



Miami judge grants reverse foreclosure

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Attorneys for the Keys Gate Homeowners Association in Homestead have won a legal victory in a case that could set a precedent for banks that drag their feet in taking title to homes facing foreclosure.

The Association Law Group of Miami won the case on behalf of the Keys Gate HOA using what it calls a reverse foreclosure, designed to speed up the process of awarding a property to a bank, thus making the bank liable for fees and maintenance, even if the property is vacant.

Based on the reverse foreclosure procedure, Miami Dade Circuit Judge Jerald Bagley awarded title of a home in the Keys Gate development to HSBC Bank on Jan. 12.

The home had fallen into foreclosure in 2007. Since then, the home remained in limbo, owned and maintained by the association, but with an HSBC foreclosure action pending for more than two-and-a-half years.

“ALG’s reverse foreclosure procedure will finally help associations force banks to take title to financially upside down units much faster than ever before,” ALG attorney Ben Solomon said in a news release.

As part of the reverse foreclosure, Keys Gate waived its rights to the property and, as the current unit owner, waived its right to public sale. The motion was granted and the clerk of court issued a certificate of title the same day, transferring ownership of the property to the bank. The certificate of title then triggered HSBC Bank’s requirement to pay its share of past due assessments, legal fees, court costs and all assessments going forward.

“This new legal strategy saved Keys Gate a minimum of eight months or more of bad debt write-offs because the association did not have to wait for the bank to get a foreclosure judgment, schedule a foreclosure sale and sell the property at public auction,” the law firm said in the news release.

The practice of banks holding up foreclosure proceedings is not uncommon and has a huge financial impact on associations that must write off month after month of bad debt until the home is taken off its hands.