



Friday, October 17, 2008

Renters caught in foreclosure meltdown

Genesee sheriff halts evictions of tenants whose landlords default on mortgages; others may follow suit.

Doug Guthrie / The Detroit News

With Michigan's home foreclosure rates among the highest in the nation, at least one county sheriff in Michigan is halting the eviction of renters who didn't know their landlords had fallen into foreclosure and other sheriffs are investigating eviction practices.

In Genesee County, Sheriff Robert J. Pickell imposed a two-week moratorium on the evictions at foreclosed rental properties by deputized court process servers, a practice he says is "cruel."

"We started hearing about the guy who went to work and a process server empties all his belongings into a Dumpster parked out front while he is gone," said Genesee County Undersheriff James Gage. "The guy had been paying the rent and had no idea this was coming."

Oakland County Sheriff Michael Bouchard authorized a probe into eviction practices this week, and Macomb County Sheriff Mark Hackel is meeting Monday with his department's civil law division, which oversees foreclosure orders issued by the county's district courts.

The moves come a week after Cook County, Ill., Sheriff Tom Dart drew the ire of landlords and lenders everywhere when he announced he would no longer send his deputies on court-ordered foreclosure evictions because many of the people being turned out on the street were tenants who had faithfully paid the rent.

Across the country, thousands of renters have become innocent victims of the mortgage crisis: They have been forced to move because the owner of the property was in foreclosure. Security deposits have been lost and lives turned upside-down as people scramble to find a new place to live on short notice.

Almost 15 million renters -- 40 percent of all renters in the nation -- live in single-family homes, townhouses, condos or duplexes, according to U.S. Census data. While there are no national figures on foreclosure-related evictions, these types of rental properties have been vulnerable to foreclosure because they tend to be owned by small investors.

"It's a huge issue, and it's one that until recently has flown under the radar," said Danilo Pelletiere, research director at the National Low Income Housing Coalition. "Renters haven't been addressed by some localities because they have been focusing on homeowners."

"In all fairness there should be an opportunity for the people actually being evicted to be given enough time to find a place to go," said Hackel, who added that Macomb County is averaging 140 foreclosures a month. "There should be a requirement on the property owner or through some policy (guiding the behavior of process servers) to notify the renter so they are not being evicted without warning."

The Detroit region had the highest foreclosure rate in the country last year -- almost 5 times the average among the nation's 100 largest metro areas, according to Internet foreclosure listing agency RealtyTrac.

Foreclosures were up 68 percent over 2006 in the Wayne County region identified by RealtyTrac as the Detroit-Livonia-Dearborn area.

A combined Macomb and Oakland county region identified as Warren-Farmington Hills-Troy was listed last year as the 17th hardest hit community in the nation.

The latest numbers from August showed 5,762 new Wayne County foreclosure listings. The number was 2,140 in Oakland and 1,413 in Macomb. Statistics from September are due to be released next week.

In most Michigan counties, including Wayne, Oakland and Macomb, private agents authorized by district courts serve eviction notices and put residents out when necessary. County sheriffs conduct the forced sale of foreclosed properties. Court authorized process servers are paid by the property owners to enforce eviction orders obtained from district courts.

"There is no law in Michigan that says the property owner has to let the tenant know the house is in foreclosure," said Marilyn Atkins, chief judge of Detroit's 36th District Court -- the busiest foreclosure court in the United States.

"The court doesn't want to be seen as uncaring, but we are limited by the law here," Atkins said. "I feel bad for these people, but what we need is legislation to fix this."

In Michigan, a law was introduced to require landlords to notify tenants at least 30 days before a property is put up for auction. But the measure has been in committee since last December.

A bill proposed by state Sen. Hansen Clarke, D-Detroit, would stop all mortgage foreclosures and evictions for two years. An advocacy group that calls itself The Moratorium NOW! Coalition to Stop Foreclosures and Evictions is scheduled to hold a rally in support of the proposal on Oct. 27 in front of the Spirit of Detroit statue in downtown Detroit.

Macomb County's Hackel said he understands why Pickell put a halt to evictions.

"I would not be happy if I found out deputies were putting people at the curb who didn't know

what was coming," he said. "I want to make certain myself that something unfair isn't happening here, too."

Atkins said courts must also consider the rights of landowners in eviction proceedings.

"Most people who buy a foreclosed house at a sheriff's sale aren't interested in being landlords," Atkins said. "They don't want the liability of maintaining a home from a renter when most of them only want to get inside and fix the place up as fast as possible so they can resell it."

The judge also offered renters some practical advice.

"We require a Dumpster instead of just putting people's belongings at the curb and I believe they show up a day or more ahead of the actual eviction. If all of a sudden a Dumpster appears in front of your house, you know what that means. Come to court and file an emergency motion for a stay of the order. We used to give 10 days, but we have been giving 30. The property owners don't like it, but it's the best we could carve out."

Gage said some deputized court process servers may lose their jobs after a review of eviction procedure found some using what he called "inhumane tactics."

He warned that other authorities need to examine the way process servers are working in their communities.

"They might not think they have a problem, but they better look close," Gage said.

"My boss (Pickell) looked at what Sheriff Dart had done and we realized it's happening here too. We are being told now that there are four to five evictions a week in Genesee County where renters are being tossed out because the landowners are in arrears. This is a depressed enough area here around Flint. There is a lot of unemployment and this is just another kick in the teeth for some of them."

The Associated Press contributed to this report. You can reach Doug Guthrie at (313) 222-2548 or dguthrie@detnews.com.

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