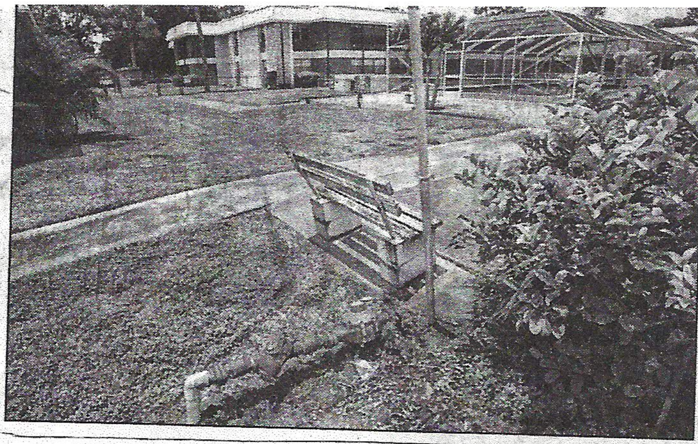

Inlet House. The Inlet House in Fort Pierce has foreclosed on seniors who did not owe the bank a dime but could not afford a $6,000 association assessment.

AP

Neighbor battles neighbor: homeowner fights get ugly

ASSOCIATED PRESS

The Inlet House condo complex in Fort Pierce was once the kind of place the 55-and-older set aspired to. It was affordable. The pool and clubhouse were tidy, the lawns freshly snipped. Residents, pushcarts in tow, walked to the beach, the bank, the beauty parlor, the cinema and the supermarket. In post-crash America, this was a dreamy little spot. Especially on a fixed income.

But that was Inlet House before the rats started chewing through the toilet seats in vacant units and sewage started seeping from the ceiling. Before condos that were worth $79,000 four years ago sold for as little as $3,000. And before the homeowners' association levied $6,000 assessments on everyone — and then foreclosed on seniors who couldn't pay the association bill, even if they didn't owe the bank a dime.

Normally, it's the bankers who go after delinquent homeowners. But in communities governed by the mighty homeowners' association, as the sour economy leaves more people unable to pay their fees, it's neighbor versus neighbor.

"What the board is doing is trying to foreclose on people to force people out the door," says Mike Silvestri, 75, who stopped paying his dues at Inlet House in protest over what he considers unnecessary and unaffordable assessments.

He and others say there were cheaper ways to deal with the rat infestation and leaky sewage that led the board to order up a costly plumbing overhaul. "They are bamboozling old people. I'm old, but I'm not senile," he says.

Now, many property owners in associations owe more than their homes are worth. Some are struggling to pay their bills after they lose a job.

To combat the rise in delinquencies, boards are switching off utilities, garnishing income and axing cable. They are yanking pool passes and banning the billi-

Today, one in five U.S. homeowners is subject to the will of the homeowners' association, whose boards oversee 24.4 million homes. More than 80 percent of newly constructed homes in the U.S are in association communities.

And of the nation's 300,000 homeowners' associations, more than 50 percent now face "serious financial problems," according to a September survey by the Community Association Institute.

Associations set rules for their communities. They levy monthly dues, typically between $200 and $500, and cover the costs of services that a municipal government usually takes care of: road repair, streetlights, sewage systems. If an association's budget is strained or major repairs need to be done, the board can levy a "special assessment" on top of those dues. And when one homeowner doesn't pay those fees, all the other homeowners have to pick up the cost.

Financial woes

A survey by the Community Association Institute shows that more than 50 percent of the nation's 300,000 homeowners' associations face "serious financial problems."

The rise in delinquencies comes as banks are taking over foreclosed homes and then leaving them vacant more often than ever. Taken together, these shortfalls are resulting in higher fees for all of the other homeowners — and massive financial angst for association boards.

In exchange for adhering to the rules, homeowners got safe communities with clubhouses, pools and tennis courts. But what many didn't realize when they bought their homes was that the fine print gave the association the right to foreclose — even over a few hundred dollars in unpaid dues.

All the association board has to do is alert its attorney to place a lien on the property to start the process. The home can then be auctioned by the board until the bank eventually takes ownership.

"These are banana republics," McKenzie says.

State legislatures in California, Arizona, North Carolina, Texas and Florida have taken up legislation that would clamp down on foreclosures.