

Printed on page D1

Florida condo associations get power in dealing with foreclosures

By Tom Bayles

Published: Wednesday, June 2, 2010 at 1:00 a.m.

Gov. Charlie Crist signed into law a measure Tuesday that will allow Florida's beleaguered condominium associations to go after up to twice the amount of delinquent dues owed them.

Condo associations had previously been limited to six months' worth in most cases.

When the law takes effect on July 1, associations also will be able to deny owners who owe money access to pools or other common-ground amenities.

Other provisions of the "Distressed Condominium Relief Act" let an association either delay or discard some previously required -- and very costly -- upgrades to a building's fire alarms, sprinklers system and elevators.

The new law is another government effort to help Florida's condo associations recover from a years-long slide in revenue from dues, plummeting unit values and declining occupancy rates as foreclosures ran rampant in the wake of the real estate downturn.

"It has been such a worst-case scenario for the people who live in those buildings, so this is a very good thing," said Ryan Carson, a sales agent with Re/Max Premier Services on condo-laden Siesta Key. "This will be a good shot in the arm."

During the housing boom there was no hotter commodity. At the height of frenzied buying, people stood in long lines just for a chance to put a deposit down and secure a unit. Often the unit was immediately resold, or flipped, several times for a profit. Hundreds of traditional apartment buildings across the state were converted to condos.

The deflation of the market also was felt most strongly in the condo market, which has been hit by waves of defaults. Investors walked away from units bought at inflated prices and stopped paying dues.

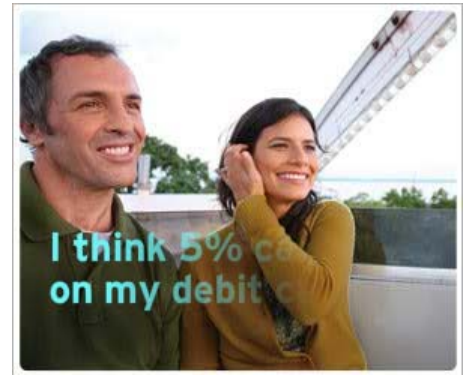
Association advocates claim that many banks have been slow to complete foreclosures to avoid having to pay back dues and maintenance costs, leading to a downward spiral.

"For condominiums and homeowner associations struggling with very high delinquencies, this will allow them to collect rent from tenants in delinquent units and homes without having to go to court," said Donna D. Berger, executive director



HERALD-TRIBUNE ARCHIVE / 2009 / DAN WAGNER

Associations welcomed the new law after dealing with years of sliding revenue from dues, plummeting unit values and declining occupancy rates caused by foreclosures.



of the Community Advocacy Network. "For failed condominium conversion projects, this will hopefully encourage investment in these communities."

Copyright © 2010 HeraldTribune.com — All rights reserved. Restricted use only.

Stephen Demchak, treasurer of the Second Bayshore Condominium Association in Bradenton, said the new law will help associations the most by making banks pay up to one year's worth of back dues when they foreclose.

"It has evened up the playing field considerably," Demchak said. "But we still need to come up with a method where the banks must complete their foreclosures in a much quicker time."

Demchak said his condo complex was completely occupied and nearly foreclosure-free before the downturn. Speculator-fueled buying pushed occupancy rates down to as low as 85 percent during the last two years as many investors abandoned their units.

"When you're missing two years of association fees, that puts a real strain on the budget," he said. "If this goes on any longer we are going to have to go to a special assessment."

This story appeared in print on page D1