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## Crist signs condo reform bill

By Paul Owers, Sun Sentinel

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Florida Gov. Charlie Crist signed into law Tuesday a sweeping condominium reform bill that's expected to help associations devastated by financial problems.

The bill, SB 1196, requires lenders that foreclose on condo units to cover 12 months of unpaid homeowner association assessments or 1 percent of the original mortgage debt, whichever is less. Previously, lenders had to pay six months of assessments or 1 percent of mortgage debt.

The measure also makes it easier for condo boards to opt out of expensive fire sprinkler, smoke detector and elevator upgrades that must be completed by 2014. In addition, the bill adds protections for bulk buyers of condo units and suspends voting rights for condo owners who are 90 days delinquent.

As foreclosures mount, condo advocacy groups have been urging Florida lawmakers to shift more of the burden of unpaid assessments to lenders. The associations face budget shortfalls because of the increase in vacant units. The reduced revenue has resulted in the postponement of maintenance and other services.

"Any time you can get lenders to agree to pay more, it's a cause for celebration," said Donna DiMaggio Berger, a Fort Lauderdale lawyer who helped draft the bill.

Anthony DiMarco, executive vice president of government affairs for the Florida Bankers Association, said lenders will adapt to the new law. But he said it could negatively affect condo lending in the short term.

"It might," he said. "We're not sure. Anytime there is more cost, you have to underwrite the loan differently."

With no line-item veto, Crist vetoed the bill last year. He sided with fire marshals and others, who said the lack of sprinkler systems was a safety issue.

Berger said some condo associations now will be able to collect twice as much money from lenders as before. But other lawyers argue that most banks never will have to cover an entire year's worth of unpaid assessments.

SB 1196 was sponsored by Sens. Jeremy Ring, D-Margate, and Mike Fasano, R-New Port Richey, and Reps. Ellyn Bogdanoff, R-Fort Lauderdale, Maria Lorts Sachs, D- [Delray Beach](#), and Matt Hudson, R-Naples.

The Florida Senate approved the bill 38-0 in April, while the House later voted in favor of it 107-4.

Also Tuesday, Crist signed a bill that requires property appraisers in Florida to declare homes with defective Chinese drywall worthless for tax purposes. The value of the land remains unaffected.

[Boca Raton](#) attorney Allison Grant, who has more than 500 Chinese drywall clients across Florida, said Florida property appraisers aren't consistent in addressing homes with the problem wallboard.

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[Palm Beach County](#) Property Appraiser Gary Nikolits has reduced values of homes with Chinese drywall by 70 percent. [Broward County](#) Property Appraiser Lori Parrish has cut values by 50 percent.

"This is very good news," Grant said of the bill. "It gives us uniformity. This is what we need."

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