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Emerging Pressure Points on Florida's Condominiums and Homeowners' Associations

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Note: This article is a supplement to the discussion on Florida condominiums and homeowners' associations during the Legislative Update panel at Bilzin Sumberg's 7th Annual Development Conference in Miami, Florida on April 30, 2026.

Over the past four years, Florida's condominium and homeowners' association ("**HOA**") statutes have experienced significant changes. Many were spurred by the collapse of Champlain Towers South; others were in response to different events that similarly portrayed community associations in a negative light (e.g., the fraud investigation involving The Hammocks). Whatever the cause, the recent trend has been more regulation, especially in the areas of building safety, fiscal responsibility, and community governance.

The 2026 Florida Legislative Session was tracking in the same direction, with another ambitious slate of proposals headlined by House Bill 657 ("**HB 657**"). When the regular session ended on March 13, 2026, however, all the notable condominium and HOA bills (including HB 657) had stalled, signaling a shift from the usual approach to "let's wait and see."

But this "vacation" was short-lived, as Fannie Mae and Freddie Mac coincidentally updated their project standards for condominiums and HOAs five days later. The new lender guidelines are designed to promote financial resilience and long-term sustainability of these projects. In Florida, however, the updates may do more harm than good given the relatively new State regulations now in place. Only time will tell what additional impact Fannie Mae and Freddie Mac's actions will have.

Finally, a concerted effort is underway to revise Section 718.117(2), Florida Statutes, governing condominium termination because of economic waste or impossibility. Once perceived as a developer-driven initiative, the proposal has started to gain broader support (or at least

acquiescence), as cases such as Biscayne 21 illustrate the need for a uniform statutory off-ramp for condominiums near the end of their useful life.

HB 657

This year's failed legislation ranged from small tweaks to another sweeping proposal with many far-reaching implications.[1] The best example of the latter was HB 657, known as the Homeowners' Association Dissolution and Accountability Act. Of all the substantive proposals within HB 657, two concepts are worth highlighting, as they could resurface in the years to come: (1) HOA termination; and (2) mandatory Kaufman language.

HB 657 established a framework for terminating HOAs pursuant to a plan of termination that could be initiated by as little as 20% of the voting interest in the HOA and approved by two-thirds of the members. Unlike a condominium, an HOA's common areas are typically owned by the HOA itself, and the HOA's declaration provides the authority to levy assessments for the operation and maintenance of those common areas. Termination of the HOA would therefore not only extinguish the covenants and restrictions encumbering the lots within the community, but also leave the common areas without any funding mechanism to ensure their long-term upkeep. The proposed termination procedure may have also conflicted with local zoning laws, which in some jurisdictions require certain residential developments to be governed by an HOA.

HB 657 also included a provision mandating the use of so-called "Kaufman language." Kaufman language refers to a condominium's submission to the Florida Condominium Act (the "**Act**"), *as amended from time to time*, the effect of which is to automatically incorporate future amendments to the Act into the respective declaration of condominium. In the absence of Kaufman language, a condominium remains subject to the Act as in effect on the date its declaration was recorded in the public records.

Accordingly, HB 657 would have required (i) all newly created condominiums to incorporate Kaufman language in their declarations and (ii) all existing condominiums to convene a membership meeting to vote on a corresponding amendment to their declarations. While the apparent intent was to establish a uniform regulatory framework for all condominiums in Florida, the bill would have achieved that objective only on a prospective basis, and the provision applicable to existing condominiums lacked any practical mechanism for enforcement or implementation.

Fannie Mae and Freddie Mac Updates

On March 18, 2026, Fannie Mae and Freddie Mac, in coordination with the Federal Housing Finance Agency, concurrently issued significant updates to their condominium and HOA project eligibility standards through Fannie Mae's Lender Letter LL-2026-03[2] and Freddie Mac's Bulletin 2026-C.[3] These updates are expected to have a direct and material impact on residential financing and homeownership in South Florida.

The most consequential change is the increase in the required reserve allocation from 10% to 15% of total annual budgeted assessment income, effective January 4, 2027. Many associations are not currently satisfying even the prior 10% threshold, and industry observers anticipate that the heightened 15% requirement will compel higher assessments and more rigorous long-term financial planning. An association that does not meet the 15% threshold may nonetheless qualify if it has a reserve study completed or updated within the preceding three years by an independent

qualified professional; however, the association's budget must fund the highest recommended reserve allocation identified in such study, rather than a lower alternative figure. Fannie Mae has also expressly prohibited the so-called baseline funding method—under which reserve cash balances are permitted to approach, but not fall below, zero—meaning that budgets calibrated to remain marginally solvent will no longer be acceptable.

With respect to insurance, the agencies have provided limited relief by permitting roofs to be insured at actual cash value rather than full replacement cost and by eliminating the inflation guard requirement. A new maximum per-unit deductible of $50,000 will, however, take effect on July 1, 2026. In addition, effective August 3, 2026, the "Limited Review" process for established projects—which has historically accounted for approximately 40% of all project reviews—will be eliminated, such that every transaction will require either a Full Review or a qualifying Waiver of Project Review. The 50% investor-concentration cap applicable to established projects under Full Review has likewise been eliminated, a development that should benefit urban high-rise and mixed-use projects, and the small-project waiver has been expanded from 4 units to 10 units.

For South Florida community associations and their boards, the practical implication is clear: the Fannie Mae and Freddie Mac changes will require many associations to increase assessments and enhance their long-term financial planning, compounding the pressure already imposed by Florida's recent statutory reforms. Boards that defer budget adjustments until late 2026 will leave homeowners with the least flexibility to absorb the resulting increases.

Condominium Termination Because of Economic Waste or Impossibility

An effort is currently underway to substantially revise Section 718.117(2), Florida Statutes, which governs the termination of condominiums because of economic waste or impossibility. The proposal will likely replace the current variable voting threshold—tied to the "lowest percentage of voting interests necessary to amend the declaration"—to a fixed supermajority of the total voting interests, such as 80%, thereby establishing a predictable, uniform standard intended to streamline the termination process for aging buildings. The proposal will also likely introduce a specific cost-to-value test, under which termination could proceed where the cost of necessary repairs exceeds a specified percentage of the aggregate fair market value of all units (less the value of the underlying land), as determined by an independent licensed engineer or architect and a qualified appraiser. In addition, the proposal may: (i) carve out impossibility based on land use laws as a separate, standalone provision; (ii) establish lower voting thresholds applicable to condominiums with substantial timeshare components; and (iii) create a judicial petition process under which any unit owner may seek termination where the improvements have been totally destroyed or demolished.

The most contested language is likely to be the retroactivity clause—which would apply to all condominium associations existing after the date of enactment, irrespective of when the underlying declaration was recorded—together with the accompanying legislative finding that the statute "was foreseeable at the time of contracting," included to preempt potential takings and impairment-of-contract challenges. The goal is to have the proposal ready for the Florida Legislature's consideration in 2027.

Takeaways

All together, these developments indicate that Florida's condominiums and HOAs are entering another period of transition. The Legislature's decision not to advance any significant

condominium- or HOA-related legislation sends a clear message to those who have not taken prior reforms seriously, and several of the failed proposals are likely to resurface in modified form in future sessions. At the same time, Fannie Mae and Freddie Mac's revised requirements illustrate how non-legislative regulators can impose immediate and tangible pressures on Florida associations and homeowners. And as the State's condominium inventory continues to age and associations confront the economic realities of deferred maintenance and rising repair costs, the effort to establish a workable statutory off-ramp for termination will command increasing attention and urgency. Developers, lenders, associations, and homeowners should monitor these converging developments closely, as the interplay among legislative action, federal lending standards, and termination reform will shape the regulatory and transactional framework governing Florida community associations for years to come.

[1] Below is the complete list of this year's failed bills that were being tracked by Florida's condominium and HOA practitioners:

Bill	Summary
SB 48 / HB 313 (Housing)	SB 48, sponsored by Senator Gaetz, defined the term "primary dwelling unit," required local governments to adopt ordinances allowing accessory dwelling units (ADUs) in certain residential areas by a specified date, and directed the Office of Program Policy Analysis and Government Accountability (OPPAGA) to evaluate the efficacy of mezzanine finance and the potential of tiny homes for affordable housing purposes. HB 313 was listed as a similar companion bill.
SB 300 (Alternative Judicial Sales)	SB 300, filed by Senator Garcia, would have required courts to direct clerks or alternative auctioneers to sell real or personal property at public sale under court orders or final judgments. It prohibited courts in foreclosure actions from approving substantial deviations from specified judicial sales procedures unless certain conditions were met, and required any authorized deviation to be set forth in writing in the final judgment of foreclosure. The bill was a continuation of similar efforts from the 2025 session (SB 48 of 2025 — Foreclosure Procedures), which also died.
SB 638 / HB 255 (Condominium Associations)	These identical bills would have required condominium associations to maintain turnover certificates and annual reports as part of their official records. The board of administration would have been required to file a turnover certificate with the Division of Condominiums, Timeshares, and Mobile Homes within a specified timeframe, and the Division would have been required to create and maintain a searchable, publicly accessible electronic database of turnover certificates.
SB 722 (SIRS)	SB 722, sponsored by Senator Osgood, addressed structural integrity reserve study (SIRS) requirements for condominiums. It would have defined the term "structural integrity reserve study," required SIRS only for condominium associations governing buildings of six or more stories in height (as determined by the Florida Building Code), and expressly provided that associations governing buildings of five stories or fewer would not be required to conduct a SIRS and could elect by majority vote to waive or reduce reserve contributions.

SB 822 / HB 465 (Community Association Management)	These bills would have required certain community associations with total annual revenues of $500,000 or more to contract with a licensed community association management firm (or a manager holding specified professional certifications). The bills also included insurance requirements for managers and firms, revocation provisions for manager licenses, and a duty for board members to ensure the management firm or manager was properly licensed. As the Senate version (SB 822) was amended in committee, it provided greater flexibility in how associations could meet management requirements, but the House version (HB 465) did not ultimately incorporate those amendments.
SB 906 (HOA Ombudsman)	SB 906, filed by Senator Garcia, would have created the Office of the Homeowners' Association Ombudsman within the Division of Florida Condominiums, Timeshares, and Mobile Homes of DBPR. The ombudsman would have acted as a liaison between parcel owners, boards of directors, community association managers, and other affected parties, with powers and duties including making policy recommendations to state officials, monitoring elections, and serving as a neutral resource regarding the rights and responsibilities of parcel owners and associations. The bill also would have authorized the Division to issue citations, adopt rules, and maintain a toll-free telephone number for parcel owners.
SB 908 (Fees/HOA)	SB 908, also filed by Senator Garcia, would have required each HOA operating more than two parcels to pay an annual fee of $4 per residential parcel to the Division of Florida Condominiums, Timeshares, and Mobile Homes. Associations that failed to pay by the specified date would have been assessed a penalty, and until the amount due (plus penalty) was paid, a delinquent association would have lacked standing to maintain or defend any court action. Collected fees would have been deposited in the Division's Trust Fund.
SB 1498 (Community Associations)	CS/SB 1498, sponsored by Senator Bradley, was a broader community associations bill that would have updated the definition of "story" for reserve study purposes to mean a habitable level, updated the definition of common area to include recreational areas, substituted "electronic transmission" with "e-mail" in statutory language, updated the definition of "financial report" to match "financial statement," and clarified unit owners' inspection rights. It also addressed electronic ballot procedures and extended turnover inspection report requirements to all cooperative buildings (not just those three stories or higher).
SB 1744 / HB 1541 (Audioconferencing)	SB 1744, filed by Senator Jones, would have updated existing statutes governing condominium, cooperative, and homeowners' associations to accommodate audioconferencing for meetings (in addition to the existing videoconferencing provisions). It included updates to quorum rules, the recording of meeting minutes, and required audioconference recordings to be maintained as official records and made available on a website. HB 1541, the similar House companion by Representative Aristide, also updated statutes for audioconferencing but additionally included an explicit requirement to store audioconference and video recordings for a full year.

HB 657 (Community Associations)	HB 657, filed by Representative Porras, was a sweeping community association reform bill dubbed the "Homeowners' Association Dissolution and Accountability Act". Key provisions included: (1) allowing HOAs to be terminated through a plan of termination initiated by petition of 20% of voting interests and approved by two-thirds of members; (2) eliminating mandatory pre-suit mediation for community association disputes and moving them to DBPR arbitration or court; (3) creating a community association court program within judicial circuits to handle disputes arising under the Condominium Act, Cooperative Act, or HOA Act; (4) requiring HOAs and condominiums to include "Kaufman" language in their governing documents (subjecting them to future legislative amendments); (5) establishing conflict-of-interest disclosure requirements for HOA officers and directors; and (6) addressing dissolved HOA governing documents, easement reversions, electronic ballots, turnover inspection reports, and roofing material restrictions.

[2] Fannie Mae's Lender Letter LL-2026-03 is available at https://singlefamily.fanniemae.com/media/44986/display.

[3] Freddie Mac's Bulletin 2026-C is available at https://guide.freddiemac.com/app/guide/bulletin/2026-C.

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