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House, homeowner caught in a mortgage meltdown

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AL DIAZ / AL DIAZ / MIAMI HERALD STAFF

Netanya Terry, 14, with cousin Jakori James, 9 months, stands in front of the home shared by seven children. Grandmother Annie Edwards, standing at the front door, says she is being fraudulently foreclosed out of her home by Deutsche Bank.

Ten people spanning three generations share a single bathroom in what's left of Annie Edwards' crumbling home in Liberty City. There are holes in the wood floors and trash bags plastered to the leaking ceiling -- and Deutsche Bank is adamant that it wants this 82-year-old structure.

It has been fighting to repossess the home since 2006 in an ongoing legal battle that involves allegations of forged signatures, a disbarred property appraiser and a family on the brink of homelessness.

The house is indeed a wreck, but because it has a Fannie Mae-backed mortgage, the bank could simply carry out foreclosure proceedings, and then put in a claim to recoup the \$102,000 owed on it. Because Fannie Mae was taken over by the federal government in 2008, taxpayers would ultimately pick up the tab.

"It's really a sad case," said Jonathan Heller, a lawyer who volunteered to defend Edwards from foreclosure. "She worked for 30 years, had no mortgage on the property, is in a wheelchair and every night she goes to sleep thinking, 'Am I going to have this house when I wake up?'"

Edwards' predicament represents a confluence of the fraud, document forgery, and suspicious foreclosure practices that have plagued South Florida's housing market from the housing boom after Hurricane Wilma in 2005, through the current "robo-signing" scandal. In the midst of a new national foreclosure crisis, Edwards' story stands out as a case study of the housing and banking systems' laundry list of problems.

The 63-year-old retiree says her housing troubles began five years ago when her ex-husband, legally blind and illiterate, was duped into taking out a \$102,000 mortgage on the house by his adult son and daughter-in-law. The couple forged Edwards' signature on a document that stripped her possession of the home, and then made off with the money in January 2006, she said.

SERVING PAPERS

Four months later, a bank representative came to the shotgun-style house to serve foreclosure papers, surprising Edwards so much that she filed a police report. The retired Jackson Health System nurse's aide had owned the home free and clear for years, and knew nothing about a new mortgage.

"To my knowledge, the house is only worth maybe \$30,000 to \$40,000," she said. "Why would someone, a bank, loan out \$100,000 on a place that's only worth \$30,000 or \$40,000?"

Valued by Miami-Dade County's property appraiser at \$34,883 in 2005, the home's assessment shot up to \$234,581 after the loan was made in 2006. By 2010, the property's assessed value had fallen to \$112,459, with \$97,808 for the building and the rest for the land it sits on.

Another question Edwards is asking is why the bank is fighting so hard to foreclose on her dilapidated home, which nonprofit homebuilder Habitat for Humanity has declared unlivable.

Heller believes the bank doesn't actually want the physical building, which would be a tough sell even in a good market, but is after the government guarantee tied to it.

A spokesman for Deutsche Bank declined to comment on Edwards' case, but said the bank acts as a trustee, and is simply carrying out the intentions of the loan servicer, Argent Mortgage Co. According to court records, the mortgage was transferred to Deutsche Bank in 2006.

Heller said Argent, the original lender, is partially at fault because it did not properly review the paperwork and lent \$102,000 on a broken property that was never worth that much.

Another wrinkle in the story: If Edwards can beat this foreclosure, her home will be completely rebuilt by Habitat for Humanity, at no cost to her.

The Greater Miami chapter of Habitat has approved the property for an extreme makeover through a program for homes affected by hurricanes Katrina and Wilma.

"We've done an assessment of the home -- it definitely is a rebuild," said Anne Manning, executive director of Habitat for Humanity of Greater Miami. "We'd knock it down and build it back up."

In the years since hurricanes lashed her home, Edwards said she has been hesitant to use the little money that she has for repairs, because the bank is looming to take the home away.

"I wanted to fix up the place but I can't do that," said Edwards, who lives on Social Security and a retirement check. "I'm afraid that someone might come in and try to take the place. Then after I put all the money in it, it'll go to waste."

And Habitat can't remake the home unless Edwards can clear up the foreclosure problem.

"This is a family we really want to make sure we can help," said Manning, pointing out that two special needs children live at the house. "Our hope is that she can straighten everything out with the title, and Ms. Edwards would get a brand new home."

Meanwhile, Edwards is bearing the consequences of the \$102,000 loan through higher property taxes. Her property tax bill, which stood at \$638 before the loan, soared to more than \$4,300 last year.

Argent Bank's property appraiser, who valued the home at \$120,000 shortly after mid-decade hurricanes had their way with the roof and frame, had his license revoked 10 months after filing his appraisal report. That report -- which failed to mention the structural deterioration or storm damage -- stated: "No physical deficiencies or adverse conditions were noted that would adversely effect [sic] the livability, soundness or structural integrity of the subject property." The appraiser's license revocation report from the Florida Real Estate Appraisal Board lists "knowingly making a false statement," and "engaging in fraud" among its charges.

Tamika Terry, who grew up in the home and lives there with her two children, said the idea that a bank would loan \$102,000 on such a derelict property was "crazy -- real crazy."

On a tour through the home, Terry, Edwards' daughter, pointed out deteriorating fixtures while dodging weak sections of the wood floor. Her own daughter's wheelchair leaned against a cracked wall, and flies buzzed in and out of the many holes in the structure.

``This house was built in 1928," Terry said. ``It's never been remodeled."

SUSPICIOUS?

Using a dishonest property appraiser was only one of many suspicious actions by Argent Mortgage, Heller alleges. The loan approval process was also questionable, he said.

The loan application claims Edwards' ex-husband, Kenneth Edwards, was an ``owner-occupier," of the home, though he hadn't lived there for 10 years and public records shows he bought a separate homesteaded property in 1996. The bank never checked and, according to Kenneth Edwards, never asked.

In a sworn affidavit, he states that he never spoke to any bank representatives before the loan was made.

Argent, at one point the nation's largest lender to people with low credit scores, crumbled under the weight of the subprime lending crisis and was sold to Citibank in 2007. A previous Miami Herald review of Argent mortgages found widespread evidence of mortgage fraud, with one-third of Argent loans in Miami-Dade County eventually falling into foreclosure.

According to Annie Edwards' counterclaim, the lender also relied on a forged quit-claim deed that stripped her of her ownership. A police report found her signature on that document was a forgery, the counterclaim states.

If the forgery defense is accepted in court, that would make the loan, and the foreclosure, legally invalid.

For her part, Annie Edwards puts most of the blame on her stepson and his wife, since they obtained a loan without her knowledge and never paid the mortgage. She hasn't heard from either one of them since.

The stepson, David Edwards, lives out of state, and his wife, Dana, lives in Broward County, Heller said. Neither could be reached for comment.

FAMILIAR PROBLEMS

As Deutsche Bank motions for a summary judgment in the case, it suffers from many of the same problems that have led to stalled foreclosures across the country.

After acquiring the loan from the original lender, the bank's representatives profess little knowledge about the details of the home loan, and its lawyers have not been able to close the case for four years.

A Miami-Dade County judge briefly threw out the case in July after a Deutsche Bank attorney failed to show up in court. Another judge reinstated the case a month later.

Heller hopes to take the matter to trial, and eventually have the foreclosure ruled unlawful. He also filed a counterclaim for wrongful foreclosure.

In the meantime, the Edwards family has been looking into other housing options should the bank succeed in foreclosing. The 63-year-old matriarch said she hopes it doesn't come to that.

``The only thing I can do if they continue to try to take this house is to move," Annie Edwards said. ``And I

have no place to go."

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