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HOME

Bank gives man foreclosed Jacksonville house for free

By **Roger Bull** Sun, Apr 10, 2011 @ 12:00 am | updated Fri, May 6, 2011 @ 11:41 am

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BOB SELF/The Times-Union
Perry Laspina looks around the mold covered walls of his Panama Gardens home that has been closed up and vacant while he dealt with the mortgage company's efforts to foreclose on the property.

Perry Laspina was in the middle of foreclosure with the possibility of losing the house he owned in Jacksonville. Then the mail came one day in late January telling him that the house was his.

Despite the \$72,000 mortgage that he barely paid anything on, despite the foreclosure ... the house was his.

In the middle of foreclosures gone wild, of a system overloaded by sheer volume, judicial investigations and allegations of corners cut, Laspina ended up with the house.

Despite the fact that he didn't have an attorney in the foreclosure proceedings, the mortgage holder simply gave up and walked away.

"I've never seen anything like this in my life," he said.

It's a tale populated with many of the major players in the national foreclosure drama: The law firm of David Stern, the Mortgage Electronic Registration Systems (better known as MERS) and a mortgage packaged with others and sold into a securitized trust.

Here's how it happened.

Back in 2006, Laspina, a used-car dealer based in South Florida, had some extra money and decided to buy some real estate that he could resell quickly at a profit. It was, after all, the height of the housing boom with prices skyrocketing and mortgage money easily available.

"Since everyone else was making money flipping houses, I figured I would, too," he said.

He wasn't familiar with Jacksonville, but his brother owned a house in Fernandina Beach and found the house on Oakwood Street in the Panama Gardens neighborhood of Jacksonville off North Main Street.

It's an old neighborhood where most of the houses are still well-maintained.

Laspina bought the house for \$80,000, putting \$8,000 down and taking out an adjustable rate mortgage with EquiFirst for the remaining \$72,000 with an interest rate of 9.5 percent.

EquiFirst, based in Charlotte, N.C., was one of the nation's leading sub-prime lenders in 2006. But it soon fell victim to the housing and mortgage industry collapse and it closed in 2009.

EquiFirst kept few of the mortgages it wrote; most were packaged and sold to securitized trusts which were owned by investors.

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Laspina wasn't worried about the interest rate.

"It didn't matter," he said. "I figured I'm going to flip this house within six months, maybe three months."

He also figured he'd get about \$120,000 for it after he did a bit of work on it, mostly tearing up the carpet and stripping the paint that covered the hardwood floors.

"But right after I put it on the market, the crash came," he said. "I couldn't sell it, I couldn't rent it."

By 2008, the increases on his payments kicked in, going from an initial payment of \$605 to \$894 and then \$1,058 in less than a year. He quit making payments, and in September of that year, a foreclosure notice was filed against him. The plaintiff was the U.S. Bank National Association, which was simply acting as the trustee for an unnamed trust that now owned the mortgage.

The court file says that Laspina lost his foreclosure case in February 2009. A sale date was set, then postponed and then cancelled, all at the plaintiff's request, later that year.

But the next year, the plaintiff requested that it all be vacated - the suit, the judgment, all of it. In October, Circuit Judge Waddell Wallace signed the order.

In December, officials for MERS, which acted as the mortgage holder, signed and filed the documents saying it "has received full payment and satisfaction ... and does hereby cancel and discharge said mortgage."

Laspina had paid less than \$1,000 toward the principal on his \$72,000 loan.

That's what happened. But there are questions about why.

"This is crazy," attorney David Goldman said as he looked over the files at the Times-Union's request.

"They won," he said referring to the mortgage holder. "They're standing at the goal line, and they just need to sell the house."

"One possibility is that they did it by mistake," said Chip Parker, an attorney who specializes in foreclosure defense. "There are just so many cases out there."

One issue possibly complicating the case is that the plaintiff's attorney was David Stern, whose Southeast Florida law firm became the poster child for foreclosure mills. In 2009 alone, it handled 70,000 foreclosure cases, according to news reports, and employed more than 1,000 people.

But after questions were raised about the practice, the Florida attorney general announced an investigation of possibly fraudulent paperwork at Stern and two other firms. Fannie Mae and Freddie Mac, along with many banks, dropped him as their primary foreclosure attorney.

Stern's firm quit its foreclosure work at the end of March.

MERS itself has been the subject of plenty of controversy. The electronic registration and tracking system helps banks package, buy and sell mortgages without the time and money that used to be required to record each transaction.

MERS is named the nominee on these loans, but it now faces lawsuits across the country seeking unpaid recording fees that normally go to local governments, and several courts have rejected MERS' role in bringing foreclosures.

Parker also theorized that the mortgage owner simply made a business decision.

"The lender was faced with retaining new counsel," Parker said. "Maybe it looked at the value of the property, realized it's way, way underwater and simply not worth it."

That appears to be the case, though the mortgage holder provided few details when contacted.

The loan was being serviced by America's Servicing Co., a subsidiary of Wells Fargo.

"The investor on the loan, the bondholder on the trust, decided to write off the loan balance,"

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said a Wells Fargo spokesman, "because of the significant decreased value of the property."

He declined to give more details or further explanation.

The home — two bedrooms, one bath and 1,120 square feet — is structurally solid, Laspina said. But many of the interior walls are covered with mold ever since the coils were stolen from the air conditioner.

It's appraised at \$46,000 by the Duval County appraiser's office in a neighborhood that has inconsistent values.

The house next door sold for \$65,000 in January after selling for \$91,000 in 2003. A house across the street sold for \$153,500 in 2008. But another a couple of houses away was purchased from a bank for \$23,000 a year ago after selling for \$140,000 in 2006.

"It's a good neighborhood," said Jackie Painter, whose family first moved to Panama Gardens in 1958. She spent most of the past decade in Michigan, but when she wanted to move back south, she moved to the neighborhood where her younger sister and 99-year-old mother still live.

"Some of the houses were in really bad shape for awhile," she said. "But people have come in and fixed them up. They're good neighbors. We get a little riff raff, a few prostitutes will walk down the street, but when they see us watching, they scatter."

Goldman cautioned about anyone expecting to duplicate Laspina's good luck.

"I don't think it's representative," he said. "Someone won the lottery here. There's a lot of people out there saying they can get you your house free, but they're just selling you something. It's a one-in-a-million thing."

As for Laspina, he plans to clean the mold, mow the lawn and try to sell the house.

"I could certainly use the money," he said.

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jbd

Friday, August 10, 2012 @ 6:17 pm

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Wow, this is news? The story is dated April 10, 2011 and it's on the Times-Union webpage on August 10, 2012. It's 1 1/2 years old.....!



Davethecaveman

Tuesday, June 19, 2012 @ 8:34 pm

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Well, James, you sure contributed to the "blogging this one to death". So, Ronald Reagan caused this problem-----Please give us a break !



sharemarket

Monday, February 27, 2012 @ 2:35 am

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James J. Breland

Friday, December 30, 2011 @ 9:35 pm

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Gee, you folks really "blogged" this one inside and out.

Initially, I blame Ronald Reagan and his first Congress for our current financial quagmire.

Reagan deregulated the airlines and they started going bankrupt. Today, unless you are wealthy, you've got to mortgage your future to fly ! Reagan deregulated S&L's and you see where that got us. We didn't listen, deregulated banking, and Wall Street (quicktrades) and oh boy, the same people Reagan enriched just stuck it to us again. Then there was NAFTA and millions of jobs are disappearing, corporations race to Mexico and the rich get richer. The Cartels also kind of like the idea as we can only inspect 10% of the millions of dollars of drug containers that flood our country.

When I was a Political Science Major at UNF, Dr. Tom Monger, a tenured professor stated, " Reagan is a closet communist." Hindsight being what it is...he might have been pretty close to the mark. I mean, wasn't Reagan from Hollywood ?

Now don't get me wrong...." I assisted in saving Ronnie from being assassinated on Airport Road by finding a man the Secret Service had an alert on staying at the old Knight's Inn by Dennys. True story(witnesses JSO, and SS).

Sum total, this nation...read that our elected officials did not then and do not today care about ethics in government...just pay me !



M1ssDiagnosis

Tuesday, December 6, 2011 @ 1:15 pm

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I feel sorry for anyone who eventually buys this house, not knowing about the mold. Mold makes mycotoxins that get dispersed throughout the home and especially in carpeting. They cannot be "killed" by killing the mold because they are not a living organism, and they linger for decades. These toxins will kill you, and people don't seem to know that all carpeting must be discarded and all surfaces wiped down with ammonia to neutralize the toxins. I guarantee you this won't happen and the new owners will be none the wiser. *sigh*

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