

# Foreclosure an Effective Method to Recoup Unpaid Condo Assessments

Article By:

Melissa A. Volet

---

Foreclosure rates for residential properties continue to drop. Black Knight Financial Services reported that in 2016, the national foreclosure rate dropped by 30 percent. The first quarter of 2017 reports the lowest rate of foreclosure activity since 2006.

As the inventory of foreclosed properties lessens, housing markets will see an increase in value. Owners should start to see home values on the rise.

While foreclosure rates nationwide are the lowest they have been in 11 years, foreclosures in New Jersey remain among the top ten highest in the country. Trenton, Atlantic City, and Philadelphia have some of the highest foreclosure rates in any metro area in the United States. In March 2017, 1 in 497 homes in New Jersey had foreclosure filings.

While New Jersey foreclosure rates are still high in comparison to other states, the foreclosures in New Jersey are being completed in a shorter timeframe than in previous years. Many condominium associations and homeowner associations have seen units in their communities in foreclosure for years. Often times the units are vacant, and the unit owner is delinquent in their maintenance obligations to the associations.

In the past, when the foreclosures took a considerable length of time to complete, communities were stuck with a non-paying unit owner for several years. As the foreclosures are moving more quickly, associations should see more sheriff's sales taking place, and new, paying owners taking over the delinquent units.

Associations should also recognize that by statute, they have the right to foreclose their assessment liens in the same manner as the mortgagees. If unit owners are not paying their assessments, the association can file a lien against the unit, and foreclose on the lien. Foreclosure is an effective method of getting non-paying unit owners out of the community, especially when other collection methods have not been successful. Associations should consider foreclosures as an option for collections.

National Law Review, Volume VII, Number 137

Source URL: <https://natlawreview.com/article/foreclosure-effective-method-to-recoup-unpaid-condo-assessments>