

## Bills Spell Bad News for Bulk Condo Investors

By [Jennifer LeClaire](#) | Miami



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MIAMI—Pending legislation before Florida lawmakers could **dissuade bulk condo** investors from betting on **distressed assets**. The concurrent bills—SB 1172 and HB 643—would force bulk buyers of condominium complexes to pay a premium to holdout owners who don't want to dissolve the association.

That would mark a stark change from the past few years, where the common practice has seen investors invest in **distressed** projects in bulk and gain the power to dissolve the association and flip the property into rentals. GlobeSt.com caught up with **Jason Kellogg**, a partner at Miami-based litigation firm **Levine Kellogg Lehman Schneider + Grossman**, to get his take on the bills and what the proposed changes really mean in part one of this exclusive interview.

**GlobeSt.com:** *Can you provide a brief overview of the concurrent bills that recently passed in the House and Senate this Florida legislative session?*

**Kellogg:** The Senate Bill 1172 and House Bill 643, both of which were passed this session, provide some protections to condo owners who may be forced to sell their units at a loss in the event their condominium is terminated by bulk unit investors. Currently, a condo termination results in any unit owner who is underwater on his or her condo selling at a loss and moving out of the unit.

The new bills provide that the unit owner receive a full satisfaction of his or her mortgage, provided the owner is current on that mortgage and all association fees. If the owner originally purchased the unit directly from the developer and maintains the unit as his or her homestead, then the owner will receive his or her full purchase price for the unit.

Also, all homestead owners receive a 1% relocation fee and the opportunity to rent their unit for 12 months. The bills also state that if a termination vote fails to pass, it cannot be revisited for 18 months. The bills now go to Governor Scott to be signed into law.

**GlobeSt.com:** *Where do these proposed*

*changes stem from?*



**Kellogg:** From well-publicized instances of condo owners being forced to sell their condos for a loss, to the financial benefit of bulk buying investors. The Florida legislature has proposed similar bills in prior years, with popular support.

But none have passed. With the economy on more solid ground, and with the condo market less reliant on the positive financial aspects of bulk buying, this could be the year that an amendment passes.