

CONDOMINIUMS IN CRISIS: HOW HEALTHY IS YOUR BUILDING?

BROUGHT TO YOU BY:



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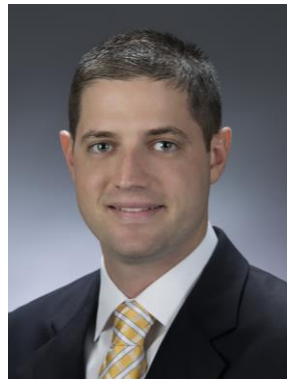
PANELISTS:



Dave McMahon
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- A series of hurricanes since 2017 that rank in the Top 10 of all time (Harvey, Irma and Maria for example).
- Consumers are paying higher premiums for less protection and fewer options.
- Frequency and severity of loss plus “creep loss” (claims filed years after an event) and increased litigation (social inflation), reinsurance carriers (insurance for insurance carriers).
- Since October 2019, Citizens’ policy count has jumped from 420,000 to 687,000.
- Florida consumers are paying a “hidden tax” to fund the litigation that averaged about \$680 per family in

Current State Insurance Market

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- Insurance; Prohibiting certain practices by contractors; prohibiting a contractor from executing a contract with a residential property owner for a roofing repair or replacement unless certain notice is included; requiring property insurers, effective a certain date, to include certain data regarding closed claims in their annual reports to the Office of Insurance Regulation; requiring the Property Insurance Corporation to include the costs of catastrophe reinsurance to its projected 100-year probable maximum loss in its rate calculations even if the corporation does not purchase such reinsurance, etc.


SB 76

DOUGLAS CHRISTY

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Florida Statute § 627.70132

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- Expect rate increases ranging from 12%-25% with consideration of these factors:
 - Age
 - Location
 - Construction type
 - High rise
 - Proven maintenance or lack thereof
 - Roof replacement
 - Claim history

After Surfside

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- More questions from underwriters:
- 1. Is there any one assessment over \$1,000,000? If so, what is the need for the assessment?
- 2. Are there known structural repairs needed? If yes, describe.
- 3. Has there been any structural repairs to the building the past? If yes, describe.
- 5. When was the last time the building was painted and waterproofed?
- 6. When was the last time the windows were sealed?
- 7. Provide update information to plumbing, electrical, roof, and air conditioners?
- 8. Provide a copy of the last engineering or inspection report, if available.

Florida Statute § 627.70132

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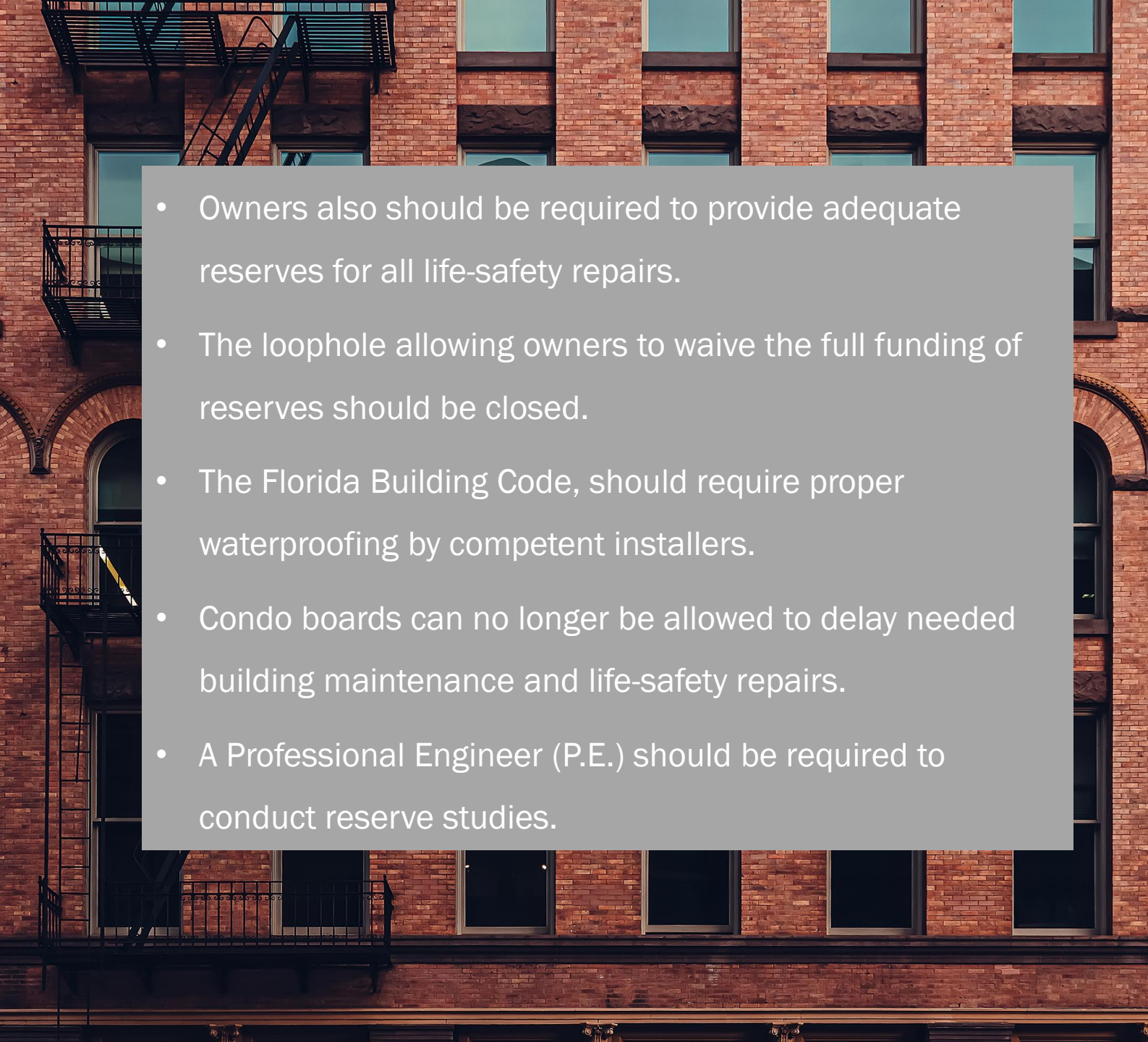
BUILDING INSPECTIONS:

MICHAEL YORK | FORGE ENGINEERING

The turnover inspection, Florida Statute 718.301-4) regulates the transfer of a condominium development from the developer of a newly constructed building to the association.

Section 553.71 of the Florida statutes, defines a threshold building as a building greater than three stories or 50 feet in height; or a building having an assembled occupancy that exceeds 5,000 square feet and has an occupancy content of greater than 500 persons.

A reserve study is a report made of all the major capital systems in the association, which evaluates how much life they have left and how much they're likely to cost when they wear out.

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- A photograph of a multi-story brick building with a fire escape on the left side. The building has several windows, some with arched tops. The image is used as a background for the slide.
- Owners also should be required to provide adequate reserves for all life-safety repairs.
 - The loophole allowing owners to waive the full funding of reserves should be closed.
 - The Florida Building Code, should require proper waterproofing by competent installers.
 - Condo boards can no longer be allowed to delay needed building maintenance and life-safety repairs.
 - A Professional Engineer (P.E.) should be required to conduct reserve studies.

Florida Laws Reserve Studies

MICHAEL YORK

- **RESERVE STUDIES**
- **RECERTIFICATION**
- **INSPECTION PROGRAM**
- **RESERVE FUNDING**

Florida
Task Force

REBECCA CIOCCI

- Pursuant to Chapter 558, when a construction defect is suspected, a property owner must wait 60 days before bringing any legal action. Within that time frame, the owner must send the other party a written notice of the specifics regarding the alleged defects. The notice must provide the other party the opportunity to inspect the alleged construction defects. The property owner then has the right to request that the other party make an offer to repair or pay for the alleged construction defect, however, they are not obligated under this law to accept any offer.

CHAPTER 558

BRADLEY
ROTHENBERG



GEOTECHNICAL STUDIES:

MICHAEL YORK | FORGE ENGINEERING

Geotechnical engineering, also known as geotechnics, is the branch of civil engineering concerned with the engineering behavior of earth materials. It uses the principles of soil mechanics and rock mechanics for the solution of its respective engineering problems. It also relies on knowledge of geology, hydrology, geophysics, and other related sciences.



CONSTRUCTION DEFECTS:

BRADLEY ROTHENBERG | ANGIUS & TERRY

Common warning signs that owners should look for when they suspect foundation issues include:

- Doors or windows that won't easily open and close
- Cracks in walls or ceilings
- Cracks in flooring
- Uneven or warped floors
- Visible breaks or cracks in the foundation
- Separation between separate sections of the building, like between the home and garage

CONSTRUCTION DEFECT LAWS:

BRADLEY ROTHENBERG | ANGIUS & TERRY

SB 270: Died in community affairs.

Construction Defects; Defining the term “material violation”; requiring that a person submit a construction defect claim to the warranty provider before bringing a cause of action; requiring that a claimant submit a construction defect claim to the warranty provider before serving a notice of claim;

CS/HB 21: Died in Judiciary Committee
Construction Defects; Revises cause of action requirements for statutory civil actions relating to certain violations; requires that person submit construction defect claim to warranty provider before serving notice of claim; provides requirements for claimant & warranty provider; provides that certain actions do not constitute admission of liability & may not be admissible in action; revises provisions relating to construction defects & notice of claim requirements;



MATERIALS/LABOR SHORTAGE:

MICHAEL YORK | FORGE ENGINEERING

The Associated General Contractors of America reported in May that prices for materials used in the construction industry rose 19.7% from April 2020 to April 2021; the “largest increase in the 35-year history of the” reports.

The spike in prices is due to a number of factors, including Canadian lumber tariffs and supply chain issues. COVID-19 played a role as well, with a surge in the number of people wanting to work on remodeling projects while in lockdown, coupled with new home purchases, caused a demand spike.

Vendors are also experiencing burnout. They're losing members of their workforce, so there has to be flexibility and understanding when projects are delayed.



LABOR SHORTAGE:

REBECCA CIOCCI | ONPOINT MANAGERS

Forbes: The 'Great Resignation.' The Bureau of Labor Statistics indicates that an additional 3.9 million people quit their jobs in June 2021 alone, falling slightly short of the 20-year record-high in April with 4 million people voluntarily leaving their jobs. Some of the reasons for the great exit:

- Reluctance to give up the flexibility of working from home.
- More money vs. quality of life.
- Decided to pursue their passion.

What can board members do to retain qualified candidates?

- Board members can expect to pay more for a qualified candidate.
- Recognize burnout and avoid turnover.
- Reach across other industries; fund licensing/career advancement.

- Place 25% of the annual budgets into a reserve fund.
- Create a stronger relationship with your service providers.
- Management / Board Member / Staff - teamwork.
- Collaborate with an engineer to create a maintenance plan.
- Consult with your association attorney before entering into unnecessary contracts with service providers.
- Obtain a professional engineer to conduct building inspections and reports.
- Contact a construction defect attorney upon the discovery of building defects.
- Plan ahead according to the industry increases.

HEALTHY BUILDING CHECKLIST

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BRADLEY ROTHENBERG

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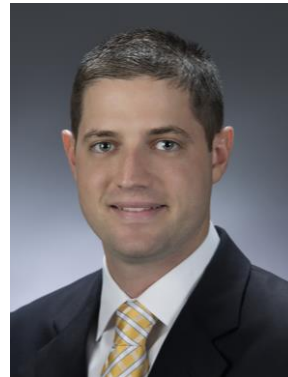
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