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## **Condo Inspection and Insurance Legislation Legal Update**

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# Campbell Property Management

Serving South Florida Since 1953

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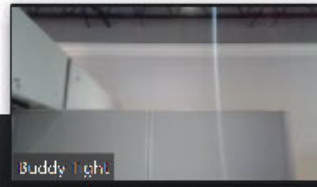
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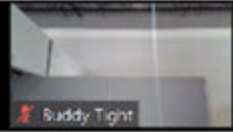
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Screen

Question and Answer

All questions (3) My questions (2)

You 01:22 PM

Test Question 1?

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**B1** Buddy Tight 01:23 PM

Test Response 1

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Test Question 2?

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George Washington 01:24 PM

Test Question 3?

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Type your question here...



## **Condo Inspection Bill – Part 2**

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Senate Bills 4D and 2D

# Introductions

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# Agenda

- Recap of Condo Inspection Bill
  - Information Reporting
  - Milestone Inspection Reqs
  - Structural Integrity Reserve Studies (SIRS)
  - New Budget Requirements
- Engineering Discussion
  - Commonly asked questions
  - Practical advice on what do now
  - What questions can't be answered yet





## Senate Bill 4D – Condo Inspections

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- Special Session of Legislature was convened for the purpose of addressing Property Insurance
- After the Insurance legislation was passed the “Surfside” bill which failed in the normal session this year was brought back up for a vote and passed



Senate Bill 4D –  
Condo Inspections  
– What's in it

- Information Reporting Requirement to the DBPR
- Milestone Inspection Requirements
- Structural Integrity Reserve Study Requirements
- New Reserve Budget Requirements

# Information Reporting Required to DBPR

**Who must provide this information:** Condominium and Co-Op associations existing on or before July 1, 2022

**When must it be provided:** Information must be provided to the Division on or before January 1, 2023

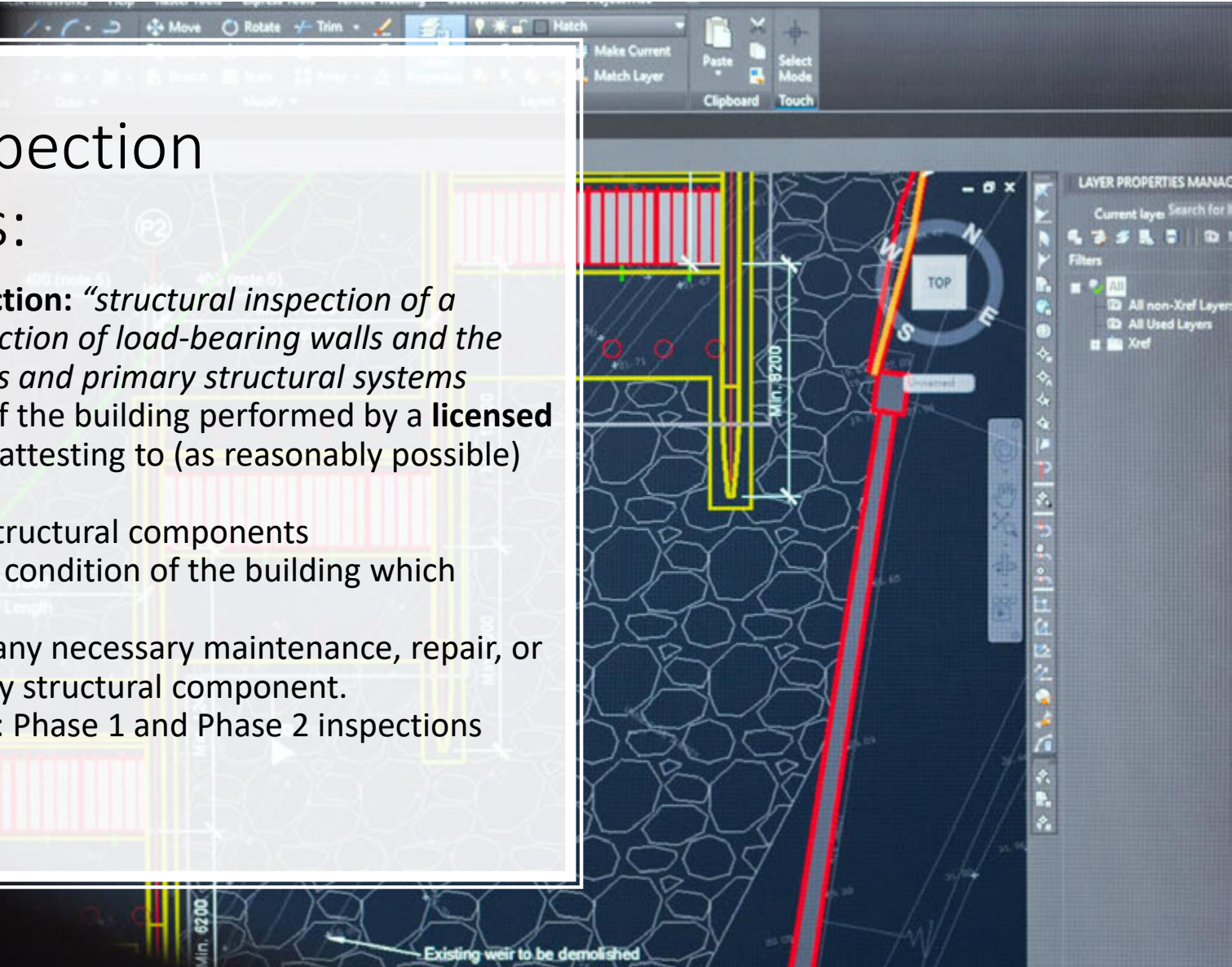
**What must be provided:**

- i. The number of buildings on the condominium property that are three stories or higher in height.
- ii. The total number of units in all such buildings.
- iii. The addresses of all such buildings.
- iv. The counties in which all such buildings are located.

**How must it be provided:** In writing, by e-mail, United States Postal Service, commercial delivery service, or hand delivery, at a physical address or e-mail address **provided by the division and on a form posted on the division's website:**

# Milestone Inspection Requirements:

- 1. What is a Milestone Inspection:** *“structural inspection of a building, including an inspection of load-bearing walls and the primary structural members and primary structural systems*
  1. Structural inspection of the building performed by a **licensed Architect or Engineer**, attesting to (as reasonably possible)
    1. Life safety
    2. Adequacy of the structural components
    3. General structural condition of the building which affects safety
    4. Determination of any necessary maintenance, repair, or replacement of any structural component.
  2. Divided into two types: Phase 1 and Phase 2 inspections





# Milestone Inspections - Who must comply?

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## **Who must comply: Condos & Co-Ops**

1. Must be completed by December 31<sup>st</sup> of the year in which the building reaches 30 years of age based on the Certificate of Occupancy (CO), Then every 10 years thereafter
2. If within three (3) miles of the coastline: Inspections must be completed by December 31<sup>st</sup> of the year in which the building reaches 25 years of age (based on CO), Then every 10 years thereafter





## When must you comply with Milestone Inspections:

- 1. When must buildings comply:** For buildings with **CO's** issued on or before July 1, 1992 or July 1, 1997 for buildings within 3 miles of Coastline:
  1. The initial milestone inspection must be performed before **DECEMBER 31, 2024.**
  2. If the CO issuance date is not available, the date of occupancy shall be that which is evidenced in any record of the local building official.

# Phase 1 & 2 Milestone Inspection Reqs.

## **Phase 1 Milestone Inspection**

- a. A visual examination of habitable and non habitable areas of a building, including the major structural components of a building, and provide a qualitative assessment of the structural conditions of the building.
- b. If the architect or engineer finds no signs of substantial structural deterioration to any building components under visual examination, phase two of the inspection, as provided in paragraph (b), is not required.

## **Phase 2 Milestone Inspection**

- a. Must be performed if any substantial structural deterioration is identified during phase one.
- b. A phase two inspection may involve destructive or nondestructive testing at the inspector's direction. The inspection may be as extensive or as limited as necessary to fully assess areas of structural distress in order to confirm that the building is structurally sound and safe for its intended use and to recommend a program for fully assessing and repairing distressed and damaged portions of the building.



# Structural Integrity Reserve Study

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**Who must Comply:** Condominium and Co-Op Associations existing on or before July 1,2022, controlled by unit owners other than the developer with buildings of 3 or more stories, must have the Structural Integrity Reserve Study completed by **DECEMBER 31, 2024**

- Studies must be completed at least once every 10 years thereafter

**Who can perform a Structural Integrity Reserve Study:**

- The visual inspection portion of the structural integrity reserve study **must be performed by an engineer licensed under chapter 471 or an architect licensed under chapter 481.**





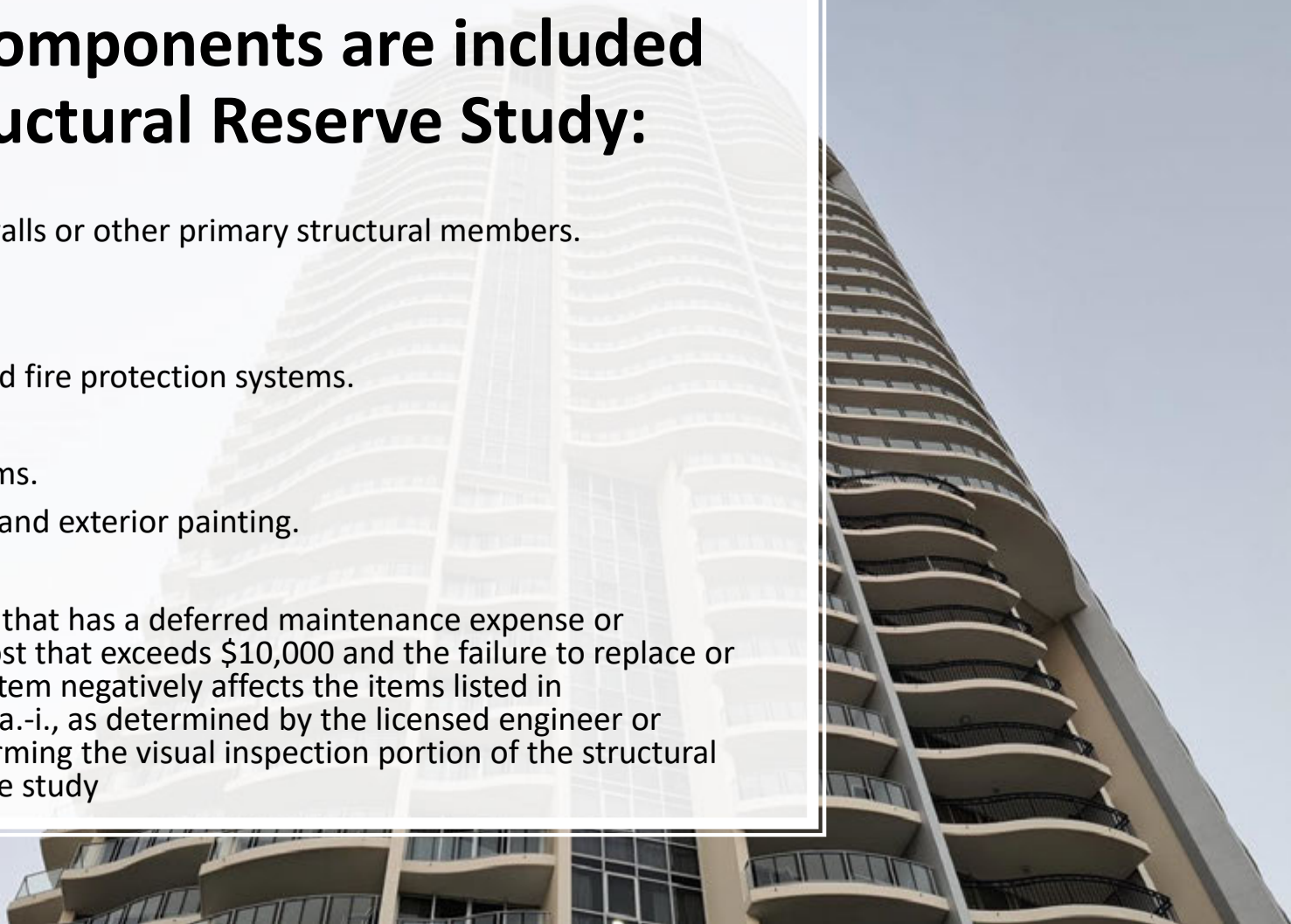
# What is a Structural Reserve Study

At a minimum, a structural integrity reserve study must:

- Identify the common areas being visually inspected
- State the estimated remaining useful life
- State the estimated replacement cost or deferred maintenance expense of the common areas being visually inspected
- Provide a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each common area being visually inspected by the end of the estimated remaining useful life of each common area.

# What components are included in a Structural Reserve Study:

- Roof
- Load-bearing walls or other primary structural members.
- Floor.
- Foundation.
- Fireproofing and fire protection systems.
- Plumbing.
- Electrical systems.
- Waterproofing and exterior painting.
- Windows.
- Any other item that has a deferred maintenance expense or replacement cost that exceeds \$10,000 and the failure to replace or maintain such item negatively affects the items listed in subparagraphs a.-i., as determined by the licensed engineer or architect performing the visual inspection portion of the structural integrity reserve study



# New Reserve Requirements

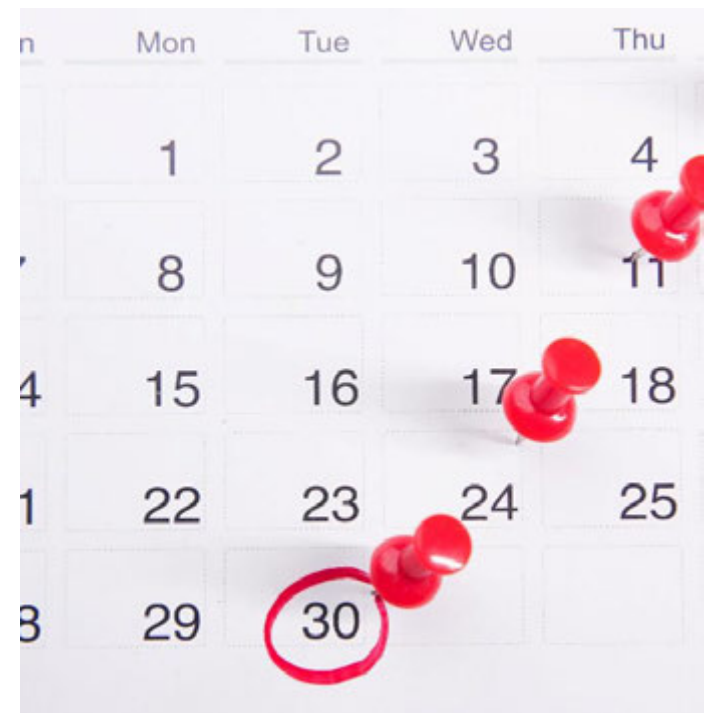
- The amount to be reserved for an item is determined by the association's most recent **structural integrity reserve study that must be completed by December 31, 2024.**
- Effective December 31, 2024, the members of a unit-owner controlled association may not determine to provide no reserves or less reserves than required by this subsection for items listed in paragraph (g).



# Recap – Deadlines

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- **New Reporting Requirements to DBPR:**
  - **Who:** All Condos and Co-Ops
  - **When:** Must comply by January 1, 2023
- **Milestone Inspection Reports:**
  - **Who:** Condos and Co-Ops 3 Stories or more at 30 years of age or 25 years of age within 3 miles of the coast
  - **When:** For buildings meeting the age criteria the first report is due by December 31, 2024
- **Structural Integrity Reserve Study:**
  - **Who:** Condos and Co-Ops existing as of July 1, 2022 under owner control with 3 or more stories
  - **When:** December 31, 2024
- **Penalties:** Failure to obtain a Milestone Inspection or Structural Integrity Reserve Study is a breach of the officers' and directors fiduciary relationship to the unit owners.



# Engineering Discussion

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- Lots of the same questions were asked:
  - Are you able to get a milestone inspection yet?
  - Are you able to get a structural integrity reserve study?
  - Are there going to be enough Engineers to do all this work?
  - Will one inspection cover the 40/50 year inspections and the milestone?
  - If I just had a 40/50 year do I need a milestone?
  - Should we delay getting a reserve study until we can get a structural reserve study?
  - What are these reports/studies going to cost?
  - Are you able to estimate useful life, replacement cost of foundation, floors, etc.?
- We'll cover those however...let's discuss some practical advice first



# Practical Engineering Advice

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- Big picture...why do we have this legislation?
- What should you be doing now?
- How can an engineer help us prior to this legislation taking effect?
- How do we keep costs down?
- What should we be doing with our reserves today?



Questions  
that are still  
unclear:

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Will 2 Story Condominiums have to fully fund structural Reserves

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How EXACTLY will the 3 mile distance be measured

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How windows are going to be handled in buildings with unit owner window responsibility

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How will the legislature address condos with pooled reserves



# Questions & Contact Information

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