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## **The Perfect Storm: Foreclosures, Budget Shortfalls and State Mandates Batter Struggling Florida Community Associations, Says New CALL Survey**

*Results from Community Association Leadership Lobby Survey Point to Continued Foreclosures, Negative Impact on Community Finances & Property Values in 2010*

*Nine out of Ten Respondents in Cash-Strapped Communities Want State Legislature to Make Banks Pay Increased Amount of Past-Due Assessments on Foreclosed Units*

FT. LAUDERDALE, FL (Dec. 1, 2009) – Results of the most recent survey of Florida’s condominium, homeowner and other community association property owners show no immediate end in sight to mounting foreclosure-related financial pressures that have resulted in increasing budgetary restraints and falling property values in community associations across the State.

In a report titled “Community Associations Face a Perfect Storm: Foreclosures, Budget Shortfalls and State Mandates,” nearly nine in 10 respondents (85.9%) to the *Fall 2009 Survey on Community Association Financial Stability*, conducted online by the [Community Association Leadership Lobby \(CALL\)](#) from October 1-26, said they expect foreclosures, delinquencies, and revenue shortfall problems to either increase or remain unchanged in 2010.

An even greater percentage of respondents (91.4%) expressed support for a legislated increase to the amount of past-due assessments a foreclosing mortgagee or bank is required to pay associations, demonstrating a sharp difference with a Florida Legislature that failed to act on just such proposals during the 2009 legislative session earlier this year.

The third consecutive survey conducted by CALL to detail the financial impact of mortgage foreclosures and related community association revenue shortfalls, the *Fall 2009 Financial Stability* survey gathered responses from 777 property owners on a range of questions related to foreclosures, delinquent payments, budget shortfalls and state mandates on the finances and governance of their communities. More than three quarters of those responding to the survey were elected Board members of their associations, giving them unique insight into particular difficulties faced by their communities in the ongoing mortgage foreclosure crisis.

According to CALL co-Executive Directors David Muller and Yeline Goin, the Fall 2009 survey results clearly demonstrate that the negative impact of the mortgage foreclosure crisis has not abated within Florida's community associations, which are crying out for a serious legislative response from Tallahassee to help them respond to their budgetary crises and maintain financial solvency.

"These survey results clearly show the so-called "ripple effect" of the mortgage foreclosure crisis has in too many cases become a *tsunami*, wrecking havoc on the finances of Florida's common-interest ownership communities and undermining their ability to deliver services, safety and amenities to the millions of people who reside in condos, HOAs and other community associations statewide," said David Muller, Sarasota-based CALL co-Executive Director and a shareholder and community association attorney with Becker & Poliakoff, P.A..

"It is incumbent on our State legislators in Tallahassee to heed the concerns of Florida's community association population and act decisively to address underlying inequities that let mortgage holders stiff communities on past-due assessments, placing an unfair financial burden on associations while undermining property values in these communities," said Yeline Goin, Tallahassee-based co-Executive Director of CALL and a community association attorney with Becker & Poliakoff.

Among the key findings of the survey detailed in the "The Perfect Storm" report are:

- An overwhelming majority of respondents (91.4%) said they would support a legislative proposal to increase the amount of assessments a foreclosing mortgagee or bank must pay, while three-quarters (75.4%) support allowing associations to collect past-due assessments directly from tenants in foreclosed units/homes.
- More than two-thirds of respondents (68.3%) reported that in the past year there has been a rise in the percentage of units/homes in their communities that are more than 60 days delinquent in regular and special assessment payments.
- Nearly two-thirds of respondents (60%) said budgetary gaps caused by foreclosure-related delinquent assessment payments have led to increased assessments in their communities over the past year.
- Nearly two-thirds of respondents (63.6%) say new legal mandates from Tallahassee have forced them to upgrade or retrofit certain building or structural components in the past two years, even as foreclosure- and delinquency-related budget shortfalls have kept nearly as many (57%) from being able to carry out major capital improvement projects for upkeep or repair of their buildings.
- Almost half (45%) of respondents said notably fewer unit/home owners are now willing to volunteer to serve on the Board or committees in their communities because of the legislative changes over the past several years to Florida statutes governing community associations.

Voluntary comments and concerns expressed by nearly a third of the 777 survey participants, including the following, demonstrate the extent of the impact of the foreclosure-related budget crisis being felt in condos and HOAs statewide:

*“The impact of delinquencies, foreclosures and budgetary pressures has subjected our community to a ‘perfect storm’ of sorts. Each issue feeds on the others and it’s very difficult to address them all.”*

**- Southeast Florida Condo Board member**

*“It is difficult to raise assessments over the remaining population of owners when you know that doing so will force another large percentage into foreclosure down the road.”*

**- Central West Florida homeowner**

*“Anything that will speed the foreclosure process, induce mortgage holders to pay current condo fees, and expedite the ability of condo associations to attach the rents of delinquent members would alleviate the strain on the association.”*

**- Southwest Florida Condo Board Member, 100-199 unit development**

*“This is a horrible situation. Lean budgets make it more difficult to maintain a building, so then it is less attractive to potential buyers. It’s a Catch-22.”*

**- Southeast Florida Board member, 500 or more unit Condo**

*“Legislative mandates and fee increases from state and county agencies are forcing us to reallocate monies from maintaining premises to paying fees. I don’t think the state realizes the impact of their legislation.”*

**- Central Florida Condo Board member, 50-99 unit development**

“The Perfect Storm” report details the responses received by a total of 777 participants in the online FALL 2009 CALL Community Association Financial Stability Survey, which invited more than 4,500 known owners of property in Florida condos, homeowners and other community associations to respond online to a set of 19 questions about mortgage foreclosure in their communities.

“The Perfect Storm” report of final results of the FALL 2009 CALL Community Association Financial Stability Survey, along with the reports of previous CALL surveys, are posted online for public viewing at the website of the Community Association Leadership Lobby at [http://www.callbp.com/pubs\\_public.php](http://www.callbp.com/pubs_public.php).

### **About the Community Association Leadership Lobby (CALL)**

The Community Association Leadership Lobby is the leading organization working to enhance the quality of life and protect property values for Florida’s community association residents. CALL advocates on behalf of more than 4,000 member communities, including condominiums, homeowners’ associations, mobile home communities and cooperatives throughout the state. More information on the Community Association Leadership Lobby can be found at [www.callbp.com](http://www.callbp.com).

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