

The Miami Herald

FRONT PAGE BUSINESS SECTION



WEDNESDAY, SEPTEMBER 9, 2009

Condo converter ordered to turn over 15 units to association

A condo converter must turn over 15 units to the condo association because he failed to follow a court order.

BY MONICA HATCHER

A South Florida condominium converter who was renting out units but ducking his maintenance fees has been ordered to turn over ownership of 15 units to the condo association, plus rent checks that had been improperly collected.

Facing possible jail time for contempt of court, developer Robert Wolfarth, the managing member of the Village at Dadeland Associates, agreed to hand over title to the units in about 90 days.

He also was ordered to pay the association \$11,700 in rent owed under a blanket receivership established in June. Under a blanket receivership, a judge appoints a single custodian to collect rents from all tenants living in units subject to foreclosure by a condo association.

Such receiverships are a relatively new legal tool being used by associations to collect maintenance fees. The order against Wolfarth, issued Aug. 27, demonstrates how effectively they can be used, said attorneys representing the Village at Dadeland Condo Association.

"It couldn't come at a better time because we are collecting less now than we were a year ago because of all the other foreclosures and this whole real estate crisis," Maggie Lujardo, president of the condo association of the Village at Dadeland, said Tuesday. After filing foreclosure, blanket receiverships are now considered one of the surest ways for asso-

ciations to collect past due fees, since tenants and landlords who do not remit rent payments to the receiver can be found in contempt of court and face jail time, fines and other penalties. The receiverships do not apply to homeowners who are living in their units and have fallen behind.

Previously, it was assumed the law required associations to file a separate request for each unit, making the cost of the process prohibitive for financially struggling communities.

In July, Wolfarth appealed the blanket receivership to the Third District Court of Appeal, but the case was rejected in a move that helped bolster the legitimacy of the novel legal remedy.

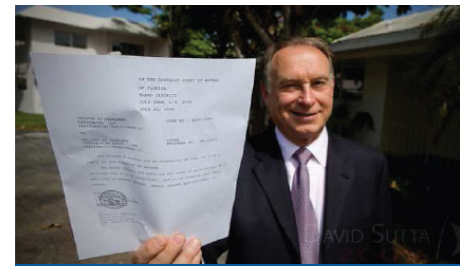
The strategy is credited with pulling some associations from the brink of financial collapse.

BADLY NEEDED

Such a remedy was badly needed by the 410-unit Village at Dadeland, 7440 SW 82nd St., a complex that was riddled with foreclosures. The association was granted a blanket receivership in June.

Lujardo said around 60 percent of the unit owners were past due on maintenance fees, which are used to pay for basic utilities and other services.

One of them was Wolfarth, an investor-owner and developer who was collecting rents from his units while dodging more than \$175,000 in maintenance fees.



David Arnold Esq.,
Association Law Group, Inc.

The new order against Wolfarth was issued following a hearing to determine whether he should be held in contempt of court for interfering with the blanket receivership. Ben Solomon, an attorney with Association Law Group, the firm representing the Village at Dadeland, alleged Wolfarth had been telling his tenants to continue paying him. Solomon estimated Wolfarth was collecting as much as \$15,000 a month in rent. Wolfarth's attorney declined comment. A court transcript shows that Miami-Dade Circuit Judge Ronald Friedman was prepared to enforce the receivership to its fullest extent if Wolfarth, who had missed a previous hearing, did not resolve the situation.

"I don't know whether your client has a good response or whether he wants to go to jail," Friedman said to Wolfarth's attorney before he temporarily adjourned the hearing and instructed the parties to try and settle their differences before meeting again later Aug. 27.

With that said, Solomon said Wolfarth was more interested in negotiating. Once the condo association gets possession of the units, it plans to continue renting them out and using the money to pay off Wolfarth's old debts -- that is until Wolfarth's mortgage lender comes calling.

RECOUPING MONEY

Lujardo said she was beside herself when she got the news.

Taking ownership of the units would allow the association to recoup some of the money lost over the years.

"We are very ecstatic about the whole thing and very surprised we were able to accomplish it, even though we had to jump through so many hoops," Lujardo said.

"This will send a strong message to the public that they are going to have to comply with these orders and that they will be seriously enforced if they don't," Solomon said.



Village at Dadeland Condominium Association, Inc.