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New Legislative Safeguards Pose More Challenges for Lenders

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Intending to maintain the integrity of its communities and safeguard the interests of prospective purchasers of foreclosed properties, Miami-Dade County recently codified two ordinances which impose significant constraints on already beleaguered financial institutions.

The first, Ordinance 08-133, requires lenders to procure a certificate of use from the County Department of Planning and Zoning. This recorded instrument will depict a property's current code compliance as well as the anticipated costs of remedying any code defects. Inspectors will be required to notify the County of any building and zoning violations.

The second, Ordinance 08-134, mandates lenders, subsequent to filing a lis pendens or foreclosure proceeding against real property, to: (i) register the property with the County's Office of Neighborhood Compliance; and (ii) maintain and conduct repairs to the property. Failure to adhere to the requirements established by this ordinance may subject the lender to fines and/or imprisonment.

Under pressure from neighborhood associations concerned with blight and realtors demanding quicker response times to short sale proposals, municipalities throughout Florida, including Boca Raton, Cape Coral, Coral Springs and Parkland, are considering similar and, in some cases, even more stringent proposals. Ruden McClosky attorneys can analyze and propose revisions to your loan documents to ensure your institution won't encounter obstacles conforming to the new Miami-Dade standards and similar legislation. Additionally, we can assist you in the creation of internal processes and guidelines to ensure your personnel are adequately equipped to adapt to the shifting regulatory landscape.

Peter Blacklock is an associate in Ruden McClosky's Real Estate Practice Group, in Boca Raton, Florida. If you have any questions regarding the information contained in this article or any other legal matter, please contact Mr. Blacklock, your Ruden McClosky attorney or any member of our Real Estate Practice Group.

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