



## Condominium Law Q&A

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**Question** – Our condo association is facing the issue of financial trauma due to the unacceptable laws governing delinquent HOA dues. You have discussed this issue in several articles in our Sunday newspaper. I would like to either start or participate in a campaign to the Florida Legislature to address the very problem at the root of destruction of the shared ownership system for some 5 million of us facing this situation in Florida. Do you have guidance or suggestions as to how I can take action? B.L.

**Answer** – Part of the problem, as I reported in my column, was the failure of the Administration and Congress to address the overly stringent lending guidelines enacted by Freddie Mac and Fannie Mae (neither initiates loans, but rather buys and securitizes loans) which had the effect of derailing the economic recovery. Those lending guidelines prevented lenders from making loans to creditworthy individuals because the lending criteria was based on the amount of delinquency in the shared ownership community (SOC) as a whole, and whether the SOC maintained reserves and had adequate casualty and liability insurance coverage. Apparently enough individuals, such as yourself, expressed their opinions loudly enough to force the policymakers to change the guidelines; at least for Floridians. Fannie Mae recently announced that it will pre-approve Florida SOCs for loan purchases, even if the community does not technically comply with all of its lending guidelines. Freddie Mac followed with its own set of relaxed guidelines. And, now with the Administration's new Home

Affordable Modification Program which will allow lenders to reduce the principal on loans where borrowers owe more than 115% of the value of their homes, we are beginning to see a light at the end of the tunnel. Hopefully, these new guidelines, coupled with the “Distressed Condominium Relief Act” which was recently passed by the Florida Legislature, will result in a reduction in the inventory of unsold units and bring assessment paying owners back into the State's SOCs. I’ll keep my readers up-dated as we begin to see the impact of these changes.

**Question** – Can an HOA run without an LCAM and, if so, how long can an HOA run without one? Our HOA harassed the previous LCAM so much so she resigned and gave 30 day notice. During this 30 day period they decided to let her go before the 30 day was over, leaving the HOA without a LCAM. We have three board members: President (who wasn’t elected), Secretary/Treasurer (who wasn’t elected) and a Director (who wasn’t elected). These folks, I believe, are taking turns running the office (we were self managed), and managing the property maintenance person, who just so happens to be a friend of the president. They let go the previous maintenance person after he was out for surgery (8 weeks). Upon his return to work he was notified he would only work 20 hours and he would have to work with the other maintenance person who would also work 20 hours. Needless to say the other person didn’t stay. P.M., West Palm Beach

**Answer** – While the law does not require that a shared ownership community operate with a licensed community association manager, in my book, *New Neighborhoods*, I recommend, for larger communities, the hiring of either a licensed community association manager as an employee of the association or an independent management company. I note that while there is a cost associated with hiring a manger, the benefits far outweigh the cost.

**Correction:** In a recent column I mentioned that the Condominium Act does not allow an association to electronically transmit its proposed budget. To the contrary, Florida Statutes, 718.112(2)(e) states that in addition to hand delivering or mailing the proposed budget to unit owners, the association can electronically transmit the budget to the unit owner if that owner provides location (i.e., email address).

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