



## What to do with an inherited condo in South Florida

A dilemma: Family members face predicament of selling in a distressed market

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Nancy Phillips was left with two West Palm Beach condominiums when her mother passed away in early November.

The pain of losing her was tough enough, said Phillips, who lives in Poughkeepsie, N.Y. But the real estate decisions she faces now are wrenching as well.

"I don't know what to do, to be honest," she said.

In what is the worst market in years, those who inherit condos have a few tough choices: Decline the gift, sell at rock bottom prices, try to rent (if condo documents allow it) or be prepared to pay thousands for property taxes, assessments, maybe even a mortgage.

There is no one-size-fits-all answer, says **Matthew Zifrony**, an attorney with **Tripp Scott**, a Fort Lauderdale based firm that represents more than 70 condo and homeowner associations. First figure out if you want to keep it and whether you can afford it.

If you decide to sell or rent, Zifrony recommends upgrading kitchens and bathrooms to be competitive in this high-inventory market.

"Improve the overall look," he said.

If you go the rental route, make sure to follow all association rules (some require background checks of renters) and clear your actions beforehand with the board. You should also check local listings or talk to a real estate agent about the going rates.

Phillips inherited two units at Century Village Condominiums, including one purchased last year.

It has a \$40,000 mortgage and \$15,000 in upgrades. Still, "our agent said we should put it on the market for \$35,000, but not to expect to get it," Phillips said.

It will cost her about \$9,000 a year to keep both units and fees could go up. A lot of condo communities are increasing fees to make up for cash-strapped owners who don't pay and revenue lost to members in foreclosure.

"And my mother also had a homestead exemption for her property taxes. I won't have that," she said.

Joan Sacco-Chalfant is also having to make tough financial choices.

Her husband of six weeks died unexpectedly of heart failure in July. Now she has two units at

Oakland Shores Condominiums in Oakland Park on her hands. She already owned a two-bedroom apartment across the hall from the one she shared with her husband.

"If I tried to sell [his unit], it could sit on the market for a year or two and I would still end up having to pay all the fees," said Sacco-Chalfant, a retiree on a fixed income. "I figure it's smarter to hold onto to it. But there's no way I can without being able to rent one of them."

Initially, her association board did not want to allow it. "But they recently ended up working it out with me and I'm very happy about that," Sacco-Chalfant said.

When associations make it easier for unit owners to rent, they help keep a unit off the market that is likely to sell low.

"Most of the time when someone passes away and the condo goes to a family member, they don't want to keep it and just sell it off fast," said Stanley Siegel, president of the umbrella association for Century Village Condominiums in Boca Raton. "In plain English, they just dump it."

"It doesn't hurt the association" when condos go for relatively cheap prices, he said. "But it may be a burden on those who also want to eventually sell."

Zifrony said it's important for heirs to study all options, especially if there is a mortgage on the unit.

"It can be very expensive for someone to inherit a property in this economy," he said. "If the mortgage exceeds the value of the condo, you probably wouldn't want to accept title."

You can decline the inheritance as long as your name is not on the deed and you are not named in what is called a "life estate deed," which automatically transfers title upon death of the original owner, he said.

If you plan to leave someone property, it's best to set things up in writing, advises Karen Alexander, a probate attorney based in Palm Beach County.

If an heir must go through probate court, it could easily take three to six months.

"It's always easier if you use a will," Alexander said. She said some people add a name to their deed before their death. "This is a faster way to transfer a deed after a death, but it can open up a can of worms, too."

She said about two months ago a client had to show up to the closing with a bank check for the *buyer* worth more than \$10,000.

"She wasn't even sad," Alexander said. "She was happy not to have to pay for it anymore and to cut her losses."