

Florida Law Changes

Could Impact Funding of Association Reserves

Recent Legislative Changes May Impact Your Maintenance Fees

At Hilton Grand Vacations, our long-standing promise is to provide exceptional services and be good stewards of your vacation experience with us. This promise includes keeping you informed of any developments impacting your vacation ownership. To this end, we're sending this email to notify you of a recent change in the Florida legislature that could affect how your maintenance fees are calculated each year and the amount assessed.

What Is Happening

The State of Florida recently changed the voting threshold required to waive the full funding of association reserves. Under this new requirement, your maintenance fees could increase dramatically. This is how: Each association uses a Reserve Study to determine the annual contribution from Owners needed to support expected expenditures based on a resort's 30-year cashflow management requirements. The Reserve Study is updated annually and provides information on the funding necessary for resort repairs, replacement of items and renovations without collecting more funds from Owners than necessary.

For many years, Florida law has required using a set formula to determine reserve funding unless **more than 50% of Owners (or their proxies) who attended an Owners' meeting** voted "yes" to waive the statutory funding requirement. The law has now changed to require a "majority vote of the total voting interests of the association," meaning a "yes" vote **from more than half of all Owner interests** in favor of waiving the statutory funding requirement regardless of attendance at an Owners' meeting.

Our recommendation has not changed — the board of directors and the management company have historically recommended that Owners vote to waive the requirement to fund the reserves fully, and this issue usually passes by an overwhelming majority of votes cast. The difference this year is that a greater number of Owner votes is now required for passage.

Who Is Impacted

The legislative change impacts all deeded Owners of condominiums in Florida.

Why Your Vote Matters

Unless a majority of Owners vote “yes” to waive the statutory funding requirement, you will experience a material increase in your maintenance fees starting in 2025. For example: In 2024, the amount collected to fund reserves from maintenance fees for a 2-Bedroom Suite at Tortuga Beach Club was \$308.08. Using the state’s formula to determine reserve funding, this amount would have been \$439.08. Therefore, overall maintenance fees would have increased by an additional 8.5% — from \$1,582.45 to \$1,716.45.

Next Steps

You will receive information from HGV’s Association Management Services team with instructions on how to vote in an upcoming virtual Annual Owners’ Meeting or via a Special Owners’ Meeting. Voting instructions will be provided in each communication and/or meeting. If you have any questions, please email us at ams@hgvc.com.

Now more than ever, I encourage you to vote at your next Owner meeting and make your opinion count. I appreciate your prompt attention to this matter.

Sincerely,
Neil Hutchinson
Senior Vice President
Trust & Association Operations