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Rush to clear Lee County foreclosures not popular with all

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The Lee County court system is amping up its processing of foreclosures - good news for neighbors of some abandoned homes but carrying with it an added risk of driving down prices in an already declining market.

Lee Circuit Judge John Carlin's plan calls for scheduling as many as 6,000 cases in December, up from the regular 2,000.

The system has a backlog of 29,000 cases, the result of about 2,400 foreclosures filed per month. It costs a flat \$300 fee to file for a foreclosure.

Lee County is among the hardest-hit areas in the country when it comes to foreclosures: The Fort Myers/Cape Coral area was first in Florida among metropolitan areas with one in 72 households getting a foreclosure in September, according to statistics released this week by RealtyTrac, an online marketplace for foreclosure properties. Fort Myers/Cape Coral is third in the country for foreclosures, behind Merced, Calif., and Las Vegas.

The real urgency in speeding things up is that many of the homes being foreclosed on in Lee County are decaying as vandals, mold and heat take their toll, county Clerk of Court Charlie Green said.

"How long do you want to stretch this agony out?" he said. "You don't want those properties out there decaying. You want them turned, you want people in them."

Others are less enthusiastic.

"I would much rather just stay the course," said Elmer Tabor, owner of Wonderland Realty in Cape Coral and chairman of the board of Cape-based Riverside Bank of the Gulf Coast. "If all of a sudden we get a huge supply that starts coming out of the court system, if anything that's going to drop (prices) further."

Right now, Tabor said, sales are high and home prices are relatively stable after a long slide. Banks are able to sell the houses they take back.

With about 15,000 houses already on the market, a surge in supply could drive down prices and make it less attractive for even solvent home owners to continue paying their mortgages, he said.

The median price of an existing single-family home reached a peak of \$322,300 in December 2005 at the height of the housing boom but had fallen 56 percent to \$141,400 in September, according to the Florida Association of Realtors.

Carlin said regardless of the arguments pro and con, he can't just let foreclosures continue to pile up indefinitely.

"We have an obligation to officially handle the cases that get filed," he said. "We're trying to be as efficient as we can."

Right now, he said, four judges in the county are doing 50 cases a week apiece and three retired judges are doing 300 each week.

In December, Carlin said, he and Circuit Judge Michael McHugh will each work two days strictly on foreclosures - handling 4,000 cases.

Defendants have the option of showing up at the hearings to state their case, but historically only about 5 percent do, Carlin said.

Overall, he expects to clear about half of the cases for a summary judgment that allows the clerk of court to sell the properties at auction at the county courthouse. If someone doesn't bid what the lender wants, the lender has the option of taking back the property at the auction.

At present, Green said, he's putting 800 to 1,500 cases on the auction schedule. Assuming half the December cases get judgments, that would jump by about 3,000.

"We want to see how well that goes," Carlin said.

If things run smoothly he intends to continue the increased pace next year until the backlog is gone.

Others say there may be different approaches that work better.

Fort Myers-based attorney Kevin Jursinski said he'd like to see a system set up that encourages negotiation.

"I've had an 80 to 90 percent success rate" in negotiating with lenders on behalf of owners, he said.

Sometimes interest rates or the amount owed is adjusted and sometimes the bank ends up getting the property back, he said, but either way it's not clogging up the court system with a prolonged foreclosure case.

But one property owner in a foreclosure-plagued condominium said he'd like to see things speeded up so lenders will take back the homes they're foreclosing on and start taking care of them.

Often properties in foreclosure are not being taken care of either by the lender or the owner, said Bill Davis, 64, of

Marietta, Ga., who has a second home in the Renaissance condominium on Winkler Avenue in Fort Myers. Lenders have filed foreclosure actions on 20 of the project's 112 units in the past two years and 11 are pending, according to clerk of court records.

As a result, Davis said, fewer of the owners of Renaissance's 112 units are contributing to the complex's upkeep and some have fallen into disrepair.

"We've got a few that are pretty bad" with serious mold problems but nobody's taking responsibility for them, he said. Chris Lafakis, Florida analyst for Moodys.com, said the houses in foreclosure will end up on the market in any case and the sooner the better.

"The only way we're going to get ourselves out of the decline is to get rid of this excess inventory," he said. "The important thing to note is those borrowers are going to go into foreclosure regardless of when you hold the foreclosure proceedings."