



## Homeowners Associations Win Foreclosure Case



**Reporting – David Sutta**

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Condo associations across South Florida have been struggling with homeowners, many of whom are in foreclosure, who are not paying their dues. The shortfall of money has led to horror stories of garbage piling up and water being turned off which makes many buildings uninhabitable.



Struggling condo associations are claiming a victory tonight. In May CBS4 first told you about the use of a legal maneuver being used to collect rents from landlords who were not paying their association dues. One owner challenged the court decision, and the Third District Court of Appeals has ruled in favor of the condo association.

At the Village at Dadeland the pools are closed, the grass overgrown, and the association is teetering on the edge. Maggie Lujardo, president of the association, told **CBS4**, "At this point we are just barely able to pay the necessities." The village is on the same boat hundreds of associations across South Florida are in.

Revenues have fallen off a cliff as homeowners, many in foreclosure, are choosing not to pay their bills. In May The Oaks in Miami Gardens began using a new legal strategy presented by the Associated Law Group. The attorneys proposed to go after landlords who were collecting rents but not paying their association dues.

### **How It Works:**

Instead of rent payments going to the landlord, the court appoints a receiver to collect that rent. The receiver then pays the association what's owed.

What's new about this maneuver though is the judge isn't doing this on a case by case basis. The receiver is appointed to collect for any rental unit in foreclosure in the entire building.

### **It Is Working:**

David Arnold, an attorney with ALG, believes the method will bring associations out of this mess.

"I read all the time in the paper attorneys saying there is nothing you can do," said Arnold. "That's not true. There is a lot you can do. You just have to change your method."

Arnold has 21 associations doing this now, with more coming online every week. Recently the developer of the Village challenged this tactic. He owns 15 rental units and believed each case should be handled individually. The Third District Court of Appeals just ruled unanimously against him. The developer has to pay up.

"It's not a win that's going to get us a \$1,000 or \$1,200 a month," said Lujardo. "It's essentially going to get us 15 to 16 thousand dollars, maybe even more depending on what he's renting those units out for."

She hopes the money will put the community back in order just as this program did for The Oaks, which is now bringing in more money than bills.

"It says to me that justice has been done, and I think it gives all of the associations a light at the end of the tunnel." said Lujardo.

One of the biggest concerns of tenants in all of this though is if they pay their rent to the association, can their landlords evict them? The answer is no. The landlord still has to honor your lease, even though they are no longer receiving money directly.