



ASSOCIATION
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Space Coast Communities Association

Serving Central Florida Home Owners, Cooperative, Timeshare, and Condominium Associations

Senate Bill 154 & SIRS: All You Need to Know

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Why?



Champlain Towers South





SB 4-D / SB 154 Legislative Intent

To promote and enhance the safety and financial security of condominium and co-op buildings throughout Florida by requiring professional inspections and resulting financial guidance over the life of a property.



The “Clean-Up” Bill

- Not a complete “do-over”
- Removed/adjusted components:
 - Floor, Foundation no longer specified, (but still could be considered under “structural elements”)
- Specifies that components are subject to association responsibility
- Expanded pool of providers
- More emphasis on provider’s judgment
- Other modifications to text, etc



Who?



Who is subject to the new requirements?

- SIRS: Florida condominiums and co-ops 3 stories or more in height
- Room for interpretation: should be by Association (not by building)
- → If there are any buildings over 2 stories, that should require a SIRS (in our opinion...)



Who can do the SIRS?

- “Any person qualified...” BUT....
- Visual inspection of the property must be performed or verified by a:
 - FL-licensed engineer
 - FL-licensed architect
 - Reserve Specialist (RS)
 - Professional Reserve Analyst (PRA)

An aerial view of a city skyline, likely New York City, with a prominent green overlay. The buildings are rendered in a lighter shade of green, and the overall scene is hazy. A white rectangular box is centered in the middle of the image, containing the word "What?".

What?



What is a SIRS?

“At a minimum, a structural integrity reserve study must identify each item of the condominium property being visually inspected, state the estimated remaining useful life and the estimated replacement cost or deferred maintenance expense of each item of the condominium property being visually inspected, and provide a reserve funding schedule with a recommended annual reserve amount that achieves the estimated replacement cost or deferred maintenance expense of each item of condominium property being visually inspected by the end of the estimated remaining useful life of the item.”



What is included?

- a. Roof.
- b. Structure, including load-bearing walls and other primary structural members and primary structural systems as those terms are defined in s. 627.706.
- c. Fireproofing and fire protection systems.
- d. Plumbing.
- e. Electrical systems.
- f. Waterproofing and exterior painting.
- g. Windows and exterior doors.
- h. 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 sub-subparagraphs a.-g., as determined by the visual inspection portion of the structural integrity reserve study.



What About Other Components?

“In addition to annual operating expenses, the budget shall include reserve accounts for capital expenditures and deferred maintenance. **These accounts shall include, but are not limited to, roof replacement, building painting, and pavement resurfacing, regardless of the amount of deferred maintenance expense or replacement cost, **and for any other item** for which the deferred maintenance expense or replacement **cost exceeds \$10,000.**”**



SIRS vs “Normal” Reserve Study

- A SIRS is still a Reserve Study!
- No need to contract separately for two different things—a good provider will be able to provide two sets of data as part of one combined engagement.



Potential Exclusions

- Components without a determinable useful life or replacement cost
- Components with remaining useful life in excess of 25 years

Where & When?



- All condos and co-ops in Florida that meet height requirement (no difference based on location)
- December 31, 2024: SIRS must be completed
- Funding requirements take effect fiscal year 2026 (assuming Dec 31 FYE)
 - “For a budget adopted on or after December 31, 2024...may not determine to provide no reserves or less reserves than required...”

FAQs



Q: What does “fully funding” mean?

A: DON'T PANIC! You do NOT need to fund the entire replacement cost for your components all at once!

At minimum, your funding plan must show that all components are fully funded (i.e. enough cash on hand to replace them) upon expiration of RUL.



(Continued)

The requirement calls for funding is consistent with “baseline funding,” which means keeping your pooled reserve balance above \$0 throughout the forecasted timeline.

(While legally permissible, this is still risky...we highly recommend seeking a higher threshold (\$ or % funded based) for Reserve funding.)



Q: What if we did a “traditional” Reserve Study recently? Do we need to start over?

A: There is no clear language stating that the visual inspection **MUST** be done again, but a new financial analysis will be required. The inspection **SHOULD** be re-done if outdated, incomplete, or circumstances have changed. Our approach is that any property that has not had an inspection since 2021 or earlier will need to be re-visited.



Q: Can a milestone inspection serve as the basis for a SIRS?

A: Legally, yes, if done in the last 5 years.

Practically, no. A milestone inspection is more limited in scope, so a new inspection would have to be completed to properly include ALL of the required components.



Q: Can we still use pooled reserves?

A: Yes, but it will likely require two separate pools of funds—SIRS and non-SIRS. However, the funds within each pool can be spent on any individual component listed in the schedule for that pool. We are in the process of determining how to allocate the funds from one existing pool into two, using the underlying data for component life and cost estimates in each one.



Q: Can we still waive other (non-SIRS) components?

A: Yes, but it will be harder to do so. The new voting threshold is a total majority (51% or more) of all voting interests...no longer just a majority of a quorum.



Q: Who monitors whether associations have completed their SIRS?

A: As of Spring 2024, HB 1021 seeks to require:

- 1) Associations to provide unit owners with a notice that the structural integrity reserve study (SIRS) is available for inspection and copying within 45 days of completion of the study
- 2) Condominium and cooperative associations must notify the division within 45 days after the SIRS is completed.



Q: Who decides whether to exclude funding for components with remaining useful lives exceeding 25 years (or of indeterminable useful life/cost)?

A: The provider of the SIRS is responsible for making this determination, not the Board of Directors or other Association representatives!



Thank you!

Questions?



Need more help? Send an email to **wsimons@reservestudy.com**