



Blanket receivership: Another way to get someone to pay overdue fees

A new maneuver called reverse foreclosure helps condo and homeowner associations collect badly needed overdue maintenance fees.

BY RACHAEL LEE COLEMAN

Reverse foreclosure isn't the only relatively new weapon available to condo associations mired in debt and despair because of unpaid fees.

Another is blanket receivership. Pioneered last year, blanket receiverships permit the systematic seizure of rents paid by tenants occupying units whose absentee owners have stopped paying maintenance fees.

Before last year, condo associations assumed they had to file individual lawsuits whenever they wanted to attach rent money on individual delinquent units.

Blanket receiverships allow for the appointment of a court-approved representative to scoop up all of that rent money and hand it to the association. No need for individual lawsuits.

Olive Glen, a 276-unit condominium in Pompano Beach, was saved from bankruptcy by a blanket receivership, said Don Clobes, president of the condo association. At the time the association went to court, nearly half the units were behind on maintenance fees — a total of \$548,000 in arrears.

Scores of units were vacant and deteriorating, some stripped of their appliances and fixtures.

"We were boarding them up and trying to keep them secured," Clobes said.

"The owner didn't care because they were being foreclosed. But we were losing owners and renters because of it . . . And all of our services were being cut off."

Late last year, a judge approved the blanket receivership. Since then, the association has collected \$30,000 from investors who were collecting rent but not

paying maintenance fees — enough to cover insurance and utility bills and begin making repairs.

"The receivership saved us," Clobes said.

The Village at Dadeland, a 410-unit condo complex on Southwest 82nd Street was in similar disarray with more than \$863,000 in unpaid maintenance fees.

"They had such a deficit that they weren't able to pay for garbage pickup," said Michael Furshman, managing partner of the Title Company of Florida, LLC. "Everything was getting ready to be turned off. This was a real emergency."

The association went to court and got Furshman's company named the receiver. It has since collected \$50,000.

Gary Poliakoff, of the law firm Becker & Poliakoff and co-author of *New Neighborhoods: The Consumer's Guide to Condominiums, Co-Ops and HOAs*, views these strategies as "little gimmicks that aren't solutions to the problem." Although he added: "I appreciate the creativity."

Jerry Libbin, Miami Beach commissioner and activist on condo association issues, agrees that the real solution lies in legislative action.

"I'm a big proponent of anything that shifts more of the burden onto the banks and off of the folks who are getting stuck with outstanding association fees and special assessments," Libbin said.



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