

November 3, 2022

Florida's Department of Business and Professional Regulation has recently provided answers to the many questions arising surrounding Senate Bill 4-D and its interpretation. From inspection and funding requirements to reporting necessary information to the proper authorities, the bill encompasses many new ins and outs that associations will need to grasp. Here are the answers to a few of your questions pertaining to Structural Integrity Reserve Studies (SIRS), recently addressed by the Florida DBPR.

Can we still have Pooled Reserves? Yes, the bill allows for the use of the pooling method to maintain reserves. If a community is currently pooling reserves, Reserve Advisors will separate the funds into two "pools" when conducting the SIRS. The actual separation of existing funds may still require a vote of the owners but this likely depends on the defined purpose of the existing funds and may require a legal opinion.

Are associations less than 3 stories allowed to waive reserves? At this time, the Division of Florida Condominiums, Timeshares, and Mobile Homes (the Division) does not consider the new funding requirements exclusive to buildings three stories or more, so associations with buildings of any size should plan to adhere to the bill's funding requirements.

How will Senate Bill 4-D be regulated for compliance? The procedural requirements related to SIRS (when under unit owner control) and Milestone Inspections (when under developer control) will be overseen by the Division. If a complaint is received, the Division has the authority to perform a "procedural review," which will verify if the correct inspection was performed and if it was performed by a FL licensed engineer or architect.

Must associations have accumulated the necessary funding for the remaining useful life of each reserve component by 2025, given the inability to waive reserves? The Division has noted that this will depend on the recommendation of the SIRS and the reserve needs of each individual association. At Reserve Advisors, we believe that Florida Condominiums will continue to have an obligation to provide a fully funded budget, but don't feel that they will be required to have 100% of the fully funded balance on hand until the year in which the project occurs. For example, if a project is due in 2025, all of the funds for that project should be accumulated by 2025 but if a project has 5 years remaining life, the budget would only require one-fifth of the unfunded balance to be set aside during the current budget year.

Many of our clients have recently expressed concerns about the new funding requirements and the likelihood that it will add to existing financial constraints. We want you to know that our team is in your corner; working diligently behind the scenes with legislators and various industry experts to ensure future legislative actions consider the potential impact that SIRS and/or statutory funding requirements might have on the livelihood of your residents. We look forward to offering the SIRS service in the coming months, as well as keeping you up-to-date on when we will be able to serve your association.

[Click here for more SIRS information.](#)

Sincerely,

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