Background:

The Florida Legislature passed a building safety law (SB 4D) in 2022. The bill was intended to prevent condo collapses like the one that happened at Champlain Towers in Surfside, Florida. The original law was, at best, ill-conceived, and very poorly written. Its vague, ambiguous language, burdensome, unnecessary, and expensive requirements opened the door to the probability of rampant contractor malfeasance and fraud. A second law, commonly known as a "glitch" law (SB 154), was passed in June of this year. That law was supposed to "fix" the problems with the original law. It did not. Many experts believe it made things worse.

The building safety law(s) require a "Milestone Inspection" intended to be a walkthrough inspection to check structural components of buildings. If deficiencies were found, reports were required to be filed with numerous organizations, including local building inspection departments. Imminent danger situations were required to be addressed immediately. The law did not put any cost constraints on, or clearly define protocols or parameters of the inspections. Engineers and architects are free to do whatever they feel is necessary to attest to building safety. It's an open invite to take advantage of unsuspecting, and sometimes very vulnerable people by overpricing walkthroughs and/or doing unnecessary and very expensive testing (for which they and almost everyone involved in the process gets a commission). If a building fails an initial (called phase 1) Milestone inspection (again, in the opinion of any engineer or architect) then a "phase 2" Milestone inspection is required. That can involve both destructive and non-destructive testing which can be very expensive.

Contractors and inspectors are playing all sorts of games with these inspections. Some are literally holding associations "hostage" by requiring unnecessary repairs to be done before they "sign off" the Milestone inspection. They offer do the work (often at an elevated cost) for the association. If they don't get the work, they may require the expensive "phase 2" inspection (and make money at that). Some are playing "tricks" with inspections. . . things like tapping a concrete wall with a hammer, saying it sounds hollow (when it is supposed to be), and requiring a phase 2 inspection because of it. Another "trick" is seeing simple cracks in concrete sidewalks and claiming its structural damage which requires Phase 2 inspections. We have heard reports of people being assessed tens of thousands of dollars because of unneeded, unnecessary inspections and "bogus" findings. Earlier this year, we calculated in a "worst case scenario" at the 9thFairway, and estimated that a

fraudulent Milestone inspection process, both phase 1 and phase 2 could cost in the neighborhood of a million dollars.

There is a second, very impactful, component of the building safety laws. That is a Structural Integrity Reserve Study (SIRS). It can have some very onerous requirements. The original law required that we put money in our reserves to pay for foundations and load bearing wall replacement (these reserves could not be "pooled", they were to be used ONLY for foundations and load bearing walls, whether we needed them or not). The second law (SB 154) "softened" the requirement a little by stating that if the Milestone finds that the foundations/walls don't need to be replaced (for 25 years) then they do not need to be in the SIRS. In our case, replacing the foundations and load bearing walls would literally result in replacing all the buildings. If we were required to reserve foundations and load bearing walls, we would be required to reserve about $800,000 a year more than we are already putting in reserves . The value of our buildings is appraised at $23 million (or $800,000 a year for 30 years). The annual total required reserve contribution with foundations and load bearing walls would be least four times what we propose to reserve each year in our present reserve schedule. It would substantially raise association fees. SIRS has also been used by contractors as leverage for doing other work.

So with that background: Scott knew an individual (for many years) who was starting an inspection company and whom, Scott felt, would give us an honest Milestone inspection.

The Milestone inspection was not required for quite some time. Because of the dire consequences of getting unscrupulous contractors, and the possibility that this company' s availability may be severely limited in the future, we contracted the company to do the inspections and SIRS last July.

We have known for many years that there are no structural deficiencies with our buildings. The owner of the company did a site visit and agreed. There was a lot of discussion between the owner of the company, Scott and Dan. Neil worked very, very hard through the hottest part of the summer to get the place in "inspection condition". The first inspector came through the facility in September accompanied by Neil. He found roughly five very minor things, none of which had anything to do with structural integrity. A few weeks later, a second inspector checked the balconies using a personnel lift. There were no findings from the second inspections. ***Thank***

you Neil !!!!!! Quite some time later, the first inspector returned and "signed off" the findings from the inspections.

After more discussion and interpretation of the standards, the owner of the company agreed to "sign off" on the Milestone inspection.

So it is with *great relief* that we present you with the attached, completed, *"clean" Milestone inspection and associated report.*

The next Milestone inspection is required in 10 years, the association should be free of those costs (and potentials) until then unless the state comes up with more "stuff". The Structural Integrity Reserve Study is in progress. Based on the "clean" Milestone, it is fairly certain that we will not be required to "reserve" for foundations and load bearing walls. Finances and budgets should remain stable. Insurance remains the "wild card" and this "clean" Milestone may be a factor in securing more affordable insurance.

Note to owners……

It's possible that this inspection report may be useful in reviewing or obtaining your personal condo insurance or renewals. Be sure to tell your insurance agent about the Milestone to see if you could reduce insurance costs. The "clean" Milestone should be a real positive for those intending to sell a unit. We are told that less that 10% of the condos in Florida have completed Milestone inspections, so If your Realtor does not ask for the inspection be sure to remind them of it and provide a copy.

This was a really, really, big deal and could have had disastrous consequences. . . If you get a chance, please thank Neil for his hard work and diligence. . . . and thank Scott for his connections, willingness to help, and difficult discussions in this process. . . . .

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Take Care