

Renters, homeowners face a financial crisis at the park

By GLENN MARSTON
of the Leesburg/Commercial

WILDWOOD

When Continental Country Club filed for corporate reorganization under Chapter 11 of the Federal Bankruptcy Act on Feb. 12, it wasn't just the 600 persons and companies owed \$13.7 million whose finances were snarled and jumbled.

The bankruptcy announcement was followed quickly by notices that residents' monthly operations-and-maintenance fees would jump from \$65 to \$135 immediately.

Also, residents renting mobile homes in the 1,000-acre golfing community east of Wildwood were told they would have to leave within eight days. No refunds for rent paid in advance were offered.

A Continental attorney says: "Approximately 50 renters who had reserved homes for an average rental period of two to three weeks after March 1 were asked to leave on March 1. They received more than one week's notice along with the company's apologies.

"The company made the decision to ask them to leave because the total income projected from the rental of these units was thought to be less than the total projected expense therefrom," says Harley Reidel of Tampa, an attorney for Continental, speaking for company president Donald W. Freeman.

Freeman would only answer questions from the *Leesburg/Commercial* when they were submitted to Reidel for consideration and then answered later in a

prepared statement.

Don Ryan — vice-president for the Continental Community Residents Homeowners Association — says that most of the renters were seasonal residents from the north and that many had paid their rent in advance. "These people are out thousands of dollars of rent," he says.

Contracts between Continental and the homeowners call for the operations-and-maintenance fees to pay for lawn work around the mobile homes and the park, for water and sewer service, street repairs, and other maintenance and service that the whole community benefits from.

Continental says the fee doubling is needed to break even on operations-and-maintenance costs.

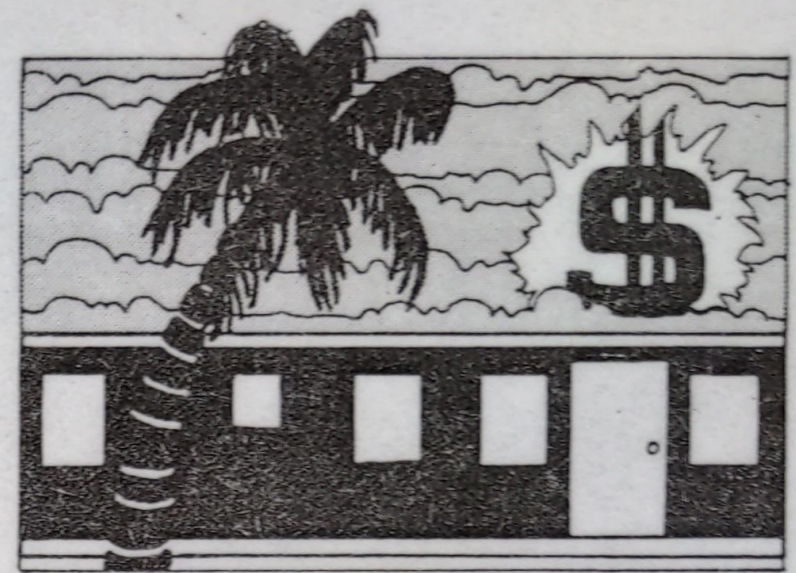
Ryan disputes that and says Continental did not meet a 90-day notice requirement for the increase of such fees that is required by the Florida Mobile Home Act.

That 1984 law says "A park owner shall give written notice to each mobile home owner at least 90 days prior to any lot rental increase, reduction in services or utilities, or change in rules and regulations."

"In the company's view, the statute by its terms applies to rented lots and not to maintenance charges for owner-occupied lots," Reidel says.

The Homeowners Association has complained about the short notice to the Division of Florida Land Sales, Condominiums, and Mobile Homes of the Department of Business Regulation.

Investigators for the division agreed with the home



Crisis at Continental Last of series

owners on first review at the regional Tampa office where the complaint was filed. The issue must now be reviewed at headquarters in Tallahassee for a final decision, says Dr. Fay Mayberry, the division's director.

Other bankruptcy-related problems include a smaller maintenance staff and slower service, Ryan says.

"They're not mowing the lawns as fast as they used to," for example, Ryan says.

And Ryan claims that Continental has performed poorly since April 1982 when Freeman's company took over the development. "They haven't lived up to any of their promises," he says.

To substantiate his claims, Ryan displays a 2-year-

Please see **CONTINENTAL**, page 9A

CONTINENTAL Continued from page 1

old sales brochure showing an artist's rendering of a new clubhouse and promising quick construction of the proposed building. "We were promised more meeting-room facilities for arts and crafts, card playing and things.

"They were to expand the present facility; we don't have a large meeting room like Hawthorne (a Leesburg-area mobile-home community). They had plans for it in the clubhouse and the sales office," Ryan says.

"And they have been promising a second golf course," he adds.

Freeman, who is the sole stockholder of Continental Country Club Inc., opened his operation at Continental with great fanfare which included advertising the community as a home of retired

baseball star Mickey Mantle.

The fast-track style of operation, which included flying in potential buyers from all over the country for weekend visits at no charge, was a great change from what only 10 years before had been a recreational-vehicle park with a golf course.

But with a new owner every three years or so — all eventually said that they had been unable to turn a profit — the RVs gave way to mobile homes, the dirt roads were paved and the recreational facilities were enlarged.

But with larger size came larger debts.

The \$621,000 spent to fly in potential buyers in 1984 produced only \$259,616 in income, testified William H. Woodall, company controller, in a March 28

bankruptcy-court hearing in Orlando.

During that hearing, U.S. Bankruptcy Judge G.L. Proctor told Continental it could cancel its contracts with mobile-home owners who had leased their property back to Continental to be used as rental homes and as quarters for those flying in for inspection tours.

Proctor said he allowed the company to cancel the program because Woodall testified it would lose an estimated \$323,000 this year if continued.

The judge added that he was sympathetic to the mobile-home owners who would lose income because of his decision and who would now have to pay operations-and-maintenance fees, but said the law left him no choice.

The law is designed to put companies back on their feet and can be harsh on creditors — those who are owed money — Proctor said:

One couple that now regrets leasing its mobile home back to Continental is Raymond and Helen Haggith of New Berlin, Wis.

Raymond is a 56-year-old salesman. Helen is a 58-year-old accountant. They claim Continental owes them about

\$1,800 in rent. Records filed in court by Continental place the figure at \$1,068.

"We were planning to lease for about two years. We figured it would take that length of time to prepare for retirement," Raymond says.

"In effect, we're supporting two households on the same income," he said, adding that the new burden will delay their retirement and moving plans.

"The thing that is hurting us the most is that, without the lease-back, we're strapped with two payments. If you add another \$600 to \$800 of income every month, it changes the picture," Raymond says.

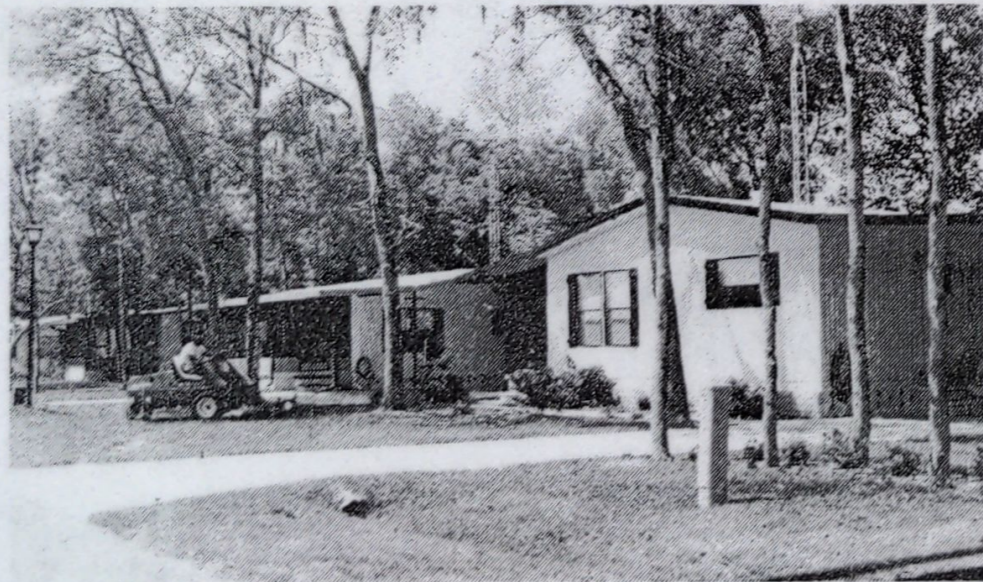
Also hurting are businesses that dealt with Continental.

The list of creditors reads like a "Who's Who" list of businesses for Sumter, Lake and Marion counties.

Ryan says that, in the long run, things will work out for the present home owners:

"It's a beautiful development. You can't find another like it in the state.

"We can ride this out. You just have to have a little patience and then not run scared when threatened."



Leesburg/Commercial—Glenn Marston

Door-to-door lawn cutting is one thing that Continental Country Club's disputed operating-and-maintenance fee pays for