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Editorial: More help needed for homeowners

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By Editorial

The mortgage crisis shows little sign of abating in Southwest Florida, with Lee County placing second in the state for the rate of foreclosures in September.

According to a report by RealtyTrac, an online marketplace for foreclosure properties, one in 72 Lee households received a foreclosure notice last month (Osceola County was first with one in 68). Collier County was seventh (one in 143) and Charlotte was 11th (one in 167).

More than 2,000 foreclosure actions have been filed per month in Lee recently, spawning a cottage industry for "trashout" specialists who clean vacated premises.

But the slew of empty houses has a far greater negative impact on everything else.

Not enough is being done to help people losing their homes, or at risk of losing them. The situation requires a greater collaborative effort from politicians and bankers, who must recognize that neighborhoods and property values suffer when too many houses are vacant.

The crisis calls for creative, innovative solutions, such as one proposed by local attorney Kevin Jursinski, who has advocated new ways for lenders and homeowners to mediate their concerns.

The recent federal recovery bill, the Emergency Economic Stabilization Act of 2008, identifies ways to modify affected mortgages, including a reduction in the interest rate, reduction in the principal loan balance and/or a restructuring based on the property's current value and the borrower's ability to pay.

Jursinski has spoken with local elected officials about proposing legislation that allows both a borrower and a lender to immediately opt into mediation to modify the mortgage or resolve the default. There would be no need for further litigation or arbitration if the parties modify the mortgage or reach a settlement.

Based on the average success rate of mediation in Florida, Jursinski estimates that 80 percent to 90 percent of cases would end with the homeowner still in the home. That's a win-win scenario for all parties involved: the lender, the homeowner and the neighborhood.

State Senator Mike Bennett, in a letter to Jursinski, said the Florida Bankers Association believes "there are already ample ways to handle the situation, and therefore there is not a need for this type of legislation."

If that's the case, the bankers need to get busy. We need to see proactive approaches that relieve the strain on judicial systems swamped with a backlog of foreclosures, while helping borrowers and lenders alike as our economy gets back on track.

GET HELP

The Florida Bar sponsors a Florida Attorneys Saving Homes program for homeowners (primary residences) who can't afford to retain counsel. Attorneys provide pro bono services to homeowners who qualify and are facing foreclosure. The toll-free number is 866-607- 2187.