

SB-4D, the Legislature's response to the building collapse in Surfside, Florida, passed into law during Special Session 2022D earlier this year. SB 4D was heard in only one committee meeting in both chambers before being considered for final passage during the special session. The usual practice is that bills of this magnitude are heard in multiple committees to get the broadest range of public input.

To refresh your memory, this bill created a statewide milestone inspection program for condominiums and cooperative buildings that are three or more stories, 30 years after initial occupancy, and for buildings located within three miles of the coast, 25 years after initial occupancy. Community Associations are now required to conduct reserve studies and apply for recertification every 10 years. The bill would prohibit associations from waiving reserves for items that require inspection.

Additionally, on the matter of inspections, there is a very limited supply of engineers and architects in this State to make such required threshold inspections. It is doubtful that the majority of condominiums in this State will be able to comply by statutory deadline in SB 4D of December 31, 2024 for threshold inspection completion.

When it comes to mandatory reserves, the legislation applies to all reserves (paving, painting, roofing, elevators, and now structural) and the cost to repair or replace. This provision will have a harsh impact not only on the On Top of the World Condominium community, but all 1.5 million condominiums (28,000 Condo Associations) in the State of Florida, beginning with the 2023 budget year will have an impact on future budget expenses since reserves are now mandated in the law (most likely impacting FY 2023-24 and forward).

In our case, imposing mandatory reserves as required under the current law, SB-4D, will add substantially to your monthly community services fee! This would be in addition to any new operating expenses that come into the next 2023-24 Budget.

I don't believe anyone on the Board wishes to see anything of that magnitude imposed on residents of this Community. If the Legislation isn't fixed, the Board will have no choice but to comply with the law on the matter of adopting mandatory reserves.

Bear in mind that the Legislative session begins on March 7, 2023. Committee meetings will begin the week of December 12, 2022 and run through February 2023. Now is the opportunity to contact your elected officials, Representative Kim Berfield and Senator Ed Hooper, to tell them that changes need to be made in SB 4D during the 2023 regular session. Share your concerns with the impact SB 4D will have on you personally and ask them to do all they can to fix the reserve provision to allow flexibility for Community Associations through alternative funding methods.

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One option floated during the regular session but not included in SB 4D was an option for an association to be able to secure a line of credit to cover this reserve obligation, but that too will come at a cost to Associations. You may wish to suggest that some version of this be adopted into

any proposed legislation. As currently adopted, SB-4D allows no flexibility in reserve funding and is a financial disaster waiting to happen.

In the broadest sense, SB 4D will adversely affect the affordability of condominium living, and by extension the value of many condominiums, once it goes into effect. I would expect many residents across the State, burdened by the cost of this regulatory compliance to begin to sell, potentially collapsing the market value. Add to this, high interest rates and the most costly insurance markets in decades..... You can see where I am going.

That said, I am forever an optimist. The worst imaginable scenario will likely never happen, provided the Florida Legislature and the Governor hear from constituents and take ownership for fixing the dual crisis of community association legislation and property insurance.

Please follow the Association home page at <https://www.otowclearwaterinfo.com/senate-bill-4-d-surfside-legislation-facts/> to find the most up to date information on this important legislation. We have provided a sample letter to send your legislator.