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## Watching for a rebound

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The Sunrise townhome community sports fresh flowers and a new layer of mulch. Its lawns and community pool are immaculately kept. Most people would never guess that last year more than a third of the 112 homeowners weren't paying their monthly maintenance fees of \$115.

The homeowners association at Countryside at Welleby managed to stretch dollars and rely on rainy day reserves for repairs. Now times are improving. Defaults are down to 24 percent and the association president, Nidia Repinski, is hoping the worst is over.

Further south, Buckley Towers near North Miami Beach is also rebounding with the number of non-payers declining from half to about a third. But its condo association still faces daunting challenges: It owes more than \$1 million, and repairs of damages done by Hurricane Wilma in 2005 have yet to be completed. The association is still fighting for insurance money.

These two and other South Florida community associations are hoping the new year brings even more of a recovery from the real estate crisis that plunged many condo and homeowners associations into crisis. Many see signs of progress: More homeowners are paying their fees, and new people are moving into foreclosed homes and helping to pay for maintaining communities.

Indeed, Miami-Dade condo sales are rebounding with 1,039 existing units sold in November – a 37 percent jump in a month and the first time since 2006 that condo sales topped 1,000 a month, according to the Miami Association of Realtors. Broward had 781 condos sold in November, an increase of nearly 6 percent over October. More single-family homes were also sold in Miami-Dade, although in Broward the numbers slipped nearly 11 percent from the previous month.

Despite the recent surge in sales, none of the condo and homeowners association leaders interviewed would say the bad times are over – not when lenders continue to foreclose on homes and even condo and homeowners associations are moving to take over homes of non-payers.

"We still have years to go before we fully recover," predicted Peggy A. Stroker, president of Buckley Towers.

For at least three years, most associations have endured a delinquency rate that is far higher than usual. It used to be that associations had problems if more than 5 to 10 percent of homeowners weren't paying maintenance fees or special assessments. Now, most association leaders consider themselves lucky if their delinquency rate is that low. In some

communities, more than half the owners have not been paying fees, particularly in newer developments where homes have lost value.

With unemployment still high, some owners still are walking away from mortgages – and association dues – they no longer can afford. Others continue to stay in their homes but don't pay mortgages or community association fees while foreclosures proceed through the courts. That has left neighbors to pay for them.

Even after raising fees, many associations have had to scramble to pay for basic services.

Kip Farris, a property manager, said he had to stop overseeing three Miami-Dade complexes that were apartment buildings converted into condos just as the market tanked. Many owners fled, and the condo associations ran out of funds.

"They couldn't pay us," Farris said. "There is no management company. It's a total nightmare."

#### New River Condominium

In Fort Lauderdale, the New River Condominium complex was scheduled to be demolished in the fall after its mostly investor-owners, who didn't live there, abandoned it. The condo association became defunct. Neighbors complained about vandalism and said the homeless had moved into the five-building complex on the riverfront.

However, a primary lender, Bank of America, has appealed the city's order to tear down the complex that had been converted into condos – complete with granite kitchen countertops – at the height of the real estate bubble. A hearing is scheduled for Jan. 20.

Other new communities in former boomtowns such as Homestead are facing challenges in getting community associations running when many new homes are unfinished or were abandoned.

"The communities already in existence prior to 2006 are less likely to be hit hard," said Eric Glazer, a community association attorney.

Still, every community has had foreclosures and Glazer recommends that HOAs and condo associations act swiftly to collect back dues – even if it means foreclosing on homes before banks do.

Repinski, president of the Countryside townhome association, says that associations should watch finances closely. She does. Repinski considers herself lucky that she can read balance sheets as an accountant. She said she also knows to go after delinquent accounts.

But, she said, "If a family comes forth and says, 'We need a break,' then we will work with them."

Repinski is proud that, even during the real estate crisis, Countryside has mulched, planted flowers and made repairs because the HOA had carefully saved.

Keeping up appearances – even when more than a third of the owners were not paying dues

– encouraged people to buy foreclosed homes in the townhome community, Repinski said. “People have commented how well-maintained the community looks,” she said.

The new residents are paying their maintenance fees, and that has helped Countryside reduce its delinquent fees from 35 percent to 24 percent, she added.

The new year has made Repinski cautiously optimistic that the worst is over.

“I would like to think we are on an upswing,” she said.

### Buckley Towers

In Miami-Dade, Stroker just won reelection as president of the Buckley Towers condominium complex after pushing through reforms that reduced the community’s delinquency rate from half to a third.

“I’m committed to bringing this community back,” she vows.

Built in the early 1960s, the twin towers – each has 17 floors – are among the county’s oldest high-rise condominium properties. They were once a haven for well-off snowbirds. Then Buckley Towers attracted buyers who lived and worked year-round in Miami-Dade.

Many were enticed by refinancing that allowed them to buy new cars or other big-ticket items with the equity they enjoyed during the boom times. But that disappeared when the real estate market crashed in 2006.

At the same time, the 564-unit condo complex was trying to recover from Hurricane Wilma’s destruction in the fall of 2005. The condo association soon had a cash flow problem when it needed to make repairs – and the insurance company didn’t and still hasn’t – paid claims, Stroker said.

Faced with the hurricane repairs and plummeting property values, some owners took off. Some “left their keys on the table” in their unit, Stroker said. Some stayed but simply stopped paying their mortgage and condo dues, she added. Last year, half the owners were not paying maintenance bills, which currently range from \$371 to \$500, depending on the size of the unit.

She is now working with the county to get the building in compliance with Miami-Dade code. The association has taken out loans to pay for repairs and other necessities, and faces a Jan. 19 hearing.

The twin towers could be demolished as unsafe structures. But Stroker has overseen major work such as concrete restoration as well as air conditioning and roof repairs. That has encouraged owners, including new ones who just moved in, she said.

“We are going to make it,” Stroker vowed.