

CONDOMINIUM CONVERSIONS
Department of Business and Professional Regulation
Division of Florida Land Sales, Condominiums, and Mobile Homes

INTRODUCTION

Condominium conversions are a growing segment of the condominium housing product currently being marketed in Florida. However, many prospective condominium purchasers are unaware of the unique characteristics of a condominium created by conversion of previously occupied residential structures to the condominium form of ownership. The purpose of this brochure is to provide tenants and prospective purchasers with important information that should be considered prior to purchasing a unit within a condominium created by conversion. You may also want to review the Division's brochure "Guide to Purchasing a Condominium Unit" for more information on purchasing a condominium in general. Both brochures are available on our website, or may be ordered by contacting the Division, see contact information below.

TENANT RIGHTS

Prior to or simultaneous with the first offering of condominium units to any person, the developer must deliver a notice of intended conversion (NOIC), that has been filed with and approved by the Division, to all of the tenants of the existing improvements. All of the tenants must be provided the NOIC within a 72 hour timeframe. The delivery of the NOIC to the tenants triggers certain tenant rights as follows:

- Each residential tenant who has resided in the existing improvements for at least the 180 days prior to the date of the written NOIC has the right to extend an expiring rental agreement upon the same terms for a period that will expire no later than 270 days after the date of the NOIC. Counties are authorized to adopt an ordinance to extend this period for an additional 90 days.
- Each other residential tenant has the right to extend an expiring rental agreement under the same terms for a period that will expire no later than 180 days after the date of the NOIC. Counties are authorized to adopt an ordinance to extend this period for an additional 90 days.
- Tenants have 45 days from the date of the NOIC in which to notify the developer in writing of their intention to extend the rental agreement. Tenants may extend their rental agreements for the full or partial extension period.
- Tenants may unilaterally terminate any extension period having an unexpired period of at least 180 days, upon 30 days written notice.
- The developer may elect to provide tenants who have been continuous residents of the existing improvements for at least 180 days preceding the date of the NOIC and whose rental agreements expire within 180 days of the date of the NOIC the option of receiving in cash a tenant relocation payment at least equal to one month's rent in consideration for extending the rental agreement not more than 180 days, rather than 270 days.
- All notices from tenants to developers are deemed to have been given when deposited in the U.S. mail, postage paid, return receipt requested, addressed to the developer's address stated on the NOIC, or when personally delivered to the developer at such address.
- All notices from developers to tenants are deemed given when deposited in the U.S. mail, postage paid, certified or registered mail, to the tenant's last known address.

- Each residential tenant who has resided in the improvements for the 180 days preceding the NOIC has a right of first refusal to purchase the unit in which he or she resides, under the following terms:
 - ❖ The tenant has the right of first refusal for not less than 45 days after the mailing or delivery of the purchase materials (prospectus, purchase agreement, etc.) by the developer. The developer must provide the purchase materials within 90 days after the date of the NOIC. The rental agreement is automatically extended for the number of days in excess of 90 days from the NOIC until such time as the purchase materials are delivered to the tenant.
 - ❖ If after a right of first refusal has expired, the developer offers the unit at a price lower than that offered to the tenant, the developer must notify the tenant in writing prior to the publication of that offer. The tenant has the right of first refusal to purchase at the lower price for 10 days after the date of the notice.

UNIQUE DISCLOSURES REQUIRED FOR CONVERSIONS

Since a condominium conversion is a previously occupied structure it is important to gain an understanding of the building condition prior to making a purchase decision. The law requires the developer to prepare a conversion inspection report that provides detailed disclosure of the building condition and repair costs be given to prospective purchasers. These disclosures are required to be substantiated by attaching a copy of a certificate under the seal of an architect or engineer authorized to practice in Florida. The age, remaining life, and estimated repair costs are required to be disclosed for each of the following improvements:

Roof	Structure	Fire protection
Elevators	Heating and cooling systems	Plumbing
Electrical systems	Swimming pool	Seawalls
Pavement and parking	Drainage systems	

Building disclosures also include the prior use of the building and a termite inspection report, prepared by a certified pest control operator, indicating whether there is termite damage or infestation, and if so, whether it has been properly treated.

The developer is also required to provide one of three types of protections regarding the improvements, and must disclose which type of protection is being provided. A brief explanation of these protections is:

- Converter Reserves – This type of protection requires the developer to fund a reserve for air conditioning, plumbing and roof replacement. The amount to be reserved depends on the age of the building and the estimated costs disclosed in the building inspection report. The type of roof construction is also factored into the roof converter reserve. In simple terms, the converter reserves require the developer to offset future repair costs by paying for a portion of the life of the component that has already been used up.
- Surety Bond – This type of protection requires the developer to obtain a surety bond that may be used to fund repairs and replacement of the covered items. The bond is issued in the name of the association in the amount disclosed in the building inspection report, and covers the period that the developer would have had a warranty had the developer not provided converter reserves or the surety bond.
- Developer Warranties – This type of protection requires the developer to pay for repairs and replacement of improvements during the warranty period. The warranty period begins with

the notice of intended conversion and continues for three years thereafter, or the recording of the declaration of condominium and continuing for three years thereafter, or one year after turnover from developer control of the association to the unit owners, whichever occurs last, but in no event more than five years. If the developer fails to fund the converter reserves then the developer is deemed to have granted to the purchaser of each unit an implied warranty.

BEFORE MAKING A PURCHASE DECISION

The most important issue to address when purchasing a unit in a conversion condominium is likely to be the condition of the property. Compare the building inspection report to what you are able to observe in person. Sometimes substantial repairs are made after the inspection report was issued, inquire about obvious discrepancies. Some other questions that you may want to ask are:

- Is the current physical condition of the building and improvements acceptable to you?
- Is the landscaping finished and well maintained?
- Is your unit being sold subject to a lease?
- Will major repairs be required in the near future? If so, which of the developer options for warranting the improvements was selected by the developer, and how will it affect you?

OTHER INFORMATIONAL BROCHURES FOR PROSPECTIVE PURCHASERS

Condominium Unit Owner Rights and Responsibilities

Condominium Living in Florida

Guide to Purchasing a Condominium

You may obtain these materials (free of charge) from the Division of Florida Land Sales, Condominiums and Mobile Homes at: Northwood Centre, 1940 Tallahassee, Florida 32399-1030 or by calling 850-488-1122 or toll free (Florida only) 800-226-9101. You may also download these materials from the website.

Email Address: callcenter@dbpr.state.fl.us

Web Address: www.myflorida.com/dbpr/lsc/condominiums/index.shtml