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Homeowners associations buck cable bills

By Mary Shanklin, Orlando Sentinel

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Recessed lights have been ripped from the ceiling and yanked cable wires have left a gaping hole in the wall, yet the residents of Avalon Lakes must still pony up \$44 a month to the community's cable-TV company for service to the vacant town home — and every other foreclosed and delinquent house in the neighborhood.

For years, subdivision developers have locked their homeowners associations into blanket cable-television contracts that force the associations to pay for every home in a community — even if a house is empty or the owners are behind on their homeowner fees.

But now, with associations racked by record foreclosures and delinquent homeowner fees, some communities are balking at paying for unused cable service in vacant houses or service to homes where the owners long ago stopped paying their association fees.

"We're not paying for another empty house," said Hobie Fisher, a member of Avalon Lakes' homeowners association. "This was the deadbeats' last month."

The community of about 900 houses and town homes in east Orange County is supposed to pay Comcast Corp. \$44,000 a month for the neighborhood's cable-TV service. But with more than a third of the association's property owners stiffing the board on their monthly homeowner fee of \$119, attorneys and board members are trying to negotiate down the cable tab. Based on their crippled revenue, the board this month is paying only \$25,000, or 56 percent of the bill.

Comcast spokesman Bill Ferry said the cable operator recognizes that financial challenges, often caused by foreclosures and related vacancies, may affect an association's ability to adhere to the original contract.

"In such situations, Comcast works directly with homeowners associations on a case-by-case basis to assist them meeting the obligations of the contracts," Ferry said this week. "Sometimes the terms of the contracts are modified if necessary."

He said Comcast is working with Avalon Lakes, though he could not disclose details.

Last year, Comcast's cable-payment demands bankrupted the Davenport community of Legacy Park, which filed for Chapter 11 reorganization in U.S. Bankruptcy Court for the Middle District of Florida. Legacy Park's biggest debt was a \$105,305 cable-TV bill owed to Comcast.

"The homeowners association went bankrupt just to get out of that contract," said Orlando Vacation Realty broker Pete Howlett, chairman of the Four Corners Business Council in the Davenport area. "Quite a few developers did that [agreed to blanket cable contracts for their subdivisions]. It was an opportunity to make money."

Winter Park resident Robert Secrist, who helped develop Avalon Lakes, said bundled cable contracts have been commonplace in new subdivisions for some time. The residents get cable-TV service for below-retail costs, and the developers get some money from the cable company, he said, though he added that, in the case of Avalon Lakes, "it

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wasn't very much."

When Avalon Lakes was being built in 2003, no one really foresaw the meltdown of the housing market, with its foreclosures and the delinquent fees that homeowners associations face today, Secrist said. He said he doesn't blame the community for not paying the full bill, and said he would never do another communitywide cable deal.

"It's not worth it," he said.

Avalon Lakes has a 10-year Comcast contract, with built-in rate increases of about 7 percent a year. The contract expires in 2013.

Donna DiMaggio Berger, a partner with the Katzman, Garfinkel & Berger law firm based in Fort Lauderdale, said homeowners associations can aggressively negotiate the terms of their cable-TV contracts, and she advises them to obligate their communities for no more than five years of coverage.

Although Florida law allows condominiums to get out of cable-service contracts, she noted, state statutes do not offer that kind of an "out" for homeowners groups.

"In a condo you can cancel, but not in a homeowner association. That may be because of the erroneous feelings that there are less service contracts entered into by HOAs," she said. "... That statute should be amended to allow HOA members to cancel developer contracts."

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