



CELEBRATING
55 YEARS

nerej

CAI shares condo safety resources in wake of Surfside tragedy

August 06, 2021 - Owners Developers & Managers

Boston, MA Condominium association residents and volunteer board members around the world understandably have questions about the safety of their own communities and are wondering how to protect their buildings after the tragic collapse of Champlain Tower South in Surfside, Fla. CAI the leading international authority in community association education, governance, and management, is providing information and resources to help concerned residents and board members understand structural integrity, maintenance, and reserves.

Condominium residents should ask the community's board members and community association manager the following questions:

- Is our building safe?
- What is being done to protect our health, safety, and investment?
- Does our community have a reserve study to plan for the repair and replacement of major components owned by the community? When was this reserve study last updated?
- Does our community have a plan to fund the repair and replacement of major components owned by the community?
- Does our building need an inspection by a professional engineer to evaluate the structural integrity of the building?
- Are critical components in the building such as structure, balconies, stairwells, etc., included in the reserve study?
- Will a special assessment be required to fund the repair and replacement of any components that are not included in the reserve study?

Condominium owners also can take several steps to protect themselves and their investment:

- Know your rights and responsibilities as a homeowner.
- Attend board meetings.

- Read communication from your community.
- Ask questions and participate in your community meetings and events.
- Regularly pay community association assessments.
- Agree to fund reserves for repair and replacement of major components.

Condominium association board members have a fiduciary duty to protect their community. There are several steps board members can take to ensure the community is safe:

- Determine if an inspection is needed.
- Determine if there are any signs of structural concerns that need to be addressed.
- Determine whether your building is safe.
- Conduct or review your reserve plan using best practices.
- Review your reserve funding plan and fund accordingly.
- Have a conversation with your community homeowners about reserve study/plan/schedule and funding.
- Take actions required in the reserve plan.
- Maintain frequent communication with residents/homeowners about these important issues.
- Be transparent with homeowners about how much repairs might cost and whether a special assessment may be necessary.

Understand State laws and regulations around reserve studies and reserve funding:

A reserve study is a budget planning tool—consisting of both a physical and financial analysis—that identifies the components an association must maintain or replace, the current status of the reserve fund, and a stable and equitable funding plan to offset anticipated major common area expenditures. CAI advocates for developers to transition communities with a current reserve study and a budget that includes both operational funds and reserves, as well as initial funding of reserves for future maintenance, repair, and replacement of facilities and equipment.

Many states have legislation pertaining to community association reserves and operating funds to protect owners from fiscal concerns and financial hardship. Below is a summary of state reserve fund laws.

Reserve studies or a reserve schedule for condominium associations are required in California, Colorado, Delaware, Hawaii, Nevada, Oregon, Utah, Virginia, and Washington state. Washington statutorily encourages associations to have a reserve study performed every three years unless doing so would impose an unreasonable hardship. Florida statute does not require a reserve study but requires a reserve schedule for repair and replacement of major components.

Reserve funding for condominium associations is required in Connecticut, Delaware, Florida, Hawaii, Illinois, Massachusetts, Michigan, Minnesota, Nevada, Ohio, and Oregon.

Budget disclosure of reserve planning is required for condominium associations in Alabama, Alaska, Arizona, California, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Hawaii, Illinois, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Missouri, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Oregon, Pennsylvania, Rhode Island, Texas, Utah, Vermont, Virginia, Washington, West Virginia, and Wisconsin.

Resale disclosures are required for condominium associations in Alabama, Arizona, California, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Hawaii, Illinois, Louisiana, Maine, Maryland, Minnesota, Missouri, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, Pennsylvania, Rhode Island, South Carolina, Texas, Utah, Vermont, Virginia, Washington, West Virginia, and Wisconsin.