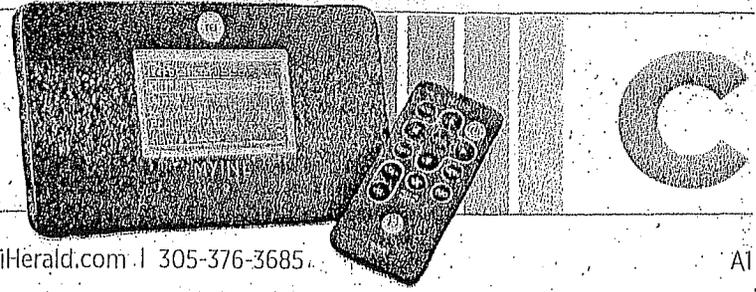


BUSINESS



Miami Herald



TUESDAY, MAY 5, 2009 | EDITOR: DAVE WILSON dwilson@MiamiHerald.com | 305-376-3685

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FLORIDA LEGISLATURE

Condo foreclosure reform fizzles

Efforts to increase the amount banks must pay condo associations for units in foreclosure died in the legislative session, as legislators continue grappling with the state's budget problems.

BY MONICA HATCHER
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Florida's condominium associations will likely face another challenging year of fighting lenders and struggling with budget shortfalls after lawmakers ended their annual session without acting on condo foreclosure reform.

Measures to increase the amount of overdue association fees lenders would be required to pay on units in foreclosure went

nowhere as lawmakers focused on cutting spending and balancing the budget in the economic downturn.

At least one lawmaker said the banking lobby also stymied efforts to resolve the growing crisis. Many condo associations overwhelmed by foreclosures and delinquent homeowners' accounts have been struggling to provide basic services to residents because they can't collect enough money from owners, including banks.

During the past year, associations have gathered in town hall meetings across the state to collect signatures and build momentum to pressure lawmakers to take up reform. They alleged banks were deliberately stalling foreclosures to avoid paying fees like other owners.

Lenders have denied this, blaming huge court backlogs for the delays. Also, they say, they're trying to work with homeowners to resolve their mortgage problems before they foreclose in a nod to demands from federal and state legislators.

Associations claim current law

encourages banks to postpone taking title to property because it caps the past dues they are required to pay the association to the lesser of 1 percent of the original mortgage amount or six months in association fees.

State Rep. Julio Robaina, the Miami Republican who has made condo reform one of the central planks of his tenure in office, placed the blame on the banking lobby, which he says made a meager attempt to negotiate and relied on Senate allies to sit on the bill.

"We're on the brink of disaster,"

TURN TO CONDOS, 2C.

*CONDOS, FROM 1C

Robaina said. "Knowing that they are getting stimulus money to bail them out in hard times, I found it very disappointing they didn't have the courtesy to offer something up to help people and the mortgagees in these properties."

His original bill would have would have increased lender liability for past-due payments for up to two years while providing incentives for those who pay arrears

when they initiate a foreclosure.

Another bill would have increased lender liability to the lesser of 12 months of past-due fees and special assessments or 20 percent of the mortgage amount. If lenders failed to make the payment to the association within 30 days of taking title, they would lose the protection of the cap.

Tom Cardwell, general counsel for the Florida Bankers Association, said the banking industry had indeed

been willing to work with lawmakers.

"The two sides ... attempted to reach a compromise and agreement during the course of the session, but the session just ended before anything got into place," Cardwell said.

Other measures that would have established a statewide registry to manage vacant homes and another establishing renters' rights when landlords enter foreclosure also failed to make it to the general legislative

body for discussion.

Robaina said the bankers won round one, but round two would come as soon as he was able to refile his association bill in the next session.

Meantime, some of Florida's condo associations have reached a breaking point.

In April, utilities were cut off for at least two condo buildings in Miami-Dade after their associations failed to pay bills because so many unit owners were in foreclosure.