

HOA bankrupted by \$1.4M verdict after home got mold

HOA

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BUSINESSDEN

A condo association in Parker has been bankrupted by a \$1.4 million court verdict after it caused sickening mold inside a woman's townhouse and then ignored her for years.

"(Kristina) Corcoran's 'fairy tale home' that she stretched to purchase has become a dangerous nightmare she cannot escape," Judge Robert Lung wrote in a September verdict.

The Highlands at Stonegate has 446 condos built between 2004 and 2006. It is maintained by a condo association and M&M Property Management, a company based in Parker.

Among its hundreds of residents is Kristina Corcoran, 55, who "used to run marathons and races and regularly hiked with her dog, but can no longer," as Lung wrote this fall.

Corcoran bought a two-story home in 2015. By 2017, she was noticing water inside. Poor grading work, inadequate waterproofing, a nonfunctioning drain and holes in a veneer were the culprits, according to Lung. When the HOA removed siding, problems only worsened.

Then rainwater began pouring through holes in the roof and an uncapped fireplace flue. Despite Corcoran's many complaints, the HOA did nothing until she sued it in 2022. It then placed plastic wrap over wet carpet, which only created more mold inside the home.

One-third of Corcoran's house cannot be accessed due to toxic mold, Lung determined at an August trial, and much of her household goods must be thrown out. Mold exposure has caused her blurry vision, infections, pain and brain fog. She can no longer eat dairy, yeast or gluten.

"While Ms. Corcoran knows the danger of staying in the residence, she cannot move out because she lacks the financial resources to rent or purchase a second home and has no close family with whom she could live," according to the judge's verdict. "She cannot rent out the mold-infested residence and cannot sell it for enough money to purchase a new home."

For her tribulations, Lung ordered The Highlands at Stonegate North Condominium Association to pay \$1.4 million to Corcoran, plus attorney fees that have not been calculated yet. In November, Corcoran began garnishing the condo association's bank accounts.

"As a result, in order to protect the funds in its accounts for the benefit of all the condominium owners, prevent the depletion of all operating funds, and allow it to continue to operate and maintain the community, the (condo association) sought protection under Chapter 11," Sherri Rosselot, president of the condo board, wrote in a bankruptcy court affidavit Dec. 5.

Rosselot said that Corcoran has not been paid yet but that \$1.2 million in funds are frozen as a result of her garnishment efforts. The condo board believes its insurance companies must pay the \$1.4 million but those insurers have not said when they will, according to Rosselot.

The condo association estimates it or its insurers will also have to pay \$300,000 to Corcoran's attorneys, Michael Curry and Theodore Wells of Allen & Curry in Denver. The Corcoran judgment surpasses the funds that Highlands at Stonegate has on hand.

"Our HOA's bankruptcy filing shows how years of poor decisions and a lack of transparency have hurt our community," said Meredith Norton, one of several residents who voiced frustrations to BusinessDen. "Homeowners were never consulted, board members were never elected, and serious construction defects were ignored until it was too late. A small group was allowed to make big decisions that affected all of us, and now we're paying the price."