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# ✅ Characteristics of a Financially Healthy Florida Community Association

### 1. Adequate Reserve Funding (Required by Law for Condos)

- **Condos (Chapter 718)**: Must budget for reserves for capital expenditures and deferred maintenance (e.g., roofs, painting, paving).
  - As of 2022 (post-Surfside law changes), reserve studies and full funding of structural reserves are more strictly enforced.
- **HOAs (Chapter 720)**: Not legally required, but **highly recommended**. Owners can waive reserve funding annually.

📊 *Healthy associations conduct reserve studies every 3–5 years and fully fund critical components.*

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### 2. Balanced Operating Budget

- The operating budget should accurately reflect:
  - Routine expenses (landscaping, utilities, management)
  - Contracted services (security, maintenance)
  - Insurance (which is rising in Florida)
- Budget should match income from dues/assessments, with a small surplus.

🧾 *Annual budget meetings should be transparent and comply with notice requirements.*

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### 3. Low Delinquency Rates

- Associations should track delinquencies and act promptly on collections.
- Healthy benchmark: **<5% of owners delinquent** on assessments.
- Timely collection procedures and legal action (e.g., liens or foreclosures) are in place if needed.

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### 4. Proper Insurance Coverage

- Full property and liability coverage (including D&O insurance)
- For condos: compliance with **Florida Statutes 718.111(11)**, which outlines specific insurance requirements
- For HOAs: adequate coverage for common elements and community liability

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### 5. Clean Financial Records and Transparency

- Regular financial reporting (monthly, quarterly)
- CPA-reviewed or audited financials annually (especially if over $500K in revenue, per Florida Statute)
- Financials accessible to members, with proper retention of records

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### 6. Compliance with Florida Statutes

- Adheres to Chapters 718 (Condos) or 720 (HOAs)
- Holds timely board meetings, elections, and budget hearings
- Maintains required reserves (especially condos) and disclosures

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### 7. Professional Management (Optional but Common)

- Many healthy associations hire licensed community association managers (CAMs)
- Helps with compliance, budgeting, communication, and collections

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## 📌 Red Flags (Financial Trouble Signs)

- Frequent special assessments
- Reserve waivers every year without a plan
- High delinquency rates
- Delayed or skipped audits/reviews
- Disputes over transparency or misuse of funds

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## ✅ Summary of a Financially Healthy Association:

| Aspect | Healthy Indicator |
|---|---|
| **Reserves** | Fully funded or on a funding plan |
| **Budget** | Balanced with minimal surplus/deficit |
| **Delinquencies** | <5% |
| **Insurance** | Full and current |

| Aspect | Healthy Indicator |
|---|---|
| **Audits/ Reviews** | Annual, CPA-prepared if needed |
| **Compliance** | Follows Chapters 718/720 |
| **Transparency** | Regular reports and open records |

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