



LIGHTHOUSE PROPERTY MANAGEMENT

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Board of Directors

Via E-Mail

Re: Legislative Update and Rate Changes

This spring's legislative session in Tallahassee was an active one, as numerous items impacting community associations were addressed. On June 14th, Governor Rick Scott approved SB398 Relating to Estoppel Certificates. When a property sells (or otherwise transfers title) within your community, the title company handling the closing issues a request for an Estoppel Certificate. In addition to setting forth the amount owed to the Association by the current owner of record, the Estoppel Certificate provides the closing agent with an abundance of information regarding the community. The new law details what information must be included, as well as the format in which the information must be presented and the timeframe for delivering the completed Estoppel Certificate.

Lighthouse Property Management is responsible for handling all Estoppel Certificate requests in our client communities. Our responsibility for doing so is embodied in our Management Agreement, so I felt it important to update you on the key provisions of SB398 going into effect July 1, 2017. The new law also impacts/modifies the section of our Management Agreement pertaining to Estoppel Certificates.

KEY PROVISIONS OF SB398:

- Revises the period in which an association must respond to a request for an estoppel certificate from 15 days to 10 business days.
- Requires an association to designate on its website a person or entity with a street or e-mail address for receipt of a request for an estoppel certificate.
- The estoppel certificate must be provided by hand delivery, regular mail, or email to the requestor on the date of issuance of the estoppel certificate.
- An estoppel certificate that is hand delivered or sent by electronic means has a 30-day effective period. An estoppel certificate that is sent by regular mail has a 35-day effective period.
- An association waives the right to collect any moneys owed in excess of the amounts set forth in the estoppel certificate from any person, and his or her successors and assigns, who in good faith relies upon the certificate.

- Prohibits an association from charging a fee for preparing and delivering an estoppel certificate that is requested, if it is not delivered within 10 business days.
- Establishes caps on the amount of the estoppel certificate fee as follows:
 - \$250 if there are no delinquent amounts owed to the association.
 - An additional \$100 fee for an expedited estoppel certificate delivered within 3 business days after a request for an expedited certificate.
 - An additional maximum fee of \$150, if there is a delinquent amount owed to the association.
- The fees specified shall be adjusted every 5 years based on increases in the Consumer Price Index. The Department of Business and Professional Regulation shall periodically calculate the fees, rounded to the nearest dollar, and publish the adjusted amounts on its website.

Following the passage of SB398, we reviewed and evaluated our internal processes related to Estoppel Certificate requests. We have made a number of policy and staffing adjustments in order to address the additional demands brought on by the new law. We have also modified all of our Estoppel forms, and we are updating our fees outlined in the Management Agreement to reflect the caps defined in the statute. The only procedural change you may notice as a Board Member is our policy to await Board approval of the sale (if required) before issuing the Estoppel Certificate. Due to the narrowing of the window to respond to a request for an Estoppel Certificate from 15 days to 10 business days, we will now be required in some cases to issue the Estoppel Certificate prior to obtaining Board approval of the sale. In such cases and in compliance with the text of the law, the Estoppel Certificate will be clearly marked as follows:

Do the rules and regulations of the association applicable to the unit require approval by the board of directors of the association for the transfer of the unit? X (Yes) ___ (No).... If yes, has the board approved the transfer of the unit? ___ (Yes) X (No)

I wish to emphasize that Lighthouse Property Management handles all of the details pertaining to Estoppel Certificates for you at no cost to the Association. The fees related to Estoppel Certificates are borne by the parties to the real estate transaction, not the Association. For those Associations maintaining a website through Lighthouse Property Management, we will be adding the contact e-mail for requesting an Estoppel Certificate to your website, again at no cost to the Association.

This update is designed to inform you of key law changes affecting community associations, and also serves to amend that section of our Management Agreement in order to comply with the new law effective July 1, 2017. There are two additional bills impacting community associations that have been approved by the legislature, but have yet to be signed by the Governor. As the status of those bills changes, we will update you as to their impact on your community. Should you have any questions, please feel free to contact me. Thank you for allowing us to serve you.

Sincerely,



Jeff McDuffie
Chief Financial Officer