



Reverse foreclosure could put more responsibility on banks

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By Marisa Brahney

COLLIER COUNTY: A new court ruling has major implications for local communities, hit hard by rising foreclosure rates. It would force banks to pay association fees on homes they take possession of, instead of making neighbors pick up the tab.



The condo association at South Bay Plantation in East Naples can't afford to fix many of the problems it's facing – issues like a broken fountain, trees that aren't trimmed and a parking lot that needs to be repaved.

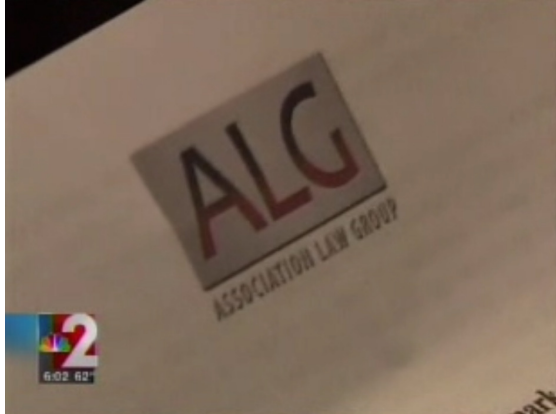
A whopping 180 of the 240 units in the community are in foreclosure. That means, for the most part, the association isn't collecting fees on them.

Now, the 60 homeowners who've stayed in their homes are left picking up the

slack.

"They come to me crying. People come to me crying," said Joe Sheehan, President of South Bay Plantation. "We've got units in here that were foreclosed on four years ago, technically. But they're still in the original owner's name. So we're missing four years of condo fees from that and the bank has no liability."





But a recent decision in a Miami district court could change all that. Through the ruling, the Miami law firm - Association Law Group - established a legal solution called reverse foreclosure.

The reverse foreclosure speeds up the entire process, giving the bank immediate ownership and responsibility.

If they want to keep them, fine. But they need to pay the association dues," said Sheehan.

While the number of foreclosed units in South Bay Plantation community is extreme, the situation isn't unique for Southwest Florida.

The decision is expected to set a precedent and force banks to pay association fees without the red tape.

South Bay expects to be the first Southwest Florida association to test the process in court.

Sheehan says he hopes the case will be a protégé for many others.

"This will kind of reverse the situation. We'll put the banks in the backseat for a change," he said.