

# Board Member Certification

Chapters 718 and 720, Florida Statutes

Division of Condominiums, Timeshares & Mobile Homes



# THE DIVISION'S JURISDICTION

Prior to turnover, the division may enforce and ensure compliance with chapter 718 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**.



# THE DIVISION'S JURISDICTION

- In residential condominiums, the Division can review the following allegations:

**Procedures & records related to Financial Issues**



**Elections including voting requirements & recall of board members**



**Records Access and Maintenance of Records**



**The procedural aspects of meetings**



**Disclosure of conflicts of interest**



**Removal of a board director or officer**



**Procedural Completion of Structural Integrity Reserve Studies**



**Any written inquiries by unit owners to the association**



# THE DIVISION'S JURISDICTION

The Division's Arbitration Section **has** jurisdiction over Chapter 720 election recall disputes.



# COURSE AT A GLANCE

## Meetings and Notices

- Meeting Requirements

## Fines and Suspensions

- Levying of Fines
- Suspensions

## Financial Literacy and Transparency

- Budgets and Reserves

## Recordkeeping

- Official Records & Maintenance

## Financial Literacy and Transparency

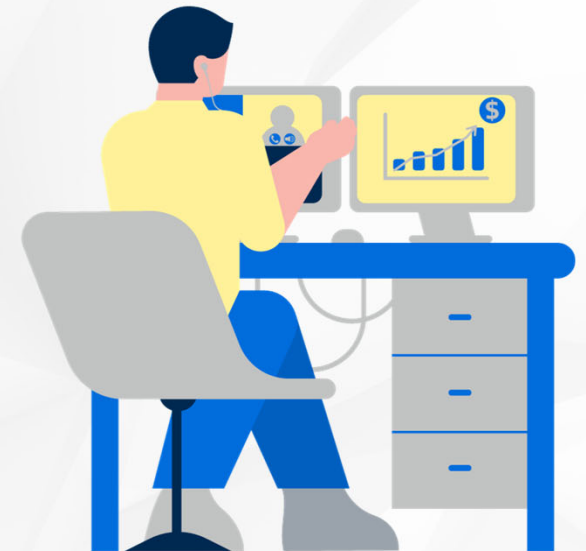
- Financial Reporting

## Statutory Inspections

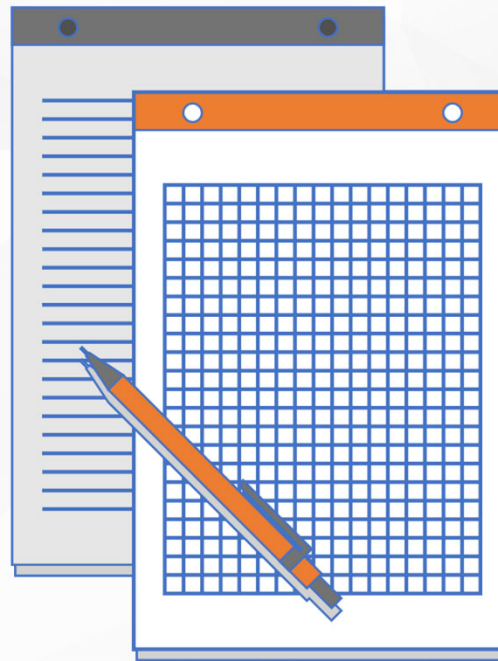
- Milestone
- Structural Integrity Reserve Study

## Elections

- Notices
- Election Process



# MEETINGS AND NOTICES



# BOARD OF ADMINISTRATION MEETINGS



Any gathering of the members of the board of directors, at which a **quorum** of the board members is present, for the purpose of conducting association business.



In a residential condominium association of more than **10 units**, the board of administration shall meet **at least once each quarter**.



**At least four times each year**, the meeting agenda must include an opportunity for members to ask questions of the board.



Adequate notice of all board meetings, which must specifically identify all agenda items, must be posted conspicuously on the condominium property **at least 48 continuous hours** before the meeting.



If, applicable, the notice, agenda and any other document required for the meeting must be posted on the association's website.

# BOARD & COMMITTEE MEETING OPERATIONS

## Board and Committee Meetings:

- Unit owners have the **right to attend**, which includes the **right to speak** on all designated agenda items. Associations may adopt written reasonable rules on governing the frequency, duration and manner of unit owner statements.
- In **condo associations**:
  - Unit owners have the **right to ask questions** relating to reports on the status of construction or repair projects, the status of revenues and expenditures during the current fiscal year, and other issues affecting the condominium.
  - Unit owners **may tape record or videotape** the meetings; however, DBPR may adopt reasonable rules governing the tape recording and videotaping of these meetings.
- If **20% of the voting interests** petition the board to address an item of business, the board at its next regular board meeting or at a special meeting of the board, no later than 60 days after the receipt of the petition, shall place the item on the agenda at its next regular board meeting or at a special meeting called for that purpose.

# DIRECTORS VOTING AT BOARD MEETINGS

- Directors present at board meetings have a duty to vote or abstain due to an asserted conflict of interest.
- Directors present at board meetings have four options:
  - Vote yes;
  - Vote no;
  - Stay silent at a board meeting—which is presumed as agreeing to the action taken and means they are saying yes; and
  - Vote to abstain. A director who abstains from voting on any action taken, on any corporate matter, is presumed to have taken no position regarding the action. This means that the director formally declined to vote either for or against the action.

# CONDO CONFLICTS OF INTEREST

- It is prohibited for an association to employ or contract with a provider of goods or services that is owned or operated by a board member or a relative unless approved by a two-thirds majority vote of the **other** board members at the board meeting.
- Relative definition - a relative within the third degree of consanguinity by blood or marriage (e.g., parent, child, sibling, etc.).
- Disclosure of the conflict of interest must be written on all contracts and transactional documents with a copy of the agenda where the topic was discussed.
- The minutes of the meeting shall disclose the conflict of interest.

# CONDO CONFLICTS OF INTEREST



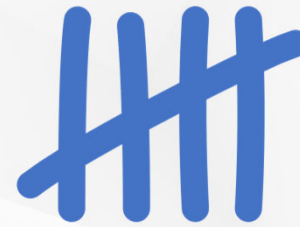
**Can still attend  
meeting**



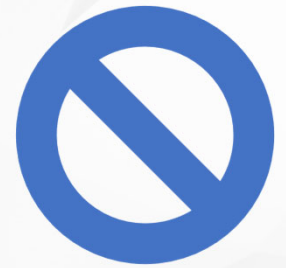
**Can make a  
presentation**



**Recuse from  
vote & leave  
during**



**Counts towards  
quorum**



**Voidable with  
20%**

# HOA CONFLICTS OF INTEREST

Directors and officers must disclose to the association any activity that may be reasonably construed to be a conflict of interest at least 14 days before voting on an issue or entering into a contract that is the subject of the conflict.

- A director or an officer, or a relative of a director or an officer, enters into a contract for goods or services with the association.
- A director or an officer, or a relative of a director or an officer, holds an interest in a corporation, limited liability company, partnership, limited liability partnership, or other business entity that conducts business with the association or proposes to enter into a contract or other transaction with the association.

# OTHER TYPES OF MEETINGS

Regular  
Assessment  
Meetings

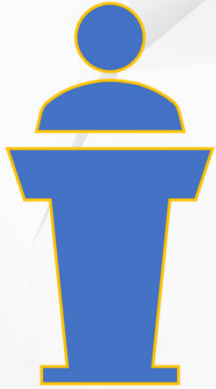
Non-Emergency  
Special  
Assessment  
Meetings

Emergency  
Special  
Assessment  
Meetings

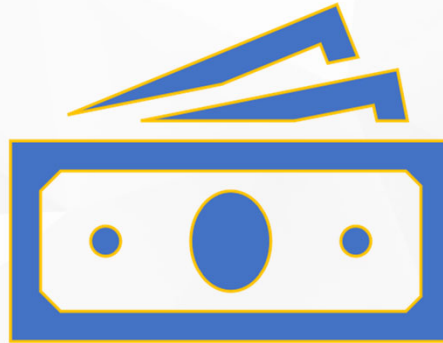
“Unit/Parcel  
Use” Rule  
Adoption  
Meetings

Closed Meetings

# ASSESSMENTS: REGULAR OR SPECIAL



State the  
Consideration



Provide  
Estimated Cost



Describe the  
Purpose

# MEETING NOTICE RECAP

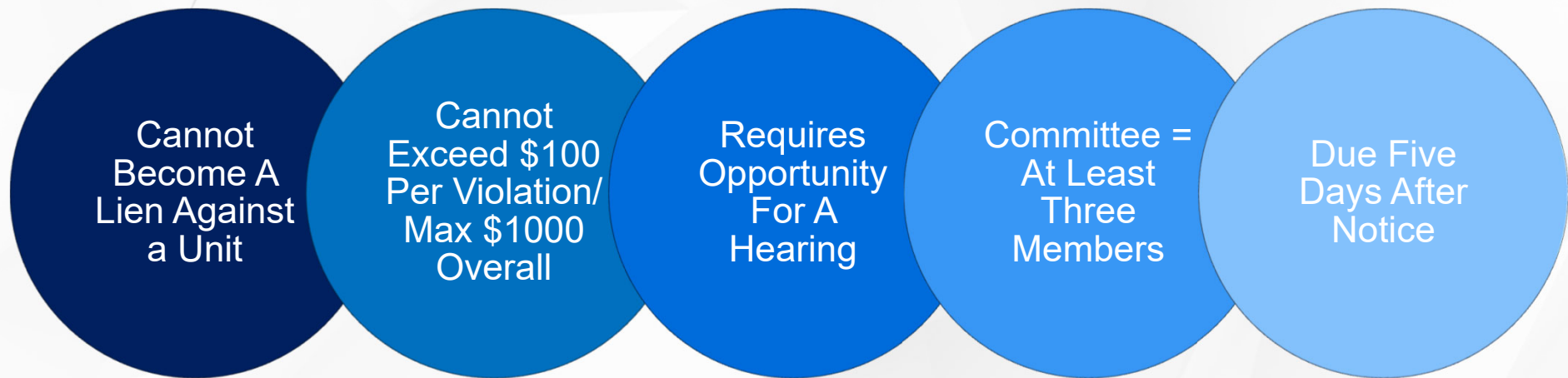
MEETING TYPES	48-HOUR NOTICE/ AGENDA	14-DAY NOTICE/ AGENDA	POST ON CONDO PROPERTY	MAIL, DELIVER OR ELECTRONICALLY TRANSMIT	RETAIN AFFIDAVIT & FILE IN OFFICIAL RECORDS
BOARD/ COMMITTEE	Yes	No	Yes	Yes	No
REGULAR ASSESSMENT	Yes	No	Yes	Yes	No
SPECIAL ASSESSMENT	No	Yes	Yes	Yes	Yes
UNIT USE RULE ADOPTION	No	Yes	Yes	Yes	Yes

# FINES AND SUSPENSIONS



# FINES OR SUSPENSIONS

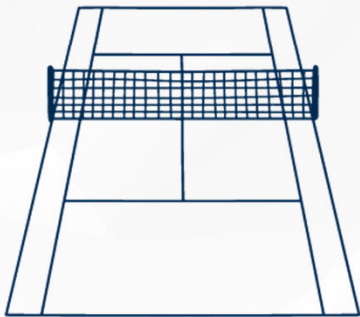
Associations **may levy reasonable fines and may also suspend**, for a reasonable period of time, the right of a unit owner or its occupant, licensee, or invitee to use the common elements, common facilities, or any other association property for the **failure to comply with any provision of the declaration, the association bylaws, or reasonable rules of the association.**



- HOA fine notice must include date and location of the fine hearing and owner may attend via electronic means.
- HOA maximum fines may exceed \$1,000 if permitted by the governing documents.

# SUSPENSION OF USE RIGHTS

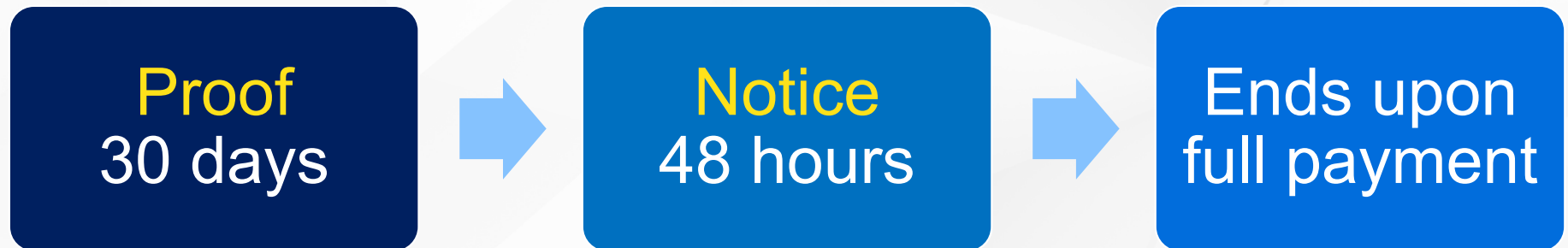
- Associations may suspend the rights of the unit owner or the unit's occupant, licensee, or invitee to use the common elements, common facilities, or any other association property due to a **delinquency**.
- Must be more than **90 days delinquent in paying a fee, fine, or other monetary obligation** due to the association.
- Board meeting notice – 48 hours.
- After the imposition of the suspension, the board must notify the unit owner and, if applicable, the unit's occupant, licensee, or invitee by mail or hand delivery.



# SUSPENSION OF VOTING RIGHTS

An association may suspend the voting rights of a unit owner or member due to nonpayment of any fee, fine, or other monetary obligation due to the association.

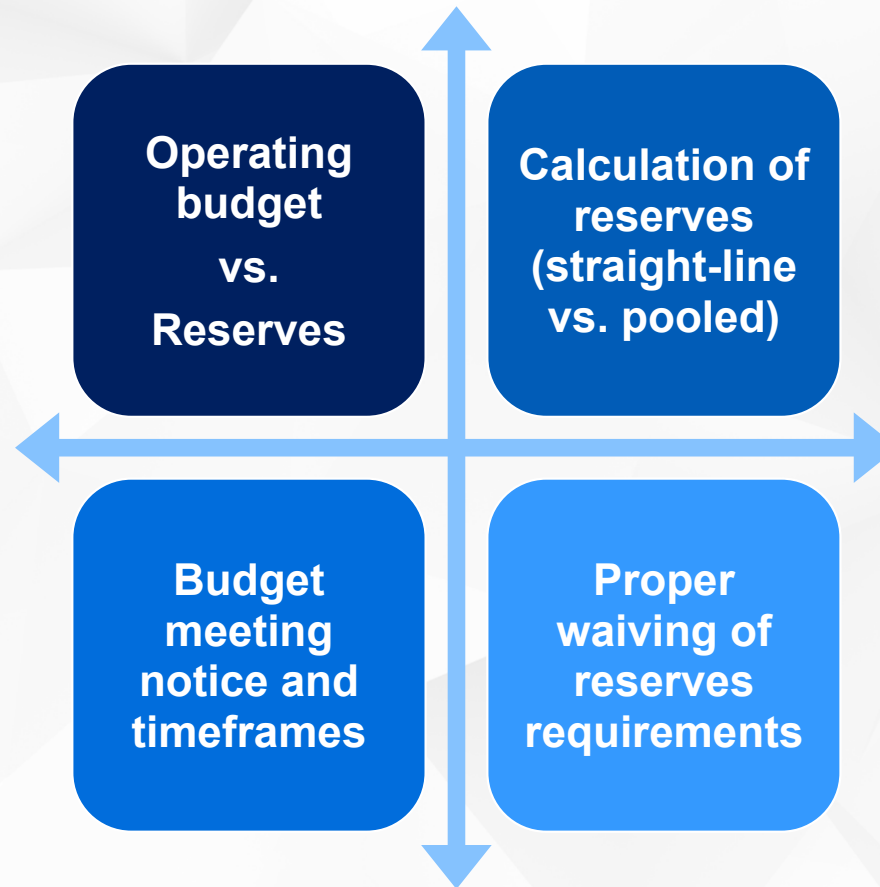
- The obligation must be over \$1,000 **and** over 90 days delinquent



# RECAP

MEETING TYPES	48-HOUR NOTICE/AGENDA	14-DAY NOTICE/AGENDA	POST ON CONDO PROPERTY	MAIL, DELIVER OR ELECTRONICALLY TRANSMIT
Suspension of Use Rights	Yes	No	Yes	Mail or deliver only
Suspension of Voting Rights	Yes	No	Yes	Mail or deliver only
Fine or Suspension	No	Yes	Yes	Mail or deliver only

# FINANCIAL LITERACY & TRANSPARENCY: ANNUAL BUDGETS AND RESERVES

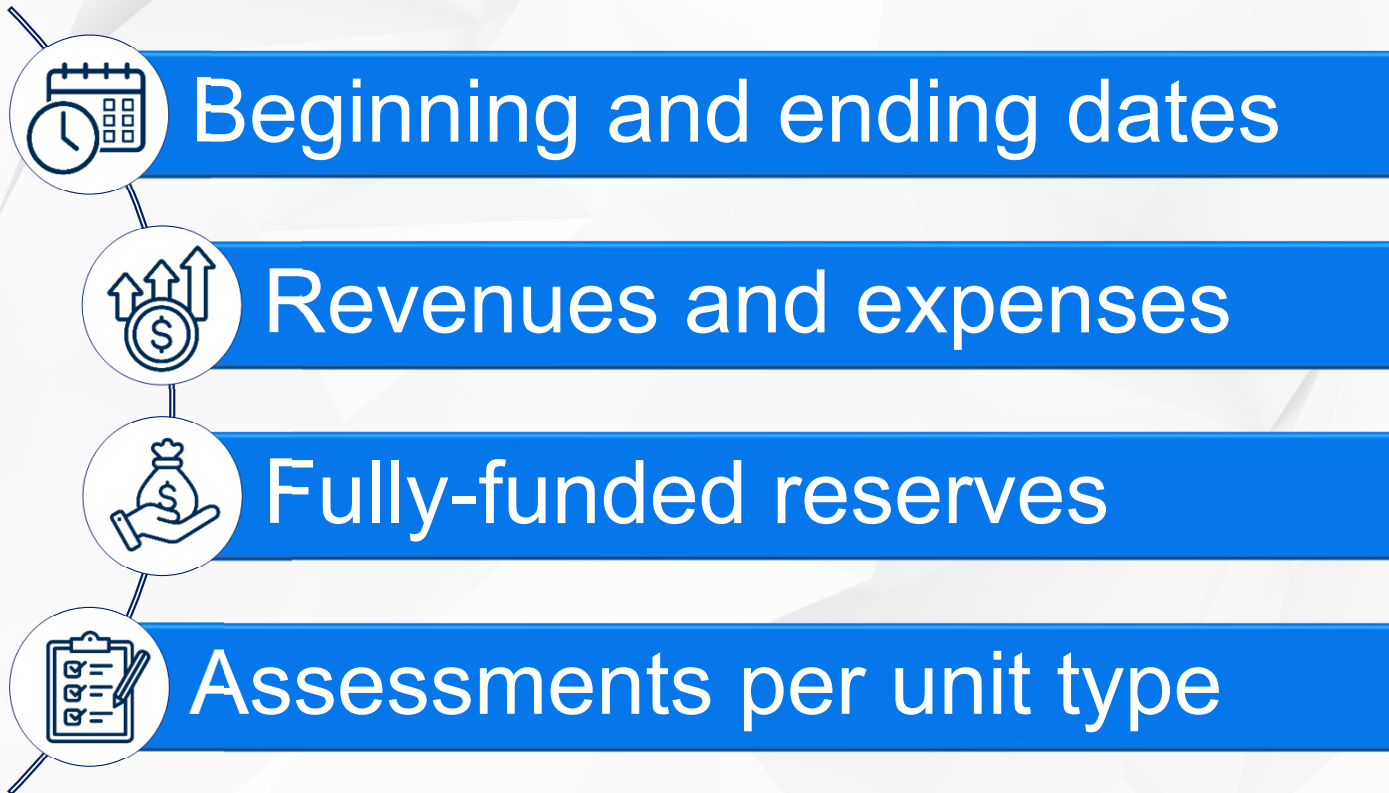


# ANNUAL BUDGETS AND RESERVES

- Associations must prepare an **annual** budget which shows the **estimated** revenues and expenses for the upcoming year.
- An annual budget is the board's formal written plan of the association's **estimated** future revenues and expenses which must include fully funded reserves.
- For HOA's the budget also needs to include the estimated surplus or deficit at the end of the current year.



# WHAT'S REQUIRED ON AN ANNUAL BUDGET?



# BUDGET REVENUES & EXPENSES

## Estimated Revenues

- Assessments
- Interest
- Lease or rent from unit owners
- Any other form of income

## Estimated Expenses

- Annual condominium fees to the Division
- Insurance costs/fidelity bond
- If applicable, costs of running and maintaining the association, such as:
  - Administration expenses;
  - Management fees;
  - Maintenance expenses;
  - Rent for recreational and other commonly used facilities;
  - Taxes upon association properties;
  - Taxes upon leased areas;
  - Security provisions.

# RESERVE TYPES

- **Capital expenditure** – The purchase or replacement of an asset whose life is greater than one year, or an addition to an existing asset to extend its life for a period greater than one year.
  - Example – New Pool Pump
- **Deferred maintenance** – Any maintenance or repair that will be performed less frequently than once a year and will result in maintaining the useful life of an asset.
  - Example – Balcony Restoration
- **Reserves** – Any funds, other than operating funds, which are reserved for only deferred maintenance and capital expenditures, including the items required by section 718.112(2)(f)2., Florida Statutes, and any other funds restricted as to use by the condominium documents or the condominium association.
  - Example – Statutorily Required Reserve Items (See Next Slide)

# CONDO STATUTORILY REQUIRED RESERVES



Roof Replacement



Building Painting



Pavement Resurfacing



Items Over \$10,000

# STATUTORILY REQUIRED RESERVES (SIRS)



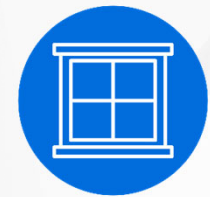
**Roof**



**Fireproofing and fire protection systems**



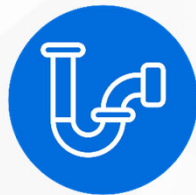
**Electrical systems**



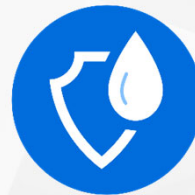
**Windows and exterior doors**



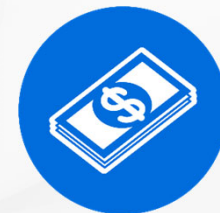
**Structure, including load-bearing walls and other primary structural members and primary structural systems**



**Plumbing**



**Waterproofing and exterior painting**



**Any other item that has a deferred maintenance expense or replacement cost that exceeds \$10,000**

# HOA RESERVES

**There are no statutorily required reserve items for HOA's.**

- Reserves might have been established by the developer.
- You may also establish reserves by a majority vote of the total voting interest.
- If established, the amount to be reserved in any account is based on the remaining useful life and estimated replacement cost or deferred maintenance expense of each reserve item.

# STRAIGHT-LINE RESERVE SCHEDULE

- In a straight-line reserve, the money collected for each asset can **ONLY** be used towards the named reserve item.
- In other words, it is not permissible to use money collected for one reserve item for another.
- Rather, using money collected for one item for another is considered using funds for unintended purposes.
- If funds are used for other than intended purposes, your association may be in violation of Chapter 718, Florida Statutes.

# POOLED RESERVE SCHEDULE

- Your association may choose to keep all the reserves in a **single** account to pay for multiple categories of reserve expenses.
- If the pooled method is chosen instead of straight line, all funds collected can be used for all/any of the reserve items, as long as they are listed in this reserve account.
- However, if you have an emergency that is not listed in this account, these funds cannot be utilized.

# RESERVE CALCULATION METHODS

## Straight Line

Only for roof replacement

Only for building painting

Only for pavement resurfacing

Only for an item over \$10k on schedule

## Pooled

- Roof replacement
- Building painting
- Pavement resurfacing
- Any item over \$10k on schedule

**VS.**

# OPTIONAL RESERVE EXAMPLES

Hurricane &  
Storm  
Damage

Deferred  
Maintenance

Capital  
Expenditures

# RESERVE ACCOUNT INTEREST AND COMMINGLING

- **Interest**

- Must remain in reserve accounts.
- Association may establish policy regarding allocation of interest among reserve accounts.

- **Commingling**

- When funds are collected from owners, reserve portion of such assessment must be moved to reserve account within 30 days of receipt.
- Transfer is to avoid using reserve funds for unintended purposes.

- **Inflation Adjustment**

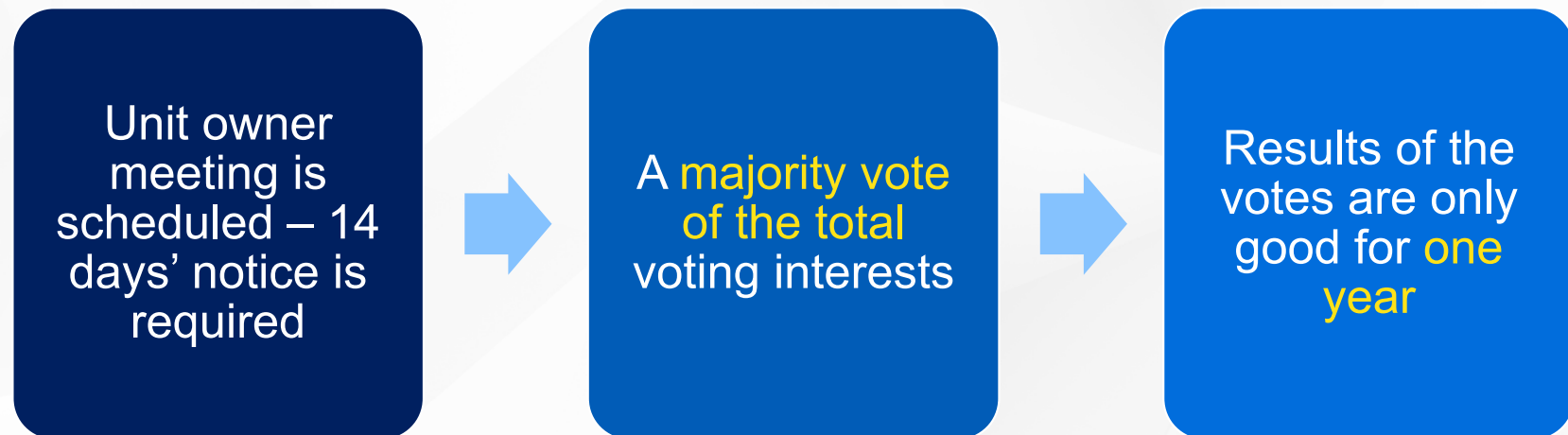
- Reserve assessments may be annually adjusted to take into account an inflation adjustment and any changes in estimates or extension of the useful life of a reserve item caused by deferred maintenance.

# ANNUAL BUDGET MEETING

- Once the proposed budget has been prepared, associations must schedule the Annual Budget Meeting.
- The Annual Budget Meeting Notice must be mailed, delivered or electronically transmitted to all unit owners no less than 14 days prior to the meeting.
- An affidavit must be obtained to reflect when the notice and all its components were sent or provided to the unit owners.
- **MUST** include:
  - Copy of proposed budget
  - Reserve schedule – shown as fully funded

# CONDO - WAIVING OF RESERVES OR COLLECTING LESS

**Associations that are NOT subject to the Structural Integrity Reserve Study requirement MAY waive or reduce the reserves**

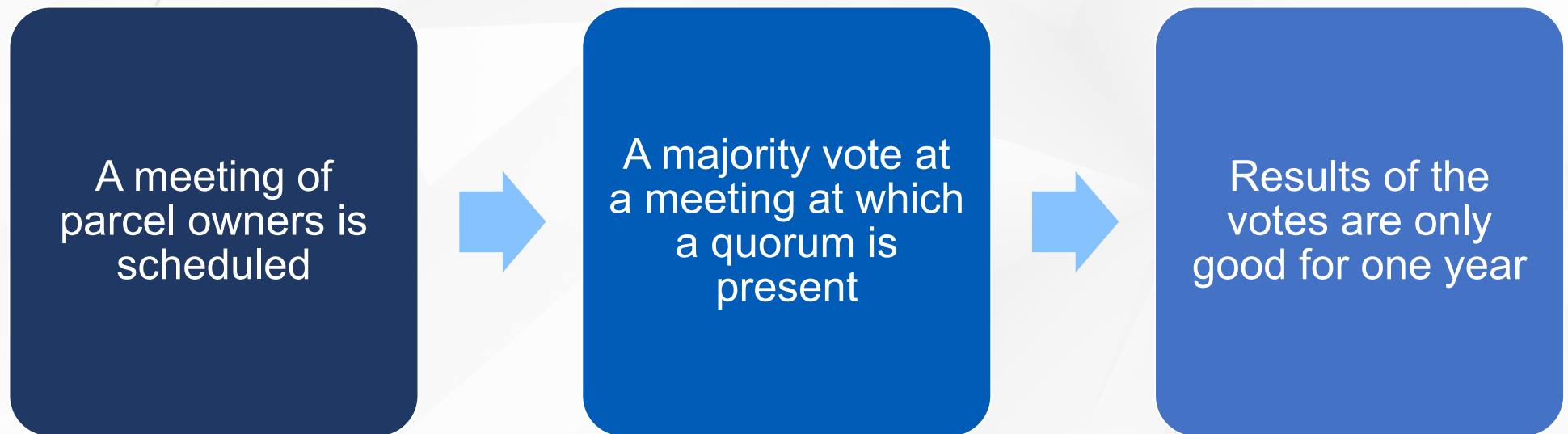


# PAUSING OR REDUCING RESERVES

- If the local building official determines that the entire condominium building is uninhabitable due to a natural emergency, **the board, upon the approval of a majority of its members, may pause the contribution to its reserves or reduce reserve funding** until the local building official determines that the condominium building is habitable.
- Any reserve account funds held by the association may be expended, pursuant to the board's determination, to make the condominium building and its structures habitable.
- Upon the determination by the local building official that the condominium building is habitable, the association must immediately resume contributing funds to its reserves

# HOA - WAIVING OF RESERVES OR COLLECTING LESS

The parcel owners may vote to waive reserves or not fully fund reserves



# LIMITED PROXY REQUIREMENTS

- If waiving or reducing reserves, the limited proxy MUST have the text below. Please note that the letters must be in a BIGGER and darker font than anything else on the proxy.
- The proxy must read as follows:

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.

# SAMPLE LIMITED PROXY

DBPR Form CO 6000-7  
Rule 61B-23.002, FAC  
Effective: June 23, 2009

## SAMPLE LIMITED PROXY FORM

The undersigned, owner(s) or designated voter of unit No. \_\_\_\_\_  
in \_\_\_\_\_ (name) \_\_\_\_\_ Condominium, appoints

(PRINT NAME OF PROXYHOLDER)

or \_\_\_\_\_ (Instructions to associations: Fill in the name or position of an officer or director who will serve as proxy holder.) as my proxyholder to attend the meeting of the members of \_\_\_\_\_ (name) \_\_\_\_\_ Condominium Association, Inc., to be held \_\_\_\_\_ (date) \_\_\_\_\_, 20\_\_\_\_, at \_\_\_\_\_ (time) \_\_\_\_\_, in \_\_\_\_\_ (place) \_\_\_\_\_, Florida. The proxyholder named above has the authority to vote and act for me to the same extent that I would if personally present, with power of substitution, except that my proxyholder's authority is limited as indicated below:  
GENERAL POWERS (You may choose to grant general powers, limited powers or both. Check "General Powers" if you want your proxyholder to vote on other issues which might come up at the meeting and for which a limited proxy is not required).

I authorize and instruct my proxy to use his or her best judgment on all other matters which properly come before the meeting and for which a general power may be used.

LIMITED POWERS (FOR YOUR VOTE TO BE COUNTED ON THE FOLLOWING ISSUES, YOU MUST INDICATE YOUR PREFERENCE IN THE BLANK(S) PROVIDED BELOW).

I SPECIFICALLY AUTHORIZE AND INSTRUCT MY PROXYHOLDER TO CAST MY VOTE IN REFERENCE TO THE FOLLOWING MATTERS AS INDICATED BELOW:

(Instructions to associations; List below the specific questions or issues to be voted on. The following are only examples.)  
Financial Reporting Waiver

A. Do you want to provide for a lower level of year-end financial reporting than is required by § 718.111(13), Florida Statutes, for the next fiscal/calendar year? Currently, the Association is required to prepare a (list the level).

\_\_\_\_\_ YES \_\_\_\_\_ NO

If yes, vote for one of the board proposed options below: (The option with the most votes will be the one implemented.)

LIST OPTIONS HERE

Reserve Funding Waiver

**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:**

B. Do you want to provide for less than full funding of reserves than is required by § 718.112(2)(f), Florida Statutes, for the next fiscal/calendar year?

\_\_\_\_\_ YES \_\_\_\_\_ NO

If yes, vote for one of the board proposed options below: (The option with the most votes will be the one implemented.)

LIST OPTIONS HERE

DATE: \_\_\_\_\_

SIGNATURE(S) OF OWNER(S) OR DESIGNATED VOTER \_\_\_\_\_

SUBSTITUTION OF PROXYHOLDER

The undersigned, appointed as proxyholder above, designates \_\_\_\_\_ to substitute for me in voting the proxy as set forth above. (print name)

\_\_\_\_\_  
Signature of proxyholder Date: \_\_\_\_\_

THIS PROXY IS REVOCABLE BY THE UNIT OWNER AND IS VALID ONLY FOR THE MEETING FOR WHICH IT IS GIVEN AND ANY LAWFUL ADJOURNMENT. IN NO EVENT IS THE PROXY VALID FOR MORE THAN NINETY (90) DAYS FROM THE DATE OF THE ORIGINAL MEETING FOR WHICH IT WAS GIVEN.

<https://www2.myfloridalicense.com/lsc/documents/CO-6000-7SampleLimitedProxy.pdf>

# HOA CAPITAL IMPROVEMENTS

If reserves have not been established and the association is responsible for the capital improvements that may result in a special assessment, each financial report must contain the following statement in conspicuous type:

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

# HOA DEFERRD EXPENDITURE

If the budget does provide for funding accounts of deferred expenditures, but reserve accounts have not been established, each financial report must contain the following statement in conspicuous type:

THE BUDGET OF THE ASSOCIATION PROVIDES FOR LIMITED VOLUNTARY DEFERRED EXPENDITURE ACCOUNTS, INCLUDING CAPITAL EXPENDITURES AND DEFERRED MAINTENANCE, SUBJECT TO LIMITS ON FUNDING CONTAINED IN OUR GOVERNING DOCUMENTS. BECAUSE THE OWNERS HAVE NOT ELECTED TO PROVIDE FOR RESERVE ACCOUNTS UNDER SECTION 720.303(6), FLORIDA STATUTES, THESE FUNDS ARE NOT SUBJECT TO THE RESTRICTIONS ON USE OF SUCH FUNDS SET FORTH IN THAT STATUTE, NOR ARE RESERVES CALCULATED IN ACCORDANCE WITH THAT STATUTE.

# RECORDKEEPING



# OVERVIEW



# OFFICIAL RECORDS

**Developer  
Documents**

**Governing  
Documents**

**Minutes of All  
Meetings**

**Rosters**

**Insurance**

**Leases or  
Contracts**

**Bill of Sale or  
Transfer**

**Accounting  
Records**

**Voting Materials**

**All Rental  
Records**

**Question and  
Answer Sheet**

**Bids**

**All Affirmative  
Acknowledgements**

**Structural  
Integrity Reserve  
Studies**

**Inspection  
Reports**

**All Other Written  
Records**

**Building Permits**

**Educational  
Certificates**

# OFFICIAL RECORDS RETENTION

## CONDO

Must be maintained in an **organized manner** that facilitates inspection of records by a unit owner

### Permanent / Forever

- Developer Documents
- Governing Documents
- Meeting Minutes

### 15 years

- Milestone Inspections
- Structural Integrity Reserve Studies

### 7 years

- All other official records

### 1 year

- Election voting materials
- Contract & Bids

## HOA

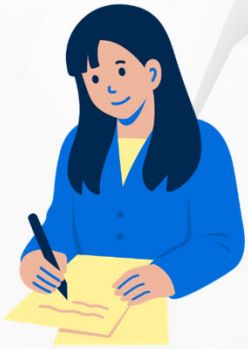
### 7 years

- All official Records, unless the governing documents of the association require a longer period of time

### 1 year

- Election voting materials
- Contracts & Bids

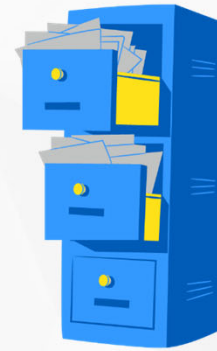
# UNIT OWNER RIGHT TO INSPECT RECORDS



Written request



Association  
receipt of request



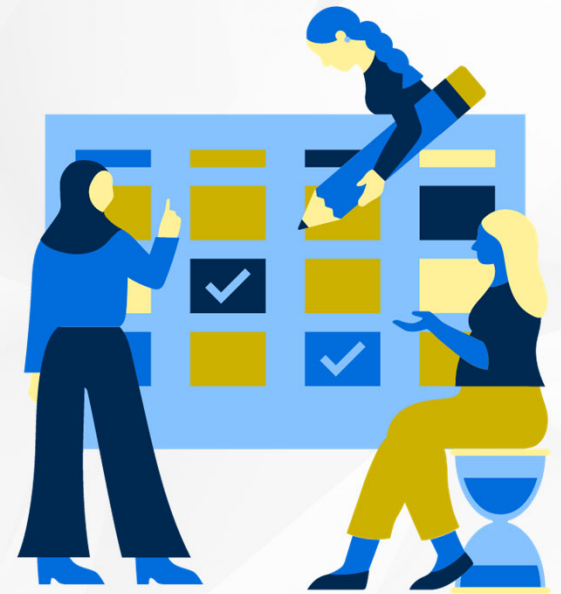
Access within 10  
working days



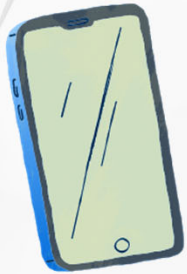
Provide a Checklist  
(Condo Only)

# ACCESS = INSPECTION

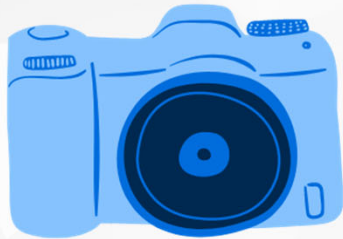
- The official records of the association are open to inspection **by any association member** and **any person authorized** by an association member at all reasonable times.
- The association may adopt reasonable rules regarding the frequency, time, location, notice and manner of record inspection and copying, but may not require a member to demonstrate any purpose or state any reason for the inspection.
- The association **may fulfill** its obligations by directing requesters to the website or an application on a mobile device.
- Records access may be complied with by having a copy of the official records of the association available for inspection or copying on the condominium property or association property, or the association may offer the option of making the records available to a unit owner electronically via the Internet or by allowing the records to be viewed in electronic format on a computer screen and printed upon request.



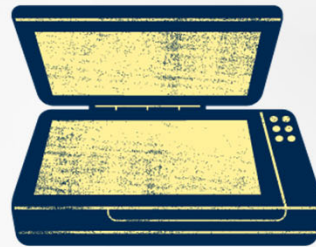
# COPIES



Smartphone



Camera



Scanner



Association  
Copies

# RECORDS NOT AVAILABLE FOR INSPECTION

Lawyer / Client

Approval of Lease,  
Sale or Transfer

Guest Visits  
(HOA)

Medical Records

Social Security  
Numbers

Driver's License  
Numbers

Credit Card  
Numbers

Emergency Contact  
Information

Electronic Security

Software (Operating  
System)

Compensation

Employee Records

All Affirmative  
Acknowledgements

# DENIAL OF ACCESS

Failure to  
Provide  
Access

Allow an  
Inspection

Failure to  
Provide  
Timely Access

Within 10  
working  
days

# CRIMINAL & CIVIL PENALTIES

## First degree misdemeanor

- For knowingly and intentionally defacing or destroying required accounting records or failing to create or maintain required accounting records with the intent of causing harm to the association or one or more of its members

## Second degree misdemeanor

- For any director or member of the board or association who knowingly, willfully, and repeatedly violates any specified requirements relating to inspection and copying of official records of an association

## Third degree felony

- Willfully and knowingly refusing to release or produce association records, with the intent to avoid or escape detection, arrest, trial, or punishment for the commission of a crime, or to assist another person with such avoidance or escape

# REQUIREMENT TO PROVIDE AN ACCOUNTING

## HOMEOWNER ASSOCIATIONS ONLY:

- Association parcel owners may make a written request for a detailed accounting of any amounts owed to the association.
- If the association fails to provide the accounting within 15 business days of a written request, any outstanding fines of the requester are waived if the fine is more than 30 days past due and the association did not give prior written notice of the fines.
- Parcel owners may not request another detailed accounting within 90 days of such a request.

# REQUIREMENT TO PROVIDE COPIES OF RULES AND COVENANTS

## HOMEOWNER ASSOCIATIONS ONLY:

- **Before October 1, 2024**, an association must provide a physical or digital copy of the association's **rules and covenants** to every member and new member of the association.
- If an association's **rules or covenants** are amended, the association must provide every member with an updated copy of the amended rules or covenants. An association may adopt rules establishing standards for the manner of distribution and timeframe for providing copies of updated rules or covenants.
- The requirements may be met by posting a complete copy of **rules or covenants** or a direct link on the homepage of the association's website if such website is accessible to the members of the association and the association sends notice to each member of its intent to utilize the website for this purpose.
- Notice must be sent in both of the following ways:
  - By electronic mail to any member of the association who has consented to receive notices by electronic transmission and provided an electronic mailing address to the association for that purpose.
  - By mail to all other members of the association at the address identified as the member's mailing address in the official records of the association.

# CONDO ASSOCIATION DIRECTORY

- It is optional for condo associations to publish a unit owner directory.
- Unit owners may also opt out from providing their names, unit addresses, phone numbers, and other contact information published in the condo association directory
- The association is not liable for inadvertently disclosing information volunteered by the owner and not requested by the association.

# WEBSITE

- **Condominium**

- Required for 25 or more units
- Must be created by January 1, 2026

- **HOA**

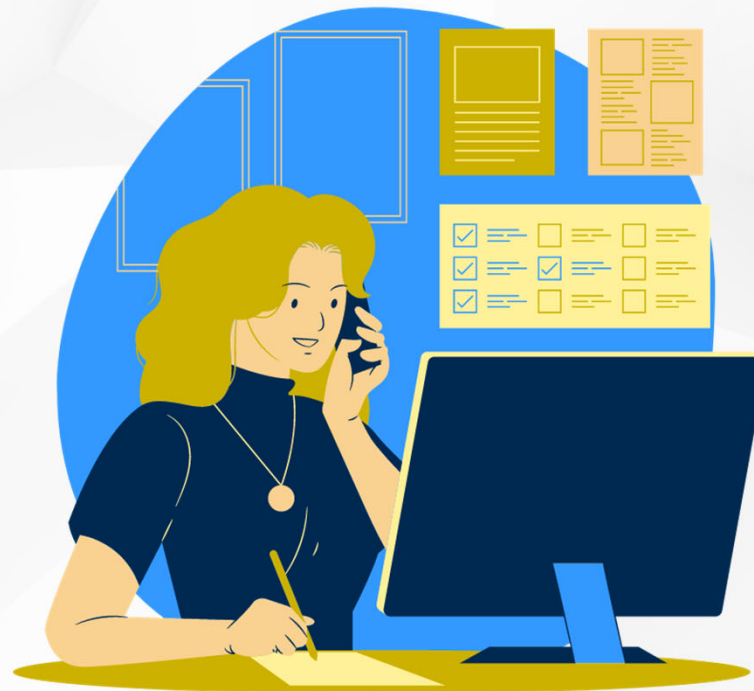
- Required for 100 or more parcels
- Must be created by January 1, 2025



# WEBSITE- OFFICIAL RECORDS

- Governing Documents
- Rules
- A **list** of all executory contracts or documents
- **Summaries** of bids for materials, equipment, or services which exceed \$500. Copies of the bids may be posted in lieu of summaries - Condo
- **List** of bids - HOA
- The annual budget and any proposed budget
- The financial report and any monthly income or expense
- All contracts or transactions between the association and any director and any director, officer, corporation, firm, or association.
- Any contract or document regarding conflict of interest
- Notice of Board meetings
- Notice of unit owner meetings
- Current Insurance Policies – HOA
- Inspection Reports – Condo
- Structural Integrity Reserve Studies - Condo
- Building Permits- Condo

# FINANCIAL LITERACY & TRANSPARENCY: ANNUAL FINANCIAL REPORTING



# OVERVIEW

Financial  
reporting  
requirements

Types of  
financial  
reporting

Who prepares  
the financial  
reports?

# YEAR-END FINANCIAL REPORT

- Provides a summary of the financial activities and financial position of the association
- Covers the associations' prior fiscal year:
  - Calendar year, January 1 to December 31; or
  - A fiscal period such as October 1 to September 30

# WHAT ARE ANNUAL REVENUES & EXPENSES?

Include, but  
are not  
limited to:

## Actual Revenues

Assessments

Interest

Insurance  
Proceeds

Any other form  
of income

## Actual Expenses

Annual condo  
fees to the  
Division

Insurance  
Costs

Expenses to  
run and  
maintain the  
association

# ANNUAL REPORTING REQUIREMENT

- **When to prepare, complete and provide:**

**90 days – Prepare and complete or contract**

**120 days – Deadline to complete. Must deliver a copy AND a notice that a copy will be delivered upon written request.**

•HOA – Must provide a copy OR a written notice that a copy is available upon request.

**5 days – Provide upon receipt**

# REPORT TYPES

**There are 2 types of financial reports:**

## **Report of Cash, Receipts and Disbursements = Less than \$150K**

- Cash
- Receipts
- Disbursements

## **Statements = \$150K or more**

- Financial Statements
  - Compiled
  - Reviewed
  - Audited

# REPORT OF CASH, RECEIPTS & DISBURSEMENTS

## One Report Type

- Report of Cash, Receipts & Disbursements

## Cash Basis

- Reporting of receipts & expenditures as they occurred

## The Report Must Include the Following Disclosures:

- Reserves
- Special assessments
- Limited common elements

**Less  
than  
\$150K**

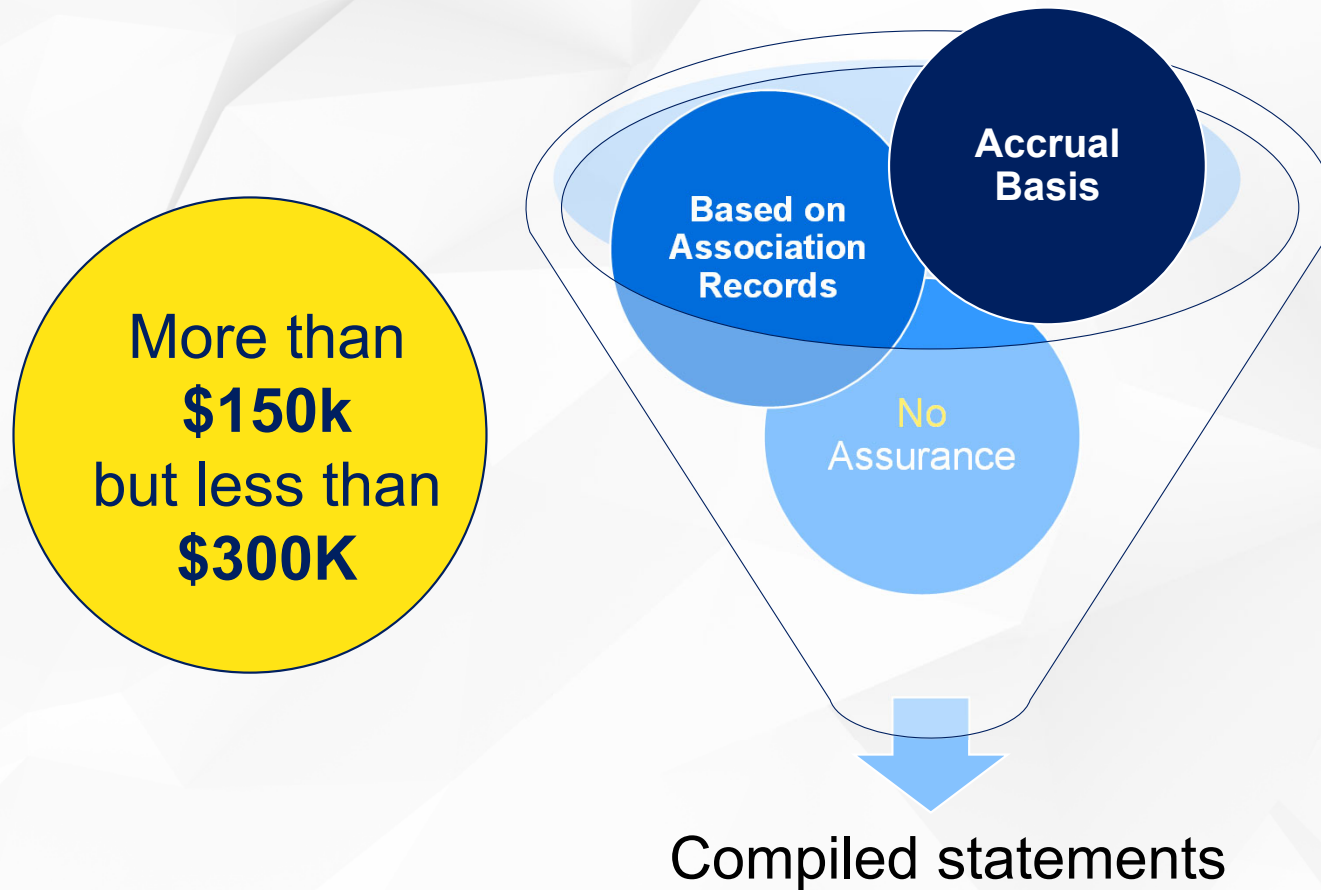


# FINANCIAL STATEMENTS

- **Three (3) statement types**
  - Compiled
  - Reviewed
  - Audited
- **Accrual Basis**
  - Revenue is accounted for when it is earned/billed
- **Required Components of Financial Statements:**
  - Accountant/auditor report
  - Balance sheet
  - Statement of revenues and expenses
  - Statement of changes in fund balances
  - Statement of cash flows
  - Notes to financial statements
  - Reserve disclosures

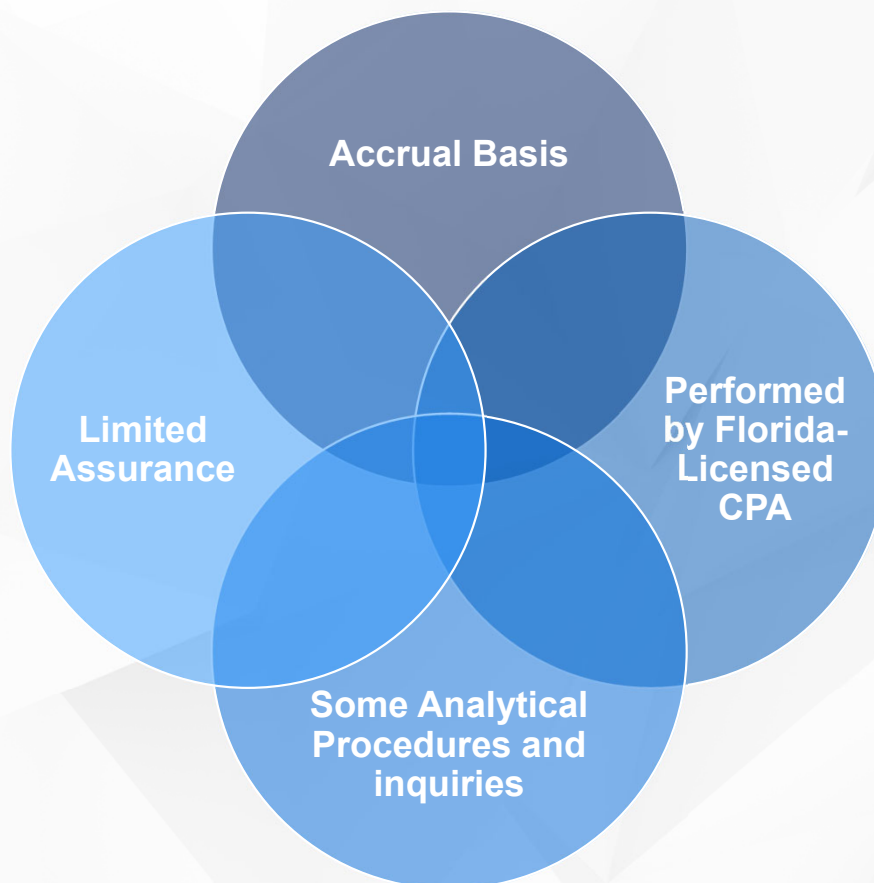


# COMPILED STATEMENTS

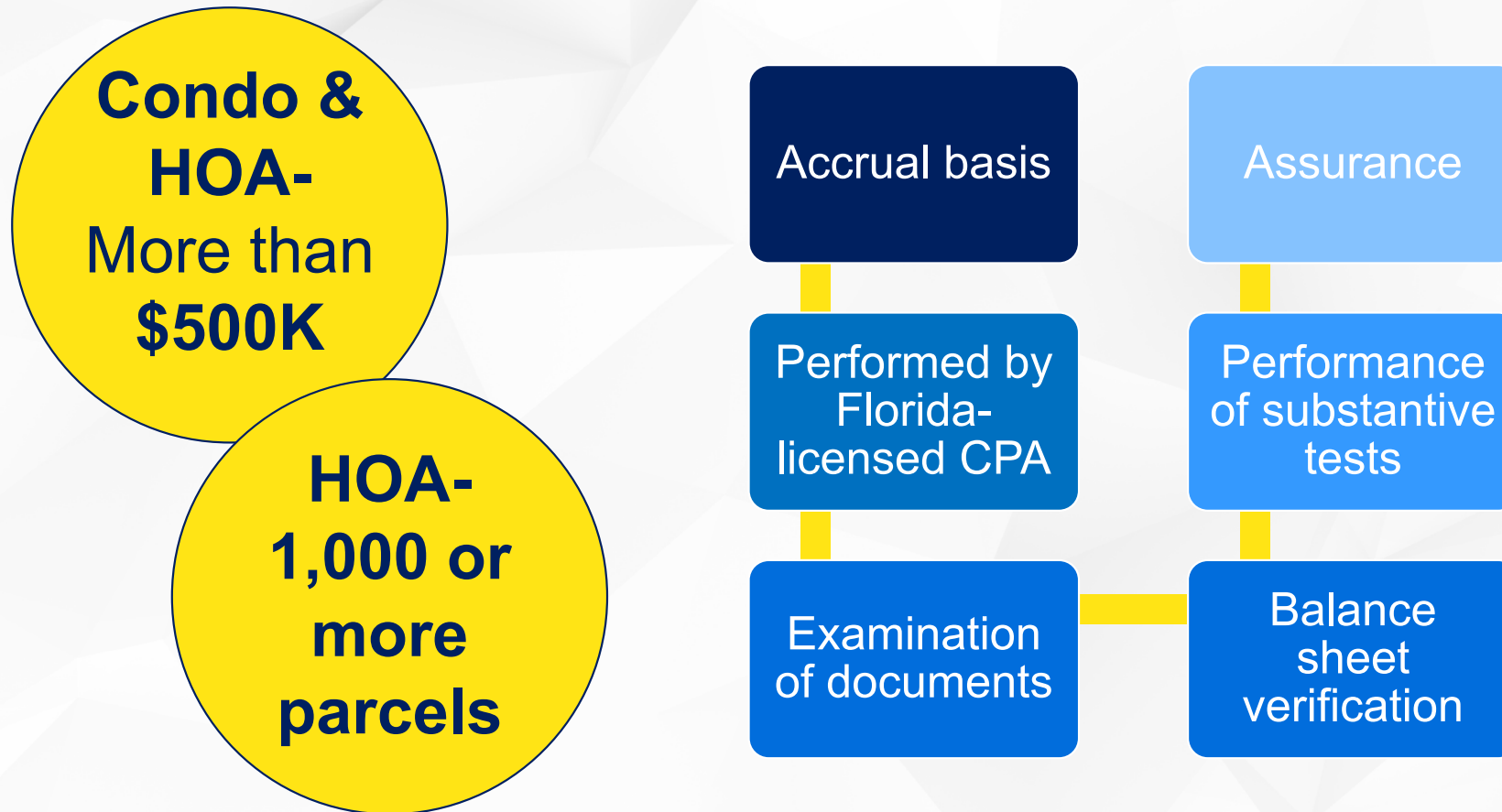


# REVIEWED STATEMENTS

More than  
**\$300K** but  
less than  
**\$500K**



# AUDITED STATEMENTS



# YEAR-END RESERVE DISCLOSURES

## For All Reports/Statements

### Reserve Disclosures

- Beginning balance
- Assessments and additional amounts
- Expended or removed amounts
- Ending balance
- Amount to fully fund reserves

### Additional Disclosures

- Allocated income and expenses
- Purpose(s) of special assessments
- Special assessment amounts
- Disposition of funds collected
- Limited common elements amount

# LEVELS OF REPORTING- CONDO

## Higher Level of Reporting

- A board decision – not a unit owner decision



## Lower Level of Reporting

- Member participation is required
- May **NOT** repeat for consecutive fiscal years
- **AN ASSOCIATION CANNOT WAIVE THE REQUIREMENT TO PREPARE A YEAR-END FINANCIAL REPORT**



# LEVELS OF REPORTING - HOA

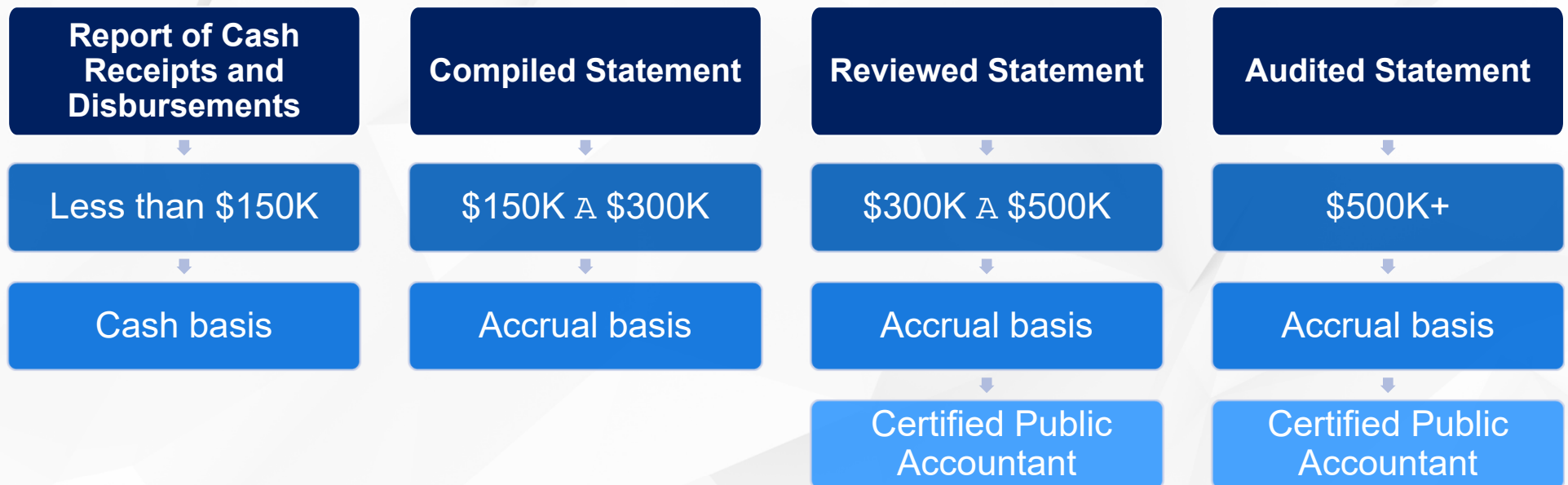
## Higher Level of Reporting

- 20% must petition the board
- Association must duly notice and hold a membership meeting **within 30** days of petition
- Majority of **total voting interest** is required
- If approved, must amend budget or adopt a special assessment to pay for the financial report
- Must provide to owners **within 90 days** of the meeting or fiscal year, whichever occurs later

## Lower Level of Reporting

- **Majority** of the voting interests **present at the meeting**
- May **NOT** repeat for consecutive fiscal years
- **AN ASSOCIATION CANNOT WAIVE THE REQUIREMENT TO PREPARE A YEAR-END FINANCIAL REPORT**

# BASIS AND PREPARATION



# STATUTORY INSPECTIONS



Milestone  
Inspection

Structural  
Integrity  
Reserve Study

# MILESTONE INSPECTION DEADLINES

The year the building  
turns 30 years of age

December 31<sup>st</sup>  
**of that year**

30 years old before  
July 1, 2022

December 31<sup>st</sup>  
**2024**

30 years old on or  
after July 1, 2022 but  
before December 31,  
2024

December 31<sup>st</sup>  
**2025**

Repeat every 10 years thereafter

# LOCAL ENFORCEMENT AGENCY & ASSOCIATION'S MILESTONE RESPONSIBILITY

## The Association

- Must arrange for the milestone inspection to be performed
- Responsible for ensuring compliance with the requirements of section 553.899, Florida Statutes
- Responsible for all costs associated with the milestone inspection

## After notice is received

- Within 14 days, unit owners must be notified of the required inspection and provided the expected date of completion

## After receipt of milestone report

- Within 45 days, the association must distribute a copy of the inspector-prepared summary of the inspection report to each unit owner by mail or personal delivery and by electronic transmission
- Must post a copy of the inspector-prepared summary in a conspicuous place on the condominium property
- Must publish the full report and inspector-prepared summary on the association's website, if required to have website

An illustration of various drafting and design tools arranged on a light blue grid background. The tools include a large orange square, a white envelope-like shape, a grey paperclip, an orange and black marker, a grey eraser, two grey pencils with orange erasers, a large grey set square with a ruler edge, and a grey pen. Several small, torn pieces of paper are scattered around the tools. A blue speech bubble with white text is positioned on the right side of the grid.

Milestone inspection service performed by a team of professional architects or engineers acting as a registered design professional with all work and reports signed by the appropriate qualified

Milestone inspection services may be performed by a team of professionals with an architect or engineer acting as a registered design professional in charge with all work and reports signed and sealed by the appropriate qualified team member.

# MILESTONE INSPECTIONS - PHASE ONE

## Phase one

### • Visual Examination

- Phase one is a visual examination of the habitable and non-habitable areas of the building.
- This phase **must be completed within 180 days** after the owners of the building receive the written notice the milestone inspection is due.
- If there are no signs of substantial structural deterioration to any building components, then phase two is not required.
- Completion of phase one of the milestone inspection means the licensed engineer or architect submitted the inspection report to the local enforcement agency.

# MILESTONE INSPECTIONS - PHASE TWO

## Phase two

- Destructive or nondestructive testing

Performed only if any substantial structural deterioration is identified during phase one

Can involve destructive or non-destructive testing

If a phase two inspection is required, **within 180 days** after submitting a phase one inspection report, the architect or engineer must submit a phase two progress report to the local enforcement agency with a timeline for completion of the inspection

# MILESTONE INSPECTIONS - AT COMPLETION

## Phase One or Two

### • Completion of Inspections



The architect or engineer 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 association, any other owner of any portion of the building which is not subject to the condominium form of ownership, and the building official of the local government which has jurisdiction.

The inspection report must be filed in the official records of the association.

# MILESTONE INSPECTION REPORTS

## Phase One or Two

- The inspection report must, at a minimum, meet the following criteria:



**Bear the seal and signature, or the electronic signature, of the licensed engineer or architect**



**Indicate the manner and type of inspection**



**Identify any substantial structural deterioration**



**State whether unsafe or dangerous conditions were observed**



**Recommend any remedial or preventive repair**



**Identify and describe any items requiring further inspection**

# MLESTONE EXEMPTIONS

- Single-family, two-family, three-family and four-family dwellings with three or fewer habitable stories above ground are exempt from the milestone inspection requirements.



# STRUCTURAL INTEGRITY RESERVE STUDY



**Residential**  
Condominiums

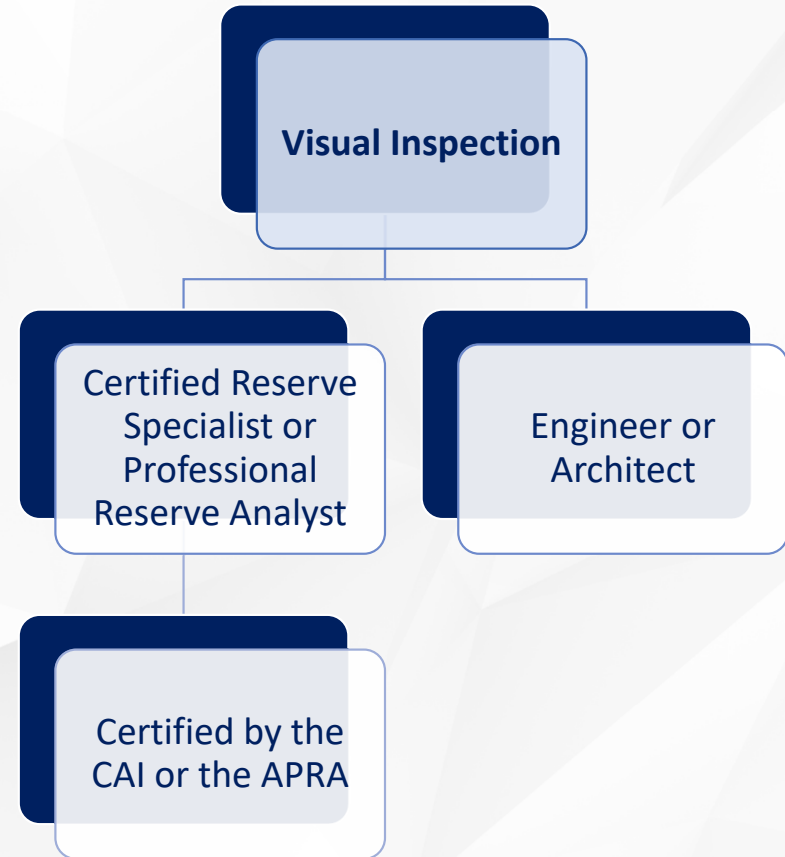
**Three** stories or  
higher

Must complete  
**SIRS** at least  
every **10 years**

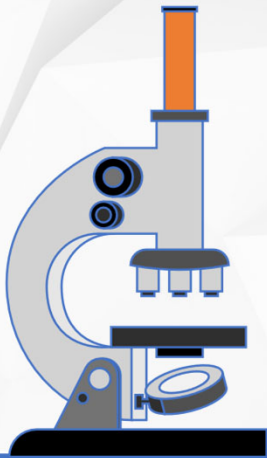
# WHO CAN PERFORM THE SIRS

## Reserve Study

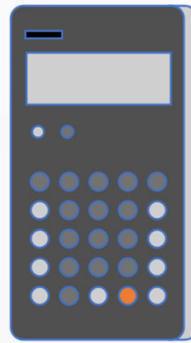
- Any person qualified
- Based on visual inspection



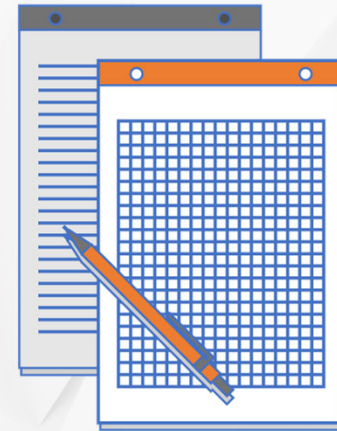
# STRUCTURAL INTEGRITY RESERVE STUDY REQUIREMENTS



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



Provide a reserve funding schedule with a recommended annual reserve amount

# SIRS NOTICE REQUIREMENT

- **Within 45 days** after receiving the structural integrity reserve study (SIRS), the association must distribute a copy of the study to each unit owner or deliver a notice that the completed study is available for inspection and copying upon a written request.
- **Within 45 days**, the association must **provide a statement to the Division** that the SIRS was completed and also provided or made available to each unit owner.
- **By January 1, 2025**, the Division must create a database of associations that have completed the SIRS.
- Remember: The deadline to complete a SIRS is **December 31, 2024**.



# SIRS WITH MILESTONE INSPECTIONS

An association may complete the Structural Integrity Reserve Study simultaneously with the Milestone Inspection if required to complete a Milestone Inspection **on or before December 31, 2026**.

- The SIRS *must* be completed by **December 31, 2026**.

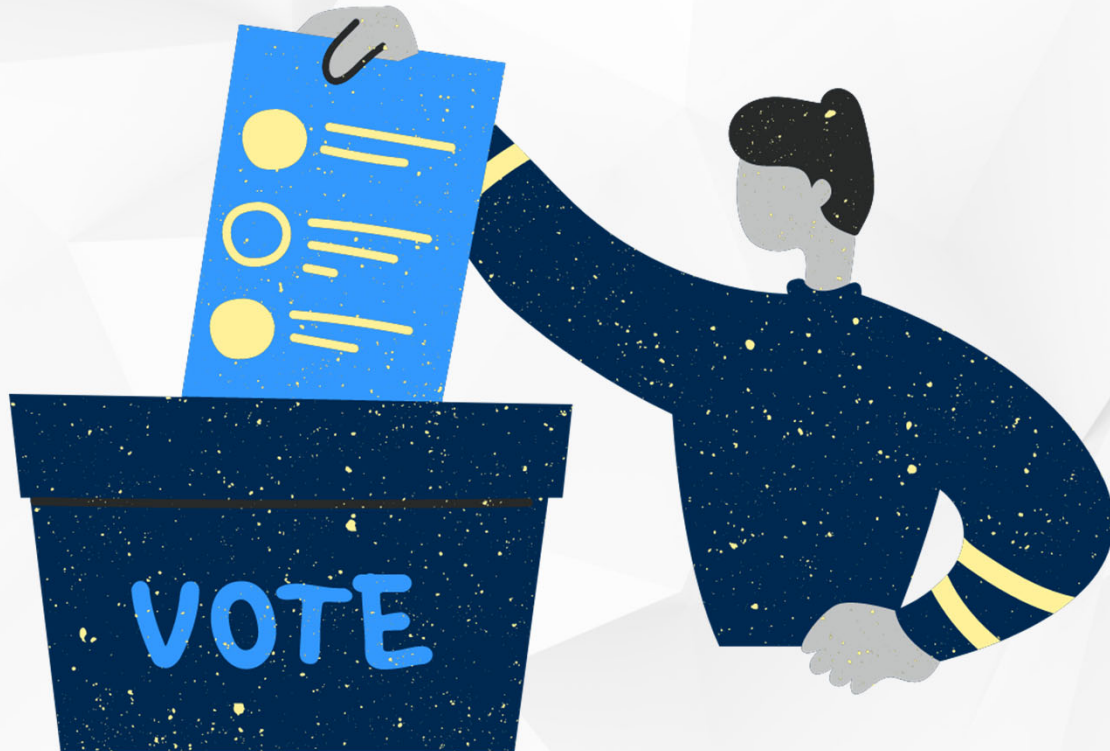


# SATISFYING SIRS

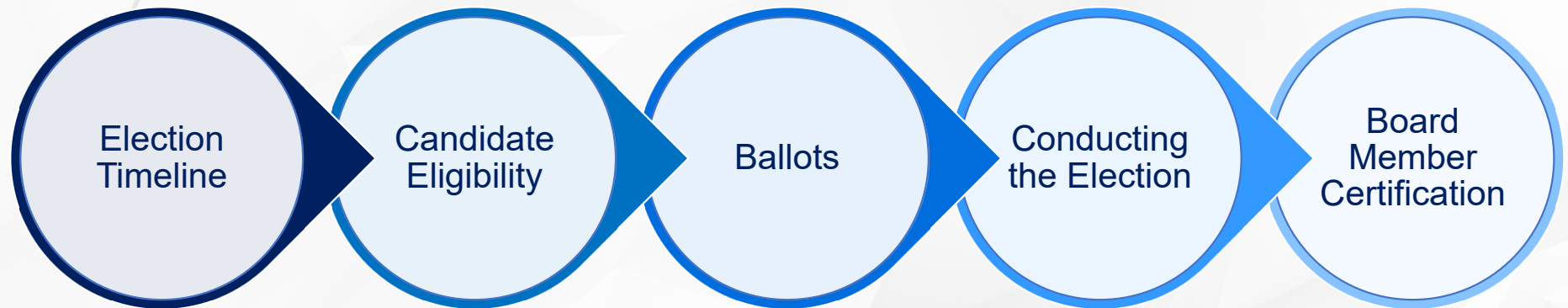
- Associations **may satisfy the SIRS requirement with a previous Milestone Inspection**, or an inspection performed for a similar local requirement, if the inspection had been performed **within the previous five years**.
- The inspection may be used in **place of the visual inspection** portion of the SIRS to produce the required reserve funding schedule.



# CONDOMINIUM ELECTIONS



# OVERVIEW



# HOA ELECTIONS

Elections of directors must be conducted in accordance with the procedures set forth in the governing documents of the association.

Check bylaws to see who is eligible to serve on the board and the length of the term.

Members may nominate themselves at the meeting; provided, however, that if the election process allows candidates to be nominated in advance of the meeting, the association is not required to allow nominations at the meeting.

Do not have a statutory process for elections like condos unless the bylaws direct you to conduct the election in the manner provided by s. 718.1255.

Any election dispute between a member and an association must be submitted to binding arbitration with the Division or filed with a court of competent jurisdiction. Such proceedings that are submitted to binding arbitration with the Division must be conducted in the manner provided by s. 718.1255 and the procedural rules adopted by the Division.

# ELECTION TIMELINE

**90 days**

- Notice of voting rights suspension

**60 days**

- First notice of election

**40 days**

- Notice of intent to be a candidate

**35 days**

- Candidate information sheets

**34-14 days**

- Second notice of election

# FIRST NOTICE

- **The first notice indicates:**
  - **The when** – Date and time of the meeting
  - **The where** – Location of the meeting



**60 days  
prior**

# CANDIDATE ELIGIBILITY

- Any unit owner or eligible person may run for the board
- **To run:**
  - Give written notice at least 40 days before election; self nomination
  - Must be eligible when submitting notice of intent to run
- **Not eligible:**
  - Condo: Assessments owed when submitting written intent (delinquent)
  - HOA: Any fee, fine or monetary obligation owed
  - Suspended or removed by DBPR
  - Convicted felon without full restoration of rights for more than five years
  - In 10+ unit associations, co-owners serving at the same time unless they own more than one unit or there are not enough eligible candidates at the time



**40 days  
prior**

# CANDIDATE INFORMATION SHEET

- Candidates may submit a personal information sheet
- One-sided, 8.5 x 11 inch page
- Candidate's background, education, qualifications and other relevant information
- Distributed with second notice of election
- Association may not edit, alter, or modify
- Becomes part of the official records of the association



**35 days  
prior**

# SECOND NOTICE

- **Included:**
  - Large outer envelope
  - Small inner envelope
  - Information sheets
  - Annual meeting notice



**34-14  
days  
prior**

# NOTICE RECAP

MEETING TYPES	Notice Requirement	Post on Condo Property	Mail, Deliver or Electronically Transmit	Retain Affidavit and File in Official Records
ANNUAL	14 days with agenda	Yes	Yes	Yes
ELECTION	90 days, 60 days, and between 34-14 days	No	Yes	Yes

# BALLOTS

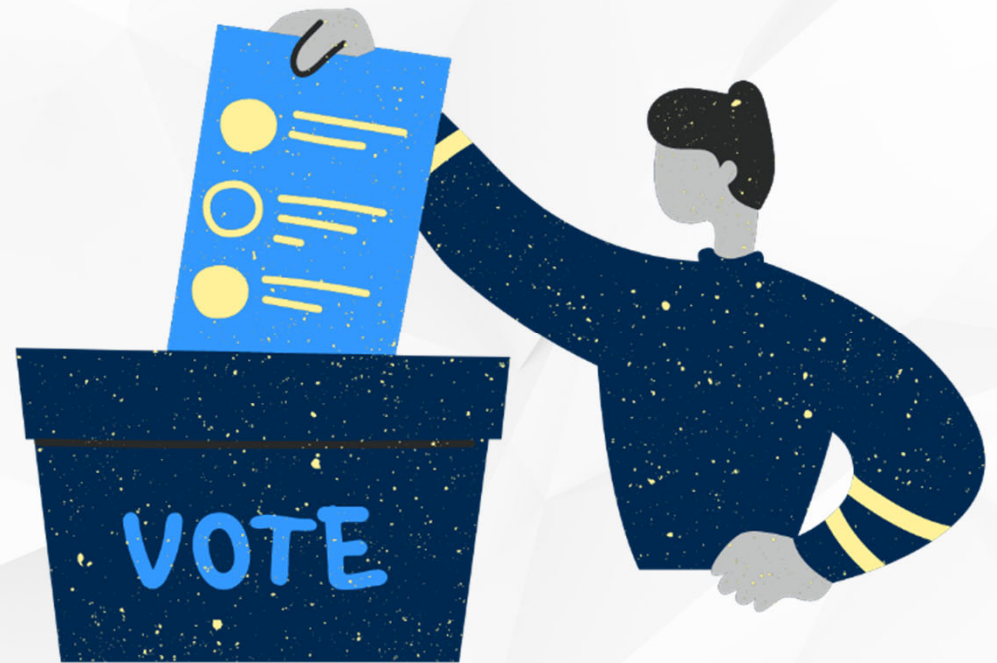
Uniform in color and appearance

Alphabetical order by surname

No indicators for incumbents

No spaces or lines for signature

No unit identification



# ELECTRONIC VOTING

- **Online-voting system procedures:**
  - Unit owner consent electronically or in writing
  - The unit owner's identity has been authenticated
  - Through transmission of the electronic ballot, the system ensures secrecy
  - It is confirmed that the system works at least 14 days in advance
  - Electronic votes counts towards quorum
  - Board must adopt online voting at special meeting
  - Must allow people to vote by traditional ballot if they wish to do so
- If the board authorizes online voting, the board must honor a unit owner's request to vote electronically at all subsequent elections, unless such unit owner opts out of online voting.

# CONDUCTING AN ELECTION

- Must have additional blank ballots and inner and outer envelopes available at the election
- A quorum is not requirement, however, at least 20% of the eligible voters must cast ballots in order for the election to be valid
- Calculated when the outer envelopes are verified against a list of qualified voters
- Highest plurality wins



**20%**  
votes cast  
for a valid  
election

# ELECTION MONITOR PROGRAM

- **The DBPR Office of the Condominium Ombudsman** oversees the Election Monitor Program, where 15% of the total voting interests or six unit owners, whichever is greater, may petition to appoint an election monitor to attend the annual meeting of the unit owners and conduct the election of directors.
- All costs associated with the election monitoring process are paid by the association.
- Residents may email the Office of the Ombudsman at [Ombudsman@MyFloridaLicense.com](mailto:Ombudsman@MyFloridaLicense.com).

# RELINQUISHING OFFICIAL RECORDS

- An outgoing board or committee member must relinquish all official records and property of the association in their possession or under their control to the incoming board member **within 5 days after the election.**
- Failure to comply with this requirement can personally subject an individual to a civil penalty.
- Destruction of any official record of a condominium association in furtherance of a crime constitutes a criminal law violation.

# CHALLENGING THE ELECTION

- Any challenge to the election process must be commenced within 60 days after the election results are announced.



# NEW CONDO BOARD MEMBER CERTIFICATION

A new condominium association director must:

- **Submit a certificate** of satisfactory completion of a 4-hour educational curriculum.
- **Certify in writing** having read all governing documents, a willingness to work to uphold such documents and policies, and a willingness to faithfully discharge their fiduciary responsibility to the members.
- If elected or appointed before July 1, 2024, must comply with above requirements by **June 30, 2025**. If elected or appointed on or after July 1<sup>st</sup>, must comply with above requirements **within 90 days** of election or appointment.

**\*\*All requirements above must be submitted to the secretary of the association**

# HOA BOARD MEMBER CERTIFICATION

- HOA Directors elected or appointed prior to July 1, 2024, must complete an educational curriculum within four years, as long as the director serves on the board without interruption during the 4-year period.
- HOA Directors appointed or elected on or after July 1, 2024, must complete an educational curriculum within 90 days after being elected or appointed.
- Certificate of completion is valid for up to 4 years before the certification course must be retaken.

# CONTINUING EDUCATION

Annually, a director of a **condominium association** must complete **at least 1 hour** of continuing education relating to any recent changes to laws and rules during the past year.

A director of an HOA that has fewer than 2,500 parcels must complete at **least 4 hours** of continuing education annually.

A director of an HOA that has 2,500 parcels or more must complete **at least 8 hours** of continuing education annually.



## Helpful CTMH Information

- Current Board Members of buildings (3) stories or higher must report specific building information to the Division. [Scan the QR code](#) for further information or to provide building information online by simply completing the form which can be found on our website.
- You may also submit this information via email at: [ctmhbuildingreporting@myfloridalicense.com](mailto:ctmhbuildingreporting@myfloridalicense.com).



**Division of Florida Condominiums, Timeshares and Mobile Homes**

Attention: Building Reporting  
2601 Blair Stone Road  
Tallahassee, FL 32399-1030

## Helpful CTMH Information Continued

- Condominium associations must provide the Division with a statement indicating that the SIRS was completed and that the association provided or made available such study to each unit owner within 45 days after the completion of the SIRS.
- The statement must be provided to the Division using a form posted on the Division's website. This form and further instructions are forthcoming following the Department's completion of rule-making. For information and updates regarding the Department's rule-making, visit the [Florida Administrative Register](#).

## Helpful CTMH Information Continued

- For any questions concerning **Milestone Inspections** or **Structural Integrity Reserve Studies visual inspections**, you may contact the Florida Board of Professional Engineers by telephone at **(850) 521-0500** or by email at <https://fbpe.org/>.
- You may also **scan the QR code** for a direct link to their website.



## Helpful CTMH Information Continued



Scan the QR code to the left to visit the Division of Condominiums, Timeshares and Mobile Homes' webpage on the DBPR website.

Scan the QR code to the right for more information about Board Member Registration.



## Helpful CTMH Information Continued



**Scan the QR code to the left** to create an online account to view and pay a condominium association's annual billing statement fees online.



**Scan the QR code to the right** to be directed to our online contact form to schedule an appointment or contact us through our **Customer Contact Center** at **850-488-1122**.



# Department of **BUSINESS AND PROFESSIONAL REGULATION**

## Helpful CTMH Information Continued



Scan the QR code to the left to contact the Office of the Condominium Ombudsman to petition for an election monitor. You may email them at [ombudsman@myfloridalicense.com](mailto:ombudsman@myfloridalicense.com) or call **954-202-3234 /954 202-3235** Spanish (Para Español).

Scan the QR code to the right code to view the CTMH Education Events Calendar and visit [MyFloridaLicense.com](http://MyFloridaLicense.com) to verify a license or file a complaint.

