



June 20, 2017

INDUSTRY ALERT – CHANGE IN LAW

FLORIDA COMMUNITY ASSOCIATIONS ESTOPPEL CERTIFICATES

On June 14, 2017, Governor Rick Scott signed House Bill 483/Senate Bill 398 into law, which provides significant reform in regards to estoppel certificates provided by condominium and homeowner's associations and makes substantial changes to all three of Florida's community association statutes, chapter 718, 719, and 720. The new law provides for a cap in the fees an association can charge for the estoppel certificate as well as providing a standard form for the estoppel certificate. The bill requires that the estoppel certificates to be provided to the requester within 10 days after receipt of the written or electronic request and must be valid for a minimum of 30 days if provided via hand delivery or by electronic means and 35 days if provided by regular mail. The fee cap is \$250.00 for owners who are current on their assessments and a charge of \$150.00 can be added if the owner is delinquent on the assessments. An expedited charge of up to \$100.00 can be added if the estoppel request asks for delivery within 3 days.

Under the new law, which goes into effect on July 1, 2017, the association may not collect sums beyond the amounts specified in the estoppel certificate from anyone who relies on the certificate in good faith. Additionally, no fee can be charged by the association if the estoppel certificate is delivered to the person or entity who requested it more than 10 business days following receipt of the request.

These estoppel certificates are regularly requested post issuance of Certificate of Title upon conveyance to FHA or VA and in preparation for REO closings. Servicers, investors, law firms and title companies should review the estoppel certificates for compliance with the statutory language as well as adherence to the time frames and cost charged. This required language is attached to this alert, along with a copy of the final House Bill 483.

The prospective effect of this legislation is that it will be will be beneficial to meeting closing deadlines as it provides clear standards for the estoppel certificate turnaround times. Additionally, the cap on what associations can charge for preparation of estoppel certificates is anticipated to provide savings, as in the past associations had free range to charge what they considered "reasonable".

Please contact Robyn Katz, Managing Partner over Florida Foreclosure (Robyn.Katz@mccalla.com) or Jenna Baum, Managing Partner over Florida REO and Evictions (Jenna.Baum@mccalla.com) if you have any questions regarding this new law or estoppel certificates, in general.