

Owner of 14 repossessed homes in Palm Beach County files for bankruptcy

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A company that owns 14 Palm Beach County homes after seizing them through foreclosure and operating them as rentals has filed Chapter 11 reorganization.

All 14 of those properties are facing foreclosure lawsuits stemming from the original mortgages that were placed on the homes about a decade ago. BNEVMA LLC acquired the homes by bidding in homeowner association lien foreclosure cases. Foreclosing on a homeowners association lien gives a party ownership of the property, but all mortgages that the original homeowner had remain in place and must be paid.

BNEVMA LLC, managed by Nermine Hanna in West Palm Beach, filed Chapter 11 reorganization in U.S. Bankruptcy Court in West Palm Beach on March 23. The petition listed \$2.71 million in assets, the estimated value of the 14 homes, and \$4.01 million in liabilities, mostly mortgages and homeowner association dues. The properties generated \$48,3000 in rental income, year-to-date, according to the petition.

Boca Raton attorney Aaron A. Wernick, who represents the debtor, said it's looking to restructure the mortgage loans, potentially reducing the amount owed through a "cram down" and stripping off the second mortgages. With home values on the rise in Palm Beach, extending the mortgages would be good for the lenders because the value of these homes would grow over time, he said.

Wernick already filed a reorganization plan for BNEVMA that seeks to start negotiations with the lenders.

This case could raise an interesting issue for U.S. Bankruptcy Judge Erik P. Kimball. When a party uses a homeowners association lien to foreclose on a home, how should the first and second mortgages from the original owners be treated?

The homes owned by BNEVMA listed in the bankruptcy case are:

- Condo unit at 1101 Duncan Circle, No. 202, Palm Beach Gardens, valued at \$155,000, secured by a \$200,000 mortgage from Wilmington Savings, with \$155,000 in association dues owed.
- Condo unit at 1119 Lake Terrace, No. 116, Boynton Beach, valued at \$35,000, secured by a \$175,000 mortgage from U.S. Bank, with \$12,000 in association dues owed.
- Single-family home at 211 North D St., Lake Worth, valued at \$125,440, secured by a \$340,173 first mortgage by U.S. Bank and a \$27,120 second mortgage from Hanna.
- Single-family home at 9102 Dupont Place, West Palm Beach, valued at \$332,000, secured by a \$341,852 mortgage from Deutsche Bank, with \$332,000 in association dues owed.
- Single-family home at 1210 Winding Rose Way, West Palm Beach, valued at \$219,000, secured by a \$668,129 mortgage from HSBC Bank USA.
- Condo unit at 9431 Boca Cove Circle, Unit 1015, Boca Raton, valued at \$96,000, secured by a \$138,550 mortgage with U.S. Bank, with \$90,000 in association dues owed.
- Single-family home at 9597 Shepard Place, Wellington, secured by an \$845,141 first mortgage from the Bank of New York Mellon and a \$91,000 second mortgage from JPMorgan Chase Bank.
- Condo unit at 68 Yacht Club Drive, No. 23, North Palm Beach, valued at \$155,000, mortgage amount undetermined.
- Single-family home at 1296 White Pine Drive, Wellington, valued at \$120,562, secured by a \$109,160 first mortgage from JPMorgan Chase Bank and a \$120,562 second mortgage by Branch Banking & Trust Co.
- Single-family home at 7566 Oak Grove Circle, Lake Worth, valued at \$268,199, secured by \$300,750 mortgage from Bank of New York Mellon, with \$268,199 association dues owed.
- Condo unit at 8145 Bridgewater Court, Unit 45D, West Palm Beach, valued at \$128,563, secured by a \$148,692 mortgage from Wells Fargo Bank.
- Single-family home at 202 Seminole Lakes Drive, Royal Palm Beach, valued at \$284,674, secured by a \$401,221 mortgage from Deutsche Bank.
- Single-family home at 1236 Via Fatini, Boynton Beach, valued at \$202,000, secured by a \$139,085 mortgage from U.S. Bank.

- Townhouse at 12055 Basin St. N., Wellington, valued at \$126,008, secured by a \$126,008 mortgage from Bank of New York Mellon, with \$126,008 in association dues owed.

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