a condominium.

Section 11 amends s. 718.115, F.S., regarding common expenses of a condominium association, amending provisions related to bulk communications agreements.

Section 12 amends s. 718.116, F.S., regarding assessments, increasing the liability of mortgage lenders.

Section 13 amends s. 718.117, F.S., regarding termination of a condominium.

Section 14 amends s. 718.202, F.S., regarding sales reservation monies held in escrow.

Section 15 amends s. 718.301, F.S., regarding transfer of control in a condominium association.

Section 16 amends s. 718.303, F.S., regarding obligations of owners, providing for suspension of use and voting rights.

Section 17 amends s. 718.501, F.S., regarding powers of the Department of Business and Professional Responsibility, to add jurisdiction over bulk buyers and bulk assignees.

Section 18 creates Part VII of ch. 718, F.S., including ss. 718.701, 718.702, 718.703, 718.704, 718.705, 718.706, 718.707, and 718.708, F.S., regarding distressed condominium relief, providing for bulk buyers and bulk assignees.

Section 19 amends s. 719.106, F.S., regarding the bylaws of a cooperative association.

Section 20 amends s. 719.1055, F.S., regarding cooperative associations, to amend firesafety requirements.

Section 21 amends s. 719.108, F.S., regarding assessments in a cooperative association.

Section 22 amends s. 720.303, F.S., regarding management of a homeowners association (board meetings, records, budgets).

Section 23 amends s. 720.304, F.S., regarding member rights in a homeowners association.

Section 24 amends s. 720.305, F.S., regarding the financial obligations of members of a homeowners association.

Section 25 amends s. 720.306, F.S., regarding elections in a homeowners association.

Section 26 amends s. 720.3085, F.S., regarding assessments in a homeowners association, to provide a means to collect assessments from a tenant.

Section 27 amends s. 720.31, F.S., regarding the right of a homeowners association to acquire leaseholds and recreational facilities.

Section 28 creates s. 720.315, F.S., regarding special assessments.

Section 29 provides an effective date of July 1, 2010.

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

### **A. FISCAL IMPACT ON STATE GOVERNMENT:**

#### **1. Revenues:**

None.

#### **2. Expenditures:**

The Department of Business and Professional Regulation indicated that a previous version of this bill will have "[n]o significant impact."<sup>11</sup> The Department of Financial Services indicated that a previous version of this bill will have no fiscal impact on the agency. The amendments to this bill do not appear to affect these estimates.

### **B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

#### **1. Revenues:**

None.

#### **2. Expenditures:**

None.

### **C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

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<sup>11</sup> DBPR analysis dated February 4, 2010.



This bill contains several provisions that would save condominium unit owners from expenses required under current law. This bill will have a negative fiscal impact on vendors who supply the materials and labor necessary to comply with current law. Specifically, the sections in this bill that have a direct economic impact on the private sector are:

- Section 1 provides an exemption from a requirement to retrograde existing elevators required by the Elevator Safety Code.
- Sections 5 and 8 modify insurance requirements and repeal the current requirement that every unit owner obtain insurance.
- Section 6 repeals a current requirement for alarm systems in certain condominium buildings that are less than 4 stories in height.
- Section 10 includes provisions allowing waiver of certain requirements for retrofitting of condominiums with sprinklers and engineered lifesafety systems.
- Section 10 of the bill includes provisions allowing a condominium association operating a high-rise building to waive the requirement to provide a power supply for at least 5 days operation of fire alarm systems and an elevator during an emergency situation.
- Section 12 of this bill increases the liability of lenders for past due assessments owed at the time of a foreclosure sale. This provision will directly benefit associations and directly cost mortgage lenders.

This bill contains a provision that would save cooperative shareholders from expenses required under current law. This bill will have a negative fiscal impact on vendors who supply the materials and labor necessary to comply with current law. Specifically, the sections in this bill that have a direct economic impact on the private sector are:

- Section 21 includes provisions allowing waiver of certain requirements for retrofitting of cooperative buildings with sprinklers and engineered lifesafety systems.

This bill also appears to have a direct economic impact related to landlord-tenant relations. Section 12 (condominiums), section 21 (cooperatives) and section 26 (homeowners associations), allow an association to demand that a tenant pay association fees (deducting from rent due) when an owner/landlord is delinquent in payment of assessments due to the association. These sections will have a direct positive economic impact on associations. It does not appear that these provisions have a negative impact on affected owners, as the monies collected were owed by such owners anyway.

#### 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:

None.

**B. RULE-MAKING AUTHORITY:**

Section 1 of the bill requires the Department of Business and Professional Regulation (Division of Hotels and Restaurants) to adopt rules to administer s. 399.02(8), F.S., which provides an exemption from retroactive application of certain updates to the Elevator Safety Code.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

None.

**IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES**

On February 2, 2010, the Civil Justice & Courts Policy Committee adopted 6 amendments to this bill. The amendments:

- Clarify language regarding the exemption of certain condominium buildings from a requirement to install alarms.
- Amend the provisions on removal of a director from the board of administration for failure to attend an educational seminar to provide for non-removal if the educational provider does not timely provide a certificate of attendance.
- Amend the provisions delaying retrofitting of condominiums to specify that the delay also delays any requirement for retrofitting of an engineered lifesafety system.
- Amend the provisions delaying retrofitting of condominiums to provide that the members of the association may reverse a previous vote approving delay, and thereby force retrofitting.
- Amend cooperative law regarding retrofitting with sprinklers and firesafety systems to match the condominium law changes in the bill.

The bill was then reported favorably as a committee substitute.

On March 3, 2010, the Insurance, Business & Financial Affairs Policy Committee adopted two amendments, which made the following changes:

- Exempts condominiums and cooperatives from retroactive application of certain updates to the Elevator Safety Code.
- Exempts certain cooperatives from the requirement to install a manual fire alarm system. Increases the height requirement for cooperatives and condominiums to be eligible for this exemption to cooperatives and condominiums that are less than four stories in height.

On April 6, 2010, the Criminal & Civil Justice Policy Council adopted one amendment to this bill. The amendment:

- Made numerous grammatical and style changes.
- Amended corporate law to provide that certain condominium and cooperative law provisions control over conflicting provisions in the condominium and cooperative law.
- Amended the provision on condominium unit owner insurance to clarify the limit of coverage.
- Amended the law on rental restrictions in condominiums.
- Added provisions regarding maintaining records in condominium associations.
- Amended condominium association financial reporting requirements.

- Amended the provisions regarding retrofitting of condominiums with sprinklers and lifesafety systems to add a requirement that an association that does not vote to retrofit must plan for retrofitting and must apply for a building permit by a date certain.
- Changed the provisions regarding alternate power supplies for all high-rise residential structures to only apply to condominiums and to only apply should the owners vote to forego the requirement for retrofitting and continuing maintenance.
- Added provision to allow large condominium associations to use association funds to market the association.
- Clarified the provision on suspending officers and directors of a condominium charged with a crime.
- Amended the condominium law regarding payment of past due assessments after foreclosure to increase the amount to the lesser of 12 months assessments or 1% of the original mortgage debt.
- Added a provision by which a tenant can be required to pay delinquent assessments and deduct same from their rent.
- Added clarifications related to termination of a condominium.
- Allows condominium pre-sale deposits to be deposited into a single escrow account.
- Allows a condominium association to deny use rights and voting rights.
- Allows DBPR to discipline a bulk assignee or bulk buyer.
- Extended the bulk assignee and bulk buyer provision to July 1, 2012 (from July 1, 2011).
- Added changes to cooperative association law to match to current condominium law and to condominium law as amended by the bill (elections, assessments, liens, collection from tenants).
- Added changes to homeowners association law related to flags, denial of use rights by delinquent owners, elections, and collection from tenants.
- Allows a homeowners association fine to be a lien against a parcel.
- Allows a homeowners association to acquire recreational facilities.
- Changes homeowners association records law to match condominium records law.
- Provides notice requirements related to reserve accounts in homeowners associations.
- Prohibits officers and directors of a homeowners association from receiving compensation, with exceptions.
- Limits special assessments in a homeowners association prior to turnover.

The bill was then reported favorably as a council substitute. This analysis is drafted to the council substitute.