Bill No. HB 867 (2021)

Amendment No.1

COMMITTEE/SUBCOMMITTEE ACTION

ADOPTED	(Y/N)
ADOPTED AS AMENDED	(Y/N)
ADOPTED W/O OBJECTION	(Y/N)
FAILED TO ADOPT	(Y/N)
WITHDRAWN	(Y/N)
OTHER	

Committee/Subcommittee hearing bill: Civil Justice & Property Rights Subcommittee

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Representative Shoaf offered the following:

Amendment (with title amendment)

6 Remove lines 1973-2309 and insert: 7 amended, paragraph (c) of subsection (2), paragraph (c) of 8 subsection (5), paragraphs (c) and (d) of subsection (6), and 9 paragraphs (b), (d), (g), (k), and (l) of subsection (10) are 10 amended, and a new paragraph (l) is added to subsection (4) of 11 that section, to read: 12 720.303 Association powers and duties; meetings of board;

13 official records; budgets; financial reporting; association
14 funds; recalls.-

15 (2) BOARD MEETINGS.-

16 (c) The bylaws shall provide the following for giving 832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 1 of 20

Bill No. HB 867 (2021)

Amendment No.1

notice to parcel owners and members of all board meetings and, 17 if they do not do so, shall be deemed to include the following: 18 19 1. Notices of all board meetings must be posted in a 20 conspicuous place in the community at least 48 hours in advance 21 of a meeting, except in an emergency. In the alternative, if 22 notice is not posted in a conspicuous place in the community, 23 notice of each board meeting must be mailed or delivered to each 24 member at least 7 days before the meeting, except in an emergency. Notwithstanding this general notice requirement, for 25 26 communities with more than 100 members, the association bylaws 27 may provide for a reasonable alternative to posting or mailing 28 of notice for each board meeting, including publication of 29 notice, provision of a schedule of board meetings, or the 30 conspicuous posting and repeated broadcasting of the notice on a 31 closed-circuit cable television system serving the homeowners' 32 association. However, if broadcast notice is used in lieu of a 33 notice posted physically in the community, the notice must be broadcast at least four times every broadcast hour of each day 34 35 that a posted notice is otherwise required. When broadcast 36 notice is provided, the notice and agenda must be broadcast in a 37 manner and for a sufficient continuous length of time so as to allow an average reader to observe the notice and read and 38 comprehend the entire content of the notice and the agenda. \underline{In} 39 addition to any of the authorized means of providing notice of a 40 41 meeting of the board, the association may, by rule, adopt a 832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 2 of 20

Bill No. HB 867 (2021)

Amendment No.1

42 procedure for conspicuously posting the meeting notice and the 43 agenda on the association's website or an application that can 44 be downloaded on a mobile device for at least the minimum period 45 of time for which a notice of a meeting is also required to be 46 physically posted on the association property. Any rule adopted 47 must, in addition to other matters, include a requirement that 48 the association send an electronic notice to members whose e-49 mail addresses are included in the association's official 50 records in the same manner as is required for a notice of a meeting of the members. Such notice must include a hyperlink to 51 52 the website or such mobile application on which the meeting 53 notice is posted. The association may provide notice by 54 electronic transmission in a manner authorized by law for meetings of the board of directors, committee meetings requiring 55 56 notice under this section, and annual and special meetings of 57 the members to any member who has provided a facsimile number or 58 e-mail address to the association to be used for such purposes; however, a member must consent in writing to receiving notice by 59 60 electronic transmission.

61 2. An assessment may not be levied at a board meeting 62 unless the notice of the meeting includes a statement that 63 assessments will be considered and the nature of the 64 assessments. Written notice of any meeting at which special 65 assessments will be considered or at which amendments to rules 66 regarding parcel use will be considered must be mailed,

832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 3 of 20

Bill No. HB 867 (2021)

Amendment No.1

67 delivered, or electronically transmitted to the members and 68 parcel owners and posted conspicuously on the property or 69 broadcast on closed-circuit cable television not less than 14 70 days before the meeting.

71 3. Directors may not vote by proxy or by secret ballot at 72 board meetings, except that secret ballots may be used in the election of officers. This subsection also applies to the 73 74 meetings of any committee or other similar body, when a final decision will be made regarding the expenditure of association 75 76 funds, and to any body vested with the power to approve or 77 disapprove architectural decisions with respect to a specific 78 parcel of residential property owned by a member of the 79 community.

80 (4) OFFICIAL RECORDS.—The association shall maintain each
81 of the following items, when applicable, which constitute the
82 official records of the association:

83 (1) Ballots, sign-in sheets, voting proxies, and all other 84 papers and electronic records relating to voting by parcel 85 owners, which must be maintained for at least 1 year after the 86 date of the election, vote, or meeting.

87 (m) (1) All other written records of the association not 88 specifically included in <u>this subsection</u> the foregoing which are 89 related to the operation of the association.

90 (5) INSPECTION AND COPYING OF RECORDS.—The official 91 records shall be maintained within the state for at least 7 832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 4 of 20

Bill No. HB 867 (2021)

Amendment No.1

92 years and shall be made available to a parcel owner for 93 inspection or photocopying within 45 miles of the community or 94 within the county in which the association is located within 10 95 business days after receipt by the board or its designee of a 96 written request. This subsection may be complied with by having 97 a copy of the official records available for inspection or 98 copying in the community or, at the option of the association, 99 by making the records available to a parcel owner electronically via the Internet or by allowing the records to be viewed in 100 electronic format on a computer screen and printed upon request. 101 102 If the association has a photocopy machine available where the 103 records are maintained, it must provide parcel owners with 104 copies on request during the inspection if the entire request is 105 limited to no more than 25 pages. An association shall allow a 106 member or his or her authorized representative to use a portable 107 device, including a smartphone, tablet, portable scanner, or any 108 other technology capable of scanning or taking photographs, to make an electronic copy of the official records in lieu of the 109 110 association's providing the member or his or her authorized 111 representative with a copy of such records. The association may 112 not charge a fee to a member or his or her authorized 113 representative for the use of a portable device.

(c) The association may adopt reasonable written rules governing the frequency, time, location, notice, records to be inspected, and manner of inspections, but may not require a

832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 5 of 20

Bill No. HB 867 (2021)

Amendment No.1

117 parcel owner to demonstrate any proper purpose for the inspection, state any reason for the inspection, or limit a 118 119 parcel owner's right to inspect records to less than one 8-hour 120 business day per month. The association may impose fees to cover 121 the costs of providing copies of the official records, including 122 the costs of copying and the costs required for personnel to retrieve and copy the records if the time spent retrieving and 123 124 copying the records exceeds one-half hour and if the personnel costs do not exceed \$20 per hour. Personnel costs may not be 125 charged for records requests that result in the copying of 25 or 126 127 fewer pages. The association may charge up to 25 cents per page 128 for copies made on the association's photocopier. If the 129 association does not have a photocopy machine available where 130 the records are kept, or if the records requested to be copied 131 exceed 25 pages in length, the association may have copies made 132 by an outside duplicating service and may charge the actual cost 133 of copying, as supported by the vendor invoice. The association shall maintain an adequate number of copies of the recorded 134 135 governing documents, to ensure their availability to members and 136 prospective members. Notwithstanding this paragraph, the 137 following records are not accessible to members or parcel 138 owners:

Any record protected by the lawyer-client privilege as
 described in s. 90.502 and any record protected by the work product privilege, including, but not limited to, a record

832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 6 of 20

Bill No. HB 867 (2021)

Amendment No.1

142 prepared by an association attorney or prepared at the attorney's express direction which reflects a mental impression, 143 144 conclusion, litigation strategy, or legal theory of the attorney 145 or the association and which was prepared exclusively for civil 146 or criminal litigation or for adversarial administrative 147 proceedings or which was prepared in anticipation of such 148 litigation or proceedings until the conclusion of the litigation 149 or proceedings.

150 2. Information obtained by an association in connection
151 with the approval of the lease, sale, or other transfer of a
152 parcel.

153 <u>3. Information an association obtains in a gated community</u> 154 <u>in connection with guests' visits to parcel owners or community</u> 155 <u>residents.</u>

156 4.3. Personnel records of association or management company employees, including, but not limited to, disciplinary, 157 158 payroll, health, and insurance records. For purposes of this subparagraph, the term "personnel records" does not include 159 160 written employment agreements with an association or management 161 company employee or budgetary or financial records that indicate 162 the compensation paid to an association or management company 163 employee.

164 <u>5.4.</u> Medical records of parcel owners or community 165 residents.

832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 7 of 20

Bill No. HB 867 (2021)

Amendment No.1

166 6.5. Social security numbers, driver license numbers, 167 credit card numbers, electronic mailing addresses, telephone 168 numbers, facsimile numbers, emergency contact information, any 169 addresses for a parcel owner other than as provided for 170 association notice requirements, and other personal identifying 171 information of any person, excluding the person's name, parcel 172 designation, mailing address, and property address. 173 Notwithstanding the restrictions in this subparagraph, an 174 association may print and distribute to parcel owners a directory containing the name, parcel address, and all telephone 175 numbers of each parcel owner. However, an owner may exclude his 176 177 or her telephone numbers from the directory by so requesting in writing to the association. An owner may consent in writing to 178 the disclosure of other contact information described in this 179 180 subparagraph. The association is not liable for the disclosure 181 of information that is protected under this subparagraph if the 182 information is included in an official record of the association 183 and is voluntarily provided by an owner and not requested by the 184 association.

185 <u>7.6.</u> Any electronic security measure that is used by the
186 association to safeguard data, including passwords.

187 <u>8.7.</u> The software and operating system used by the
188 association which allows the manipulation of data, even if the
189 owner owns a copy of the same software used by the association.
190 The data is part of the official records of the association.

832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 8 of 20

Bill No. HB 867 (2021)

Amendment No.1

191 (6) BUDGETS.-

201

(c)1. If the budget of the association does not provide 192 193 for reserve accounts under pursuant to paragraph (d), or the declaration of covenants, articles, or bylaws do not obligate 194 195 the developer to create reserves, and the association is 196 responsible for the repair and maintenance of capital 197 improvements that may result in a special assessment if reserves are not provided or not fully funded, each financial report for 198 the preceding fiscal year required by subsection (7) must 199 200 contain the following statement in conspicuous type:

202 THE BUDGET OF THE ASSOCIATION DOES NOT PROVIDE FOR FULLY FUNDED 203 RESERVE ACCOUNTS FOR CAPITAL EXPENDITURES AND DEFERRED 204 MAINTENANCE THAT MAY RESULT IN SPECIAL ASSESSMENTS REGARDING 205 THOSE ITEMS. OWNERS MAY ELECT TO PROVIDE FOR FULLY FUNDED RESERVE ACCOUNTS UNDER PURSUANT TO SECTION 720.303(6), FLORIDA 206 207 STATUTES, UPON OBTAINING THE APPROVAL OF A MAJORITY OF THE TOTAL 208 VOTING INTERESTS OF THE ASSOCIATION BY VOTE OF THE MEMBERS AT A 209 MEETING OR BY WRITTEN CONSENT.

210 2. If the budget of the association does provide for 211 funding accounts for deferred expenditures, including, but not 212 limited to, funds for capital expenditures and deferred 213 maintenance, but such accounts are not created or established 214 <u>under pursuant to</u> paragraph (d), each financial report for the 215 preceding fiscal year required under subsection (7) must also 832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 9 of 20

Bill No. HB 867 (2021)

Amendment No.1

contain the following statement in conspicuous type: 216 217 THE BUDGET OF THE ASSOCIATION PROVIDES FOR LIMITED VOLUNTARY 218 DEFERRED EXPENDITURE ACCOUNTS, INCLUDING CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE, SUBJECT TO LIMITS ON FUNDING CONTAINED 219 IN OUR GOVERNING DOCUMENTS. BECAUSE THE OWNERS HAVE NOT ELECTED 220 221 TO PROVIDE FOR RESERVE ACCOUNTS UNDER PURSUANT TO SECTION 720.303(6), FLORIDA STATUTES, THESE FUNDS ARE NOT SUBJECT TO THE 222 RESTRICTIONS ON USE OF SUCH FUNDS SET FORTH IN THAT STATUTE, NOR 223 224 ARE RESERVES CALCULATED IN ACCORDANCE WITH THAT STATUTE.

225 (d) An association is deemed to have provided for reserve 226 accounts if reserve accounts have been initially established by 227 the developer or if the membership of the association 228 affirmatively elects to provide for reserves. If reserve 229 accounts are established by the developer, the budget must 230 designate the components for which the reserve accounts may be 231 used. If reserve accounts are not initially provided by the 232 developer, the membership of the association may elect to do so 233 upon the affirmative approval of a majority of the total voting 234 interests of the association. Such approval may be obtained by 235 vote of the members at a duly called meeting of the membership 236 or by the written consent of a majority of the total voting 237 interests of the association. The approval action of the membership must state that reserve accounts shall be provided 238 for in the budget and must designate the components for which 239 the reserve accounts are to be established. Upon approval by the 240 832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 10 of 20

Bill No. HB 867 (2021)

Amendment No.1

241 membership, the board of directors shall include the required 242 reserve accounts in the budget in the next fiscal year following 243 the approval and each year thereafter. Once established as 244 provided in this subsection, the reserve accounts must be funded 245 or maintained or have their funding waived in the manner 246 provided in paragraph (f).

247

(10) RECALL OF DIRECTORS.-

(b)1. Board directors may be recalled by an agreement in writing or by written ballot without a membership meeting. The agreement in writing or the written ballots, or a copy thereof, shall be served on the association by certified mail or by personal service in the manner authorized by chapter 48 and the Florida Rules of Civil Procedure.

2. The board shall duly notice and hold a meeting of the 254 255 board within 5 full business days after receipt of the agreement 256 in writing or written ballots. At the meeting, the board shall 257 either certify the written ballots or written agreement to recall a director or directors of the board, in which case such 258 259 director or directors shall be recalled effective immediately 260 and shall turn over to the board within 5 full business days any 261 and all records and property of the association in their 262 possession, or proceed as described in paragraph (d).

3. When it is determined by the department pursuant to
binding arbitration proceedings or the court in an action filed
in a court of competent jurisdiction that an initial recall

832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 11 of 20

Bill No. HB 867 (2021)

Amendment No.1

effort was defective, written recall agreements or written ballots used in the first recall effort and not found to be defective may be reused in one subsequent recall effort. However, in no event is a written agreement or written ballot valid for more than 120 days after it has been signed by the member.

4. Any rescission or revocation of a member's written recall ballot or agreement must be in writing and, in order to be effective, must be delivered to the association before the association is served with the written recall agreements or ballots.

5. The agreement in writing or ballot shall list at least as many possible replacement directors as there are directors subject to the recall, when at least a majority of the board is sought to be recalled; the person executing the recall instrument may vote for as many replacement candidates as there are directors subject to the recall.

If the board determines not to certify the written 283 (d) 284 agreement or written ballots to recall a director or directors 285 of the board or does not certify the recall by a vote at a 286 meeting, the board shall, within 5 full business days after the 287 meeting, file an action with a court of competent jurisdiction or file with the department a petition for binding arbitration 288 under pursuant to the applicable procedures in ss. 718.112(2)(j) 289 and 718.1255 and the rules adopted thereunder. For the purposes 290 832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 12 of 20

Bill No. HB 867 (2021)

Amendment No.1

291 of this section, the members who voted at the meeting or who 292 executed the agreement in writing shall constitute one party 293 under the petition for arbitration or in a court action. If the 294 arbitrator or court certifies the recall as to any director or 295 directors of the board, the recall will be effective upon the 296 final order of the court or the mailing of the final order of arbitration to the association. The director or directors so 297 recalled shall deliver to the board any and all records of the 298 association in their possession within 5 full business days 299 after the effective date of the recall. 300

301 If the board fails to duly notice and hold the (a) 302 required meeting or fails to file the required petition or 303 action, the parcel unit owner representative may file a petition 304 or a court action under pursuant to s. 718.1255 challenging the 305 board's failure to act. The petition or action must be filed 306 within 60 days after the expiration of the applicable 5-full-307 business-day period. The review of a petition or action under this paragraph is limited to the sufficiency of service on the 308 309 board and the facial validity of the written agreement or 310 ballots filed.

(k) A board member who has been recalled may file <u>an</u> action with a court of competent jurisdiction or a petition <u>under pursuant to</u> ss. 718.112(2)(j) and 718.1255 and the rules adopted challenging the validity of the recall. The petition <u>or</u> action must be filed within 60 days after the recall is deemed

832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 13 of 20

Bill No. HB 867 (2021)

Amendment No.1

316 certified. The association and the <u>parcel</u> unit owner 317 representative shall be named as respondents.

318 (1) The division or a court of competent jurisdiction may not accept for filing a recall petition or action, whether filed 319 320 under pursuant to paragraph (b), paragraph (c), paragraph (q), 321 or paragraph (k) and regardless of whether the recall was 322 certified, when there are 60 or fewer days until the scheduled reelection of the board member sought to be recalled or when 60 323 or fewer days have not elapsed since the election of the board 324 325 member sought to be recalled.

326 Section 22. Subsection (2) of section 720.305, Florida 327 Statutes, is amended to read:

328 720.305 Obligations of members; remedies at law or in
329 equity; levy of fines and suspension of use rights.-

330 (2) An The association may levy reasonable fines. A fine 331 may not exceed \$100 per violation against any member or any 332 member's tenant, guest, or invitee for the failure of the owner of the parcel or its occupant, licensee, or invitee to comply 333 334 with any provision of the declaration, the association bylaws, 335 or reasonable rules of the association unless otherwise provided 336 in the governing documents. A fine may be levied by the board 337 for each day of a continuing violation, with a single notice and opportunity for hearing, except that the fine may not exceed 338 \$1,000 in the aggregate unless otherwise provided in the 339 governing documents. A fine of less than \$1,000 may not become a 340 832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 14 of 20

Bill No. HB 867 (2021)

Amendment No.1

341 lien against a parcel. In any action to recover a fine, the 342 prevailing party is entitled to reasonable attorney fees and 343 costs from the nonprevailing party as determined by the court.

344 An association may suspend, for a reasonable period of (a) 345 time, the right of a member, or a member's tenant, guest, or 346 invitee, to use common areas and facilities for the failure of 347 the owner of the parcel or its occupant, licensee, or invitee to 348 comply with any provision of the declaration, the association bylaws, or reasonable rules of the association. This paragraph 349 350 does not apply to that portion of common areas used to provide 351 access or utility services to the parcel. A suspension may not 352 prohibit an owner or tenant of a parcel from having vehicular 353 and pedestrian ingress to and egress from the parcel, including, 354 but not limited to, the right to park.

355 A fine or suspension levied by the board of (b) 356 administration may not be imposed unless the board first 357 provides at least 14 days' notice to the parcel owner and, if applicable, any occupant, licensee, or invitee of the parcel 358 359 owner, sought to be fined or suspended and an opportunity for a 360 hearing before a committee of at least three members appointed 361 by the board who are not officers, directors, or employees of 362 the association, or the spouse, parent, child, brother, or sister of an officer, director, or employee. If the committee, 363 by majority vote, does not approve a proposed fine or 364 365 suspension, the proposed fine or suspension may not be imposed. 832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 15 of 20

Bill No. HB 867 (2021)

Amendment No.1

366 The role of the committee is limited to determining whether to 367 confirm or reject the fine or suspension levied by the board. If 368 the proposed fine or suspension levied by the board is approved 369 by the committee, the fine payment is due 5 days after notice of 370 the approved fine is provided to the parcel owner and, if 371 applicable, to any occupant, licensee, or invitee of the parcel 372 owner the date of the committee meeting at which the fine is 373 approved. The association must provide written notice of such fine or suspension by mail or hand delivery to the parcel owner 374 375 and, if applicable, to any occupant tenant, licensee, or invitee 376 of the parcel owner.

377 Section 23. Paragraph (g) of subsection (1) and paragraph 378 (c) of subsection (9) of section 720.306, Florida Statutes, are 379 amended, and paragraph (h) is added to subsection (1) of that 380 section, to read:

381 720.306 Meetings of members; voting and election 382 procedures; amendments.-

(1) QUORUM; AMENDMENTS.-

383

384 A notice required under this section must be mailed or (q) 385 delivered to the address identified as the parcel owner's 386 mailing address in the official records of the association as 387 required under s. 720.303(4) on the property appraiser's website 388 for the county in which the parcel is located, or electronically transmitted in a manner authorized by the association if the 389 390 parcel owner has consented, in writing, to receive notice by 832133 - h0867-line1973.docx Published On: 3/9/2021 4:11:21 PM

Page 16 of 20

Bill No. HB 867 (2021)

Amendment No.1

391	electronic transmission.
392	(h)1. Except as provided herein, an amendment to a
393	governing document, rule, or regulation enacted after July 1,
394	2021, which prohibits a parcel owner from renting his or her
395	parcel, alters the authorized duration of a rental term, or
396	specifies or limits the number of times that a parcel owner may
397	rent his or her parcel during a specified period, applies only
398	to a parcel owner who consents, individually or through a
399	representative, to the amendment, and to parcel owners who
400	acquire title to a parcel after the effective date of the
401	amendment.
402	2. Notwithstanding subparagraph 1., an association may
403	amend its governing documents to prohibit or regulate rental
404	durations that are for terms of less than 6 months and to
405	prohibit a parcel owner from renting his or parcel more than
406	three times in a calendar year. Such amendments apply to all
407	parcel owners.
408	3. This paragraph does not affect the enforcement
409	restrictions for associations of 15 or fewer parcel owners as
410	provided in s. 720.303(1).
411	4. For purposes of this paragraph, a change of ownership
412	does not occur when a parcel owner conveys the parcel to an
413	affiliated entity, when beneficial ownership of the parcel does
414	not change, or when an heir becomes the parcel owner. For
415	purposes of this paragraph, the term "affiliated entity" means
	832133 - h0867-line1973.docx
	Published On: 3/9/2021 4:11:21 PM

Page 17 of 20

Bill No. HB 867 (2021)

Amendment No.1

416 an entity that controls, is controlled by, or is under common 417 control with the parcel owner or that becomes a parent or 418 successor entity by reason of transfer, merger, consolidation, public offering, reorganization, dissolution or sale of stock, 419 420 or transfer of membership partnership interests. For a 421 conveyance to be recognized as one made to an affiliated entity, 422 the entity must furnish the association a document certifying that this paragraph applies, as well as providing any 423 424 organizational documents for the parcel owner and the affiliated 425 entity that support the representations in the certificate, as requested by the association. 426 (9) ELECTIONS AND BOARD VACANCIES.-427 428 (c) Any election dispute between a member and an 429 association must be submitted to mandatory binding arbitration 430 with the division or filed with a court of competent 431 jurisdiction. Such proceedings that are submitted to binding 432 arbitration with the division must be conducted in the manner provided by s. 718.1255 and the procedural rules adopted by the 433 434 division. Unless otherwise provided in the bylaws, any vacancy 435 occurring on the board before the expiration of a term may be 436 filled by an affirmative vote of the majority of the remaining

436 filled by an affirmative vote of the majority of the remaining 437 directors, even if the remaining directors constitute less than 438 a quorum, or by the sole remaining director. In the alternative, 439 a board may hold an election to fill the vacancy, in which case 440 the election procedures must conform to the requirements of the

832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 18 of 20

Bill No. HB 867 (2021)

Amendment No.1

441 governing documents. Unless otherwise provided in the bylaws, a 442 board member appointed or elected under this section is 443 appointed for the unexpired term of the seat being filled. 444 Filling vacancies created by recall is governed by s. 445 720.303(10) and rules adopted by the division.

446 Section 24. Paragraph (a) of subsection (1) and subsection 447 (2) of section 720.307, Florida Statutes, are amended to read:

448 720.307 Transition of association control in a community.449 With respect to homeowners' associations:

(1) Members other than the developer are entitled to elect at least a majority of the members of the board of directors of the homeowners' association when the earlier of the following events occurs:

(a) Three months after 90 percent of the parcels in all
phases of the community that will ultimately be operated by the
homeowners' association have been conveyed to members <u>other than</u>
the developer;

458

459 For purposes of this section, the term "members other than the 460 developer" shall not include builders, contractors, or others 461 who purchase a parcel for the purpose of constructing 462 improvements thereon for resale.

(2) Members other than the developer are entitled to elect at least one member of the board of directors of the homeowners' association if 50 percent of the parcels in all phases of the 832133 - h0867-line1973.docx

Published On: 3/9/2021 4:11:21 PM

Page 19 of 20

Bill No. HB 867 (2021)

Amendment No.1

466	community which will ultimately be operated by the association
467	have been conveyed to members other than the developer.
468	
469	
470	TITLE AMENDMENT
471	Remove lines 78-91 and insert:
472	an association; revising the types of records that are
473	not accessible to members or parcel owners; revising
474	the circumstances under which a specified statement
475	must be included in an association's financial report;
476	revising requirements for such statement; revising the
477	circumstances under which an association is deemed to
478	have provided for reserve accounts; revising the
479	procedure to challenge a board member recall; amending
480	s. 720.305, F.S.; providing requirements for certain
481	fines levied by a board of administration; amending s.
482	720.306, F.S.; revising requirements for providing
483	certain notices; providing limitations on associations
484	when a parcel owner attempts to rent or lease his or
485	her parcel; defining the term "affiliated entity";
486	revising the procedure for election disputes; amending
487	s. 720.307, F.S.; revising the circumstances under
488	which members other than the developer are entitled to
489	elect members to the board of directors of the
490	homeowners' association; amending s. 720.311,
1	832133 - h0867-line1973.docx
	Published On: 3/9/2021 4:11:21 PM

Page 20 of 20