

Brevard foreclosure filings plunge

County sees lowest mark in 3½ years largely as result of banks' moratorium

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By John McCarthy

New foreclosure filings in Brevard County in October fell to their lowest level in 3½ years. The drop might be temporary, though, and not a sign that the foreclosure crisis on the Space Coast is nearing the end.

In October, 356 new foreclosure lawsuits were filed in the county, down from 658 in September and 789 in October 2009, according to the Brevard County Clerk of Court's office. The last time there were fewer foreclosure filings was in May 2007, when 329 foreclosure suits were filed.

A filing generally occurs when a homebuyer falls at least three months behind in mortgage payments. It could take several weeks or months after a filing before a foreclosure become final, and not all filings result in foreclosures.

The likely reason for the drop is a self-imposed moratorium on new filings by some large mortgage servicers such as Bank of America and JPMorgan Chase. Those moratoriums came as a result of the disclosure that lenders sometimes cut corners in filing the legal paperwork required in foreclosures.

"Pretty much I expect a dip now through the holidays if they are cleaning up paperwork, and then they come roaring back in January," said Clerk of Court Scott Ellis.

At the heart of the problem are "robosigners," mortgage company and law firm workers who signed hundreds of foreclosure documents a day without reviewing them.

Although rules vary from state to state, mortgage lenders or their attorneys typically have to file an affidavit saying they reviewed all the documents filed in the lawsuit and that those documents were complete and accurate.

But in depositions given across the country, people who have signed these affidavits admitted they did so as often as 500 times a day without reviewing the documents.

In some cases, the signers — often recent hires with little or no training or background in banking or law — were not even able to define basic legal terms used in foreclosure suits such as "promissory note" or "lien." Their only job, some said, was to sign as many affidavits a day as possible.

The attorneys general of all 50 states are cooperating in an investigation of the practice. Top bank officials admitted procedural mistakes to Congress this week, but said all of the foreclosures were justified.

Some worry that a lengthy delay in resolving the issue could hurt the housing market. Fewer foreclosures mean fewer houses on the market in the short run.

But it also means a build-up in “shadow inventory,” a backlogged bubble of foreclosures that could drive housing prices down further if they all hit the market in the short period of time.

The uncertainty of the situation could leave would-be buyers sitting on the sideline until the mess is worked out. It also could scare buyers away from houses that have already been taken back by lenders, if they worry that the foreclosures were improperly conducted, leaving the true ownership of the homes in question.

Cocoa Beach real estate broker Steve Romano hasn't seen any signs of that yet. “It seems like every other client that walks into our office wants to see our list of foreclosures and short sales,” said Romano, who owns Re/Max Elite Beachside.

Foreclosure activity is down throughout the state, said **Shari Olefson**, a South Florida real estate attorney and author of “Foreclosure Nation.”

“That seems pretty consistent (with the rest of the state),” **Olefson** said of the drop in Brevard. “I don't think it's permanent.”

While **Olefson** said she expected the problems to be worked out, she didn't think it would happen soon. “I think it is going to drag on for a long time.”
