



Condominium Law Q&A

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Question – Our condominium complex consists of 328 apartments in 13 buildings. Each building has its own documents which are substantially the same for each building. There is a common budget which varies for each building due to specific building needs, such as metered electric and water. Also, reserves are independently set up by each building. The allocation of common operating expenses is based on square footage of apartments in a building. The overall budget is governed by a board of directors which is made up of 13 directors who are not necessarily from different buildings. One building might have 2 or 3 directors residing in that building and another building might have none. We have completed a spalling project which involved replacement of the original contractor and resulted in substantial legal expenses. While construction expenses were allocated to each building and paid from a special spalling account, legal expenses were paid through our normal operating account. Spalling repairs were performed on 12 of the 13 buildings with work assessed by the engineer and completed by the contractor, ranging from \$355.00 for one building with only minor cracks in walkways to over \$77,000 for another building that had major damage to balconies. The thirteenth building did not have spalling repairs at this time because they had independently completed their spalling repairs several months earlier. **Problem:** The problem lies with the legal expenses: One faction feels that no further action is necessary, and the previously paid legal expenses for the spalling project should remain in the operating account for all 13 buildings with a footnote as to why this item was over budget.

Another faction feels that the previously paid legal expenses for the spalling project should be removed from the operating account and a level assessment of approximately \$4,000 be levied against each of the buildings regardless of the amount of spalling work performed on the building. The thirteenth building would be exempt. Another faction feels that if the previously paid legal expenses for the spalling project are to be removed from the operating account, they should be transferred to the spalling account and treated in the same manner as other indirect construction costs and be apportioned to each building on a pro rata basis in relation to the amount of direct construction costs. We would appreciate your opinion on which of the above three alternatives would be most appropriate, or any additional suggestions that you might have. E.F.B., Jupiter

Answer – What you have described is a multi-condominium association. That is, 13 separately declared condominiums operated by a single association. In a multi-condominium association, it is necessary that there be separate budgets and books maintained for each condominium (13). In addition, there will be a fourteenth budget for the association to cover expenses attributable to all 13 condominiums, which is necessary for the maintenance and operation of shared amenities and the association. In the instant case, 12 of the 13 buildings sustained a spalling problem, which resulted in litigation that was eventually settled with the different costs for repair being allocated among the 12 impacted buildings. I am of the opinion that

3 is the preferable alternative. Since building 13 was not involved in the controversy, it should not be assessed any of the legal fees, and given the tremendous disparity between the nature and extent of repairs between buildings, I feel that sharing legal fees in proportion to the work performed is the most equitable way of resolving the conflict.

Question – I live in a large hi-rise condominium. I take pride in my unit and take pride in meeting all my obligations on time. At a recent board meeting, the board of directors complained that there were many owners who did not pay their monthly maintenance fees on time, and this caused a shortage of operating funds each month. They failed to take action. I suggested that they post the names of the delinquent owners on the bulletin board as an incentive to get them to pay on time. Is this legal?
R.S., Flagler Beach

Answer – I totally agree with your assessment; namely, that every unit owner should timely pay the assessments and that their failure to do so harms all unit owners by reducing the amount of available cash to cover the cost of operation and maintenance of the condominium property. This said, I do not recommend posting names of delinquent unit owners on bulletin boards visible to third party guests or vendors. To do so, in all likelihood, is a violation of both State and Federal Collection laws and Privacy Acts. The association possesses the ultimate weapon for collection – the right to lien the unit and foreclose for non-payment. It should timely and aggressively enforce assessment collection.

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