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By the Committee on Regulated Industries; and Senator Bradley

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A bill to be entitled An act relating to condominium and cooperative associations; amending s. 468.4334, F.S.; revising the circumstances under which community association managers or management firms must comply with a specified provision; amending s. 553.899, F.S.; revising legislative findings; revising the definition of the terms "milestone inspection" and "substantial structural deterioration"; revising who must have milestone inspections performed for buildings; authorizing local enforcement agencies to make certain determinations relating to milestone inspections after a building reaches a specified age; revising costs that condominium and cooperative associations are responsible for; requiring certain parties to obtain milestone inspection reports; authorizing local enforcement agencies to extend deadlines for milestone inspections under certain circumstances; revising requirements relating to written notice of required inspections; requiring architects or engineers performing milestone inspections to submit a specified progress report to a local enforcement agency within a specified timeframe under certain circumstances; specifying that associations must distribute copies of certain inspection reports within a specified timeframe and in a specified manner; authorizing municipal governing bodies to adopt certain ordinances relating to association repairs; requiring the Florida Building Commission to adopt rules by a specified

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date; providing requirements for such rules; conforming provisions; amending s. 627.351, F.S.; revising the types of policyholders not required to purchase flood insurance as a condition for maintaining certain policies issued by the Citizens Property Insurance Corporation; amending s. 718.103, F.S.; defining the term "alternative funding method"; revising the definition of the term "structural integrity reserve study"; amending s. 718.111, F.S.; making a technical change; amending s. 718.112, F.S.; revising condominium association reserve account requirements; revising requirements relating to waiving reserve requirements or providing less reserves than required by law; revising requirements relating to using reserve funds or interest accrued on reserve funds for certain purposes; revising requirements for structural integrity reserve studies; providing applicability; conforming provisions to changes made by the act; amending s. 718.1255, F.S.; revising the definition of the term "dispute"; specifying that certain disputes are not subject to nonbinding arbitration and must be submitted to presuit mediation; amending s. 718.113, F.S.; revising requirements relating to maintenance, repair, and replacement of common elements and condominium property; amending s. 718.503, F.S.; revising the documents developers are required to provide to prospective buyers or lessees; requiring specified disclosures relating to milestone inspections and

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structural integrity reserve studies for certain contracts entered into after a specified date; amending s. 719.103, F.S.; revising the definition of the term "structural integrity reserve study"; amending s. 719.104, F.S.; revising rights relating to the official records of a cooperative association; providing maintenance requirements for cooperative associations; amending s. 719.106, F.S.; revising cooperative association reserve account requirements; revising requirements relating to waiving reserve requirements or providing less reserves than required by law; revising a prohibition on using reserve funds or interest accrued on reserve funds for certain purposes; revising requirements for structural integrity reserve studies; providing applicability; conforming provisions to changes made by the act; amending s. 719.503, F.S.; revising the types of documents developers are required to provide to prospective buyers and lessees; requiring specified disclosures relating to milestone inspections and structural integrity reserve studies for certain contracts entered into after a specified date; amending ss. 558.002, 718.116, and 720.3085, F.S.; conforming cross-references; reenacting s. 719.1255, F.S., relating to alternative resolution of disputes, to incorporate amendments made to s. 718.1255, F.S., in a reference thereto; reenacting ss. 718.501(1)(f) and 719.501(1)(f), F.S., relating to the rulemaking authority of the Division of Florida Condominiums,

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Timeshares, and Mobile Homes of the Department of Business and Professional Regulation; providing effective dates.

Be It Enacted by the Legislature of the State of Florida:

Section 1. Paragraph (b) of subsection (1) of section 468.4334, Florida Statutes, is amended to read:

468.4334 Professional practice standards; liability.—
(1)

(b) If a community association manager or a community association management firm has a contract with a community association that has a building on the association's property that is subject to s. 553.899, the community association manager or the community association management firm must comply with that section as directed by the board.

Section 2. Subsections (1) through (6), paragraph (b) of subsection (7), and subsections (8), (9), (11), and (12) of section 553.899, Florida Statutes, are amended to read:

553.899 Mandatory structural inspections for condominium and cooperative buildings.—

(1) The Legislature finds that maintaining the structural integrity of a building throughout the life of the building its service life is of paramount importance in order to ensure that buildings are structurally sound so as to not pose a threat to the public health, safety, or welfare. As such, the Legislature finds that the imposition of a statewide structural inspection program for aging condominium and cooperative buildings in this state is necessary to ensure that such buildings are safe for

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continued use.

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(2) As used in this section, the terms:

- (a) "Milestone inspection" means a structural inspection of a building, including an inspection of load-bearing elements walls and the primary structural members and primary structural systems as those terms are defined in s. 627.706, by an  $\frac{a}{a}$ licensed architect licensed under chapter 481 or engineer licensed under chapter 471 authorized to practice in this state for the purposes of attesting to the life safety and adequacy of the structural components of the building and, to the extent reasonably possible, determining the general structural condition of the building as it affects the safety of such building, including a determination of any necessary maintenance, repair, or replacement of any structural component of the building. The purpose of such inspection is not to determine if the condition of an existing building is in compliance with the Florida Building Code or the firesafety code. The milestone inspection services may be provided by a team of professionals with an architect or engineer acting as a registered design professional in responsible charge with all work and reports signed and sealed by the appropriate qualified team member.
- (b) "Substantial structural deterioration" means substantial structural distress or substantial structural weakness that negatively affects a building's general structural condition and integrity. The term does not include surface imperfections such as cracks, distortion, sagging, deflections, misalignment, signs of leakage, or peeling of finishes unless the licensed engineer or architect performing the phase one or

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phase two inspection determines that such surface imperfections are a sign of substantial structural deterioration.

(3) An owner or owners of a building that is three stories or more in height that is subject, in whole or in part, to the condominium or cooperative form of ownership as a residential condominium <del>association</del> under chapter 718 or <del>and</del> a residential cooperative association under chapter 719 must have a milestone inspection performed for each building that is three stories or more in height by December 31 of the year in which the building reaches 30 years of age, based on the date the certificate of occupancy for the building was issued, and every 10 years thereafter. The local enforcement agency may determine that local circumstances, including environmental conditions such as proximity to salt water as defined in s. 379.101, require that If the building is located within 3 miles of a coastline as defined in s. 376.031, the condominium association or cooperative association must have a milestone inspection must be performed by December 31 of the year in which the building reaches 25 years of age, based on the date the certificate of occupancy for the building was issued, and every 10 years thereafter. The milestone inspection report must be arranged by a condominium or cooperative association and any owner of any portion of the building which is not subject to the condominium or cooperative form of ownership. The owner or owners of the building, including the condominium association or cooperative association, are each must arrange for the milestone inspection to be performed and is responsible for ensuring compliance with the requirements of this section. The condominium association or cooperative association is responsible for all costs associated

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with the <u>milestone</u> inspection <u>attributable to the portions of a building which the association is responsible to maintain under the governing documents of the association</u>. This subsection does not apply to a single-family, two-family, or three-family dwelling with three or fewer habitable stories above ground.

- (4) If a milestone inspection is required under this section and the building's certificate of occupancy was issued on or before July 1, 1992, the building's initial milestone inspection must be performed before December 31, 2024. The local enforcement agency may extend the deadline for a building's initial milestone inspection upon a showing of good cause by the owner or owners of the building that the inspection cannot be timely completed if the owner or owners have entered into a contract with an architect or engineer to perform the milestone inspection and the inspection cannot reasonably be completed before the deadline or other circumstance to justify an extension. If the date of issuance for the certificate of occupancy is not available, the date of issuance of the building's certificate of occupancy shall be the date of occupancy evidenced in any record of the local building official.
- (5) Upon determining that a building must have a milestone inspection, the local enforcement agency must provide written notice of such required inspection to the condominium association or cooperative association and to any other owner of the building by certified mail, return receipt requested.
- (6) Phase one of the milestone inspection must be completed within 180 days after the owner or owners of the building receive receiving the written notice under subsection (5), the

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condominium association or cooperative association must complete phase one of the milestone inspection. For purposes of this section, completion of phase one of the milestone inspection means the licensed engineer or architect who performed the phase one inspection submitted the inspection report by e-mail, United States Postal Service, or commercial delivery service to the local enforcement agency.

- (7) A milestone inspection consists of two phases:
- (b) A phase two of the milestone inspection must be performed if any substantial structural deterioration is identified during phase one. A phase two inspection may involve destructive or nondestructive testing at the inspector's direction. The inspection may be as extensive or as limited as necessary to fully assess areas of structural distress in order to confirm that the building is structurally sound and safe for its intended use and to recommend a program for fully assessing and repairing distressed and damaged portions of the building. When determining testing locations, the inspector must give preference to locations that are the least disruptive and most easily repairable while still being representative of the structure. If a phase two inspection is required, within 180 days after submitting a phase one inspection report the architect or engineer performing the phase two inspection must submit a phase two progress report to the local enforcement agency with a timeline for completion of the phase two inspection. An inspector who completes a phase two milestone inspection shall prepare and submit an inspection report pursuant to subsection (8).
  - (8) Upon completion of a phase one or phase two milestone

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inspection, the architect or engineer who performed the inspection must submit a sealed copy of the inspection report with a separate summary of, at minimum, the material findings and recommendations in the inspection report to the condominium association or cooperative association, to any other owner of the building, and to the building official of the local government which has jurisdiction. The inspection report must, at a minimum, meet all of the following criteria:

- (a) Bear the seal and signature, or the electronic signature, of the licensed engineer or architect who performed the inspection.
- (b) Indicate the manner and type of inspection forming the basis for the inspection report.
- (c) Identify any substantial structural deterioration, within a reasonable professional probability based on the scope of the inspection, describe the extent of such deterioration, and identify any recommended repairs for such deterioration.
- (d) State whether unsafe or dangerous conditions, as those terms are defined in the Florida Building Code, were observed.
- (e) Recommend any remedial or preventive repair for any items that are damaged but are not substantial structural deterioration.
- (f) Identify and describe any items requiring further inspection.
- (9) Within 30 days after receiving the applicable inspection report, the condominium or cooperative association must distribute a copy of the inspector-prepared summary of the inspection report to each condominium unit owner or cooperative unit owner, regardless of the findings or recommendations in the

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report, by United States mail or personal delivery at the mailing address, property address, or any other address of the owner provided to fulfill the association's notice requirements under chapter 718 or chapter 719, as applicable, and by electronic transmission to the e-mail address or facsimile number provided to fulfill the association's notice requirements to unit owners who previously consented to receive notice by electronic transmission; must post a copy of the inspector-prepared summary in a conspicuous place on the condominium or cooperative property; and must publish the full report and inspector-prepared summary on the association's website, if the association is required to have a website.

- (11) A board of county commissioners or municipal governing body may adopt an ordinance requiring that a condominium or cooperative association and any other owner that is subject to this section schedule or commence repairs for substantial structural deterioration within a specified timeframe after the local enforcement agency receives a phase two inspection report; however, such repairs must be commenced within 365 days after receiving such report. If an owner of the building association fails to submit proof to the local enforcement agency that repairs have been scheduled or have commenced for substantial structural deterioration identified in a phase two inspection report within the required timeframe, the local enforcement agency must review and determine if the building is unsafe for human occupancy.
- (12) By December 31, 2024, the Florida Building Commission shall adopt rules pursuant to ss. 120.536(1) and 120.54 to establish a building safety program for the implementation of

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Building. The building inspection program must, at minimum, include inspection criteria, testing protocols, standardized inspection and reporting forms that are adaptable to an electronic format, and record maintenance requirements for the local authority review the milestone inspection requirements under this section and make recommendations, if any, to the Legislature to ensure inspections are sufficient to determine the structural integrity of a building. The commission must provide a written report of any recommendations to the Governor, the President of the Senate, and the Speaker of the House of Representatives by December 31, 2022.

Section 3. Paragraph (aa) of subsection (6) of section 627.351, Florida Statutes, is amended to read:

- 627.351 Insurance risk apportionment plans.
- (6) CITIZENS PROPERTY INSURANCE CORPORATION. -

(aa) Except as otherwise provided in this paragraph, the corporation shall require the securing and maintaining of flood insurance as a condition of coverage of a personal lines residential risk. The insured or applicant must execute a form approved by the office affirming that flood insurance is not provided by the corporation and that if flood insurance is not secured by the applicant or insured from an insurer other than the corporation and in addition to coverage by the corporation, the risk will not be eligible for coverage by the corporation. The corporation may deny coverage of a personal lines residential risk to an applicant or insured who refuses to secure and maintain flood insurance. The requirement to purchase flood insurance shall be implemented as follows:

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1. Except as provided in subparagraphs 2. and 3., all personal lines residential policyholders must have flood coverage in place for policies effective on or after:

- a. January 1, 2024, for property valued at \$600,000 or more.
- b. January 1, 2025, for property valued at \$500,000 or more.
- c. January 1, 2026, for property valued at \$400,000 or more.
- d. January 1, 2027, for all other personal lines residential property insured by the corporation.
- 2. All personal lines residential policyholders whose property insured by the corporation is located within the special flood hazard area defined by the Federal Emergency Management Agency must have flood coverage in place:
- a. At the time of initial policy issuance for all new personal lines residential policies issued by the corporation on or after April 1, 2023.
- b. By the time of the policy renewal for all personal lines residential policies renewing on or after July 1, 2023.
- 3. Policyholders whose policies issued by the corporation do not provide coverage for the peril of wind are not required to purchase flood insurance as a condition for maintaining the following their policies issued by with the corporation:
- $\underline{\text{a. Policies that do not provide coverage for the peril of }}$  wind.
- b. Policies that provide coverage under a condominium unit owners form if the risk insured by the policy is:
  - (I) Insured under a master policy that provides flood

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coverage for personal property within the unit; or

(II) Located within an area designated by the Federal

Emergency Management Agency:

(A) As a V-zone special flood hazard area, and the risk is on the fifth floor or above;

(B) As an A-zone special flood hazard area, and the risk is on the third floor or above; or

(C) As being outside of a special flood hazard area, and the risk is on the second floor or above.

The flood insurance required under this paragraph must meet, at a minimum, the coverage available from the National Flood

627.715(1)(a)1., 2., and 3.

Section 4. Present subsections (1) through (31) of section 718.103, Florida Statutes, are redesignated as subsections (2) through (32), respectively, a new subsection (1) is added to that section, and present subsection (25) of that section is amended, to read:

Insurance Program or the requirements of subparagraphs s.

718.103 Definitions.—As used in this chapter, the term:

- (1) "Alternative funding method" means a method approved by the division for funding the capital expenditures and deferred maintenance obligations for a multicondominium association which may reasonably be expected to fully satisfy the association's reserve funding obligations, including, but not limited to, the allocation of funds in the annual operating budget.
- (26) (25) "Structural integrity reserve study" means a study of the reserve funds required for future major repairs and replacement of the condominium property performed as required

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under s. 718.112(2)(g) common areas based on a visual inspection of the common areas. A structural integrity reserve study may be performed by any person qualified to perform such study. However, the visual inspection portion of the structural integrity reserve study must be performed by an engineer licensed under chapter 471 or an architect licensed under chapter 481. At a minimum, a structural integrity reserve study must identify the common areas being visually inspected, state the estimated remaining useful life and the estimated replacement cost or deferred maintenance expense of the common areas being visually inspected, and provide a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each common area being visually inspected by the end of the estimated remaining useful life of each common area.

Section 5. Paragraph (c) of subsection (12) of section 718.111, Florida Statutes, is amended to read:

718.111 The association.-

(12) OFFICIAL RECORDS.—

(c)1. The official records of the association are open to inspection by any association member and any person authorized by an association member as a or the authorized representative of such member at all reasonable times. The right to inspect the records includes the right to make or obtain copies, at the reasonable expense, if any, of the member and of the person authorized by the association member as a or authorized representative of such member. A renter of a unit has a right to inspect and copy only the declaration of condominium, the association's bylaws and rules, and the inspection reports

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described in ss. 553.899 and 718.301(4)(p). The association may adopt reasonable rules regarding the frequency, time, location, notice, and manner of record inspections and copying but may not require a member to demonstrate any purpose or state any reason for the inspection. The failure of an association to provide the records within 10 working days after receipt of a written request creates a rebuttable presumption that the association willfully failed to comply with this paragraph. A unit owner who is denied access to official records is entitled to the actual damages or minimum damages for the association's willful failure to comply. Minimum damages are \$50 per calendar day for up to 10 days, beginning on the 11th working day after receipt of the written request. The failure to permit inspection entitles any person prevailing in an enforcement action to recover reasonable attorney fees from the person in control of the records who, directly or indirectly, knowingly denied access to the records.

- 2. Any person who knowingly or intentionally defaces or destroys accounting records that are required by this chapter to be maintained during the period for which such records are required to be maintained, or who knowingly or intentionally fails to create or maintain accounting records that are required to be created or maintained, with the intent of causing harm to the association or one or more of its members, is personally subject to a civil penalty pursuant to s. 718.501(1)(d).
- 3. The association shall maintain an adequate number of copies of the declaration, articles of incorporation, bylaws, and rules, and all amendments to each of the foregoing, as well as the question and answer sheet as described in s. 718.504 and year-end financial information required under this section, on

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the condominium property to ensure their availability to unit owners and prospective purchasers, and may charge its actual costs for preparing and furnishing these documents to those requesting the documents. An association shall allow a member or his or her authorized representative to use a portable device, including a smartphone, tablet, portable scanner, or any other technology capable of scanning or taking photographs, to make an electronic copy of the official records in lieu of the association's providing the member or his or her authorized representative with a copy of such records. The association may not charge a member or his or her authorized representative for the use of a portable device. Notwithstanding this paragraph, the following records are not accessible to unit owners:

- a. Any record protected by the lawyer-client privilege as described in s. 90.502 and any record protected by the work-product privilege, including a record prepared by an association attorney or prepared at the attorney's express direction, which reflects a mental impression, conclusion, litigation strategy, or legal theory of the attorney or the association, and which was prepared exclusively for civil or criminal litigation or for adversarial administrative proceedings, or which was prepared in anticipation of such litigation or proceedings until the conclusion of the litigation or proceedings.
- b. Information obtained by an association in connection with the approval of the lease, sale, or other transfer of a unit.
- c. Personnel records of association or management company employees, including, but not limited to, disciplinary, payroll, health, and insurance records. For purposes of this sub-

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subparagraph, the term "personnel records" does not include written employment agreements with an association employee or management company, or budgetary or financial records that indicate the compensation paid to an association employee.

- d. Medical records of unit owners.
- e. Social security numbers, driver license numbers, credit card numbers, e-mail addresses, telephone numbers, facsimile numbers, emergency contact information, addresses of a unit owner other than as provided to fulfill the association's notice requirements, and other personal identifying information of any person, excluding the person's name, unit designation, mailing address, property address, and any address, e-mail address, or facsimile number provided to the association to fulfill the association's notice requirements. Notwithstanding the restrictions in this sub-subparagraph, an association may print and distribute to unit owners a directory containing the name, unit address, and all telephone numbers of each unit owner. However, an owner may exclude his or her telephone numbers from the directory by so requesting in writing to the association. An owner may consent in writing to the disclosure of other contact information described in this sub-subparagraph. The association is not liable for the inadvertent disclosure of information that is protected under this sub-subparagraph if the information is included in an official record of the association and is voluntarily provided by an owner and not requested by the association.
- f. Electronic security measures that are used by the association to safeguard data, including passwords.
  - g. The software and operating system used by the

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association which allow the manipulation of data, even if the owner owns a copy of the same software used by the association. The data is part of the official records of the association.

h. All affirmative acknowledgments made pursuant to s. 718.121(4)(c).

Section 6. Paragraphs (f), (g), and (h) of subsection (2) of section 718.112, Florida Statutes, are amended to read:

718.112 Bylaws.-

- (2) REQUIRED PROVISIONS.—The bylaws shall provide for the following and, if they do not do so, shall be deemed to include the following:
  - (f) Annual budget .-
- 1. The proposed annual budget of estimated revenues and expenses must be detailed and must show the amounts budgeted by accounts and expense classifications, including, at a minimum, any applicable expenses listed in s. 718.504(21). The board shall adopt the annual budget at least 14 days before the start of the association's fiscal year. In the event that the board fails to timely adopt the annual budget a second time, it is deemed a minor violation and the prior year's budget shall continue in effect until a new budget is adopted. A multicondominium association must adopt a separate budget of common expenses for each condominium the association operates and must adopt a separate budget of common expenses for the association. In addition, if the association maintains limited common elements with the cost to be shared only by those entitled to use the limited common elements as provided for in s. 718.113(1), the budget or a schedule attached to it must show the amount budgeted for this maintenance. If, after turnover of

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control of the association to the unit owners, any of the expenses listed in s. 718.504(21) are not applicable, they do not need to be listed.

2.a. In addition to annual operating expenses, the budget must include reserve accounts for capital expenditures and deferred maintenance. These accounts must include, but are not limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, and any other item that has a deferred maintenance expense or replacement cost that exceeds \$10,000. The amount to be reserved for an item is determined by the association's most recent structural integrity reserve study that must be completed by December 31, 2024. If the amount to be reserved for an item is not in the association's initial or most recent structural integrity reserve study or the association has not completed a structural integrity reserve study, the amount must be computed using a formula based upon estimated remaining useful life and estimated replacement cost or deferred maintenance expense of the reserve item. In a budget adopted by an association that is required to obtain a structural integrity reserve study, reserves must be maintained for the items identified in paragraph (g) and the reserve amount for such items must be based on the findings and recommendations of the association's most recent structural integrity reserve study. With respect to items for which an estimate of useful life is not readily ascertainable, an association must reserve the amount of deferred maintenance expense, if any, which is recommended by the structural integrity reserve study for such items. The association may adjust replacement reserve

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assessments annually to take into account an inflation adjustment and any changes in estimates or extension of the useful life of a reserve item caused by deferred maintenance. The members of a unit-owner-controlled association may determine, by a majority vote of all the voting interests of the association, voting in person or by proxy at a duly called meeting of the association, to provide no reserves or less reserves than required by this subsection. For a budget adopted on or after Effective December 31, 2024, the members of a unitowner-controlled association that must obtain a structural integrity reserve study may not determine to provide no reserves or less reserves than required by this subsection for items listed in paragraph (g), except that members of an association operating a multicondominium may determine to provide no reserves or less reserves than required by this subsection if an alternative funding method has been approved by the division.

- b. Before turnover of control of an association by a developer to unit owners other than a developer under s. 718.301, the developer-controlled association may not vote to waive the reserves or reduce funding of the reserves. If a meeting of the unit owners has been called to determine whether to waive or reduce the funding of reserves and no such result is achieved or a quorum is not attained, the reserves included in the budget shall go into effect. After the turnover, the developer may vote its voting interest to waive or reduce the funding of reserves.
- 3. Reserve funds and any interest accruing thereon shall remain in the reserve account or accounts, and may be used only for authorized reserve expenditures unless their use for other

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purposes is approved in advance by a majority vote of all the voting interests of the association, voting in person or by proxy at a duly called meeting of the association. Before turnover of control of an association by a developer to unit owners other than the developer pursuant to s. 718.301, the developer-controlled association may not vote to use reserves for purposes other than those for which they were intended. For a budget adopted on or after Effective December 31, 2024, members of a unit-owner-controlled association that must obtain a structural integrity reserve study may not vote to use reserve funds, or any interest accruing thereon, that are reserved for items listed in paragraph (g) for any other purpose other than the replacement or deferred maintenance costs of the components listed in paragraph (g) their intended purpose.

- 4. The only voting interests that are eligible to vote on questions that involve waiving or reducing the funding of reserves, or using existing reserve funds for purposes other than purposes for which the reserves were intended, are the voting interests of the units subject to assessment to fund the reserves in question. Proxy questions relating to waiving or reducing the funding of reserves or using existing reserve funds for purposes other than purposes for which the reserves were intended must contain the following statement in capitalized, bold letters in a font size larger than any other used on the face of the proxy ballot: WAIVING OF RESERVES, IN WHOLE OR IN PART, OR ALLOWING ALTERNATIVE USES OF EXISTING RESERVES MAY RESULT IN UNIT OWNER LIABILITY FOR PAYMENT OF UNANTICIPATED SPECIAL ASSESSMENTS REGARDING THOSE ITEMS.
  - (g) Structural integrity reserve study.-

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1. A residential condominium An association must have a structural integrity reserve study completed at least every 10 years after the condominium's creation for each building on the condominium property that is three stories or higher in height which includes, at a minimum, a study of the following items as related to the structural integrity and safety of the building:

- a. Roof.
- b. Load-bearing walls or other primary structural members.
- c. <del>Floor.</del>

- <del>d.</del> Foundation.
  - d.e. Fireproofing and fire protection systems.
  - e.f. Plumbing.
    - f.g. Electrical systems.
  - g.h. Waterproofing and exterior painting.
  - h.<del>i.</del> Windows.
- <u>i.j.</u> Any other item that has a deferred maintenance expense or replacement cost that exceeds \$10,000 and the failure to replace or maintain such item negatively affects the items listed in <u>sub-subparagraphs a.-h.</u> <u>sub-subparagraphs a.-i.</u>, as determined by the <u>licensed engineer or architect performing the</u> visual inspection portion of the structural integrity reserve study.
- 2. A structural integrity reserve study is based on a visual inspection of the condominium property. A structural integrity reserve study may be performed by any person qualified to perform such study. However, the visual inspection portion of the structural integrity reserve study must be performed or verified by an engineer licensed under chapter 471, an architect licensed under chapter 481, or a person who is certified as a

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reserve specialist or professional reserve analyst by the Community Associations Institute or the Association of Professional Reserve Analysts. At a minimum, a structural integrity reserve study must identify each item of the condominium property being visually inspected, state the estimated remaining useful life and the estimated replacement cost or deferred maintenance expense of each item of the condominium property being visually inspected, and provide a reserve funding schedule with a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each item of condominium property being visually inspected by the end of the estimated remaining useful life of the item. The structural integrity reserve study may recommend that reserves do not need to be maintained for any item for which an estimate of useful life and an estimate of replacement cost or deferred maintenance expense cannot be determined, or the study may recommend a deferred maintenance expense amount for such item. This paragraph does not apply to buildings less than three stories in height; single-family, twofamily, or three-family dwellings with three or fewer habitable stories above ground; any portion or component of a building that has not been submitted to the condominium form of ownership; or any portion or component of a building that is maintained by a party other than the association.

3. Before a developer turns over control of an association to unit owners other than the developer, the developer must have a structural integrity reserve study completed for each building on the condominium property that is three stories or higher in height.

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 $\underline{4.3.}$  Associations existing on or before July 1, 2022, which are controlled by unit owners other than the developer, must have a structural integrity reserve study completed by December 31, 2024, for each building on the condominium property that is three stories or higher in height.

- 5.4. If an association fails to complete a structural integrity reserve study pursuant to this paragraph, such failure is a breach of an officer's and director's fiduciary relationship to the unit owners under s. 718.111(1).
- (h) Mandatory milestone inspections.-If an association is required to have a milestone inspection performed pursuant to s. 553.899, the association must arrange for the milestone inspection to be performed and is responsible for ensuring compliance with the requirements of s. 553.899. The association is responsible for all costs associated with the milestone inspection attributable to the portions of the building which the association is responsible for maintaining under the governing documents of the association. If the officers or directors of an association willfully and knowingly fail to have a milestone inspection performed pursuant to s. 553.899, such failure is a breach of the officers' and directors' fiduciary relationship to the unit owners under s. 718.111(1)(a). Within 30 days after receiving <del>Upon completion of</del> a phase one or phase two milestone inspection and receipt of the inspector-prepared summary of the inspection report from the architect or engineer who performed the inspection, the association must distribute a copy of the inspector-prepared summary of the inspection report to each unit owner, regardless of the findings or recommendations in the report, by United States mail or personal

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delivery at the mailing address, property address, or any other address of the owner provided to fulfill the association's notice requirements under this chapter and by electronic transmission to the e-mail address or facsimile number provided to fulfill the association's notice requirements to unit owners who previously consented to receive notice by electronic transmission; must post a copy of the inspector-prepared summary in a conspicuous place on the condominium property; and must publish the full report and inspector-prepared summary on the association's website, if the association is required to have a website.

Section 7. Effective July 1, 2027, subsection (5) of section 718.1255, Florida Statutes, is amended, and paragraph (d) is added to subsection (1) of that section, to read:

718.1255 Alternative dispute resolution; mediation; nonbinding arbitration; applicability.—

- (1) DEFINITIONS.—As used in this section, the term "dispute" means any disagreement between two or more parties that involves:
- (d) The failure of a governing body, when required by this chapter or an association document, to:
- 1. Obtain the milestone inspection required under s. 553.899.
- 2. Obtain a structural integrity reserve study required under s. 718.112(2)(g).
- 3. Fund reserves as required for an item identified in s. 718.112(2)(g).
- 4. Make or provide necessary maintenance or repairs of condominium property recommended by a milestone inspection or a

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structural integrity <u>reserve study</u>.

"Dispute" does not include any disagreement that primarily involves: title to any unit or common element; the interpretation or enforcement of any warranty; the levy of a fee or assessment, or the collection of an assessment levied against a party; the eviction or other removal of a tenant from a unit; alleged breaches of fiduciary duty by one or more directors; or claims for damages to a unit based upon the alleged failure of the association to maintain the common elements or condominium property.

(5) PRESUIT MEDIATION.—In lieu of the initiation of nonbinding arbitration as provided in subsections (1)-(4), a party may submit a dispute to presuit mediation in accordance with s. 720.311; however, election and recall disputes are not eligible for mediation and such disputes must be arbitrated by the division or filed in a court of competent jurisdiction.

Disputes identified in paragraph (1)(d) are not subject to nonbinding arbitration under subsection (4) and must be submitted to presuit mediation in accordance with s. 720.311.

Section 8. Subsection (1) of section 718.113, Florida Statutes, is amended to read:

- 718.113 Maintenance; limitation upon improvement; display of flag; hurricane shutters and protection; display of religious decorations.—
- (1) Maintenance of the common elements is the responsibility of the association, except for any maintenance responsibility for limited common elements assigned to the unit owner by the declaration. The association shall provide for the

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maintenance, repair, and replacement of the condominium property for which it bears responsibility pursuant to the declaration of condominium. After turnover of control of the association to the unit owners, the association must perform any required maintenance identified by the developer pursuant to s. 718.301(4)(p) until the association obtains new maintenance protocols from a licensed professional engineer or architect. The declaration may provide that certain limited common elements shall be maintained by those entitled to use the limited common elements or that the association shall provide the maintenance, either as a common expense or with the cost shared only by those entitled to use the limited common elements. If the maintenance is to be by the association at the expense of only those entitled to use the limited common elements, the declaration shall describe in detail the method of apportioning such costs among those entitled to use the limited common elements, and the association may use the provisions of s. 718.116 to enforce payment of the shares of such costs by the unit owners entitled to use the limited common elements.

Section 9. Paragraph (b) of subsection (1) of section 718.503, Florida Statutes, is amended, and paragraph (d) is added to that subsection and paragraph (e) is added to subsection (2) of that section, to read:

718.503 Developer disclosure prior to sale; nondeveloper unit owner disclosure prior to sale; voidability.—

- (1) DEVELOPER DISCLOSURE.
- (b) Copies of documents to be furnished to prospective buyer or lessee.—Until such time as the developer has furnished the documents listed below to a person who has entered into a

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contract to purchase a residential unit or lease it for more than 5 years, the contract may be voided by that person, entitling the person to a refund of any deposit together with interest thereon as provided in s. 718.202. The contract may be terminated by written notice from the proposed buyer or lessee delivered to the developer within 15 days after the buyer or lessee receives all of the documents required by this section. The developer may not close for 15 days after the execution of the agreement and delivery of the documents to the buyer as evidenced by a signed receipt for documents unless the buyer is informed in the 15-day voidability period and agrees to close before the expiration of the 15 days. The developer shall retain in his or her records a separate agreement signed by the buyer as proof of the buyer's agreement to close before the expiration of the voidability period. The developer must retain such proof for a period of 5 years after the date of the closing of the transaction. The documents to be delivered to the prospective buyer are the prospectus or disclosure statement with all exhibits, if the development is subject to s. 718.504, or, if not, then copies of the following which are applicable:

- 1. The question and answer sheet described in s. 718.504, and declaration of condominium, or the proposed declaration if the declaration has not been recorded, which shall include the certificate of a surveyor approximately representing the locations required by s. 718.104.
  - 2. The documents creating the association.
  - 3. The bylaws.
- 4. The ground lease or other underlying lease of the condominium.

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5. The management contract, maintenance contract, and other contracts for management of the association and operation of the condominium and facilities used by the unit owners having a service term in excess of 1 year, and any management contracts that are renewable.

- 6. The estimated operating budget for the condominium and a schedule of expenses for each type of unit, including fees assessed pursuant to s. 718.113(1) for the maintenance of limited common elements where such costs are shared only by those entitled to use the limited common elements.
- 7. The lease of recreational and other facilities that will be used only by unit owners of the subject condominium.
- 8. The lease of recreational and other common facilities that will be used by unit owners in common with unit owners of other condominiums.
  - 9. The form of unit lease if the offer is of a leasehold.
- 10. Any declaration of servitude of properties serving the condominium but not owned by unit owners or leased to them or the association.
- 11. If the development is to be built in phases or if the association is to manage more than one condominium, a description of the plan of phase development or the arrangements for the association to manage two or more condominiums.
- 12. If the condominium is a conversion of existing improvements, the statements and disclosure required by s. 718.616.
  - 13. The form of agreement for sale or lease of units.
- 14. A copy of the floor plan of the unit and the plot plan showing the location of the residential buildings and the

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recreation and other common areas.

15. A copy of all covenants and restrictions that will affect the use of the property and are not contained in the foregoing.

- 16. If the developer is required by state or local authorities to obtain acceptance or approval of any dock or marina facilities intended to serve the condominium, a copy of any such acceptance or approval acquired by the time of filing with the division under s. 718.502(1), or a statement that such acceptance or approval has not been acquired or received.
- 17. Evidence demonstrating that the developer has an ownership, leasehold, or contractual interest in the land upon which the condominium is to be developed.
- 18. A copy of the inspector-prepared summary of the milestone inspection report as described in ss. 553.899 and 718.301(4)(p) or a statement in conspicuous type indicating that the association has not completed the milestone inspection described in ss. 553.899 and 718.301(4)(p) or that the association is not required to perform a milestone inspection, as applicable.
- 19. A copy of the association's most recent structural integrity reserve study or a statement in conspicuous type indicating that the association has not completed a structural integrity reserve study or that the association is not required to perform a structural integrity reserve study, as applicable.
- (d) Milestone inspection or structural integrity reserve study.—If the association is required to have completed a milestone inspection as described in ss. 553.899 and 718.301(4)(p) or a structural integrity reserve study, and the

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association has failed to complete the milestone inspection or the structural integrity reserve study, each contract entered into after December 31, 2024, for the sale of a residential unit shall contain in conspicuous type a statement indicating that the association is required to have a milestone inspection or a structural integrity reserve study and has failed to complete such inspection or study, as appropriate. If the association is not required to have a milestone inspection as described in ss. 553.899 and 718.301(4)(p) or a structural integrity reserve study, each contract entered into after December 31, 2024, for the sale of a residential unit shall contain in conspicuous type a statement indicating that the association is not required to have a milestone inspection or a structural integrity reserve study, as appropriate. If the association is required to have completed a milestone inspection as described in ss. 553.899 and 718.301(4)(p) or a structural integrity reserve study, each contract entered into after December 31, 2024, for the sale of a residential unit shall contain in conspicuous type:

- 1. A clause which states: THE BUYER HEREBY ACKNOWLEDGES
  THAT BUYER HAS BEEN PROVIDED A CURRENT COPY OF THE INSPECTORPREPARED SUMMARY OF THE MILESTONE INSPECTION REPORT AS DESCRIBED
  IN SECTIONS 553.899 AND 718.301(4)(p), FLORIDA STATUTES; AND A
  COPY OF THE ASSOCIATION'S MOST RECENT STRUCTURAL INTEGRITY
  RESERVE STUDY DESCRIBED IN SECTIONS 718.103(26) AND
  718.112(2)(g), FLORIDA STATUTES, MORE THAN 15 DAYS, EXCLUDING
  SATURDAYS, SUNDAYS, AND LEGAL HOLIDAYS, PRIOR TO EXECUTION OF
  THIS CONTRACT; and
- 2. A clause which states: THIS AGREEMENT IS VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO

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900 CANCEL WITHIN 15 DAYS, EXCLUDING SATURDAYS, SUNDAYS, AND LEGAL 901 HOLIDAYS, AFTER THE DATE OF EXECUTION OF THIS AGREEMENT BY THE BUYER AND RECEIPT BY BUYER OF A CURRENT COPY OF THE INSPECTOR-902 903 PREPARED SUMMARY OF THE MILESTONE INSPECTION REPORT AS DESCRIBED 904 IN SECTIONS 553.899 AND 718.301(4)(p), FLORIDA STATUTES; AND A 905 COPY OF THE ASSOCIATION'S MOST RECENT STRUCTURAL INTEGRITY 906 RESERVE STUDY DESCRIBED IN SECTIONS 718.103(26) AND 907 718.112(2)(g), FLORIDA STATUTES. ANY PURPORTED WAIVER OF THESE 908 VOIDABILITY RIGHTS SHALL BE OF NO EFFECT. BUYER MAY EXTEND THE 909 TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN 15 DAYS, 910 EXCLUDING SATURDAYS, SUNDAYS, AND LEGAL HOLIDAYS, AFTER THE 911 BUYER RECEIVES A CURRENT COPY OF THE INSPECTOR-PREPARED SUMMARY 912 OF THE MILESTONE INSPECTION REPORT AS DESCRIBED IN SECTIONS 553.899 AND 718.301(4)(p), FLORIDA STATUTES; AND A COPY OF THE 913 914 ASSOCIATION'S MOST RECENT STRUCTURAL INTEGRITY RESERVE STUDY 915 DESCRIBED IN SECTIONS 718.103(26) AND 718.112(2)(g), FLORIDA 916 STATUTES, IF REQUESTED IN WRITING. BUYER'S RIGHT TO VOID THIS 917 AGREEMENT SHALL TERMINATE AT CLOSING. 918 919 A contract that does not conform to the requirements of this 920 paragraph is voidable at the option of the purchaser prior to 921 closing. 922 (2) NONDEVELOPER DISCLOSURE. 923 (e) If the association is required to have completed a 924 milestone inspection as described in ss. 553.899 and 925 718.301(4)(p) or a structural integrity reserve study, and the 926 association has failed to complete the milestone inspection or 927 the structural integrity reserve study, each contract entered

into after December 31, 2024, for the sale of a residential unit

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shall contain in conspicuous type a statement indicating that the association is required to have a milestone inspection or a structural integrity reserve study and has failed to complete such inspection or study, as appropriate. If the association is not required to have a milestone inspection as described in ss. 553.899 and 718.301(4)(p) or a structural integrity reserve study, each contract entered into after December 31, 2024, for the sale of a residential unit shall contain in conspicuous type a statement indicating that the association is not required to have a milestone inspection or a structural integrity reserve study, as appropriate. If the association is required to have completed a milestone inspection as described in ss. 553.899 and 718.301(4)(p) or a structural integrity reserve study, each contract entered into after December 31, 2024, for the resale of a residential unit shall contain in conspicuous type:

- 1. A clause which states: THE BUYER HEREBY ACKNOWLEDGES
  THAT BUYER HAS BEEN PROVIDED A CURRENT COPY OF THE INSPECTORPREPARED SUMMARY OF THE MILESTONE INSPECTION REPORT AS DESCRIBED
  IN SECTIONS 553.899 AND 718.301(4)(p), FLORIDA STATUTES; AND A
  COPY OF THE ASSOCIATION'S MOST RECENT STRUCTURAL INTEGRITY
  RESERVE STUDY DESCRIBED IN SECTIONS 718.103(26) AND
  718.112(2)(g), FLORIDA STATUTES, MORE THAN 3 DAYS, EXCLUDING
  SATURDAYS, SUNDAYS, AND LEGAL HOLIDAYS, PRIOR TO EXECUTION OF
  THIS CONTRACT; and
- 2. A clause which states: THIS AGREEMENT IS VOIDABLE BY
  BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO
  CANCEL WITHIN 3 DAYS, EXCLUDING SATURDAYS, SUNDAYS, AND LEGAL
  HOLIDAYS, AFTER THE DATE OF EXECUTION OF THIS AGREEMENT BY THE
  BUYER AND RECEIPT BY BUYER OF A CURRENT COPY OF THE INSPECTOR-

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958 PREPARED SUMMARY OF THE MILESTONE INSPECTION REPORT AS DESCRIBED 959 IN SECTIONS 553.899 AND 718.301(4)(p), FLORIDA STATUTES; AND A 960 COPY OF THE ASSOCIATION'S MOST RECENT STRUCTURAL INTEGRITY 961 RESERVE STUDY DESCRIBED IN SECTIONS 718.103(26) AND 962 718.112(2)(g), FLORIDA STATUTES. ANY PURPORTED WAIVER OF THESE 963 VOIDABILITY RIGHTS SHALL BE OF NO EFFECT. BUYER MAY EXTEND THE 964 TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN 3 DAYS, EXCLUDING 965 SATURDAYS, SUNDAYS, AND LEGAL HOLIDAYS, AFTER THE BUYER RECEIVES 966 A CURRENT COPY OF THE INSPECTOR-PREPARED SUMMARY OF THE 967 MILESTONE INSPECTION REPORT AS DESCRIBED IN SECTIONS 553.899 AND 968 718.301(4)(p), FLORIDA STATUTES; AND A COPY OF THE ASSOCIATION'S 969 MOST RECENT STRUCTURAL INTEGRITY RESERVE STUDY DESCRIBED IN SECTIONS 718.103(26) AND 718.112(2)(g) FLORIDA STATUTES, IF 970 971 REQUESTED IN WRITING. BUYER'S RIGHT TO VOID THIS AGREEMENT SHALL 972 TERMINATE AT CLOSING. 973 974 A contract that does not conform to the requirements of this 975 paragraph is voidable at the option of the purchaser prior to 976 closing. 977 Section 10. Subsection (24) of section 719.103, Florida 978 Statutes, is amended to read: 979 719.103 Definitions.—As used in this chapter: 980 (24) "Structural integrity reserve study" means a study of 981 the reserve funds required for future major repairs and 982 replacement of the cooperative property performed as required 983 under s. 719.106(1)(k) common areas based on a visual inspection 984 of the common areas. A structural integrity reserve study may be

performed by any person qualified to perform such study.

However, the visual inspection portion of the structural

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integrity reserve study must be performed by an engineer licensed under chapter 471 or an architect licensed under chapter 481. At a minimum, a structural integrity reserve study must identify the common areas being visually inspected, state the estimated remaining useful life and the estimated replacement cost or deferred maintenance expense of the common areas being visually inspected, and provide a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each common area being visually inspected by the end of the estimated remaining useful life of each common area.

Section 11. Present subsections (5) through (11) of section 719.104, Florida Statutes, are redesignated as subsections (6) through (12), respectively, a new subsection (5) is added to that section, and paragraph (c) of subsection (2) of that section is amended, to read:

719.104 Cooperatives; access to units; records; financial reports; assessments; purchase of leases.—

- (2) OFFICIAL RECORDS. -
- (c) The official records of the association are open to inspection by any association member and any person authorized by an association member as a or the authorized representative of such member at all reasonable times. The right to inspect the records includes the right to make or obtain copies, at the reasonable expense, if any, of the association member and of the person authorized by the association member as a representative of such member. A renter of a unit has a right to inspect and copy only the association's bylaws and rules and the inspection reports described in ss. 553.899 and 719.301(4)(p). The

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association may adopt reasonable rules regarding the frequency, time, location, notice, and manner of record inspections and copying, but may not require a member to demonstrate any purpose 1019 or state any reason for the inspection. The failure of an association to provide the records within 10 working days after receipt of a written request creates a rebuttable presumption that the association willfully failed to comply with this paragraph. A member who is denied access to official records is entitled to the actual damages or minimum damages for the association's willful failure to comply. The minimum damages are \$50 per calendar day for up to 10 days, beginning on the 11th working day after receipt of the written request. The failure to permit inspection entitles any person prevailing in an 1029 enforcement action to recover reasonable attorney fees from the person in control of the records who, directly or indirectly, knowingly denied access to the records. Any person who knowingly or intentionally defaces or destroys accounting records that are required by this chapter to be maintained during the period for which such records are required to be maintained, or who knowingly or intentionally fails to create or maintain 1036 accounting records that are required to be created or maintained, with the intent of causing harm to the association or one or more of its members, is personally subject to a civil 1039 penalty under s. 719.501(1)(d). The association shall maintain an adequate number of copies of the declaration, articles of 1041 incorporation, bylaws, and rules, and all amendments to each of 1042 the foregoing, as well as the question and answer sheet as described in s. 719.504 and year-end financial information 1043 required by the department, on the cooperative property to

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ensure their availability to members and prospective purchasers, and may charge its actual costs for preparing and furnishing these documents to those requesting the same. An association shall allow a member or his or her authorized representative to use a portable device, including a smartphone, tablet, portable scanner, or any other technology capable of scanning or taking photographs, to make an electronic copy of the official records in lieu of the association providing the member or his or her authorized representative with a copy of such records. The association may not charge a member or his or her authorized representative for the use of a portable device. Notwithstanding this paragraph, the following records shall not be accessible to members:

- 1. Any record protected by the lawyer-client privilege as described in s. 90.502 and any record protected by the work-product privilege, including any record prepared by an association attorney or prepared at the attorney's express direction which reflects a mental impression, conclusion, litigation strategy, or legal theory of the attorney or the association, and which was prepared exclusively for civil or criminal litigation or for adversarial administrative proceedings, or which was prepared in anticipation of such litigation or proceedings until the conclusion of the litigation or proceedings.
- 2. Information obtained by an association in connection with the approval of the lease, sale, or other transfer of a unit.
- 3. Personnel records of association or management company employees, including, but not limited to, disciplinary, payroll,

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health, and insurance records. For purposes of this subparagraph, the term "personnel records" does not include written employment agreements with an association employee or management company, or budgetary or financial records that indicate the compensation paid to an association employee.

- 4. Medical records of unit owners.
- 5. Social security numbers, driver license numbers, credit card numbers, e-mail addresses, telephone numbers, facsimile numbers, emergency contact information, addresses of a unit owner other than as provided to fulfill the association's notice requirements, and other personal identifying information of any person, excluding the person's name, unit designation, mailing address, property address, and any address, e-mail address, or facsimile number provided to the association to fulfill the association's notice requirements. Notwithstanding the restrictions in this subparagraph, an association may print and distribute to unit owners a directory containing the name, unit address, and all telephone numbers of each unit owner. However, an owner may exclude his or her telephone numbers from the directory by so requesting in writing to the association. An owner may consent in writing to the disclosure of other contact information described in this subparagraph. The association is not liable for the inadvertent disclosure of information that is protected under this subparagraph if the information is included in an official record of the association and is voluntarily provided by an owner and not requested by the association.
- 6. Electronic security measures that are used by the association to safeguard data, including passwords.
  - 7. The software and operating system used by the

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association which allow the manipulation of data, even if the owner owns a copy of the same software used by the association. The data is part of the official records of the association.

- 8. All affirmative acknowledgments made pursuant to s. 719.108(3)(b)3.
- 1108 (5) MAINTENANCE. - Maintenance of the common elements is the 1109 responsibility of the association, except for any maintenance 1110 responsibility for limited common elements assigned to the unit owner by the declaration. The association shall provide for the 1111 1112 maintenance, repair, and replacement of the cooperative property 1113 for which it bears responsibility pursuant to the declaration of 1114 cooperative. After turnover of control of the association to the 1115 unit owners, the association must perform any required 1116 maintenance identified by the developer pursuant to s. 1117 719.301(4)(p) until the association obtains new maintenance 1118 protocols from a licensed professional engineer or architect. 1119 The declaration may provide that certain limited common elements 1120 shall be maintained by those entitled to use the limited common 1121 elements or that the association shall provide the maintenance, 1122 either as a common expense or with the cost shared only by those 1123 entitled to use the limited common elements. If the maintenance 1124 is to be by the association at the expense of only those 1125 entitled to use the limited common elements, the declaration 1126 shall describe in detail the method of apportioning such costs 1127 among those entitled to use the limited common elements, and the 1128 association may use the provisions of s. 719.108 to enforce 1129 payment of the shares of such costs by the unit owners entitled 1130 to use the limited common elements.

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Section 12. Paragraphs (j), (k), and (l) of subsection (1)

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of section 719.106, Florida Statutes, are amended to read:

719.106 Bylaws; cooperative ownership.-

- (1) MANDATORY PROVISIONS.—The bylaws or other cooperative documents shall provide for the following, and if they do not, they shall be deemed to include the following:
  - (j) Annual budget.-
- 1. The proposed annual budget of common expenses must be detailed and must show the amounts budgeted by accounts and expense classifications, including, if applicable, but not limited to, those expenses listed in s. 719.504(20). The board of administration shall adopt the annual budget at least 14 days before the start of the association's fiscal year. In the event that the board fails to timely adopt the annual budget a second time, it is deemed a minor violation and the prior year's budget shall continue in effect until a new budget is adopted.
- 2. In addition to annual operating expenses, the budget must include reserve accounts for capital expenditures and deferred maintenance. These accounts must include, but not be limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, and for any other items for which the deferred maintenance expense or replacement cost exceeds \$10,000. The amount to be reserved for an item is determined by the association's most recent structural integrity reserve study that must be completed by December 31, 2024. If the amount to be reserved for an item is not in the association's initial or most recent structural integrity reserve study or the association has not completed a structural integrity reserve study, the amount must be computed by means of a formula which is based upon

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1161 estimated remaining useful life and estimated replacement cost 1162 or deferred maintenance expense of the reserve item. In a budget 1163 adopted by an association that is required to obtain a structural integrity reserve study, reserves must be maintained 1164 1165 for the items identified in paragraph (k) and the reserve amount 1166 for such items must be based on the findings and recommendations 1167 of the association's most recent structural integrity reserve study. With respect to items for which an estimate of useful 1168 1169 life is not readily ascertainable, an association must reserve 1170 the amount of deferred maintenance expense, if any, which is 1171 recommended by the structural integrity reserve study for such 1172 items. The association may adjust replacement reserve 1173 assessments annually to take into account an inflation 1174 adjustment and any changes in estimates or extension of the 1175 useful life of a reserve item caused by deferred maintenance. 1176 The members of a unit-owner-controlled association may determine, by a majority vote of all the voting interests of the 1177 1178 association, voting in person or by proxy at a duly called 1179 meeting of the association, for a fiscal year to provide no 1180 reserves or reserves less adequate than required by this 1181 subsection. Before turnover of control of an association by a developer to unit owners other than a developer under s. 1182 1183 719.301, the developer-controlled association may not vote to 1184 waive the reserves or reduce funding of the reserves. For a 1185 budget adopted on or after Effective December 31, 2024, a unit-1186 owner-controlled association that must obtain a structural 1187 integrity reserve study may not determine to provide no reserves or reserves less adequate than required by this paragraph for 1188 1189 items listed in paragraph (k). If a meeting of the unit owners

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has been called to determine to provide no reserves, or reserves less adequate than required, and such result is not attained or a quorum is not attained, the reserves as included in the budget shall go into effect.

- 3. Reserve funds and any interest accruing thereon shall remain in the reserve account or accounts, and shall be used only for authorized reserve expenditures unless their use for other purposes is approved in advance by a vote of the majority of the voting interests, voting in person or by limited proxy at a duly called meeting of the association. Before turnover of control of an association by a developer to unit owners other than the developer under s. 719.301, the developer may not vote to use reserves for purposes other than that for which they were intended. For a budget adopted on or after Effective December 31, 2024, members of a unit-owner-controlled association that must obtain a structural integrity reserve study may not vote to use reserve funds, or any interest accruing thereon, that are reserved for items listed in paragraph (k) for purposes other than the replacement or deferred maintenance costs of the components listed in paragraph (k) their intended purpose.
  - (k) Structural integrity reserve study.-
- 1. A residential cooperative An association must have a structural integrity reserve study completed at least every 10 years for each building on the cooperative property that is three stories or higher in height that includes, at a minimum, a study of the following items as related to the structural integrity and safety of the building:
  - a. Roof.
  - b. Load-bearing walls or other primary structural members.

580-02150-23 2023154c1 1219 c. Floor. 1220 d. Foundation. 1221 d.e. Fireproofing and fire protection systems. 1222 e.f. Plumbing. 1223 f.g. Electrical systems. 1224 g.h. Waterproofing and exterior painting. 1225 h.<del>i.</del> Windows. 1226 i. i. Any other item that has a deferred maintenance expense or replacement cost that exceeds \$10,000 and the failure to 1227 1228 replace or maintain such item negatively affects the items 1229 listed in sub-subparagraphs a.-h. sub-subparagraphs a.-i., as 1230 determined by the licensed engineer or architect performing the 1231 visual inspection portion of the structural integrity reserve 1232 study. 1233 2. A structural integrity reserve study is based on a 1234 visual inspection of the cooperative property. A structural 1235 integrity reserve study may be performed by any person qualified 1236 to perform such study. However, the visual inspection portion of 1237 the structural integrity reserve study must be performed or 1238 verified by an engineer licensed under chapter 471, an architect 1239 licensed under chapter 481, or a person who is certified as a 1240 reserve specialist or professional reserve analyst by the 1241 Community Associations Institute or the Association of 1242 Professional Reserve Analysts. At a minimum, a structural 1243 integrity reserve study must identify each item of the 1244 cooperative property being visually inspected, state the 1245 estimated remaining useful life and the estimated replacement 1246 cost or deferred maintenance expense of each item of the

cooperative property being visually inspected, and provide a

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reserve funding schedule with a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each item of cooperative property being visually inspected by the end of the estimated remaining useful life of the item. The structural integrity reserve study may recommend that reserves do not need to be maintained for any item for which an estimate of useful life and an estimate of replacement cost or deferred maintenance expense cannot be determined, or the study may recommend a deferred maintenance expense amount for such item. This paragraph does not apply to buildings less than three stories in height; single-family, twofamily, or three-family dwellings with three or fewer habitable stories above ground; any portion or component of a building that has not been submitted to the cooperative form of ownership; or any portion or component of a building that is maintained by a party other than the association.

- 3. Before a developer turns over control of an association to unit owners other than the developer, the developer must have a structural integrity reserve study completed for each building on the cooperative property that is three stories or higher in height.
- $\underline{4.3.}$  Associations existing on or before July 1, 2022, which are controlled by unit owners other than the developer, must have a structural integrity reserve study completed by December 31, 2024, for each building on the cooperative property that is three stories or higher in height.
- 5.4. If an association fails to complete a structural integrity reserve study pursuant to this paragraph, such failure is a breach of an officer's and director's fiduciary

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relationship to the unit owners under <u>s. 719.104(9)</u> <del>s. 719.104(8)</del>.

(1) Mandatory milestone inspections.—If an association is required to have a milestone inspection performed pursuant to s. 553.899, the association must arrange for the milestone inspection to be performed and is responsible for ensuring compliance with the requirements of s. 553.899. The association is responsible for all costs associated with the milestone inspection attributable to the portions of the building which the association is responsible to maintain under the governing documents of the association. If the officers or directors of an association willfully and knowingly fail to have a milestone inspection performed pursuant to s. 553.899, such failure is a breach of the officers' and directors' fiduciary relationship to the unit owners under s. 719.104(9) (a) s. 719.104(8) (a). Within 30 days after receiving <del>Upon completion of</del> a phase one or phase two milestone inspection and receipt of the inspector-prepared summary of the inspection report from the architect or engineer who performed the inspection, the association must distribute a copy of the inspector-prepared summary of the inspection report to each unit owner, regardless of the findings or recommendations in the report, by United States mail or personal delivery at the mailing address, property address, or any other address of the owner provided to fulfill the association's notice requirements under this chapter and by electronic transmission to the e-mail address or facsimile number provided to fulfill the association's notice requirements to unit owners who previously consented to receive notice by electronic transmission; must post a copy of the inspector-prepared summary

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in a conspicuous place on the cooperative property; and must publish the full report and inspector-prepared summary on the association's website, if the association is required to have a website.

Section 13. Paragraph (b) of subsection (1) of section 719.503, Florida Statutes, is amended, paragraph (d) is added to that subsection, and paragraph (d) is added to subsection (2) of that section, to read:

719.503 Disclosure prior to sale.-

- (1) DEVELOPER DISCLOSURE.-
- (b) Copies of documents to be furnished to prospective buyer or lessee.-Until such time as the developer has furnished the documents listed below to a person who has entered into a contract to purchase a unit or lease it for more than 5 years, the contract may be voided by that person, entitling the person to a refund of any deposit together with interest thereon as provided in s. 719.202. The contract may be terminated by written notice from the proposed buyer or lessee delivered to the developer within 15 days after the buyer or lessee receives all of the documents required by this section. The developer may not close for 15 days after the execution of the agreement and delivery of the documents to the buyer as evidenced by a receipt for documents signed by the buyer unless the buyer is informed in the 15-day voidability period and agrees to close before the expiration of the 15 days. The developer shall retain in his or her records a separate signed agreement as proof of the buyer's agreement to close before the expiration of the voidability period. The developer must retain such proof for a period of 5 years after the date of the closing transaction. The documents

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to be delivered to the prospective buyer are the prospectus or disclosure statement with all exhibits, if the development is subject to s. 719.504, or, if not, then copies of the following which are applicable:

- 1. The question and answer sheet described in s. 719.504, and cooperative documents, or the proposed cooperative documents if the documents have not been recorded, which shall include the certificate of a surveyor approximately representing the locations required by s. 719.104.
  - 2. The documents creating the association.
  - 3. The bylaws.
- 4. The ground lease or other underlying lease of the cooperative.
- 5. The management contract, maintenance contract, and other contracts for management of the association and operation of the cooperative and facilities used by the unit owners having a service term in excess of 1 year, and any management contracts that are renewable.
- 6. The estimated operating budget for the cooperative and a schedule of expenses for each type of unit, including fees assessed to a shareholder who has exclusive use of limited common areas, where such costs are shared only by those entitled to use such limited common areas.
- 7. The lease of recreational and other facilities that will be used only by unit owners of the subject cooperative.
- 8. The lease of recreational and other common areas that will be used by unit owners in common with unit owners of other cooperatives.
  - 9. The form of unit lease if the offer is of a leasehold.

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10. Any declaration of servitude of properties serving the cooperative but not owned by unit owners or leased to them or the association.

- 11. If the development is to be built in phases or if the association is to manage more than one cooperative, a description of the plan of phase development or the arrangements for the association to manage two or more cooperatives.
- 12. If the cooperative is a conversion of existing improvements, the statements and disclosure required by s. 719.616.
  - 13. The form of agreement for sale or lease of units.
- 14. A copy of the floor plan of the unit and the plot plan showing the location of the residential buildings and the recreation and other common areas.
- 15. A copy of all covenants and restrictions that will affect the use of the property and are not contained in the foregoing.
- 16. If the developer is required by state or local authorities to obtain acceptance or approval of any dock or marina facilities intended to serve the cooperative, a copy of any such acceptance or approval acquired by the time of filing with the division pursuant to s. 719.502(1) or a statement that such acceptance or approval has not been acquired or received.
- 17. Evidence demonstrating that the developer has an ownership, leasehold, or contractual interest in the land upon which the cooperative is to be developed.
- 18. A copy of the inspector-prepared summary of the milestone inspection report as described in ss. 553.899 and 719.301(4)(p), or a statement in conspicuous type indicating

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that the association has not completed the milestone inspection described in ss. 553.899 and 719.301(4)(p) or that the association is not required to perform a milestone inspection, as if applicable.

- 19. A copy of the association's most recent structural integrity reserve study or a statement in conspicuous type indicating that the association has not completed a structural integrity reserve study or that the association is not required to perform a structural integrity reserve study, as applicable.
- (d) Milestone inspection or structural integrity reserve study.-If the association is required to have completed a milestone inspection as described in ss. 553.899 and 719.301(4)(p) or a structural integrity reserve study, and the association has failed to complete the milestone inspection or the structural integrity reserve study, each contract entered into after December 31, 2024, for the sale of a residential unit shall contain in conspicuous type a statement indicating that the association is required to have a milestone inspection or a structural integrity reserve study and has failed to complete such inspection or study, as appropriate. If the association is not required to have a milestone inspection as described in ss. 553.899 and 719.301(4)(p) or a structural integrity reserve study, each contract entered into after December 31, 2024, for the sale of a residential unit shall contain in conspicuous type a statement indicating that the association is not required to have a milestone inspection or a structural integrity reserve study, as appropriate. If the association is required to have completed a milestone inspection as described in ss. 553.899 and 719.301(4)(p) or a structural integrity reserve study, each

580-02150-23 2023154c1 1422 contract entered into after December 31, 2024, for the sale of a 1423 residential unit shall contain in conspicuous type: 1424 1. A clause which states: THE BUYER HEREBY ACKNOWLEDGES 1425 THAT BUYER HAS BEEN PROVIDED A CURRENT COPY OF THE INSPECTOR-1426 PREPARED SUMMARY OF THE MILESTONE INSPECTION REPORT AS DESCRIBED 1427 IN SECTIONS 553.899 AND 719.301(4)(p), FLORIDA STATUTES; AND A 1428 COPY OF THE ASSOCIATION'S MOST RECENT STRUCTURAL INTEGRITY 1429 RESERVE STUDY DESCRIBED IN SECTIONS 719.103(24) AND 1430 719.106(1)(k), FLORIDA STATUTES, MORE THAN 15 DAYS, EXCLUDING SATURDAYS, SUNDAYS, AND LEGAL HOLIDAYS, PRIOR TO EXECUTION OF 1431 1432 THIS CONTRACT; and 1433 2. A clause which states: THIS AGREEMENT IS VOIDABLE BY 1434 BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO 1435 CANCEL WITHIN 15 DAYS, EXCLUDING SATURDAYS, SUNDAYS, AND LEGAL 1436 HOLIDAYS, AFTER THE DATE OF EXECUTION OF THIS AGREEMENT BY THE 1437 BUYER AND RECEIPT BY BUYER OF A CURRENT COPY OF THE INSPECTOR-1438 PREPARED SUMMARY OF THE MILESTONE INSPECTION REPORT AS DESCRIBED 1439 IN SECTIONS 553.899 AND 719.301(4)(p), FLORIDA STATUTES; AND A 1440 COPY OF THE ASSOCIATION'S MOST RECENT STRUCTURAL INTEGRITY 1441 RESERVE STUDY DESCRIBED IN SECTIONS 719.103(24) AND 1442 719.106(1)(k), FLORIDA STATUTES. ANY PURPORTED WAIVER OF THESE 1443 VOIDABILITY RIGHTS SHALL BE OF NO EFFECT. BUYER MAY EXTEND THE 1444 TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN 15 DAYS, EXCLUDING SATURDAYS, SUNDAYS, AND LEGAL HOLIDAYS, AFTER THE 1445 1446 BUYER RECEIVES A CURRENT COPY OF THE INSPECTOR-PREPARED SUMMARY 1447 OF THE MILESTONE INSPECTION REPORT AS DESCRIBED IN SECTIONS 1448 553.899 AND 719.301(4)(p), FLORIDA STATUTES; AND A COPY OF THE 1449 ASSOCIATION'S MOST RECENT STRUCTURAL INTEGRITY RESERVE STUDY DESCRIBED IN SECTIONS 719.103(24) AND 719.106(1)(k), FLORIDA 1450

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STATUTES, IF REQUESTED IN WRITING. BUYER'S RIGHT TO VOID THIS 1451 1452 AGREEMENT SHALL TERMINATE AT CLOSING.

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A contract that does not conform to the requirements of this paragraph is voidable at the option of the purchaser prior to closing.

- (2) NONDEVELOPER DISCLOSURE. -
- (d) If the association is required to have completed a milestone inspection as described in ss. 553.899 and 719.301(4)(p) or a structural integrity reserve study, and the association has failed to complete the milestone inspection or the structural integrity reserve study, each contract entered into after December 31, 2024, for the sale of a residential unit shall contain in conspicuous type a statement indicating that the association is required to have a milestone inspection or a structural integrity reserve study and has failed to complete such inspection or study, as appropriate. If the association is not required to have a milestone inspection as described in ss. 553.899 and 719.301(4)(p) or a structural integrity reserve study, each contract entered into after December 31, 2024, for the sale of a residential unit shall contain in conspicuous type a statement indicating that the association is not required to have a milestone inspection or a structural integrity reserve study, as appropriate. If the association is required to have completed a milestone inspection as described in ss. 553.899 and 719.301(4)(p) or a structural integrity reserve study, each contract entered into after December 31, 2024, for the resale of a residential unit shall contain in conspicuous type:
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1. A clause which states: THE BUYER HEREBY ACKNOWLEDGES

580-02150-23 2023154c1 1480 THAT BUYER HAS BEEN PROVIDED A CURRENT COPY OF THE INSPECTOR-1481 PREPARED SUMMARY OF THE MILESTONE INSPECTION REPORT AS DESCRIBED 1482 IN SECTIONS 553.899 AND 719.301(4)(p), FLORIDA STATUTES; AND A 1483 COPY OF THE ASSOCIATION'S MOST RECENT STRUCTURAL INTEGRITY 1484 RESERVE STUDY DESCRIBED IN SECTIONS 719.103(24) AND 1485 719.106(1)(k), FLORIDA STATUTES, MORE THAN 3 DAYS, EXCLUDING 1486 SATURDAYS, SUNDAYS, AND LEGAL HOLIDAYS, PRIOR TO EXECUTION OF 1487 THIS CONTRACT; and 1488 2. A clause which states: THIS AGREEMENT IS VOIDABLE BY 1489 BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO 1490 CANCEL WITHIN 3 DAYS, EXCLUDING SATURDAYS, SUNDAYS, AND LEGAL 1491 HOLIDAYS, AFTER THE DATE OF EXECUTION OF THIS AGREEMENT BY THE 1492 BUYER AND RECEIPT BY BUYER OF A CURRENT COPY OF THE INSPECTOR-1493 PREPARED SUMMARY OF THE MILESTONE INSPECTION REPORT AS DESCRIBED 1494 IN SECTIONS 553.899 AND 719.301(4)(p), FLORIDA STATUTES; AND A 1495 COPY OF THE ASSOCIATION'S MOST RECENT STRUCTURAL INTEGRITY 1496 RESERVE STUDY DESCRIBED IN SECTIONS 719.103(24) AND 1497 719.106(1)(k), FLORIDA STATUTES. ANY PURPORTED WAIVER OF THESE 1498 VOIDABILITY RIGHTS SHALL BE OF NO EFFECT. BUYER MAY EXTEND THE 1499 TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN 3 DAYS, EXCLUDING 1500 SATURDAYS, SUNDAYS, AND LEGAL HOLIDAYS, AFTER THE BUYER RECEIVES 1501 A CURRENT COPY OF THE INSPECTOR-PREPARED SUMMARY OF THE 1502 MILESTONE INSPECTION REPORT AS DESCRIBED IN SECTIONS 553.899 AND 1503 719.301(4)(p), FLORIDA STATUTES; AND A COPY OF THE ASSOCIATION'S 1504 MOST RECENT STRUCTURAL INTEGRITY RESERVE STUDY DESCRIBED IN 1505 SECTIONS 719.103(24) AND 719.106(1)(k), FLORIDA STATUTES, IF 1506 REQUESTED IN WRITING. BUYER'S RIGHT TO VOID THIS AGREEMENT SHALL 1507 TERMINATE AT CLOSING.

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1509 A contract that does not conform to the requirements of this
1510 paragraph is voidable at the option of the purchaser prior to
1511 closing.

Section 14. Subsection (2) of section 558.002, Florida Statutes, is amended to read:

558.002 Definitions.—As used in this chapter, the term:

(2) "Association" has the same meaning as in  $\underline{s.718.103} \ \underline{s.718.103} \ \underline{s.718.103} \ \underline{s.718.103} \ \underline{s.719.103} \ \underline{s.720.301} \ \underline{s.723.075} \ \underline{s.$ 

Section 15. Paragraph (b) of subsection (1) of section 718.116, Florida Statutes, is amended to read:

718.116 Assessments; liability; lien and priority; interest; collection.—

(1)

- (b)1. The liability of a first mortgagee or its successor or assignees who acquire title to a unit by foreclosure or by deed in lieu of foreclosure for the unpaid assessments that became due before the mortgagee's acquisition of title is limited to the lesser of:
- a. The unit's unpaid common expenses and regular periodic assessments which accrued or came due during the 12 months immediately preceding the acquisition of title and for which payment in full has not been received by the association; or
- b. One percent of the original mortgage debt. The provisions of this paragraph apply only if the first mortgagee joined the association as a defendant in the foreclosure action. Joinder of the association is not required if, on the date the complaint is filed, the association was dissolved or did not maintain an office or agent for service of process at a location which was known to or reasonably discoverable by the mortgagee.

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2. An association, or its successor or assignee, that acquires title to a unit through the foreclosure of its lien for assessments is not liable for any unpaid assessments, late fees, interest, or reasonable attorney's fees and costs that came due before the association's acquisition of title in favor of any other association, as defined in  $\underline{s.718.103} \ \underline{s.718.103(2)} \ \text{or s.}$  720.301(9), which holds a superior lien interest on the unit. This subparagraph is intended to clarify existing law.

Section 16. Paragraph (d) of subsection (2) of section 720.3085, Florida Statutes, is amended to read:

720.3085 Payment for assessments; lien claims.-

(2)

(d) An association, or its successor or assignee, that acquires title to a parcel through the foreclosure of its lien for assessments is not liable for any unpaid assessments, late fees, interest, or reasonable attorney's fees and costs that came due before the association's acquisition of title in favor of any other association, as defined in  $\underline{s.718.103} \ \underline{s.718.103(2)}$  or s. 720.301(9), which holds a superior lien interest on the parcel. This paragraph is intended to clarify existing law.

Section 17. Effective July 1, 2027, for the purpose of incorporating the amendments made by this act to section 718.1255, Florida Statutes, in a reference thereto, section 719.1255, Florida Statutes, is reenacted to read:

719.1255 Alternative resolution of disputes.—The Division of Florida Condominiums, Timeshares, and Mobile Homes of the Department of Business and Professional Regulation shall provide for alternative dispute resolution in accordance with s. 718.1255.

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Section 18. Paragraph (f) of subsection (1) of section 718.501, Florida Statutes, is reenacted to read:

718.501 Authority, responsibility, and duties of Division of Florida Condominiums, Timeshares, and Mobile Homes.—

- (1) The division may enforce and ensure compliance with this chapter and rules relating to the development, construction, sale, lease, ownership, operation, and management of residential condominium units and complaints related to the procedural completion of milestone inspections under s. 553.899. In performing its duties, the division has complete jurisdiction to investigate complaints and enforce compliance with respect to associations that are still under developer control or the control of a bulk assignee or bulk buyer pursuant to part VII of this chapter and complaints against developers, bulk assignees, or bulk buyers involving improper turnover or failure to turnover, pursuant to s. 718.301. However, after turnover has occurred, the division has jurisdiction to investigate complaints related only to financial issues, elections, and the maintenance of and unit owner access to association records under s. 718.111(12), and the procedural completion of structural integrity reserve studies under s. 718.112(2)(g).
- (f) The division may adopt rules to administer and enforce this chapter.
- Section 19. Paragraph (f) of subsection (1) of section 719.501, Florida Statutes, is reenacted to read:
- 719.501 Powers and duties of Division of Florida
  1593 Condominiums, Timeshares, and Mobile Homes.—
  - (1) The Division of Florida Condominiums, Timeshares, and Mobile Homes of the Department of Business and Professional

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Regulation, referred to as the "division" in this part, in addition to other powers and duties prescribed by chapter 718, has the power to enforce and ensure compliance with this chapter and adopted rules relating to the development, construction, sale, lease, ownership, operation, and management of residential cooperative units; complaints related to the procedural completion of the structural integrity reserve studies under s. 719.106(1)(k); and complaints related to the procedural completion of milestone inspections under s. 553.899. In performing its duties, the division shall have the following powers and duties:

(f) The division has authority to adopt rules pursuant to ss. 120.536(1) and 120.54 to implement and enforce the provisions of this chapter.

Section 20. Except as otherwise expressly provided in this act, this act shall take effect upon becoming a law.