

Boynton Forum, April 2, 2010

Florida condo community associations need solutions to stay financially afloat in face of widespread foreclosure and owner delinquencies

Rep. Maria Lorts Sachs, D-Delray Beach, invited a group of nine South Florida experts to come up with solutions she can turn into state law reforms.

The condo posse of nine leaders she assembled last week for a meeting represents condo and homeowner associations, community association law firms and Florida lenders.

Among the bunch were leaders of the Delray Alliance, the West Boca Community Council and the Coalition of Boynton West Residential Associations, umbrella organizations that represent a combined 300,000 community association owners.

“I have a lot of hope we can get something done this year,” said Ken Lassiter, president of COBWRA and its membership of 88 homeowner and condo associations.

Acknowledging similar reform efforts failed to pass new laws the past two years, Lassiter said “We have to buttonhole as many lawmakers as we can. We have Sachs introducing a bill and we’re getting feedback from other lawmakers who weren’t interested in helping before who are interested now.”

When owners don’t pay maintenance fees, due to foreclosure or other reasons, associations lose revenue and often force dues-paying owners to pay higher fees, pushing some of those owners onto the financial brink. The vicious cycle has left many South Florida condo and HOA communities in financial shambles.

Sachs said she plans to introduce a bill that protects condo and homeowner associations from foreclosure revenue losses and provides them the authority to collect money from owners who simply choose not to pay maintenance fees. Specifically, she is considering:

TV service: Allowing associations to suspend the rights of owners in arrears from using cable, satellite or other TV service paid for by association fees.

Rental rules: Empowering associations to rent out vacant units in foreclosure and apply rental income toward maintenance and bank fees.

Right of access: Extending to HOAs the right to enter vacant homes for the purposes of security, safety and maintenance. Florida law extends such access rights to condo boards.

“We’re getting the conversation going on how to get associations financially healthy again,” said Scott Tennell, president of the Florida Mortgage Professionals Association. “Something has to be done,” he said, and it will take the efforts of all parties, including owners, associations and lenders.

Among the political challenges faced by the Sachs Nine, time isn’t on their side. The deadline for Florida lawmakers to file a bill in time for the regular session is Tuesday.

“We won’t be rushed,” said Sachs. “If I have to, I’ll ask the speaker to add it to the agenda later. What is important is that we come up with something that works for all parties and protects the people hurt by all of these foreclosures the most, those who bought into the dream of living together in a shared community.”

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