



Foreclosure

Money Trail

10 Mortgage Default Stories You Can Do At Home

Speakers:

Kimberly Miller, Palm Beach Post

Mary Shanklin, Orlando Sentinel

Matt Englert, KEL attorneys



Collection question

Banks have five years to file for a deficiency judgment, but they're not

•What we asked for:
Docket entries for all foreclosure cases back to 2006

•What we did:
Separated out all requests for deficiency judgments
Further culled data to remove commercial properties

•What we found:
Only 133 claims filed

Call 800-368-6282 Foreclosure crisis

FORECLOSURES' HIDDEN RISK:

DEBT THAT HAUNTS FOR TWO DECADES

Banks can chase ex-owners, even those with nothing

Deficiency judgment: A lingering threat

In general, a deficiency judgment is the difference between the value of a foreclosed property when it is sold at auction for its appraised value and the outstanding debt.

■ In Florida, banks have 10 years to file for a deficiency judgment. In other states, it can be as little as one year or as long as 20 years.

■ Strategic defaulters, who are people who can afford their mortgage but walk away from their home, usually because it's worth less than what they owe, are prime targets for such judgments.

BY STEVEN WALLACE
AND CAROLYN SHERIDAN
From Bankless.com

He once lived just across from the ocean in a home valued last decade at more than \$2 million. But John Erickson has taken — far — and the banks that took away his home for each home last year don't know what hit him.

In November, Riverside National Bank won a \$100,000 claim against the abandoned but abandoned who now resides in a non-beachfront trailer in Riviera Beach's seamy Ocean Tide mobile home park.

Called a "deficiency judgment," the claim is what Erickson, 51, still owes on the loan for a home he's already lost.

"They are actually trying to get money from me," said a surprised Erickson, who contacted The Fibre Group last month with that one, lit-er-ally-burned-out.

In Florida, banks have five years to file for a deficiency judgment and up to 20 years to collect.

But nearly six years into the state's foreclosure onslaught and with more than 100,000 foreclosures filed in Palm Beach County since the real estate bust, the number of deficiency claims sought by the banks is minuscule.

A review of thousands of Palm Beach County court records by The Fibre Group last found just 101 deficiency claims filed between April 2006 and November 2010 on

Pursued by bank: John Erickson, Riviera Beach



JOHN ERICKSON, 51, sits at his Riviera Beach home and mopes in a trailer park.

Erickson's turmoil

In November, Riverside National Bank won a \$100,000 deficiency claim against him.

Erickson had refinanced his home in June 2006 to pay for the medical care of his now-deceased mother, who had Alzheimer's. He was in car for full-time job and he had on his electric bill and rent.

His attorney was summoned to learn the bank was pursuing the claim. It's the first case to have threatened, he said.

INSIDE: TIMELINE OF JOHN ERICKSON'S CASE STARTED 15A



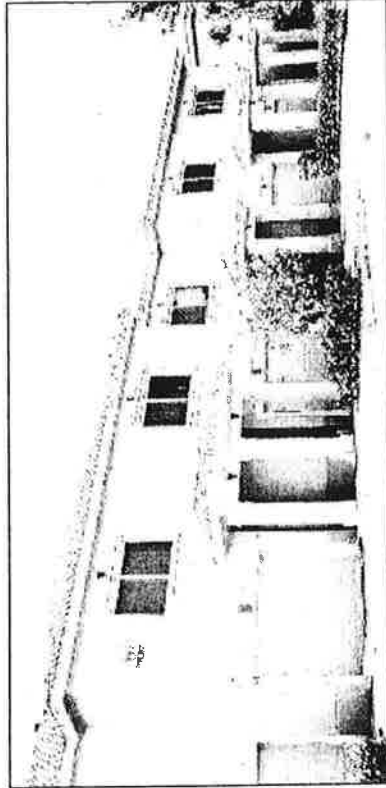
Condo Crash

Course

- Records reviewed:
 - Property appraiser
 - Clerk of court
 - Bankruptcy
- What to look for:
 - Out of state buyers
 - Multiple buys by same person
 - People from same neighborhood buying
 - Few, if any, mortgage payments made

Bulk buyer's condo coup busts small-time investors

A boom-time deal in Royal Palm Beach turned fast profits on sales to buyers like a Costco optician and a mill worker. Now, most of the units are repossessed or in foreclosure.



BY NOLA WILSON FOR THE POST

The Kensington at Royal Palm Beach: Seventy percent of the units are in foreclosure or have been recently repossessed. Out-of-state investors say they bought the right unseen on promises of rental income.

BY SHEEPY MILLER
New York Post Staff Writer

ROYAL PALM BEACH — In early 2008, with the real estate market well into meltdown, a deal to sell more than 100 condominium units in Royal Palm Beach was struck.

Considered one of South Florida's first bulk condo buys, it was called "savvy" by market analysts and heralded as a sweetheart deal for Miami-based purchaser Kensington Trust LLC.

The high price of flips that the trust subsequently made to individuals, sometimes for 10 percent more than it paid, was optimistically thought to be a sign of a real estate upturn.

Two years later, 75 percent of the units at the Kensington at Royal Palm Beach are in foreclosure or were recently

The investors

Among the Kensington foreclosures:

COSTCO OPTICIAN
Anita Altarejos, 34,
San Diego

Salary: \$37,200

Bought: Three units
in 2008 for \$913,000

PAPER MILL REPAIRMAN

Guy Salveta, 55, Oregon

Salary: \$42,100

Bought: Four units in
2008 for \$1.2 million

CABDRIVER, WHOLE FOODS COOK

Tennin Lamyang, 38,
Illinois

Salary: Combined with
wife \$31,740

Bought: Two units in
2007 for \$671,935

CONVICTED DRUG TRAFFICKER

Jason Porter, 41, 36,
location unknown; his
mother says he is living
in South America.

Bought: Five units in
2007 for \$1.65 million

Source: Bankruptcy filings, property tax court records

Condo sales history

Inside: See the transactions for or a condo. 6A

See CONDO 5A



HUD deal

SENORS' REVERSE-MORTGAGE MESS

[CONDO NIGHTMARE]

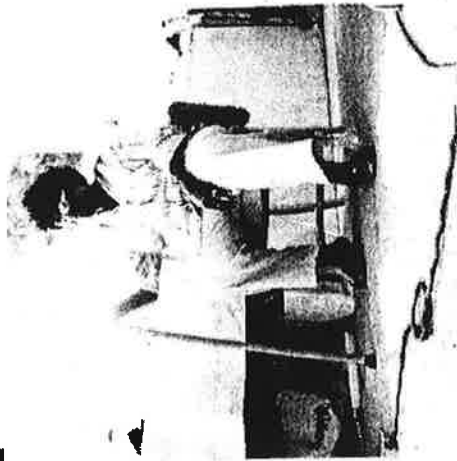


PHOTO BY MARY SHANKLIN FOR ENR

1. Developer fronted money to poor minorities to "buy" condos and live rent free.

2. Appraiser inflated value to about triple the going rate.

3. Developer used inflated appraisals to get \$28 million of HUD-backed reverse mortgages.

4. Units falling apart; HUD investigating.

Records:

- Home equity conversion second mortgage (\$280,000 for \$60,000 units).
- Federal tax liens against developer for \$1.3 million.
- HUD 1 statements (not public) detailing the appraisal amounts and borrower income.
- Property appraisal records establishing values

As units crumble, taxpayers could get hit with huge bill

By Dan Tracy and Mary Shanklin

A complicated mortgage deal involving a crumbling Orlando condo complex has triggered a federal investigation and could force taxpayers to foot the bill for hundreds of millions of dollars.

The mortgage deal, which involved a reverse mortgage program established by the Department of Housing and Urban Development, was appraised at about \$280 million just two years ago, but more than an average of 40% of the units are worth less than a third of that now, and the value is falling fast.

The owners, many of whom bought the condos with the promise that they would not make-down payments or monthly mortgage payments, are already in peril.

Their units are falling apart, but they don't have the money to make repairs — much less to live in them, says a HUD spokesman.

“About 100 units are in need of major repairs,” says Mary Shanklin, an ENR reporter who has covered the story.

FORCLOSURE NIGHTMARE

Lillian Williams is facing a huge fine from an Orlando group because of a shaky mortgage deal she made to buy a house.

Williams, 42, says she was misled by the group, which she says is now in bankruptcy.

She says she was misled by the group, which she says is now in bankruptcy.

She says she was misled by the group, which she says is now in bankruptcy.

She says she was misled by the group, which she says is now in bankruptcy.

She says she was misled by the group, which she says is now in bankruptcy.

She says she was misled by the group, which she says is now in bankruptcy.

She says she was misled by the group, which she says is now in bankruptcy.

She says she was misled by the group, which she says is now in bankruptcy.

She says she was misled by the group, which she says is now in bankruptcy.

She says she was misled by the group, which she says is now in bankruptcy.



Green Law

Everyone said lawyers working at foreclosure mills were young and inexperienced

- What we asked for:

From the Florida Bar, attorney business addresses from start of crisis to most recent date

- What we found:

Half of the attorneys working for Stern during the height of his foreclosure work had practiced law for less than four years.

PALM BEACH POST INVESTIGATION
Foreclosure crisis

New lawyers face probes, pop up at other firms

The novices draw suspicion in the foreclosure filing mess.

By KIMBERLY WILKE
and CHRISTINE STRATTON
Palm Beach Post Staff Writers

Recently out of law school and looking for work, scores of young Florida attorneys found steady paychecks in burgeoning firms whose business is based on repossessing the American dream.

Today more than 280 attorneys work at four of Florida's largest foreclosure firms, and 48 percent of them have been practicing law for less than three years, according to Florida Bar records obtained by *The Palm Beach Post*.

Of 156 attorneys who started the year churning out foreclosures at the massive Plantation-based operation of David J. Stern but have since left or been laid off, half had been practicing law for less than four years.

With this fall's allegations of forged foreclosure documents and fraudulent notarizations and questionable affidavits submitted in tons of thousands of foreclosures, those nascent lawyers are now under a cloud of suspicion.

Some may face Florida Bar investigations that could end their careers, while homeowner

See AWERS 19A ▶

What the numbers show

- More than 280 lawyers work at four of Florida's largest foreclosure firms. Nearly half of them have been practicing law for less than three years.
- The Florida Bar has opened 42 probes of possible foreclosure fraud and is investigating 17 foreclosure defense lawyers.

Cable ghosts



Owners gone — cable-TV fees live on

By **Mary Shanklin**
ORLANDO SENTINEL

Recessed lights have been ripped from the ceiling and yanked cable wires have left a gaping hole in the wall, yet the residents of Avalon Lakes must still pony up \$44 a month to the community's cable-TV company for service to the vacant town home — and every other foreclosed and delinquent house in the neighborhood.

For years, subdivision developers have locked their homeowners associations into blanket cable-

television contracts that force the associations to pay for every home in a community — even if a house is empty or the owners are behind on their homeowner fees.

But now, with associations racked by record foreclosures and delinquent homeowner fees, some communities are balking at paying for unused cable service in vacant houses or service to homes where the owners long ago stopped paying their association fees.

Please turn to **CABLE, A7**



"We're not paying for another empty house. This was the deadbeats' last month."

— **Hobie Fisher**,
a member of Avalon Lakes' homeowners association

Winter Park resident Robert Secret, who helped develop Avalon Lakes, said bundled cable contracts have been commonplace in new subdivisions for some time. The residents get cable-TV service for below-retail costs, and the developers get some money from the cable company, he said, though he added that, in the case of Avalon Lakes, "it wasn't very much."



JACOB LANGSTON/ORLANDO SENTINEL
On-site manager Mike Bono shows an Avalon Lakes foreclosure. It still incurs cable bills.

"The homeowners association went bankrupt just to get out of that contract," said Orlando Vacation Realty broker Pete Hovliett, chairman of the Four Corners Business Council in the Davenport area. "Quite a few developers did that [agreed to blanket cable contracts for their subdivisions] to make money."

The community of about 600 houses and town homes in east Orange County is supposed to pay Comcast Corp. \$44,000 a month for the neighborhood's cable-TV service. But with more than a third of the association's property owners stuffing the board on their monthly homeowner fee of \$119, attorneys and board members are trying to negotiate down the cable tab. Based on their crippled revenue, the board this month is paying only \$25,000, or 56 percent of the bill.



Pass the buck

A foreclosed condo grows mold as neighbors get sick

Fraud conceals responsible party

- Records reviewed: Palm Beach County clerk of courts mortgage filing.

Foreclosure court documents.

City code enforcement reports.

- What happened: Chase bank, which was foreclosing, put air purifiers in the property. Never could find the owner.

PALM BEACH POST-CONTINUING COVERAGE | Foreclosure crisis

'NEXT DOOR TO HELL' MOLDY MISERY

An abandoned unit's fallout: illness, insects, inaction

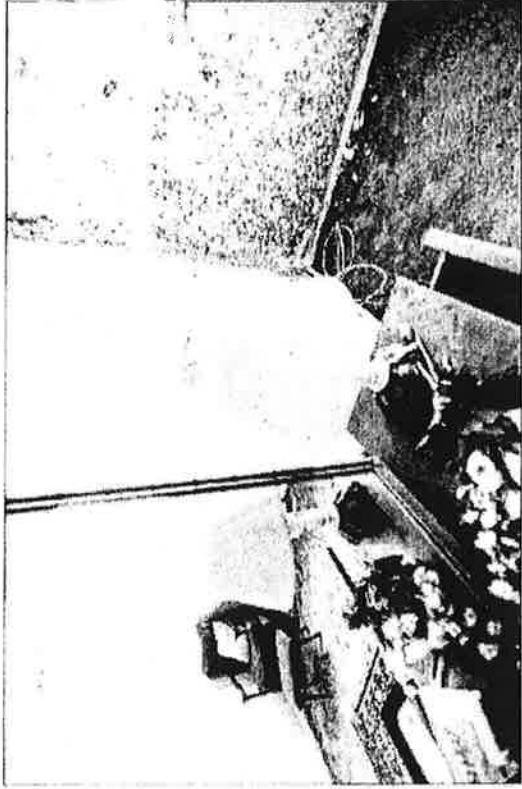


PHOTO COURTESY OF JUNE McCALLION

A reflection of the foreclosure crisis

At Venetian Terrace in Boynton Beach, unit L-107 has been in foreclosure for more than two years. No one is taking responsibility for the decaying condo. Flawed paperwork is among the problems.

By KIMBERLY WILKER
Palm Beach Post Staff Writer

BOYNTON BEACH — The mold blooming in unit L-107 at Venetian Terrace is a sickening black wallpaper of flowery-looking growths.

Like thousands of homes throughout Palm Beach County, it is in foreclosure, abandoned and caught in a labyrinthine legal system that has left it to rot. With a leaky air conditioner that leaves dark puddles in the carpet and warping drywall.

Attorneys say L-107 is a prime example of everything that has gone wrong in real estate: a no-money-down loan on a condo not worth a fraction of its 2007 purchase price, a mortgage that went bad almost immediately, a borrower who walked away, a lost note, unclear ownership rights, and robo-signed documents handled by a foreclosure mill.

Another key factor: a court system so overwhelmed that even though a final judg-



Feeling helpless

June McCallion, who lives next door to L-107, says the mold is making her sicker and sicker. She began complaining more than a year ago.

See WOULD, 6A ▶

Worst of worst



CONDO COMPLEX WITH WHITE HOT FORECLOSURES

LAWSUIT: A \$60 MILLION MESS IN METROWEST



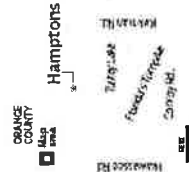
By Mary Shanklin | ORLANDO SENTINEL

With podemarked since on its exterior and bearded-up storefronts facing its village square, the beleaguered Hamptons condominium community in MetroWest has had more foreclosures than perhaps any neighborhood in the Orlando area. Built as apartments a decade ago on the north shore of Turkey Lake, the amenities-packed Hamptons unit's were converted to condos five years ago, during the home-buying frenzy, with some of its 700-plus units fetching more than \$299,000.

Sub's then, prices have plummeted 75 percent. Rows of units sit dark and empty. More than half the condos have been in foreclosure at some point during the past four years. The community's sales center is among the properties in foreclosure. Banks won't risk lending money for anyone to buy there, so it's basically preventing to rentals, with investors holding most of the units.

Please turn to HAMPTONS, A14

PHOTOS BY JACOB LANGSTON
ORLANDO SENTINEL
A sign proclaims Park Ave Market remains open, but other retailers have been cut out of the Hamptons.



ORANGE COUNTY
Map
Hamptons

ORLANDO SENTINEL

"It's the worst of the worst."

Property Appraiser
Bill DeneBar

Top civic leader behind campaign for \$383 million arts center built in the early 2000s an apartment community now riddled with problems. How bad is it?

- Faces \$60 million in damages to rebuild.
- Prices down 75 percent from peak of \$200,000 five years ago.
- Only 81 property owners lives in the 776 units.
- Even the sales center is in foreclosure.

Tips:

- Ask property appraiser, code enforcement chief, attorneys, tax collector for worst of worst.
- Look for lawsuits.
- Get sales records.
- Request code violations



Adverse Possession

PALM BEACH POST CONTINUING COVERAGE FORECLOSURE CRISIS

Man rents homes he doesn't own using centuries old law

- What we asked for:

Filings for adverse possession from Palm Beach County property appraiser

- What we got: 29 people claimed adverse possession

- What happened: Banks offered relocation help to scammed renters

SURREAL ESTATE

The frenzy of the real estate boom and bust has left property ownership in chaos.

SCENARIO NO. 1

A landlord who doesn't own homes he rents

BY AMBERLYN LEE
Palm Beach Post Staff Writer

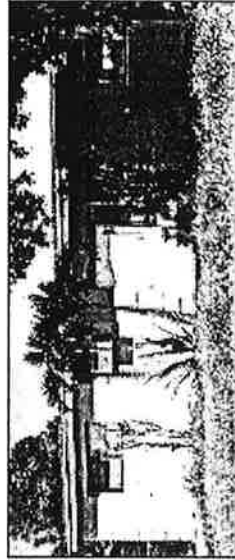
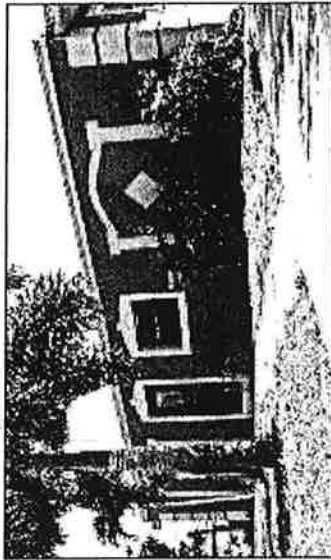
Cassie-Ann Higgs thought she was on a rent-to-own track when she signed up for a 12-month lease with the Wellington-based company Seelig Palm Beach Homes Inc.

In seven years, she was told, she and her husband would have a chance to buy the little home in Seminole Manor off Lantana Road as long as they took care of the property and agreed to pay \$750 a month for the house "as is." It was an attractive offer to the growing family.

But it may have made them unwitting squatters.

Four months after taking in, and after they spent \$200,

SEE RENTALS, 6A



PHOTOS BY JAMES O'NEILL

Whose house is it, anyway?

Both of these homes in West Palm Beach were being leased to tenants by landlord Mark Coarimo. Problem is, Guerette doesn't own either one. Neither tenant knew that Guerette wasn't the legal owner of the properties.



Guerette

