

CS/CS HB 913 Summary

High Level Summary:

- The bill amends requirements relating to structural integrity reserve studies (SIRS), milestone inspections, and condominium and cooperative association governance and management. The bill:
- Extends the deadline for certain associations to have a SIRS completed by December 31, 2025, rather than December 31, 2024.
- Allows an association, subject to certain requirements and limitations, to utilize special assessments, lines of credit, or loans to fund reserves; to pool reserve accounts; to use a baseline funding plan for its reserve funding schedule; to invest reserve funds in certificates of deposit or depository accounts without a vote of the unit owners; and to conduct board and unit owner meetings via video conference.
- Allows all multicondominium associations to use an approved alternative funding method to satisfy reserve funding obligations.
- Requires local enforcement agencies to annually submit to the Department of Business and Professional Regulation certain information relating to association compliance with milestone inspection requirements. · Creates additional requirements relating to the licensure and regulation of community association managers and community association management firms.
- Prohibits any design professional or contractor from having an interest in a firm or entity providing a milestone inspection for an association, unless the interest is disclosed.

Key Provisions:

The final version of HB 913 includes provisions that provide greater financial flexibility to condominium associations. It increases the monetary threshold for reserve items from \$10,000 to \$25,000 and provides for annual increases in the threshold amount for inflation.

In addition, for condominium association budgets adopted on or before December 31, 2028, HB 913:

1. Allows condominium associations to temporarily pause or reduce reserve contributions for no more than two consecutive annual budgets, upon a vote of a majority of the total voting interests, to fund needed repairs recommended by the milestone inspection. If an association pauses or reduces reserving funding, it must perform a SIRS before continuing reserve contribution to determine the association's reserve funding needs and to recommend a reserve funding plan;
2. Allows associations that have completed the required milestone inspection to delay the SIRS for the two consecutive budget years following a milestone inspection to prioritize funding for repairs and maintenance required the milestone inspection;
3. Allows an association that is required to have a SIRS, with the approval of a majority of the voting interests of the association, to fund reserves by a special assessment, a line of credit, or loan, but an association that is controlled by a developer or one or more bulk assignees or bulk buyers is exempt from this provision; and
4. Allows condominium boards to pause reserve funding without unit owner approval when the condominium building is declared uninhabitable by the local building official. Current law requires a vote of the members to pause reserves if the building has been declared uninhabitable.

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The final version of HB 913 does not include a provision that appeared in prior versions of the bill prohibiting Citizens Property Insurance Corporation from issuing or renewing a policy for a unit owner or a condominium association unless the association has completed a milestone inspection and a structural integrity reserve study (SIRS). It extends the deadline by which associations must complete a required SIRS from December 31, 2024, to December 31, 2025.

The final version of HB 913 requires local enforcement agencies, on or before October 1, 2025, to report to the Florida Department of Business and Professional Regulation (DBPR) information regarding inspections, including the number of buildings inspected, and a list of building that have been deemed unsafe or uninhabitable. It also requires boards of county commissioners and city commissions to adopt an ordinance requiring that a condominium or cooperative association and any other owner that is subject to a milestone inspection requirement to commence repairs within a specified timeframe, but no later than within 365 days after a phase two report is received.

Here's an overview of the other provisions of the final version of HB 913:

Structural Integrity Reserve Studies (SIRS)

- Revises the requirements for SIRS to apply the requirement to buildings that are three “habitable” stories or more in height.
- Requires that the SIRS, at a minimum, include a reserve “baseline” funding plan that ensures the reserve cash balance stays above zero. The study may suggest alternative funding schedules if such schedules meet the association’s maintenance obligations.
- Requires that the SIRS must differentiate between mandatory reserve items and other reserve items.
- Exempts four-family dwellings with three or fewer habitable stories above ground from the SIRS requirements.
- Requires officers and directors of association to sign an affidavit acknowledging receipt of a completed SIRS.
- Requires the DBPR Division of Condominiums, Timeshares, and Mobile Homes to adopt by rule the form for the SIRS in coordination with the Florida Building Commission.

Milestone Inspections

- Requires the Legislature’s Office of Program Policy Analysis and Government Accountability (OPPAGA) to create a report compiling the milestone inspections data reported DBPR; and requires the report to be submitted to the presiding officers of the Legislature.
- Revises the requirements for milestone inspections to apply to condominium and cooperative buildings that are three habitable stories or more in height instead of three or more stories under current law.

Conflicts of Interest – Milestone and SIRS

- Prohibits the person who conducts or performs the SIRS and milestone inspection from having a direct or indirect interest in the firm conducting the study or to be related to someone with such an interest unless disclosed to the association in writing.

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- Requires design professionals, such as architects and engineers, and licensed contractors who bid on a SIRS and milestone inspections to disclose in writing if they intend to bid on maintenance, repair, or replacement work related to the SIRS.
- Provides that failure to make the required disclosure makes the contract voidable and may result in professional discipline.

Insurance

- Provides that every condominium association must provide adequate property insurance.
- Provides that the amount of adequate insurance coverage for full insurable value, replacement cost, or similar coverage may be based on the replacement cost of the property to be insured, as determined by an independent insurance appraisal or update of a previous appraisal.
- Clarifies that the association's obligation to provide adequate insurance coverage for at least three or more community associations may be satisfied by obtaining and maintaining insurance coverage sufficient to cover an amount equal to the probable maximum loss for the communities for a 250-year windstorm event.

Reserves

- Revises the term "alternative funding method" to allow all multicondominiums to use the method (currently limited to multicondominiums with 25 or more condominiums).
- Provides for the investment of reserve funds in certificates of deposit or deposits in banks and credit unions.
- Provides for the funding of SIRS reserves by the pooling accounting method and allows boards to change the accounting method for reserves to a pooling accounting method or a straight-line accounting method without a vote of the members.

Community Association Managers (CAMs)

- Prohibits persons who have had their CAM license revoked from having an indirect or direct ownership interest in a CAM firm, or being an employee, partner, officer, director, or trustee of a CAM firm.
- Requires CAMs to maintain and update an online account with the Department of Business and Professional Regulation (department) in which they must indicate if they are providing services for a condominium, cooperative, or homeowners' association.
- Requires CAMs to comply with the milestone inspection and structural integrity reserve study (SIRS) requirements, as directed by the board.
- Requires all CAM contracts to include a statement that they will abide by professional standards and the applicable community association recordkeeping requirements.
- Requires the Division of Condominiums, Timeshares, and Mobile Homes (division) to give written notice to the CAM firm and the community association for which the manager performs community management services when a CAM's license is suspended or revoked.

Annual Financial Statements

- Increases from 120 days to 180 days, the date by which the financial report must be completed after the end of the fiscal year.
- Allows the association, as an alternative to delivering the annual financial statement, to provide a notice that the financial report will be mailed, hand delivered, or provided electronically via the Internet as requested by the unit owner.

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- Requires that an officer or director of the association sign an affidavit evidencing compliance with the requirements for delivery of the annual financial statement.
- Requires the approval of a majority of all the voting interest to reduce the type of financial reporting, instead of a majority of the unit owners present at the meeting.

Official Records

- Keep all bank statements and ledgers as official records.
- Keep all affidavits required by chapter 718, F.S., as official records and on the association's website, F.S.
- Keep all approved minutes of the board over the preceding 12 months on the association's website.
- Update the association's website within 30 days of any change.

Annual Budget Requirements

- Requires associations to simultaneously propose a substitute budget that excludes any discretionary spending if the proposed budget exceeds 115 percent of the assessments of the preceding year.
- Requires that the substitute budget must be presented to the unit owners for approval before a budget can be adopted (current law requires the members to petition for a substitute budget after the budget is approved).
- Revises the expenses that associations can exclude when determining whether assessments exceed 115 percent of the assessments of the preceding year by:
 - Removing "assessments for the betterment of the community;" and
 - Limiting the exclusion of anticipated expenses which the board does not expect to be incurred on a regular or annual basis to only those expenses related to the SIRS inspection items.

Condominium Association Meetings

- Allows condominium associations to conduct meetings by video conferencing, including board meetings, budget meetings, and unit member meetings.
- Prohibits board members from participating in meetings by videoconference more than two times in a calendar year.
- Allows board members who appear by videoconference to vote, but their presence may not count towards a quorum.
- Requires meetings conducted by videoconference to be recorded and the recordings to be kept as official records.
- Requires that the notice for a meeting that is to be conducted by video conference must include a hyperlink to the videoconference and the address for the physical location of the meeting.
- Requires the division to adopt rules for the conduct of meetings by video conference.

Electronic Voting

The bill revises electronic voting requirements for condominiums, including requiring the board to adopt a resolution allowing electronic voting if at least 25 percent of the voting interests petition the board to adopt a resolution for electronic voting.

Presale Disclosure

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- Revises the pre-sale notice requirements sellers of a unit to provide a copy of the most recent year-end-financial statement and annual budget (this conforms the provisions to changes made last session); and
- Extends 3-day rescission period for condominium sales by nondeveloper unit owners to 7 days. The current rescission period for developer sales is 15 days.

Condos Within a Portion of a Building or Within a Multiple Parcel Building

The bill revises the provision in section 31 of chapter 2024-244, Laws of Florida (CS/CS/CS/HB 1021), which provides that the provisions related to condominiums within a portion of a building or within a multiple parcel building are intended to clarify existing law and shall apply retroactively, to provide that those provisions do not apply retroactively and only apply to condominiums for which declarations were initially recorded on or after July 1, 2025.

The bill also provides that a condominium association created within a portion of a building may inspect and copy the books and records of the owner of the non-condominium portion of the building and require that the condominium association must receive a financial report with respect to such costs.

Jurisdiction of the Division of Condominiums, Timeshares, and Mobile Homes

The bill expands the condominium jurisdiction of the division to include:

- Completion of milestone inspections;
- Requirements to maintain insurance and fidelity bonding for all persons who disperse funds;
- Board member education requirements; and
- Reporting requirements for SIRS.

Reporting Requirement for Condominiums and Cooperatives

- Requires condominium and cooperative associations to create an online account with the division; and
- Expands the current requirement for condominium and cooperative associations to report to the division specified information, which currently includes the number of units in the association and the number of buildings that are three or more stories in height, and requires these associations to report additional information to the division by December 31, 2025, and to update the information within 15 days of a change. The additional information that must be submitted includes:
 1. Contact information for association, its members of the board, and its CAM; and
 2. Information about the association, such as the number of units, age of buildings, and assessments, including the purpose for the assessments.

Law Enforcement

Redefines the term “official investigation” to include official investigations by the division in the prohibitions in sections 914.22 and 914.23, F.S., relating to the criminal prohibitions against tampering with, harassing, or retaliating against a witness, victim, or informant.

Additional Condominium Provisions

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The bill also:

- Expands the emergency powers of condominium and cooperative associations to require the evacuation of the property in the event of any evacuation order, instead of mandatory evacuation order.
- Revises requirements related to maintenance and hurricane protection, including deleting the provision allowing the association to assess a unit owner if the association installs or removes hurricane protection that is the responsibility of the unit owner.
- Revises requirements for nonresidential condominiums.