

This Month let's talk about the recent law requiring the **Milestone Inspection Report Summary and the Structural Integrity Reserve Study for condominium and cooperative buildings**. The recent law states that the "Legislature finds that maintaining the structural integrity of a building throughout the life of the building is of paramount importance in order to ensure the buildings are structurally sound so as to not pose a threat to the public health, safety or welfare." This legislation came as a result of the tragic event and loss of life on June 24, 2021 at the Champlain Towers in Surfside, Florida. As such, there are many changes in the condominium world and you are probably seeing a lot more special assessments pending and being imposed by Condominium Associations in your transactions.

Both of these items have been addressed in the most recently revised Condominium Rider to the FarBar Contracts and are further described in Section 553.899 and 718.301 (4) (p), Florida Statutes and the Structural Integrity Reserve Study described in Section 718.103 (26) and Section 718.112 (2) (g), Florida Statutes.

While the laws referenced above and their requirements may be daunting at first, the end result will benefit condominium owners. It will provide owners with the knowledge of identifiable and potential issues that affect the safety, integrity and functionality of the building they live in. Deficiencies will need to be addressed with repairs and upgrades to achieve compliance and provide the confidence that their building is safe. The cost for compliance, however, may be steep resulting in higher maintenance costs and this of course may have an affect on the negotiation of your real estate transactions.

To understand the legislation, let's clarify each of these laws in a little more detail. The new legislation requiring Milestone Inspections mandates structural integrity assessments for condominiums and cooperatives that are three or more stories and 30 years of age before July 1, 2022. This means that buildings are mandated to have their initial milestone inspection by licensed engineers (Chapter 471), licensed architects (Chapter 481) or a team of other professionals working under a licensed architect or engineer by December 31, 2024. If a building reaches 30 years of age on or after July 1, 2022, and before December 31, 2024, the buildings initial milestone inspection must be performed before December 31, 2025 with subsequent inspections every 10 years thereafter. In some local communities, local officials can require inspections after a building turns 25 depending upon local circumstances, such as environmental condition or proximity to salt water. The Milestone Inspection means "a structural inspection of a building, including an inspection of load-bearing elements and the primary structural members and primary structural systems, as defined in Section 627.706, Florida Statutes. It is their job to attest

to the life safety and adequacy of the structural components and general structural condition of the building as it affects the safety of the building. It does not confirm compliance with building code or fire safety code, but the inspection will include a determination of any necessary maintenance, repair or replacement of any structural components of the building.

The **legislation does not cover** single family homes, two-family or three family dwelling with three or fewer habitable stories above ground.

There are two phases that may be performed for the milestone inspection; the first must be completed within 180 days after Owners' receive written notice and it consists of a visual inspection by licensed individuals described above to provide for the structural soundness, overall health and stability. If there are no signs of structural deterioration, then phase two is not required to be performed. If there are such signs, then a more extensive inspection is performed to determine structural distress and create the plan for repairs. In either case, a sealed summary of the report is provided and distributed to owners within 45 days.

Per statute, the other legislation relates to the **Structural Integrity Reserve Study (SIRS)**, which "means a study of the reserve funds required for future major repairs and the replacement of condominium property performed as required under Section 718.112 (2) (g). It assesses the condition, life expectancy and replacement costs of major components of the building's common areas and analyze the reserves and funding requirements to make sure the association has enough funds allocated for each component and if the association is collecting enough to meet the reserve requirements. The study includes the following as it relates to the structural integrity and safety of the building: structure, including load bearing walls and other primary structural members and structure systems, fireproofing and fire protection systems, electrical systems, windows and exterior doors, waterproofing and exterior painting and any item that exceeds \$10,000 as defined by law. This study must be completed every 10 years in order to guide the reserve fund planning. After December 31, 2024, associations may no longer waive their reserve contributions and any budget adopted on or after December 31, 2024, a community association must have sufficient funds in reserve consistent with the structural integrity reserve study.

Many associations find themselves in the predicament now, that they do not have sufficient reserves to cover the repairs necessary for a building to come into compliance, so they take out a loan or levy special assessment(s).

Expect to see changes to the FAR/BAR Contract to address these new requirements and disclosure of terms for voidability of contract.