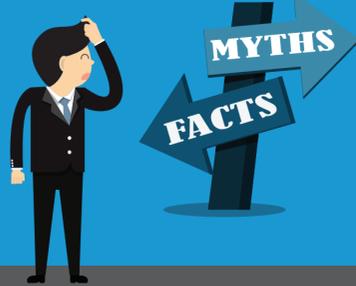
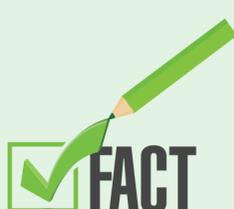


7 MYTHS AND THE REAL FACTS ABOUT ESTOPPELS



MYTH

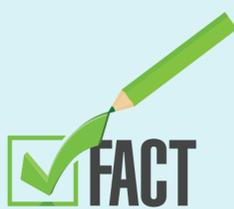
1 Estoppels do not provide useful information.



In a community association, money owed on a unit or property carries over from owner to owner. Estoppel certificates assure new homeowners that the dream they've just purchased isn't saddled with liens, overdue fees or other hardships. This is a vital consumer protection and relegating it to a flat administrative fee is akin to pricing an insurance policy based on the cost of the paper and ink used to print it.

MYTH

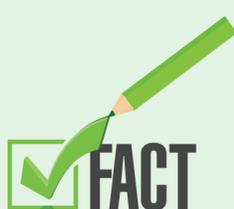
2 Estoppel fees are too high.



Current law requires that boards provide authorization for management agents to charge for the preparation of estoppel certificates in their communities. This will generally include negotiation of the fees to be charged. The current fees - typically under \$400 which often includes a charge to expedite rush orders - reflect the decisions made by the elected boards of community associations. In comparison to all other costs incurred in connection with a real estate transaction, estoppel fees are one of the smallest expenses.

MYTH

3 It is easy for a management company or association to produce an estoppel certificate.



Many of Florida's leading community association management firms have invested in technology that integrates accounting and community management software to allow for the production of such documents to accommodate last-minute requests by realtors or title companies. These systems require substantial investment and updates to maintain.

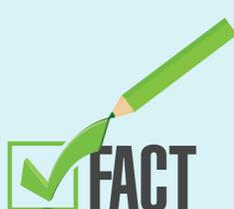
Looking at an estoppel statement, it may appear that the information included is easy to obtain, but the truth is that each association is unique and the process requires attention to detail. To accurately prepare an estoppel certificate, an association or their agent must examine the following:

- Current assessments
- Pending special assessments
- Collection status and pending attorney referrals
- Physical inspections
- Insurance information
- Board approvals
- Governing documents
- Deposits/capital contributions
- Transfer of ownership documents
- Other factors that vary by community

In addition, it is usually more difficult for associations that are self-managed to quickly and accurately calculate and produce an estoppel certificate.

MYTH

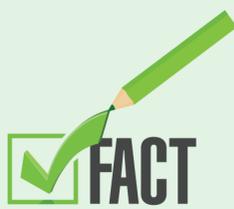
4 One estoppel is all you need.



While it is understandable that parties would like a guarantee of 30 days on the information contained in an estoppel, the fact is that associations and management companies can't always predict whether any additional costs or fees will attach to a property during a 30-day period. That's why most associations are happy to verify estoppel information as of the scheduled closing date and provide updates free of charge or for a small fee. Proposed legislation, however, eliminates updates and binds associations, and homebuyers, to facts and figures that very well may be inaccurate.

MYTH

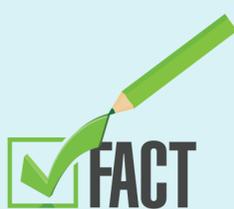
5 Consumers are overcharged for estoppel certificates.



Current law allows for reasonable charges for estoppel certificates. If a consumer or other entity involved in the closing process is concerned with the fees charged, action can be taken through the Department of Business & Professional Regulation (DBPR) against the provider of the estoppel certificate, whether it is an association or its authorized agent. According to DBPR, not one single complaint was filed for an excessive estoppel fee in 2014 - and there were 350,000 real estate closings that year!

MYTH

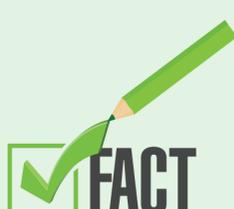
6 Realtors and title agents bear the risk associated with estoppels.



The seller ultimately pays the cost of the estoppel at closing, but all of the legal liability for the information contained in the estoppel is borne by the community association or its authorized agent - whoever prepares the document. This adds to the steps in verifying and the costs in producing an estoppel.

MYTH

7 Fee caps would benefit consumers.



While 25 states currently have a requirement for a pre-sale estoppel disclosure, less than five have any fee cap in place. In those markets, the cap has become the de facto price for estoppel certificates and, unlike in Florida, a community association can no longer approve or negotiate the fees charged.

Another impact is that such caps limit the service offerings of companies and consumer choice. Currently, a company can offer several products at varying price points to meet consumer needs. Requests made 10 days in advance, requests made 72 hours in advance and requests made while the parties are at the closing table can all be accommodated and priced accordingly. A great analogy is comparing the choice and price disparity of mailing a letter with a first-class stamp compared to two-day priority or overnight express.

The estoppel certificate requirement is generated by the private transaction between a buyer and a seller. Requiring the provision of such fees at or below cost would require higher fees for all owners, making all residents subsidize a private transaction within the community. This cost shifting is unfair and unnecessary.

Finally, it is important to understand that the issue of fee caps was not brought to the legislature by consumers, but rather by realtors and title companies.