

Understanding Structural Integrity Reserve Study : A Guide for Realtors

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In 2022, the Condo Safety Bill was signed into law by Governor Desantis. Every 10 years a visual inspection must be performed by a qualified professional who evaluates eight (8) specific structural elements that are critical to the safety of the building and sets forth any recommended remedial or preventative measures. These areas are the roof, structural systems, fireproofing & fire protection systems, plumbing, electrical systems, waterproofing & exterior painting, windows & exterior doors, and other elements over \$10,000 that have an impact on the structural integrity of the building as determined by the visual portion of the SIRS. What sets this inspection apart from the “Condominium Milestone Inspection” is that it provides a reserve funding schedule to ensure that the annual reserve amount meets the estimated replacement costs.

The Role of Realtors in Navigating Structural Integrity Reserve Studies:

For real estate professionals, the Structural Integrity Reserve Studies introduces new considerations when assisting buyers and sellers in the sale or purchase of condominium properties. Realtors now play an essential role in educating their customers on the inspection requirements and what they may mean for the transaction process.

Key Considerations for Realtors:

1. Disclosure Obligations

Realtors have a duty to disclose pertinent information about a property’s condition and any required inspections to potential buyers. If a property requires an upcoming Structural Integrity Reserve Study (SIRS), or if one has been recently conducted, Realtors should ensure customers are informed and Buyers need to receive a copy of this report more than three (3) days prior to execution of the contract. Similarly, if structural deficiencies are discovered, these issues should be disclosed as they can affect both the safety and financial implications of the purchase. There is a new Addendum to Sales Contract Condominium that must be included in all sales contracts or else the contract can become voidable. This addendum makes it simple to put customers on notice of this study as it has two questions. Is the Association required to have the study done, and if so, have they done so - these options being checked off as appropriate.

2. Guiding Buyers and Sellers

Realtors representing sellers should advise customers on the advantages of completing this study and understanding the amount needed in reserves to address structural issues before listing the property. If a condominium’s SIRS finds that the association does not have enough reserve funding to cover the anticipated cost from the Study, fee assessments may be necessary to meet the funding

schedule. For buyers, understanding the study can be essential in estimating future costs or determining the building's long-term upkeep, especially if a fee assessment is now going to be implemented. Buyers have the right to inspect the most recent study, and if there is no study for them to inspect, this must be disclosed as well.

4. Staying Informed on Structural Integrity Reserve Studies

Florida's condominium inspection laws are relatively new and may continue to evolve. Realtors should regularly review updates to the law or guidance from the Florida Real Estate Commission to ensure they remain well-informed and provide accurate information to customers. Failure to complete a Structural Integrity Reserve Study is considered a breach of an Officer or Director's fiduciary duty, which can lead to other issues.

It is important that Realtors make sure that Buyers acknowledge and sign the Addendum or else the contract can become voidable. Once the Buyer receives a current copy of the Structural Integrity Reserve Study, they have three (3) days to provide written notice of their intention to cancel the contract.

Furthermore, Realtors might encounter challenges in transactions involving buildings where Structural Integrity Reserve Studies or repairs are pending. In such cases, educating buyers about the inspection and study timeline, the anticipated scope of repairs, and the potential financial impacts can help manage expectations and ensure a smoother transaction process.

Final Thoughts: A Safer Market for All

The Structural Integrity Reserve Study requirement enhances safety for Florida condominium residents and reflects a significant shift in building oversight. For Realtors, adapting to these regulations is essential for ensuring compliance, protecting customers, and fostering a secure and transparent marketplace. By understanding these laws and guiding customers through the intricacies of inspections, real estate professionals can contribute to a safer, more resilient housing market in Florida.