

Condominium Act (Chapter 718, F.S.)

The Condominium Act explains how condominiums are set up, sold, and managed. Each condo unit is individually owned, and each owner also owns a share of the building's common areas, like the lobby, elevators, and grounds. Owners pay separate real estate taxes for their unit.

The law also requires developers to provide warranties for condo improvements and that maintenance fees are based on unit size or split evenly. The Division of Florida Condominiums, Timeshares, and Mobile Homes (DFCTMH), under the Department of Business and Professional Regulation (DBPR), enforces this law.

When buying a new condo, buyers have 15 days to cancel their purchase agreement, and three days for resales. Buyers must be given documents like the condo association's rules, financial statements, and inspection reports. Agents should collect a signed receipt when giving these documents to buyers.

Building Safety Act

After the tragic Surfside condo collapse, the Building Safety Act was passed in 2022 to improve safety standards. The Act requires:

- Milestone inspections for buildings three stories or higher, starting at 30 years old, and every ten years after.
- Condominium and cooperative associations must conduct a Structural Integrity Reserve Study (SIRS) every ten years to ensure they have funds for major repairs.
- Associations must share inspection reports with residents and prospective buyers and fully fund reserves for items like roofs, walls, and plumbing.

Milestone inspections have two phases: a visual inspection, and if needed, a detailed inspection to check for structural issues. Reports must be kept for 15 years, and owners can inspect these records.

Vacation and Time-Share Plans (Chapter 721, F.S.)

The Florida Real Estate Timesharing Act controls how time-share plans are created, sold, and promoted. Sellers of resale time-shares must tell sellers there is no guarantee on price or timeline. Purchase contracts for new time-shares must inform buyers of their right to cancel within ten days. If a licensee does not disclose all required information, FREC may revoke their license.

Community Association Management Act (Chapter 468, F.S.)

This Act requires managers of certain homeowner associations to be licensed by the DBPR. It applies to associations with 10+ units or an annual budget of \$100,000+. Managers must meet licensing requirements and pass a state exam. Managers cannot perform real estate services unless they hold a real estate license.

Citizens Property Insurance Now Requires Flood Insurance

Citizens Property Insurance, Florida's insurer of last resort, now requires flood insurance for certain homeowners to cover both wind and water damage. Deadlines for getting flood insurance vary



Other State and Federal Laws Affecting Real Estate

depending on location and property value, with all Citizens' policyholders needing flood insurance by January 1, 2027.

Homestead Exemption

Homeowners in Florida who live on their property may qualify for a homestead exemption, which reduces their property tax by up to \$50,000. Additional exemptions are available for certain groups, like surviving spouses and people with disabilities.

Annual Assessment Limitation for Non-Homestead Property

Property taxes for non-homestead properties cannot increase by more than 10% from the previous year's value, as long as the property has not changed ownership. If ownership changes, taxes may reset based on the full market value.

Restrictions on Foreign Buyers of Real Property in Florida

As of 2023, foreign nationals from certain countries cannot buy agricultural land or property near military bases in Florida. Exceptions exist for single residential properties not close to military sites. Buyers and sellers involved in these transactions should seek legal advice.

Other Recent State Law Changes Related to Real Estate

- **Live Local Act:** Allocates \$1.5 billion for affordable housing.
- **Business Rent Tax Reduction:** Reduces the business rent tax to 2% in August 2024.
- **Statute of Limitations for Appraisers:** Limits lawsuits against appraisers to four years.
- **Security Deposit Alternatives:** Allows landlords to offer fee options instead of traditional deposits.
- **HOA Transparency:** Adds accountability measures for homeowners associations.

Unlicensed Construction Activity and Building Code Violations

Unlicensed individuals may perform minor repairs under \$1,000. However, major work must be done by licensed contractors, and violations must be disclosed to buyers before a sale. Sellers must provide buyers with details on violations, including any legal notices.

Federal Tax Laws Affecting Real Estate

Real estate licensees should understand basic federal tax laws related to real estate. Key points include:

- **Capital Gains Tax Exemption:** Homeowners can exclude up to \$250,000 (\$500,000 for couples) from capital gains tax when selling a primary residence.
- **Mortgage Interest and Property Tax Deductions:** Homeowners can deduct these if they itemize their tax returns.
- **Independent Contractor Status:** Real estate agents are usually independent contractors, with income based on commissions.



Other State and Federal Laws Affecting Real Estate

- **Foreign Seller Withholding:** Buyers must withhold 15% of the purchase price when buying property from foreign sellers to ensure taxes are paid.

Laws Regulating Real Estate Finance

Federal laws protect consumers in real estate finance. Key laws include:

- **Equal Credit Opportunity Act (ECOA):** Prohibits discrimination in lending.
- **Fair Credit Reporting Act (FCRA):** Protects the accuracy and privacy of consumer credit information.
- **Truth in Lending Act (TILA):** Requires lenders to disclose loan terms clearly.
- **Real Estate Settlement Procedures Act (RESPA):** Ensures buyers are informed of closing costs and prohibits kickbacks.

Antitrust

Antitrust laws, including the Sherman Act, prevent practices like price-fixing. Real estate brokers must avoid discussing commission rates with brokers from other firms, even if they share a franchise name.