

Help for homeowners associations

Property manager teaches boards what to do when foreclosures cut into regular dues

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As wave after wave of foreclosures hit both the single-family home and condominium markets, homeowner associations are struggling to find ways to make up the difference when the owners bail and the bank will not pay the dues.



STAFF PHOTO / ED PFUELLER /

ed.pfueller@heraldtribune.com Julie Trimpe-Steed has watched how uncollected homeowners association dues have caused problems across Southwest Florida. She now offers classes for association leaders to help them deal with the situation.

A recent survey by the Fort Lauderdale-based Community Advocacy Network, a nonprofit organization that advocates on behalf of community associations statewide, found the No. 1 desire amongst association members is that the Florida Legislature grant them more authority to go after delinquent neighbors.

A close second was a law that allows associations more enforcement ability against troublesome owners who violate the rules.

"I think this survey brings to light some issues that are important to homeowners that have yet to be addressed in Tallahassee," said Donna Berger, CAN's director.

"We felt this survey was important to give lawmakers solid feedback as to what is really on the

minds of people who live in communities governed by homeowners' associations with the hope that their concerns and issues will be addressed."

The foreclosure crisis has been the catalyst for several new or ramped-up units within the region's major real estate firms designed to not only help clear the bloated inventory of foreclosures and shorts sales, but also make money while doing so.

Now the related and growing problem of associations coping with a shortfall in dues and the subsequent lack of direction has spurred at least one local company to find a market niche there as well.

Sarasota's Community Association Management Academy offers training seminars and consulting services to help association board members, residents and the outside firms that manage associations understand the intricacies of working within these entities in today's market.

During the last year, longtime property manager Julie Trimpe-Steed has developed the CAM Academy as she has watched the problem of uncollected dues and the related bickering that ensues.

The fallout is a double whammy that affects both newer and longtime associations.

"The problem that we are seeing on our end is the newer communities with lots of speculators are having the biggest problems because a lot of those units are being turned over to the banks," she said.

"And the older communities have never had any delinquency issues and they have never had to deal with the lien process. It's foreign to them."

CAM recently released its first training video, the 22-minute "A Simple Guide to the Complex World of Community Associations," a guide to understanding key elements of association management.

Budgeting and assessments

It is no secret that many Sarasota, Manatee and Charlotte county associations are awash in a whole new series of problems.

Foreclosures, units or houses stuck in a clogged legal system just waiting for a new dues-paying owner to arrive.

Vacant properties with overgrown laws, moldy walls, and trashed interiors being cared for by neighbors in a rotation, mowing the lawn and edging the driveway just so those still paying their way do not see a further lowering of their home values.

Facing those challenges, and seeing a business opportunity within them, Trimpe-Steed has expanded her property management expertise into a three-pronged series of classes for association leaders to take to learn how to conquer the challenges while remaining a cohesive group.

One class deals with budgeting and financing options. Another covers effective association

meetings and overall operations.

The third focuses on legal questions that may arise as the region's associations deal with the new dynamics.

"We talk about whether they can budget it into their next budget or whether they will need to make a special assessment," she said. "And even if they borrow the money from a bank, the association will still have to pay it back."

Cost for CAM's classes range from \$59 to \$79 per person. Trimpe-Steed can also parachute in, so to speak, and help an association in dire straits navigate through the hassles for a consultant fee ranging from \$35 to \$55 an hour.

"We try and keep it reasonable," Trimpe-Steed said. "Most associations are on very tight budget and we understand that."

She said half of her fledging company's business is dealing with new legislation and half is dealing with new dynamics, like those communities built in the late 1970s and early '80s whose board members have never had to deal with liens and foreclosures.

A fiduciary responsibility

Despite many of the new challenges facing associations dealing with a glut of foreclosures, Trimpe-Steed said much of her work deals with the age-old problems plaguing associations: disputes between the board majority and the residents.

"We gear our classes on budgeting and reserves to have smooth financial operations, sure," she said. "But we also stress the importance of holding regular meetings to alleviate a lot of the disputes."

As state and federal lawmakers begin to pay attention to studies by Fort Lauderdale's CAN and enact new rules and laws, Trimpe-Steed said, a well-rounded understanding of these emerging edicts is vital.

"Even if they have an association manager in place, they still have the fiduciary responsibility that they hold to the association members," she said.

"The way I see the trend in this industry is that the state is starting to require more due diligence of the board members and for them to have more knowledge," Trimpe-Steed said. "It was always the presumption that if you were on the board you knew what you were doing, but now they are putting some checks and balances in place."