

61B-22.005 Reserves.

(1) Reserves required by statute. Reserves required by Sections 718.112(2)(f) and (g), F.S., for capital expenditures and deferred maintenance must be included in the association's budget.

(a) For a residential condominium that is not required to complete a structural integrity reserve study ("SIRS") pursuant to Section 718.112(2)(g), Florida Statutes, the association shall determine whether the deferred maintenance expense or replacement cost of an item exceeds the minimum reserve threshold published by the Division on its website for each respective calendar year. In accordance with Section 718.112(2)(f), Florida Statutes, the Department shall adjust the threshold yearly based on inflation. The association shall consider each line-item asset of the association separately.

(b) For a residential condominium required to perform a SIRS, the SIRS must identify the items that must be reserved for in accordance with Section 718.112(2)(g), Florida Statutes.

(2) Commingling operating and reserve funds. Associations that collect operating and reserve assessments as a single payment shall not be deemed to have commingled such funds provided the reserve portion of the payment is transferred to a separate reserve account, or accounts, within 30 calendar days from the date such funds were deposited.

(3) Calculating reserves required by statute. Funding formulas for reserves required by Section 718.112(2)(f), F.S., shall be based on either a straight-line accounting method or a pooled reserve accounting method, containing an analysis of each of the required line item assets.

(a) For a residential condominium that is not required to complete a SIRS, reserves for deferred maintenance and capital expenditures required under Section 718.112(2)(f), Florida Statutes, must be calculated using a formula that allocates the total estimated deferred maintenance expense or replacement cost of a line item asset or group of assets evenly over the asset or group of assets remaining useful life on an annual basis. The association shall annually evaluate whether the total deferred maintenance expense or replacement cost of each line item requires adjustment for maintenance or replacement purposes. The association must maintain funding that keeps the reserve balance above zero, unless properly waived or reduced in accordance with Section 718.112(2) F.S and this rule.

(b) For a residential condominium required to complete a SIRS pursuant to Section 718.112(2)(g), Florida Statutes, the reserve funding amount for each item or group of items identified in the SIRS must align with the funding amount listed in the most recently completed SIRS as prescribed in this rule.

(c) Straight-line Method: If the association maintains separate reserve accounts for each of the required assets, the amount of the current year contribution to each reserve account shall be the sum of the following two calculations:

1. The total amount necessary, if any, to bring a negative account balance to zero; and
2. The total estimated deferred maintenance expense or estimated replacement cost of the reserve asset less the estimated balance of the reserve account as of the beginning of the period for which the budget will be in effect. The remainder, if greater than zero, shall be divided by the estimated remaining useful life of the asset. The required annual funding amount formula is the estimated total replacement cost or deferred maintenance expense of the asset, minus the current reserve balance, divided by the remaining useful life of the asset.

(d) Pooled Method: If the association maintains a pooled account of two or more of the required reserve assets, the amount of the contribution to the pooled reserve account as disclosed on the proposed budget shall be not less than that required to ensure that the balance on hand at the beginning of the period for which the budget will go into effect plus the projected annual cash inflows over the remaining estimated useful lives of all of the assets that make up the reserve pool are equal to or greater than the projected annual cash outflows over the remaining estimated useful lives of all of the assets that make up the reserve pool, based on the current reserve analysis. The projected annual cash inflows may include estimated earnings from investment of principal. The reserve funding formula shall not include any type of balloon payments or other financing arrangements that results in a one-time payment that exceeds the standard payment amounts found on the reserve schedule, at any point of the assessment replacement term or period. In addition, pooled reserve funding schedules may not be structured in a manner that defers reserve contributions for the purpose of reducing current assessments or in a way to increase current contributions to offset or reduce future assessments. Rates of change in funding over the course of the reserve schedule may be increased or decreased to account for inflation or deflation but shall not exceed the annual inflation or deflation amount according to the Consumer Price Index for Urban Consumers or final demand for individual commodities according to the Producer Price Index.

(e) An association may change the method of accounting for statutory reserves between straight-line and pooled accounting without a vote of the unit owners, provided that such change does not alter the original authorized purpose, the required level of funding, or the restricted use of reserve funds.

1. The intent is solely to clarify when a change between pooled and straight-line reserve accounting constitutes a change in

accounting method, as opposed to a change to reserve funding levels, balances, purposes, or permitted uses. An association may change the reserve accounting method in a manner that requires the reclassification or redistribution of reserve balances between reserve components without a vote of the unit owners only if:

- a. All transferred funds remain restricted for reserve purposes authorized under Sections 718.112(2)(f) and (g), Florida Statutes;
 - b. The total balance of reserves is not reduced and the resulting line item asset or group of assets reserve balances are clearly disclosed in the association's financial reports and adopted budget;
 - c. No reserve funds are applied to a purpose other than the repair or replacement of reserve components; and
 - d. Immediately preceding the conversion from pooled reserve accounting to straight-line reserve accounting, any interest earned on reserve funds held in the pooled reserve account shall be allocated among the reserve components in proportion to each component's share of the current pooled reserve principal balance, as reflected in the association's accounting records.
2. A vote of the unit owners is required if a change in the reserve accounting method results in any of the following:
- a. The reduction or elimination of reserve funding for any reserve component;
 - b. The use of reserve funds for any purpose not originally approved by the unit owners; or
 - c. The transfer or reallocation of reserve funds in a manner that constitutes a waiver, reduction, or repurposing of reserves under Section 718.112(2)(f), Florida Statutes.

3. Nothing in this rule shall be construed to expand, restrict, or otherwise alter the statutory authority of the board of administration or the unit owners under Chapter 718, Florida Statutes.

(4) Estimating reserves that are not required by statute. Reserves that are not required by Sections 718.112(2)(f) or (g), F.S., or where a formula is not required by this rule, are not required to be based on any specific formula.

(5) Estimating non-converter reserves when the developer is funding converter reserves. For the purpose of estimating non-converter reserves, the estimated fund balance of the non-converter reserve account related to any asset for which the developer has established converter reserves pursuant to Section 718.618, F.S., shall be the sum of:

(a) The developer's total funding obligation, when all units are sold, for the converter reserve account pursuant to Section 718.618, F.S.; and

(b) The estimated fund balance of the non-converter reserve account, excluding the developer's converter obligation, as of the beginning of the period for which the budget will be in effect.

(c) For a residential condominium required to perform a SIRS and where the age of the building is at least ten years based on the original certificate of occupancy, the developer must reserve for items listed in Section 718.112(2)(g), Florida Statutes.

(6) Timely funding. Reserves shall be funded in at least the same frequency that assessments are due from the unit owners (e.g., monthly or quarterly).

(7) Restrictions on use and waiver.

(a) Restrictions on use and waiver by residential associations.

1. A residential condominium that is not required to complete a SIRS pursuant to Section 718.112(2)(g), Florida Statutes, may waive or reduce reserves pursuant to Section 718.112(2)(f), Florida Statutes. Any vote to waive or reduce reserves components for any assets not included in Section 718.112(2)(g), Florida Statutes, shall not be effective for more than one annual budget. Pursuant to Section 718.112(2)(f), Florida Statutes, the members of a unit-owner controlled association may, by a majority vote of the total voting interests at a duly noticed and properly held meeting of the association, determine to provide no reserves or less than fully funded reserves for reserve components that are not listed in Section 718.112(2)(g), Florida Statutes.

2. Assessments for any period during which an association does not have an adopted budget in effect must include the full statutory reserve funding amounts, regardless of whether they were previously waived or reduced. The required reserve funding amount shall be the amount that was previously waived or reduced in the immediately preceding budget.

3. Expenditure of unallocated interest income earned on reserve funds is restricted to any of the capital expenditures, deferred maintenance or other items for which reserve accounts have been established.

(b) Restrictions on use and waiver by multicondominium associations.

1. In a multicondominium association, a vote to allow an association to use reserve funds for purposes other than that for which the funds were originally reserved shall not be effective as to a particular condominium unless conducted at a meeting at which the same percentage of voting interests in that condominium which would otherwise be required for a quorum of the association is present in person or by limited proxy, and a majority vote of all the total voting interests of the association, vote to use reserve funds for another purpose. Expenditure of unallocated interest income earned on reserve funds is restricted to any of the capital expenditures, deferred maintenance or other items for which reserve accounts have been established.

2. Regarding multicondominium associations, no association may waive or reduce reserve funding unless an alternative funding method has been approved by the Division, as provided herein. No waiver or reduction is effective as to a particular condominium

unless conducted at a meeting at which the same percentage of voting interests in that condominium that would otherwise be required for a quorum of the association is present, in person or by limited proxy, and a majority of all the total voting interests of the association casts a vote.

(c) Nothing in this subsection shall be construed to permit the waiver or reduction of reserves required under Section 718.112(2)(g), Florida Statutes.

(8) Alternative Funding Method (AFM). An alternative funding method can only be used by a multicondominium association. An AFM must be submitted to the Division at least sixty (60) days before the meeting at which the annual budget is to be adopted and must demonstrate that it reasonably ensures the association will fully satisfy its reserve funding obligations in accordance with Sections 718.112(2)(f) and (g), Florida Statutes. The proposed AFM must be submitted to the Division through the association's online account required by Section 718.501(3), Florida Statutes.

(a) The proposed AFM submission must include the following

1. If an accountant, certified financial planner, or a person certified as a reserve specialist or professional reserve analyst by the Community Associations Institute or the Association of Professional Reserve Analysts or any other person or entity prepared, reviewed, certified, or approved the proposed alternative funding method, the association must identify the person or entity and provide any documentation supporting the conclusion that the proposed AFM is reasonably expected to fully satisfy the association's reserve funding obligations, as required by Sections 718.112(2)(f) and (g), Florida Statutes, through the allocation of funds in the annual operating budget.

2. If an attorney reviewed or approved the proposed alternative funding method prior to submission to the Division, the association must identify the attorney and provide documentation of such review or approval.

(b) Within thirty (30) days of receiving a complete submission, the Division shall notify the association in writing of any deficiencies. The association has fifteen (15) days from the Division's notification of deficiencies to correct such deficiencies and submit the updated AFM. Failure to submit corrections within fifteen (15) days renders the submission incomplete and the AFM must be resubmitted.

(c) Submission of an AFM to the Division and any notification of deficiencies are for purposes of determining compliance with Chapter 718, Florida Statutes, and this rule.

(d) Following submission to the Division, the proposed AFM must be approved by a majority vote of the total voting interest of the association. Such approval must be reflected in the official minutes of the meeting at which the vote was taken.

(9) Structural Integrity Reserve Study. A Structural Integrity Reserve Study includes a Full Structural Integrity Reserve Study, Update with Site Visit, Financial Update Without Site Visit. All SIRS, including any updates or amendments, must be properly completed using the current DBPR Form CO 6000-10, Structural Integrity Reserve Study (SIRS) Form, incorporated herein by reference <http://flrules.org/Gateway/reference.asp?No=Ref-19575> and effective August 2026.

(a) The ten (10) year statutory requirement for the completion of a SIRS by a residential condominium association, as provided within Section 718.112(2)(g), Florida Statutes, shall only be satisfied by the completion of a Full Reserve Study encompassing all statutory items and requirements identified in that subsection. Residential condominium associations subject to Section 718.112(2)(g), Florida Statutes, must complete a Full Structural Integrity Reserve Study at least once every ten (10) years.

(b) Updates to SIRS and visual inspection requirements.

1. A residential condominium association may update the reserve schedule portion of a SIRS without conducting a new visual inspection if the SIRS with the most recent visual inspection was completed within the preceding 36 months and the update is limited to changes in reserve funding amounts, or the estimated replacement cost of reserve items. An update required under Section 718.112(2)(g)4.c., Florida Statutes, that solely relates to changes in the association's funding method, including special assessments, the securing of a line of credit, or loan, does not require a new visual inspection.

2. A visual inspection is required when updating a SIRS if, since the last visual inspection any incident or disaster at the condominium property that may reasonably be expected to affect the structural integrity or life-safety systems of the building has occurred.

3. If the estimated remaining useful life of a reserve item changes due to a repair or replacement of the reserve item, the association's next SIRS shall include a visual inspection of the reserve item.

4. SIRS that are updated due to a change in the remaining useful life of a specific reserve item shall not alter the estimated remaining useful life of other items unless a visual inspection of the affected item is performed.

5. An association must obtain an updated SIRS if the projected year-end reserve balance for any fiscal year differs from the projected year-end reserve balance in the most recent SIRS by an amount equal to or exceeding fifty percent of the association's most recent annual cash inflows to reserves.

6. An association must obtain an updated SIRS if the completion of a repair, replacement, or maintenance of an item included in

the SIRS deviates from the schedule in the SIRS by more than two years, either earlier or after the anticipated date listed in the most recent SIRS.

(c) Completed SIRS and distribution requirements.

1. For purposes of this rule, a completed SIRS is the version of the study that has been signed, dated, and delivered to the association by the licensed professional or qualified company that performed the SIRS.

2. The association must distribute or otherwise make available the completed SIRS to unit owners, and must file notice with the Division pursuant to subparagraphs 718.112(2)(g)11. and 12., Florida Statutes. Preliminary drafts or revisions prepared for internal board review do not constitute a completed SIRS for purposes of this rule. The association must file notice of completion of SIRS and Affidavit of Acknowledgement using DBPR Form 6000-11, Affidavit of Acknowledgement, incorporated herein by reference <http://flrules.org/Gateway/reference.asp?No=Ref-19576> and effective August 2026, to the Division through the association's online account, as required pursuant to Section 718.501(3), Florida Statutes.

3. If, following an update made pursuant to this rule, a completed SIRS is subsequently amended, replaced, or the reserve schedule is modified, the association must again comply with subparagraphs 718.112(2)(g)11. and 12., Florida Statutes, if such amendment, replacement, or modification materially affects the estimated remaining useful life, estimated replacement cost or deferred maintenance expense of any reserve item, or alters the overall reserve funding schedule, reserve funding requirements of any item required to be included in the study, results in reserve items meeting or exceeding the statutory reserve threshold, or adds or removes items from the SIRS.

(d) An association is required to implement and fund reserves in accordance with the most recent SIRS, and shall not alter or otherwise manipulate the findings of the SIRS, including the estimated remaining useful life or cost of repair or replacement of reserve items, or any other determinations contained in the SIRS.

(10) Each association required to complete a SIRS shall complete and submit the Structural Integrity Reserve Study (SIRS) Reporting form available on the association's online account with the Division for each study completed for the association. This reporting requirement applies to both initial and amended SIRS.

(11) Statutory references in this rule are to the Florida Statutes, as amended, including any subsequent renumbering of statutory provisions.

Rulemaking Authority 718.112(2)(g), 718.112(2)(f), 718.501(1)(g) FS. Law Implemented 718.112(2)(f), 718.112(2)(g), 718.501, 718.618 FS. History—New 7-11-93, Formerly 7D-22.005, Amended 12-20-95, 1-19-97, 12-18-01, 12-23-02, 10-4-26.