

## Practice Update

# Condominium Termination Statute Amendment

June 22, 2015

By [Susan K. Robin](#) and [Ross A. Heft](#)

On Tuesday, June 16, 2015, Governor Rick Scott signed into law a bill that will amend the condominium termination provisions of the Florida Condominium Act (the “2015 Amendment”) by modifying the procedures and requirements imposed upon those seeking to terminate a condominium in Florida. The 2015 Amendment became effective immediately upon being signed by the Governor. The condominium termination statute was substantially amended in 2007 as a way to encourage investors to invest in condominium developments that were broken or in financial distress as a result of the downturn in the economy. One of the major changes implemented by the 2007 Amendment was to reduce the previous statutory 100 percent approval requirement for optional condominium terminations, to an 80 percent approval requirement (unless a particular condominium’s declaration provides for an even lower approval percentage), provided that not more than 10 percent of the unit owners affirmatively object to the termination. The creation of this so-called 80-10 optional termination process made investment into broken or distressed condominiums more appealing, as termination became a more attainable goal for investors. Although the 2015 Amendment maintains the optional termination process, the 2015 Amendment has created additional

---

### Related People

[Ross A. Heft](#)

---

### Related Work

[Real Estate](#)  
[Residential Land Acquisitions and Development](#)

---

### Related Offices

[Fort Lauderdale](#)

compensation and disclosure requirements for bulk owners seeking optional termination. It also prohibits re-consideration of a plan of termination within 18 months of a previously rejected or failed plan of termination.

## **New Requirements for Bulk Owners**

In the case where a condominium association is a residential association, and a bulk owner owns at least 80 percent of the total voting interest and wants to invoke the statutory optional termination procedures, the 2015 Amendment imposes the following new compensation and disclosure requirements:

### **Compensation Requirements**

- If a unit will be offered for lease after termination, each unit owner that occupied the unit immediately prior to termination may lease the unit and remain in possession of the unit for 12 months after termination on the same terms as similar unit types within the property
- If a unit owner was granted homestead exemption status, the unit owner must be paid a relocation payment equal to 1 percent of the termination proceeds allocated to the owner's unit
- All unit owners other than the bulk owner must be compensated at least 100 percent of the fair market value of their units, as determined by an independent appraiser
- If a unit owner that rejects a plan of termination was an original purchaser from the developer and the unit owner has been granted homestead exemption status, or if the unit was an owner-occupied operating business, and the owner is current in payment of the owner's assessments and mortgage, then the owner must be paid at least the original purchase price the owner paid for the unit

- If a unit owner has a first mortgage encumbering the unit, the owner's share of the proceeds of termination must be applied to the payment of the first mortgage, to the extent of the proceeds

Disclosure Requirements - The plan of termination must disclose the following:

- The identity of any person or entity that owns or controls 50 percent or more of the units in the condominium and, if the units are owned by an artificial entity, a disclosure of the natural persons who control the entity, and who own or control 20 percent or more of the artificial entity
- The units acquired by any bulk owner, the date each unit was acquired, and the total amount of compensation paid to each prior unit owner by the bulk owner
- The relationship of any Board member to the bulk owner
- If the members of the Board are elected by the bulk owner, unit owners other than the bulk owner may elect at least 1/3 of the members of the Board before the approval of a plan of termination

Unit owners and investors seeking to terminate a condominium should ensure they are fully informed as to the 2015 Amendment. This update provides only a brief overview of the 2015 Amendment and does not discuss all of the requirements of the condominium termination statute. Clients are encouraged to call Akerman's real estate and condominium attorneys with any questions regarding termination of Florida condominiums.

---

This Akerman Practice Update is intended to inform firm clients and friends about legal developments, including recent decisions of various courts and administrative bodies. Nothing in this Practice Update should be construed as legal advice or a legal opinion, and readers should not act upon the information contained in this Practice Update

without seeking the advice of legal counsel. Prior results do not guarantee a similar outcome.