

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** CS/CS/CS/HB 1075 Community Associations

**SPONSOR(S):** Commerce Committee, Judiciary Committee, Business & Professions Subcommittee, Rodriguez, A.

**TIED BILLS:** **IDEN./SIM. BILLS:** SB 1362

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Business & Professions Subcommittee	14 Y, 0 N, As CS	Brackett	Anstead
2) Judiciary Committee	14 Y, 0 N, As CS	Mawn	Poche
3) Commerce Committee	20 Y, 0 N, As CS	Brackett	Hamon

### SUMMARY ANALYSIS

The Division of Florida Condominiums, Timeshares, and Mobile Homes, within the Department of Business and Professional Regulation (DBPR), broadly regulates condominium and cooperative associations and has limited regulatory authority over homeowner's associations (HOA).

The bill:

- Exempts a pool within an HOA with 32 parcels or less from the Department of Health's regulation of public pools.
- Requires associations to maintain bids for work or materials for one year instead of seven.
- Requires an HOA to maintain ballots and all records relating to elections in the HOA's official records.
- Prohibits associations from requiring owners to state a reason for requesting to inspect official records.
- Provides that a condominium association required to make association documents available on a website may instead make them available on a mobile application.
- Allows an HOA to give notice of a meeting on a website.
- Provides that condominium board term limits do not apply retroactively to service prior to 2018.
- Prohibits condominium owners' insurance policies from providing rights of subrogation against the association under certain circumstances.
- Allows condominiums to charge a buyer or renter the actual cost of a background check.
- Provides that certain notice requirements apply to all unit owner meetings instead of just the annual meetings.
- Amends the due date for paying a fine levied by an association.
- Provides that an interest in a cooperative unit is an interest in real property, instead of an interest in personal property.
- Deletes the provision that prohibited a condominium association from contracting with a company in which a board member has a financial interest.

The bill is not expected to have a fiscal impact on local government. The bill may have a fiscal impact on state government. See Fiscal Comments.

The effective date of the bill is July 1, 2019.

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. EFFECT OF PROPOSED CHANGES:

##### **Community Associations**

The Florida Division of Condominiums, Timeshares and Mobile Homes (Division), within the Department of Business and Professional Regulation (DBPR), provides consumer protection for Florida residents living in regulated communities through education, complaint resolution, mediation and arbitration, and developer disclosure. The Division has regulatory authority over the following business entities and individuals:

- Condominium Associations;
- Cooperative Associations;
- Florida Mobile Home Parks and related associations;
- Vacation Units and Timeshares;
- Yacht and Ship Brokers and related business entities; and
- Homeowners' Associations (limited to arbitration of election and recall disputes).

##### *Condominiums*

A condominium is a form of ownership of real property created pursuant to ch. 718, F.S., comprised of units which may be owned by one or more persons along with an undivided right of access to common elements.<sup>1</sup> A condominium is created by recording a declaration of condominium in the public records of the county where the condominium is located.<sup>2</sup> A declaration governs the relationships among condominium unit owners and the condominium association. All unit owners are members of the condominium association, an entity responsible for the operation and maintenance of the common elements owned by the unit owners. The condominium association is overseen by an elected board of directors, commonly referred to as a "board of administration." The board enacts bylaws which govern the administration of the association.

##### *Cooperatives*

A cooperative is a form of property ownership created pursuant to ch. 719, F.S. The real property is owned by the cooperative association, and individual units are leased to the residents who own shares in the cooperative association.<sup>3</sup> The lease payment amount is the pro-rata share of the operational expenses of the cooperative. Cooperatives operate similarly to condominiums and the laws regulating cooperatives are in many instances nearly identical to those regulating condominiums.

##### *Homeowners' Associations*

A homeowners' association (HOA) is an association of residential property owners in which voting membership is made up of parcel owners, 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.<sup>4</sup> Only HOAs whose covenants and restrictions include mandatory assessments are regulated by ch. 720, F.S. Like a condominium or cooperative, an HOA is administered by an elected board of directors. The powers and duties of an HOA includes the powers and duties provided in ch. 720, F.S., and in the governing documents of the association, which include the recorded covenants and restrictions, together with the bylaws, articles of incorporation, and duly adopted amendments to those documents. No state agency has direct oversight of HOAs. Florida law provides procedures and

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

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

<sup>3</sup> S. 719.103(2)(26), F.S.

<sup>4</sup> S. 720.301(9), F.S.

minimum requirements for operating and provides for a mandatory binding arbitration program, administered by the Division, only for certain election disputes.

## **Cooperatives as Personal and Real Property Interest**

### *Current Situation*

The building and land of a cooperative association are owned by a corporation, not the individual unit owners. A person who purchases a cooperative unit does not receive title to the unit or any portion of the cooperative's building or land. Instead, the purchaser receives shares of the cooperative association and leases a unit from the association. An interest in a corporation or cooperative is represented by the ownership of stock in the corporation.

An ownership interest in a corporation or cooperative is an interest in personal property, not real property.<sup>5</sup> Generally, personal property is any object or right that is not real property, such as automobiles, clothing, or stocks.<sup>6</sup>

Real property is anything that is permanent, fixed, and immovable, such as land or a building. At common law, a leasehold, even for as long as 99 years, was not considered an interest in real property. However, a long-term leasehold interest is taxed in the same manner as a fee interest, so courts generally regard long-term leaseholds to be an interest in real property for taxation purposes.<sup>7</sup>

In Florida, a cooperative is treated as real property for some homestead purposes. Even though the legal definition of homestead follows the common law and requires an interest in real property to qualify for the homestead exemption, the Florida Constitution specifically extends the exemption to a cooperative unit.<sup>8</sup> Florida's homestead laws govern the cooperative for purposes of exemption from forced sale by creditors<sup>9</sup> and for purposes of the exemption from ad valorem taxation. However, a cooperative is not subject to Florida's homestead protections and is not considered real property for purposes of devise and descent. Devise and descent is the transfer or conveyance of property by will or inheritance.<sup>10</sup>

In contrast, the Condominium Act specifically provides that "[a] condominium parcel created by the declaration is a separate parcel of real property, even though the condominium is created on a leasehold." Thus, an ownership interest in a condominium is expressly converted by statute into an interest in real property. There is no corresponding statute in the Cooperative Act.<sup>11</sup> Florida courts have recognized that there is some confusion in this area and that there is a need for clarification on whether a cooperative ownership interest is an interest in real property or personal property.<sup>12</sup>

### *Effect of the Bill*

The bill provides that an interest in a cooperative unit is an interest in real property for all purposes including devise and descent.

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<sup>5</sup> *Downey v. Surf Club Apartments, Inc.*, 667 So.2d 414 (Fla. 1st DCA 1996)

<sup>6</sup> Am. Jur. 2d Property § 18.

<sup>7</sup> *Williams v. Jones*, 326 So.2d 425, 433 (Fla. 1975); See generally, The Florida Bar, *Practice Under Florida Probate Code* Chapter 19 (9<sup>th</sup> ed. 2017).

<sup>8</sup> Art. VII, s. 6(a), Fla. Const. ("The real estate may be held by legal or equitable title, by the entireties, jointly, in common, as a condominium, or indirectly by stock ownership or membership representing the owner's or member's proprietary interest in a corporation owning a fee or a leasehold initially in excess of ninety-eight years.")

<sup>9</sup> Ss. 222.01, and 222.05, F.S.

<sup>10</sup> *Southern Walls, Inc. v. Stilwell Corp.*, 810 So. 2d 566, 572 (Fla. 2nd DCA 2002); *Phillips v. Hirshon*, 958 So. 2d 425, 430 (Fla. 3rd DCA 2007); *In re Estate of Wartels*, 357 So.2d 708 (Fla. 1978); Black's Law Dictionary (10<sup>th</sup> ed. 2014).

<sup>11</sup> S. 718.106(1), F.S.; See generally Ch. 719, F.S.

<sup>12</sup> *Phillips*, 958 So.2d 425; *Levine v. Hirshon*, 980 So.2d 1053 (Fla. 2008)

## **Official Records**

### *Current Situation*

Condominiums, cooperatives, and HOAs are required to maintain official records for at least 7 years. The official records must include:

- A copy of the articles of incorporation, declaration, bylaws, and rules of the association;
- Meeting minutes;
- A roster of all owners or members, including the electronic mailing addresses and fax numbers of unit owners consenting to receive notice by electronic transmission;
- A copy of any contracts to which the association is a party or under which the association or the unit owners or members have an obligation;
- Accounting records for the association;
- All contracts for work to be performed, including bids for work, materials, and equipment. Cooperatives and HOAs are only required to maintain bids for one year;
- A copy of the plans, permits, warranties, and other items provided by the developer; and
- All other written records which are related to the operation of the association.<sup>13</sup>

The official records for condominiums and cooperatives, but not HOAs, must also include all ballots, sign-in sheets, voting proxies, and all other papers relating to voting by unit owners.<sup>14</sup>

Owners may request to inspect an association's official records, and the association must make the records available for inspection within 10 business days of receiving an inspection request.<sup>15</sup> A condominium and cooperative may adopt reasonable rules regarding the frequency, time, location, notice, and manner of record inspections. An HOA may also adopt reasonable rules regarding the frequency, time, location, notice, and manner of record inspections, but an HOA may not require an owner to state the reason for the inspection.<sup>16</sup>

### *Effect of the Bill*

The bill:

- Provides that all records that are related to a condominium association and an HOA are considered official records;
- Mirrors condominium law to cooperative and HOA law by requiring that condominiums maintain bids for work, materials, and equipment for one year instead of seven years;
- Mirrors condominium and cooperative law to HOA law by prohibiting a condominium or cooperative from requiring a unit owner to state a reason for the inspection; and
- Mirrors HOA law to condominium and cooperative law by including all ballots, sign-in sheets, voting proxies, and all other papers relating to voting by owners in the HOA's official records.

## **Condominium Unit Owner Insurance and Subrogation**

### *Current Situation*

A condominium association must use its best efforts to maintain insurance for the association, the association property, and the common elements. If a condominium maintains insurance for the association, it must have coverage for the condominium property as originally installed and all alterations or additions made to the condominium property.<sup>17</sup>

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<sup>13</sup> Ss. 718.111(12)(a), 719.104(2), and 720.303(4)-(5), F.S.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> S. 720.303(5), F.S.

<sup>17</sup> S. 718.111, F.S.

Condominium association insurance coverage does not include personal property within a unit or a unit's limited common elements, floor, wall, ceiling coverings, electrical fixtures, appliances, water heaters, water filters, built-in cabinets and countertops, and window treatments. Insurance coverage for such property is the responsibility of the unit owner.<sup>18</sup>

Subrogation is "the substitution of one party for another whose debt the party pays, entitling the paying party to rights, rights, remedies, or securities that would otherwise belong to the debtor."<sup>19</sup> In the condominium setting, subrogation allows a unit owner's insurer to stand in the place of the unit owner whose unit has been damaged by a negligent party. The unit owner's insurer pays the unit owner for the damage and stands in the place of the unit owner to seek relief from the party that caused the damage, which may be the condominium association.

Often, a condominium association's declaration may contain a clause requiring a unit owner's insurance policy to prohibit subrogation against the condominium association.<sup>20</sup>

Prior to 2010, Florida law prohibited a condominium unit owner's insurance policy from providing rights of subrogation against the association. That statutory prohibition was repealed in 2010, and subrogation against a condominium association has been permitted since that time.<sup>21</sup>

### *Effect of the Bill*

The bill provides that if a condominium association's insurance policy does not provide rights of subrogation against the unit owners, then a unit owner's insurance policy may not provide rights of subrogation against the association.

## **Condominium Websites**

### *Current Situation*

Condominium associations with 150 or more units that do not manage timeshare units must post certain documents to a website that is only accessible to unit owners and employees of the condominium association. The condominium association's website must include:

- The recorded declaration of condominium of each condominium operated by the condominium association and each amendment to each declaration;
- The recorded bylaws of the condominium association and each amendment to the bylaws;
- The articles of incorporation of the condominium association, or other documents creating the condominium association and each amendment thereto. The copy posted must be a copy of the articles of incorporation filed with the Department of State;
- The rules of the condominium association;
- Any management agreement, lease, or other contract to which the condominium association is a party or under which the condominium association or the unit owners have an obligation or responsibility. Summaries or complete copies of bids for materials, equipment, or services must be maintained on the website for 1 year;
- The annual budget and any proposed budget to be considered at the annual meeting;
- The financial report and any proposed financial report to be considered at a meeting;
- The certification of each director;
- All contracts or transactions between the condominium association and any director, corporation, firm, or condominium association that is not an affiliated condominium association

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<sup>18</sup> *Id.*

<sup>19</sup> *Aurora Loan Services LLC v. Senchuk*, 36 So. 3d 716, 717 (Fla. 1<sup>st</sup> DCA 2010).

<sup>20</sup> Gary L. Wickert & Kelsey Burazin, *Subrogating Condominium Damage*, Claims Journal June 4, 2015 <https://www.claimsjournal.com/news/national/2015/06/04/263728.htm> (last visited Apr. 3, 2019).

<sup>21</sup> S. 718.111(11), F.S. (2009); See Senate Analysis of 2010 Senate Bill 1196 & 1222 (April 9, 2010).

or any other entity in which an condominium association director is also a director or officer and financially interested;

- Any contract or document regarding a conflict of interest or possible conflict of interest by a community association manager or a board member;
- The notice of any unit owner meeting and the agenda for the meeting, posted at least 14 days before the meeting. The notice must be posted in plain view on the front page of the website or on a separate subpage of the website labeled “Notices” which is conspicuously visible and linked on the front page; and
- Any documents to be considered during a meeting or listed on the agenda for a meeting. These must be posted at least 7 days before the meeting where the document will be considered.<sup>22</sup>

### *Effect of the Bill*

The bill allows a condominium association to post the required documents on a mobile application downloadable to a mobile device instead of on a website.

## **Condominium Term Limits**

### *Current Situation*

Condominium association board members serve one-year terms, but a board member may serve a 2-year term if the association’s bylaws or articles of incorporation allow it.

In 2017, the Legislature passed a law prohibiting a condominium association board member from serving more than 4 consecutive 2-year terms unless his or her continued service is approved by two-thirds of the total voting interests or there are not enough eligible candidates to fill the vacancies on the board.<sup>23</sup>

In 2018, the Legislature amended the term limit provision for condominium board members to clarify that a board member could not serve more than 8 consecutive years instead of 4 consecutive 2-year terms.<sup>24</sup> Questions from the public remain about whether time served on a board prior to the enactment of the term limit provision count toward the 8-year maximum.<sup>25</sup>

### *Effect of the Bill*

The bill provides that only service on a condominium’s board of directors as a result of an election or appointment that occurred after July 1, 2018, counts towards a board member’s 8-year term limit.

## **Condominium Transfer Costs**

### *Current Situation*

A condominium association may not charge a potential buyer or renter costs or fees in connection with the sale, lease, or sublease, or other transfer of a unit unless:

- The fee is limited to \$100 or less;
- The fee is provided for in the association’s governing documents; and
- The association approves the sale, lease, sublease, or transfer.<sup>26</sup>

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<sup>22</sup> S. 718.111(12)(g), F.S.

<sup>23</sup> See House Analysis of 2017 House Bill 1237 (July 5, 2017).

<sup>24</sup> See House Analysis of 2018 House Bill 841 (Mar. 27, 2018).

<sup>25</sup> David G. Muller, *Is new term limit restriction retroactive*, Naples Daily News (Sept. 15, 2018)

<https://www.naplesnews.com/story/money/real-estate/2018/09/15/new-term-limit-restriction-retroactive/1259991002/> (last visited Apr. 3, 2019).

<sup>26</sup> S. 718.112(2)(i), F.S.

A condominium association may require a potential renter to provide the association a security deposit equivalent to one month of rent. The association must place the security deposit in an escrow account maintained by the association.<sup>27</sup>

#### *Effect of the Bill*

The bill provides that in addition to a \$100 administrative fee, a condominium association may charge a potential buyer or renter the actual cost to perform any background check or screening in connection with the sale, mortgage, lease, sublease, or other transfer of a unit.

### **Condominium Service Providers Conflicts of Interest**

#### *Current Situation*

Prior to 2017, a condominium association could sign a contract for maintenance or management services with an entity in which a member of the association's board of directors had a financial interest. The contract had to disclose the board member's financial interest, and a discussion of the financial interest had to be in the minutes of the meeting at which the vote to authorize the contract was held. Any contract that failed to disclose such interest was unenforceable.<sup>28</sup> The contract also had to be affirmed by a two-thirds vote of the members of the board of directors present. The board member with a financial interest in the entity could not participate in the vote.<sup>29</sup>

In 2017, the Legislature passed a law prohibiting a condominium association from employing or contracting with any service provider in which a board member, or a relative of a board member within the third degree of consanguinity by blood or marriage, has a financial interest. This restriction does not apply if the board member or relative owns less than 1 percent of the equity shares of the service provider or to timeshare condominiums.<sup>30</sup>

#### *Effect of the Bill*

The bill repeals the provision prohibiting a condominium association from employing or contracting with any service provider in which a board member or a relative of a board member has a financial relationship. However, the bill maintains the provision requiring a board member's financial interest be disclosed in the contract with the association, and in the minutes of the meeting at which the board votes on the contract. Any contract that fails to disclose such interest is unenforceable. The contract also requires an affirmative vote of two-thirds of the board of directors present and prohibits a board member with a financial interest from participating in the vote.

### **Condominium Electric Car Charging Stations**

#### *Current Situation*

In 2018, the Legislature passed a law prohibiting a condominium association from preventing a unit owner from installing an electric vehicle charging station within the boundaries of the unit owner's limited common element parking area. The electricity charges for the station must be separately metered by the unit owner.<sup>31</sup>

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<sup>27</sup> *Id.*

<sup>28</sup> S. 718.3026(3), F.S.

<sup>29</sup> *Id.*

<sup>30</sup> See House Analysis, *supra* note 23.

<sup>31</sup> See House Analysis, *supra* note 24.

### *Effect of the Bill*

The bill prohibits a condominium association from prohibiting a unit owner from installing an electric vehicle charging station within the boundaries of the unit owner's exclusively designated parking area, in addition to a unit owner's limited common element parking area.

The bill also allows a unit owner to use an embedded meter to meter the electricity used by an electric vehicle charging station, instead of having the charging station separately metered.

## **Condominium and HOA Fines and Suspensions**

### *Current Situation*

Condominium associations and HOAs may levy fines against or suspend the right of an owner, occupant, or a guest of an owner or occupant, to use the common elements for failing to comply with any provision in the association's declaration, bylaws, or rules.<sup>32</sup>

A board may not impose a fine or suspension unless it gives at least 14 days' written notice of the imposed fine or suspension, and the opportunity for a hearing. The hearing must be held before a committee of unit or parcel owners who are not board members or residing in a board member's household. The role of the committee is to determine whether to confirm or reject the fine or suspension.<sup>33</sup>

A fine approved by the committee must be paid to the association five days after the date of the committee meeting. The condominium or HOA must provide written notice of any fine or suspension by mail or hand delivery to the unit owner and, if applicable, to any tenant, licensee, or guest of the unit owner.<sup>34</sup>

### *Effect of the Bill*

The bill provides that if a fine is approved by the committee, it must be paid to the association five days after notice of the approved fine is sent to the unit or parcel owner and if applicable, to any tenant, licensee, or invitee of the owner, instead of five days after the meeting approving the fine.

## **Notice of Elections for Condominium Associations**

### *Current Situation*

Condominium Associations are required to mail, deliver, or electronically transmit notice of an election to unit owners at least 60 days before the election. Condominium associations are also required to mail, deliver, or electronically transmit a second notice of election to the unit owners along with a ballot that lists all the candidates. However, no exact time is currently specified for the provision of the second notice.

### *Effect of the Bill*

The bill provides that the second notice must be mailed, delivered, or electronically transmitted to unit owners not less than 14 days or more than 34 days prior to the election.

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<sup>32</sup> Ss. 718.303(3) & 720.305(2)(a), F.S.

<sup>33</sup> *Id.*

<sup>34</sup> *Id.*



## **Notice of Meetings for Condominium Associations**

### *Current Situation*

A condominium association must provide written notice for the association's annual meeting. The notice must include an agenda, and must be mailed, delivered, or electronically transmitted to each unit owner at least 14 days before the annual meeting. The notice must also be posted in a conspicuous place on condominium property for at least 14 continuous days before the annual meeting. Instead of posting the notice in a conspicuous place, a condominium may repeatedly broadcast the notice and agenda on a closed-circuit cable television system serving the association.<sup>35</sup>

### *Effect of the Bill*

The bill provides that the requirements to provide written notice to each owner and conspicuously post such notice applies to all unit owner meetings instead of just the annual meeting.

The bill also provides that except for the annual meeting, the time-period that a condominium association must serve notice of meetings to the owners and conspicuously post such notice is determined by the association's bylaws. If the bylaws are silent, the notice must be sent to the unit owners and conspicuously posted at least 14 days before the meeting.

## **Notice of Meetings for HOAs**

### *Current Situation*

HOAs must notice all board meetings by posting notice in a conspicuous place on the HOA's property for at least 48 hours. Notice must be posted 14 days before meetings where a nonemergency special assessment or an amendment to the rules regarding parcel use is considered.<sup>36</sup>

HOAs are required to notice all member meetings by mailing, hand delivering, or electronically transmitting notice before the meeting. They must also post notice in a conspicuous place before the meeting. If an HOA opts to broadcast notice in lieu of posting notice, it must do so at least four times during every broadcast hour of each day.<sup>37</sup> Additionally, when notice of an HOA meeting is mailed or delivered to an owner's address it must be sent to the address identified as the parcel owner's mailing address on the property appraiser's website for the county in which the owner's parcel is located.<sup>38</sup>

In 2018, the Legislature passed a law allowing condominium and cooperatives to adopt rules for noticing all board and owner meetings on a website if the time requirements for physically posting the board meetings are met. Any rule adopted for website notice must include a requirement that the association send an electronic notice providing a hyperlink to the website where the notice is posted, to all unit owners whose email addresses are part of the official records, and in the same manner as notice for a meeting of the members. Notice by website does not remove the requirement to comply with the other notice requirements.<sup>39</sup>

### *Effect of the Bill*

The bill amends HOA law to mirror condominium and cooperative law by allowing HOAs to adopt rules for noticing all board and owner meetings on a website if the time requirements for physically posting the meetings are met. Any rule adopted for website notice must include a requirement that the

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<sup>35</sup> S. 718.112(d), F.S.

<sup>36</sup> Ss. 718.112(2), 719.106(1), & 720.303(2)(c), F.S.

<sup>37</sup> *Id.*

<sup>38</sup> S. 720.306(1)(g), F.S.

<sup>39</sup> See House Analysis, *supra* note 18.

association send an electronic notice providing a hyperlink to the website where the notice is posted, to all parcel owners whose email addresses are part of the official records, and in the same manner as notice for a meeting of the members. Notice by website must be in addition to the other notice requirements.

The bill also provides that when notice of a meeting is mailed or delivered to an owner's address it must be sent to the address identified as the parcel owner's mailing address in the HOA's official records, instead of the address identified as the parcel's owner's mailing address on the property appraiser's website.

### **Cooperative Associations Video Conferencing**

#### *Current Situation*

Cooperative association board members and committee members may attend meetings by telephone. If board members or committee members attend a meeting by a telephone, a telephone speaker must be used so the members may be heard by the rest of the board, committee, or any unit owners in attendance.<sup>40</sup>

#### *Effect of the Bill*

The bill provides that cooperative association board members and committee members may attend meetings by telephone, real time video conferencing, or by using a similar real-time electronic or video communication. If board members or committee members attend a meeting by telephone, video, or electronic or video communication, a speaker must be used so the members may be heard by the rest of the board, committee, or any unit owners in attendance.

### **HOA Swimming Pools**

#### *Current Situation*

The Department of Health (DOH) is responsible for the oversight and regulation of water quality and safety of public swimming pools in Florida under ch. 514, F.S. Inspections and permitting for swimming pools are conducted by the county health departments. In order to operate or continue to operate a public swimming pool, a valid operating permit from DOH must be obtained. If DOH determines that the public swimming pool is, or may reasonably be expected to be, operated in compliance with state laws and rules, DOH will issue a permit. However, if it is determined that the pool is not in compliance with state laws and rules, the application for a permit will be denied.<sup>41</sup>

Pools that are used by condominiums or cooperatives with 32 units or less and which are not being operated as public lodging establishments are exempt from DOH's requirements for public pools.<sup>42</sup> HOA pools are not exempt from DOH regulation even where the HOA has 32 homes or less.

#### *Effect of the Bill*

The bill provides that pools for HOAs and other property associations that have 32 parcels or less and are not being operated as public lodging establishments are also exempt from DOH's requirements for public pools.

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<sup>40</sup> S. 719.106(1)(b), F.S.

<sup>41</sup> S. 514.031(1), F.S.

<sup>42</sup> S. 514.0115(2), F.S.

## **Condominium Ombudsman**

### *Current Situation*

Within the Division is housed the Office of the Condominium Ombudsman (Ombudsman). The Ombudsman is an attorney appointed by the Governor and a neutral resource for unit owners and condominium associations. The Ombudsman is authorized to prepare and issue reports and recommendations to the Governor, the Division, and the Legislature on any matter or subject within the jurisdiction of the Division. In addition, the Ombudsman may make recommendations to the Division for changes in rules and procedures for the filing, investigation, and resolution of complaints.<sup>43</sup>

The Ombudsman also acts as a liaison between the Division, unit owners, and condominium associations and is responsible for developing policies and procedures to help affected parties understand their rights and responsibilities.<sup>44</sup>

The Ombudsman is required to keep his or her principal office in Leon County.

### *Effect of the Bill*

The bill deletes the requirement that the Ombudsman keep his or her principal office in Leon County.

## **B. SECTION DIRECTORY:**

Section 1: Amends s. 514.0015, F.S., providing that certain property association pools are exempt from regulation.

Section 2: Amends s. 627.714, F.S., prohibiting condominium unit owner's insurance policies from having certain subrogation rights.

Section 3: Amends s. 718.111, F.S., amending the official records for a condominium association.

Section 4: Amends s. 718.112, F.S., amending board member term limits, required notices, transfer costs, and repealing the prohibition of certain contracts between a condominium and a service provider.

Section 5: Amends s. 718.113, F.S., amending the requirement for electric car charging stations.

Section 6: Amends s. 718.303, F.S., amending condominium association fines.

Section 7: Amends s. 718.5014, F.S., relating to ombudsman location.

Section 8: Amends s. 719.103, F.S., amending the definition of a cooperative unit.

Section 9: Amends s. 719.104, F.S., amending the official records for a cooperative.

Section 10: Amends s. 719.106, F.S., amending video conferencing rules for meetings.

Section 11: Amends s. 720.303, F.S., amending HOA notice requirements and official records.

Section 12: Amends s. 720.305, F.S., amending the requirements for fining HOA members.

Section 13: Amends s. 720.306, F.S., amending HOA notice requirements.

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<sup>43</sup> Ss. 718.5011 & 718.5012, F.S.

<sup>44</sup> *Id.*

Section 14: Providing an effective date of July 1, 2019.

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

### A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See Fiscal Comments.

2. Expenditures:

See Fiscal Comments.

### B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

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

It is unknown if prohibiting condominium owners' insurance policies from providing rights of subrogation against the association will increase or decrease condominium unit owners' insurance policies.

### D. FISCAL COMMENTS:

It is unknown whether the change in classification of cooperatives from personal to real property for the purpose of estate taxes or laws related to devise and descent will have an impact on state revenue.

## III. COMMENTS

### A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

None.

2. Other:

None.

### B. RULE-MAKING AUTHORITY:

None.

### C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

## IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On March 26, 2019, the Business & Professions Subcommittee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The amendment:

- Repealed the provision requiring DBPR to arbitrate certain condominium and cooperative disputes with owners. Instead, certain disputes between owners and condominiums or cooperatives must go to mediation.

- Amended the requirements for selecting a mediator for an HOA dispute.
- Required association election and recall disputes to be heard in county court.
- Required a unit owner or lienor to contest a termination of a condominium in county court.
- Repealed the provision requiring DBPR to certify private mediators.
- Allowed the office of the Condominium Ombudsman to be located outside of Leon County.
- Provided that pools for HOAs with 32 parcels or less are exempt from DOH's regulation of public pools.
- Provided that associations need to maintain bids for work or materials for one year instead of seven.
- Required HOAs to maintain ballots and all records relating to elections in the HOA's official records.
- Prohibited associations from requiring an owner to state a reason for requesting to inspect official records.
- Provided that a condominium association required to place association documents on a website may place the documents on a mobile application.
- Provided that term limits only apply to service on a condominium's board of directors as a result of an election or appointment after July 1, 2018.
- Prohibited condominium owners' insurance policies from providing rights of subrogation against the association.
- Allowed condominiums to charge a buyer or renter the costs of background checks.
- Amended the due date for a fine levied by an association.
- Provided that an interest in a cooperative unit is an interest in real property.
- Provided requirements for notice of condominium elections.
- Provided that an HOA may provide notice of a meeting on a website.
- Provides that an HOA may not suspend a person for violating the rules of the association.
- Repealed the provision prohibiting associations from contracting with companies in which board members have a financial interest.

On April 3, 2019, the Judiciary Committee adopted three amendments and reported the bill favorably as a committee substitute. The amendments:

- Clarified that condominium unit owner meeting notice requirements apply to all unit owner meetings.
- Required a dispute challenging the legality of a condominium board election or recalling a condominium board member to be tried as a summary proceeding without a jury.
- Entitled a prevailing party in such a summary proceeding to recover its reasonable attorney fees and costs.
- Authorized an action at law or in equity for disputes over a violation of the Condominium Act, condominium declaration, documents creating a condominium association, or association bylaws.
- Restored an HOA's ability to suspend a member's right, or the right of a member's tenant, guest, or invitee, to use common areas and facilities for failing to comply with reasonable HOA rules.

On April 18, 2019, the Commerce Committee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The amendment:

- Provides that if a condominium association's insurance policy does not provide rights of subrogation against the unit owners, then a condominium unit owner's insurance policy may not provide rights of subrogation against the association.
- Provides that except for the annual meeting, the time-period that a condominium association must serve notice of meetings to the owners is determined by the association's bylaws.
- Removes the provision terminating DBPR's arbitration program.
- Removes the provision requiring mediation of certain disputes between unit owners and condominium or cooperative associations.
- Removes the provision requiring election and recall disputes, and condominium termination disputes, to be heard in county court.

This analysis is drafted to the committee substitute as passed by the Commerce Committee.