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A Florida Court's 'Rocket Docket' Blasts Through Foreclosure Cases

2 Questions, 15 Seconds, 45 Days to Get Out; 'What's to Talk About?' Says a Judge

By MICHAEL CORKERY

FORT MYERS, Fla. -- Hoping to save her house, Sandra Hill Scott arrived at the county courthouse clutching dog-eared mortgage bills and letters from her lender.

She need not have bothered. The foreclosure hearing lasted less than 20 seconds, with Judge John Carlin asking her two questions: Are you current on your mortgage and are you living in the home? She answered no and yes and then offered to show him her paperwork.

"I don't need to see that. That's between you and the bank," he said as he gave Ms. Hill Scott, her husband and three grandchildren 60 days to work out a deal with their lender or vacate their three-bedroom house.

While the Obama administration prepares to unveil on Wednesday its plan to rescue the U.S. housing market, officials here in Lee County have come up with their own unique plan for dealing with the crisis. To clear a huge backlog of foreclosures, judges are hearing "rocket dockets" of nearly 1,000 cases a day and calling retired colleagues back to the bench to help ease the workload.

The housing crisis has been pounding the Florida court system like a Category 5 hurricane. Not only does the state have among the highest default rates in the country, its legal system, unlike many other states with devastated housing markets, requires judges to sign off on foreclosures. The combination has created a monster glut of cases that are overwhelming the courts. The Obama plan to encourage more loan modifications nationally may stem the flood of foreclosures in Florida somewhat, but Lee County officials say that the area's large number of unemployed residents and housing speculators may end up losing their properties anyway.

Hard-Hit County

Charlie Green, Lee County's clerk of the circuit courts, says the county is still on pace in February to exceed new filings in January and there's a hearing on Thursday with 800 foreclosure cases. "All these plans that the government has come up with are great," says Mr. Green. "But it doesn't help us get these cases off our books."

No area has been hit harder than Lee County, a largely working-class and second-home enclave, where Ponce de León is believed to have wandered in search of gold and conquest in the 16th century.



CHARLIE GREEN

Modern-day treasure seekers invaded this area during the recent housing boom, snapping up houses and parcels of land, hoping to flip them to retirees and working families. Millionaire University, an unaccredited program in nearby Cape Coral, taught speculators from around the country how to buy and sell properties for huge profits. From 2000 to 2005, house prices in Cape Coral more than doubled.

Two years ago, the Lee County court system had about 1,900 foreclosure cases on the books. That number swelled to 24,000 by the beginning of this year. "We have to move these cases out of here," says Mr. Green. "That's how we get these houses back on the market and get to the bottom faster."

Many defendants in Fort Myers are speculators who never lived in the houses and don't bother to show up for the hearings or respond to court summonses. But some of the homeowners who do come to court are annoyed that they're given only a few seconds to speak to the judge.

"The judge didn't want to hear from me," said a frustrated Reed Morgan, a self-employed business consultant, wearing loafers and a blue oxford shirt, after Judge Carlin gave him 60 days to work out a modification plan with his lender or vacate his three-bedroom house.

Minutes after the bailiff opened the courtroom doors at a recent hearing, every seat was filled with delinquent homeowners: a mechanic with two pierced ears and a goatee, a young woman in a car-rental uniform, a gray-haired landlord who rehearsed his lines with the woman next to him.

"It's like the Exodus," said Ms. Hill Scott, a middle-school teacher who went into default after her monthly payments on her adjustable-rate mortgage reset. She now owes \$3,300 a month, up from the \$1,600 she was paying a year ago. She says she hasn't made a mortgage payment since January 2008 and is in negotiations with her lender seeking a modification.

During a break in the hearing, lawyers used dollies to wheel in boxes containing hundreds of case files, which they piled onto tables and on the floor.

One lawyer, wearing a dark suit and untucked white shirt ran between the judge's bench and the dozens of open boxes on the floor. His colleagues sat cross-legged on the courtroom floor, sorting through files.

The judge signed dozens of them without discussion and passed them to a row of court employees to process the paperwork.

"Case No. 136," the clerk intoned. "Wells Fargo versus Edward Callahan."

Judge Carlin asked whether the man was living in the house and was current on his mortgage. He answered no to both questions.

"Your house will be sold in 45 days," said the judge. "That's all for today."

Case time: 15 seconds.

Judges' Sympathy

The judges say they sympathize with the homeowners' hardships, but often the cases can be decided after a brief hearing because there are no legal issues in dispute which would warrant a lengthy trial. Some homeowners don't understand they are required to file paperwork before the hearing to challenge the lender's case. Many of them never

file the documents or hire lawyers, the judges say.

Many judges, including Judge Carlin, are giving homeowners much more time to stay in their houses than the law requires.

"That's pretty humane considering that many homeowners have been living rent-free for more than a year," says Robert Hill Jr., a Fort Myers lawyer who represents lenders.

Lee County judges say they are trying to screen for cases that would benefit from mediation, but Chief Judge G. Keith Cary opposes making such a requirement. "A guy hasn't paid his mortgage in over a year," says Judge Cary. "What's there to talk about?"

Homes around Lee County have suffered one of the steepest price drops in the country, down almost 50% from the peak. Empty houses and shuttered storefronts line city streets.

In nearby Bonita Springs, Mr. Morgan says his neighbor vanished from his house in the middle of the night. "He loaded up a U-haul and was gone," Mr. Morgan says. "I have known him for six years and he never said goodbye."

The court itself hasn't been immune to the pain. The county clerk's budget is shrinking even as overtime has added about \$60,000 in costs since October.

To save money, Mr. Green, the Lee County clerk, has removed light bulbs from around the court building, put printers on draft mode to save ink and forbidden employees from making long-distance phone calls, even business calls.

The lawyers are doing well, though. They can earn as much as \$100 per foreclosure to present cases to the judge that have been prepared by big law firms in Miami and Tampa, which are hired by out-of-state lenders.

But speed is of the essence. Lee County lawyers speak in hushed tones of one firm that made the mistake of not being organized enough at a rocket-docket hearing. The judge postponed their foreclosure actions for an additional 60 days. "Lenders don't like delays," says Mr. Hill, who averages 1,900 foreclosure cases a month.

Economists say Florida's housing recovery will likely be stalled until the properties stuck in legal limbo are cleared. In California, where judges are typically not involved in the foreclosure process, some housing markets are showing some signs of stabilizing.

Mr. Green says his courts are making progress. They cleared more cases out of the backlog last month than they received in new foreclosures. In light of President Obama's plans, it's possible that lenders could cancel the foreclosure even though the judge has signed off. "The problem is that the lenders have spent all this money on attorneys and filing fees," says Judge Cary. "You are so far into it, would you really stop it at that point? It's an expensive proposition."

The last homeowner to show up in Judge Carlin's courtroom spoke through a Spanish interpreter. She said she wasn't current on her mortgage, but was living in the house. The judge gave her 60 days to vacate. She didn't say anything and returned to her seat "That's all for today. Thank you for coming in," the judge said.

The woman sat in the empty courtroom, covered her eyes and cried. Judge Carlin called a brief recess and returned to his chambers. Lawyers stacked more foreclosure cases on his bench for him to sign when he returned.

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