

# New Guidance for Condo Developers on Use of Contract Deposits

June 28, 2021

Effective July 1, 2021, the Florida Legislature has clarified Florida Statutes section 718.202 concerning what certain purchaser condominium unit purchase deposits may be used by the condominium developer if authorized in the purchase contract. “Excess deposits” are defined as those deposits that represent more than 10% of the unit’s purchase price. Until now, the only statutory guidance was that such excess deposits could be used for the “actual construction and development of the condominium property in which the unit to be sold is located,” but excluding “salaries, commissions, or expenses of salespersons” or “for advertising” purposes.

Beginning July 1, the costs of construction have been clarified to include, without limitation, “expenditures for demolition, site clearing, permit fees, impact fees, and utility reservation fees, as well as architectural, engineering, and surveying fees that directly relate to construction and development of the condominium property.” The excluded uses of the excess deposits have also been clarified to add “marketing, or promotional purposes; or for loan fees and costs, principal and interest on loans, attorney fees, accounting fees, or insurance costs.”

We believe that these legislative changes do not actually change existing law, but they provide better guidance about the permitted and prohibited uses of the excess deposits. There remain some unsettled questions such as reimbursements to developers for permitted expenses that were advanced, or how exactly to account for excess deposits by the purchaser of a unit that was the subject of a previous contract where deposits were used for construction. These situations need to be reviewed on a case-by-case basis.

## Authored By

---



Robert S. Freedman



William P. Sklar

## Related Practices

[Real Estate](#)

[Development](#)

[Government Law & Consulting](#)

## Related Industries

[Real Estate](#)

©2024 Carlton Fields, P.A. Carlton Fields practices law in California through Carlton Fields, LLP. Carlton Fields publications should not be construed as legal advice on any specific facts or circumstances. The contents are intended for general information and educational purposes only, and should not be relied on as if it were advice about a particular fact situation. The distribution of this publication is not intended to create, and receipt of it does not constitute, an attorney-client relationship with Carlton Fields. This publication may not be quoted or referred to in any other publication or proceeding without the prior written consent of the firm, to be given or withheld at our discretion. To request reprint permission for any of our publications, please use our Contact Us form via the link below. The views set forth herein are the personal views of the author and do not necessarily reflect those of the firm. This site may contain hypertext links to information created and maintained by other entities. Carlton Fields does not control or guarantee the accuracy or completeness of this outside information, nor is the inclusion of a link to be intended as an endorsement of those outside sites.