

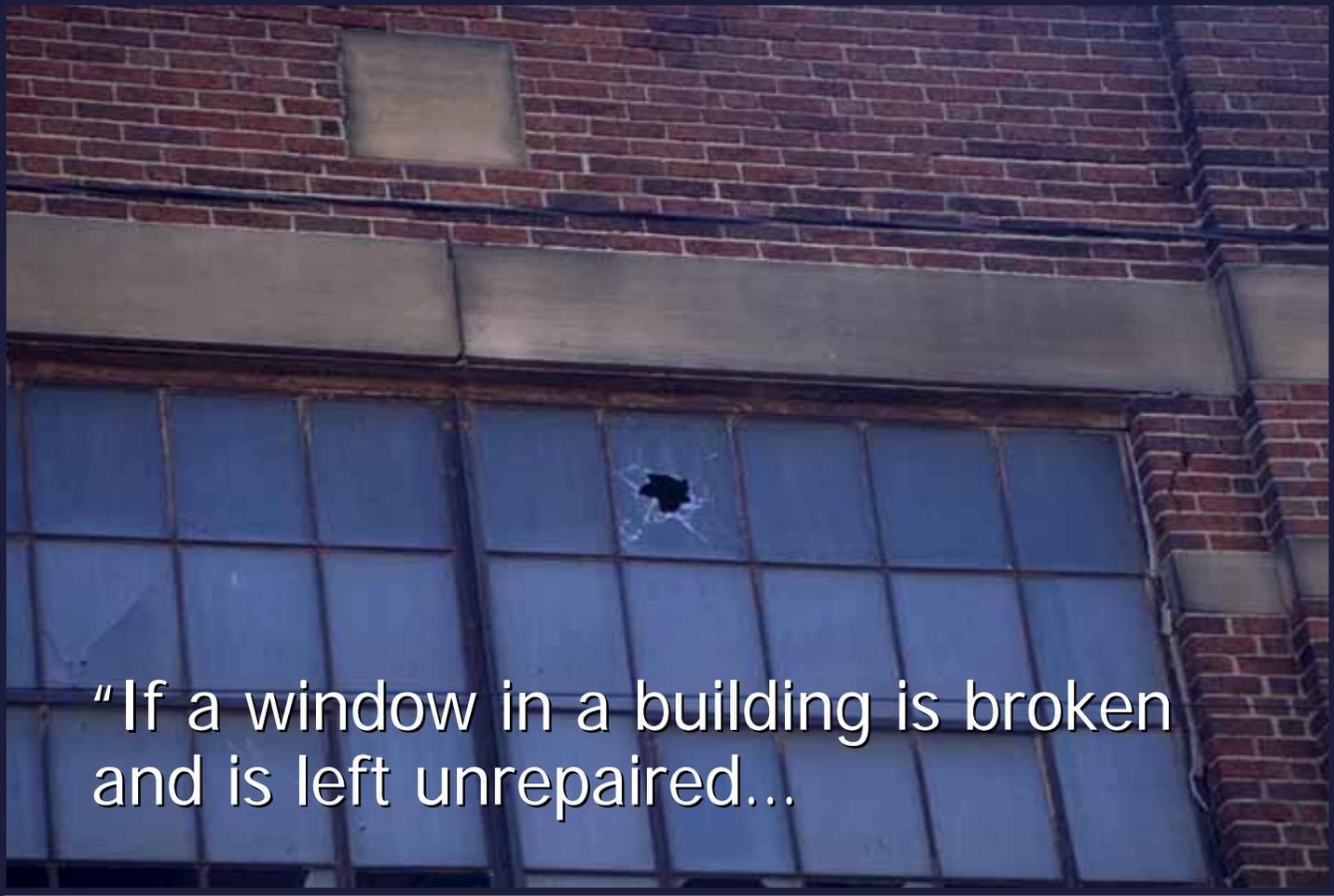
# Cleveland Housing Court



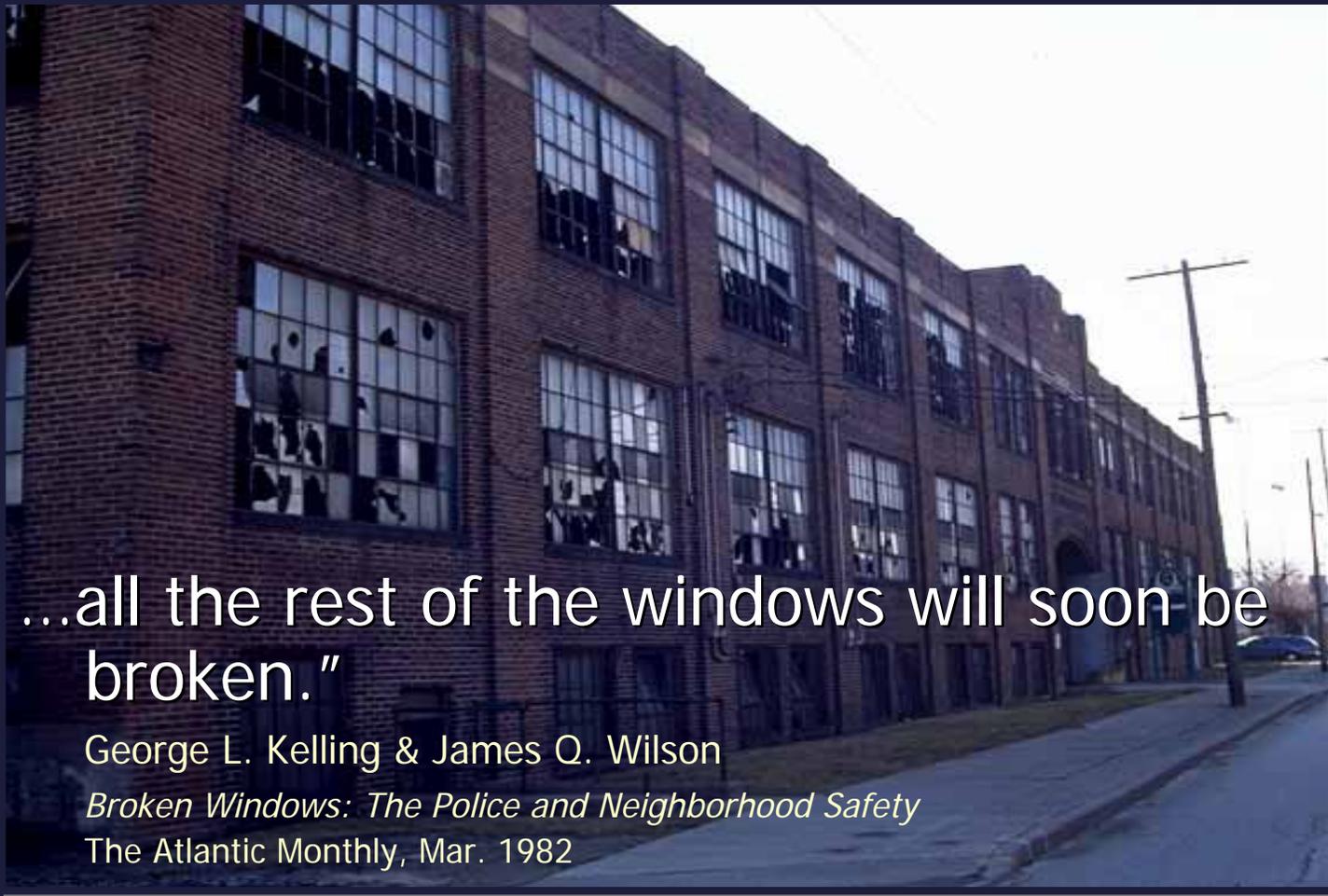
**Judge Raymond L. Pianka**

**Innovative Municipal Approaches to  
Equitable Reinvestment and Revitalization**

# Philosophy of the Court



"If a window in a building is broken and is left unrepaired..."



...all the rest of the windows will soon be broken."

George L. Kelling & James Q. Wilson

*Broken Windows: The Police and Neighborhood Safety*

The Atlantic Monthly, Mar. 1982



**Graffiti**



**Garbage & Debris**



**High Grass & Weeds**

# Downward Spiral of Human Life



- When social indicators point to decline, they attract those who are most comfortable with decline

# Vacant Foreclosed Homes

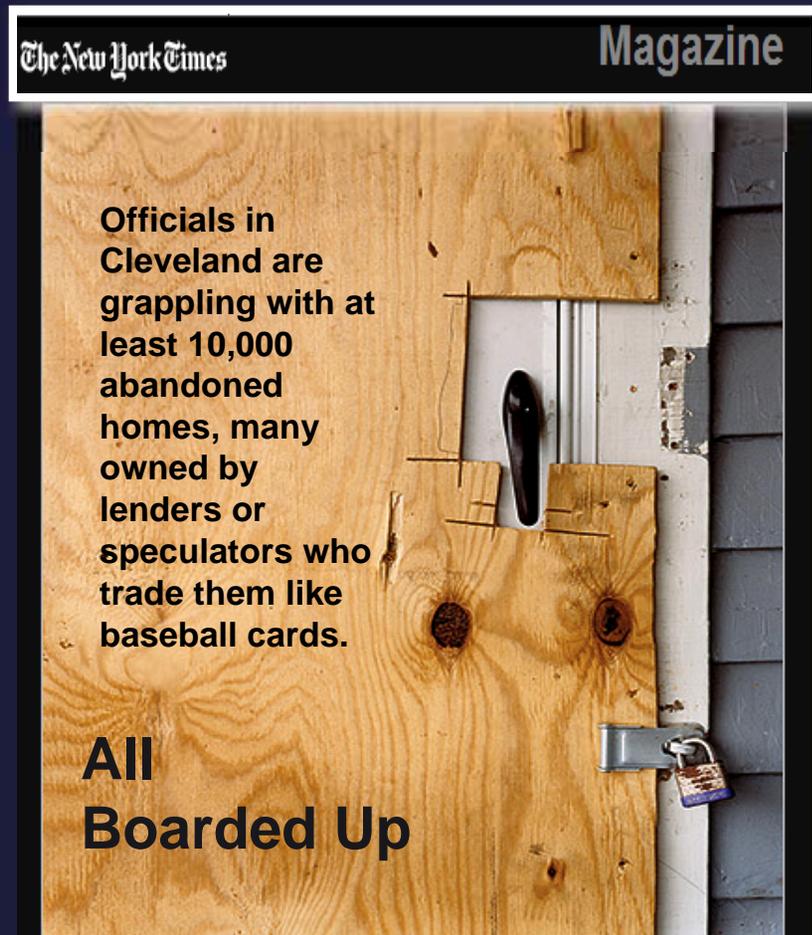


# Scrappers



# International Attention

- BBC
- German Public TV
- Swedish TV
- Greek TV
- Japanese TV
- Swiss Documentary
- New York Times Magazine





# **Dynamics of a Constantly Changing Crisis**

# Complicated Title Issues

- **Gloria Cooper**
  - Purchased Sep. 1998 for \$47,000
- **Deutsche Bank**
  - Purchased at Sheriff's Sale Feb. 2007 for \$33,334
  - Listed as: "Deutsche Bank National Trust Company, as Trustee of Ameriquest Mortgage Securities, Inc., Asset Backed Paa-Through Certificates, Series Quest 2005-X2, Under the Pooling and Servicing Agreement dated as of September 1, 2005 c/o AMC Mortgage Services, Inc., 505 City Parkway West, uite [sic] 100 Orange California 92868"
- **REO Nationwide**
  - Purchased Aug. 2007 for \$3000
- **Wholesale Res**
  - Purchased July 2008 for \$4,300
- **REO DP**
  - Purchased September 2009 for \$1,666



# Zombie Titles

- **Lenders taking actions that leave titles in non-transferable condition.**
- **Banks and other lenders must be encouraged to work through these title issues, following through with the foreclosures or releasing their liens when necessary, to permit these properties to move into the hands of beneficial owners.**



# Additional Issues

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## Service Issues

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- Not formally organized;
- No longer in business;
- Not licensed to do business in Ohio (can be prosecuted for this failure, but generally not)

## Business Entities

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- Out of State Owners (virtually every state in the country)
- International corporations: HSBC; Deutsche Bank;
- Individuals overseas:
  - Israel, China, Russia, Great Britain

# Bank REOs



# MBA NewsLink

*REO Properties a Sticking Point for Servicers, Municipalities*

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- “Unfortunately for the industry, municipal officials don’t always understand legal complexities involved in supervising REO properties, nor do they grasp convoluted constraints under which servicers operate. Often they don’t care, but they do understand that they want vacant property problems solved.”

*Cary Sternberg, senior vice president of REO  
with American Home Mortgage*

# Wholesalers



<u>Sold to</u>	<u>Deed Type</u>	<u>Amount</u>	<u>Date</u>
Deutsche Bank	Sheriff's	\$0	Apr-07
Bryce Peters	Warranty	\$0	Apr-07
Bulk Buyer X	Quit Claim	\$1200	Jan-08
John Ervin (Vendee)	Land Contract	\$19,000	Jan-08



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Categories ▾

Motors

Express

Stores

### Featured Items



**☀️ 5 Days Only! \$1 Starts! Cleveland Duplex.Handyman Fixer**  
NO RESERVE!! Some Repairs Begun Already! Invest Now.

17

**\$1,025.00**

[See description](#)

4d 02h 16m



**☀️ \$1 Starts! Big 4-Unit Apt. Bldg! Cleveland. No Reserve!**  
Nice Investment Property. Handyman Special. Great Buy.

[Enlarge](#)

22

**\$1,725.00**

[See description](#)

4d 03h 15m



**VALUED AT \$40,500, INVESTMENT PROPERTY, CLEVELAND, OH**  
NO RESERVE, HIGH CASH FLOW POTENTIAL, HANDYMAN SPECIAL

1

**\$1,500.00**

[See description](#)

28d 22h 38m



**VALUED AT \$72,500, MULTI FAMILY, CLEVELAND, OH**  
NO RESERVE, HIGH CASH FLOW POTENTIAL, HANDYMAN SPECIAL

1

**\$1,500.00**

[See description](#)

28d 22h 48m



**VALUED AT \$78,000, MULTI FAMILY, CLEVELAND, OH**  
NO RESERVE, HIGH CASH FLOW POTENTIAL, HANDYMAN SPECIAL

1

**\$1,500.00**

[See description](#)

28d 23h 01m



**☀️ VALUED AT \$78,300, MULTI FAMILY, CLEVELAND, OH**  
NO RESERVE, HIGH CASH FLOW POTENTIAL, HANDYMAN SPECIAL

1

**\$1,500.00**

[See description](#)

29d 43m



**☀️ VALUED AT \$56,400, INVESTMENT PROPERTY, CLEVELAND, OH**  
NO RESERVE, HIGH CASH FLOW POTENTIAL, HANDYMAN SPECIAL

-

**\$1,000.00**

[See description](#)

29d 20h 12m

# Cleveland Craigslist.org

**\$7000 / 3br - \*\*\*INVESTORS\*\*\* OHIO BULK LIQUIDATION (OHIO)**

Date: 2010-04-27, 3:46PM EDT  
Reply to: see below

SOVEREIGN.INVESTMENTS@YAHOO.COM  
954-639-6401

QUIT CLAIM DEED - ASSET LIQUIDATION.

ALL MUST GO!

DO YOUR OWN DUE DILIGENCE AND MAKE OFFER!

ALL REASONABLE OFFERS ACCEPTED!

QUICK CLOSE!

MORE PROPERTIES IN OTHER STATES AVAILABLE!

ASKING \$7K EACH

1549 E 85th St Cleveland OH 44103 Cuyahoga  
1771 Eddy Rd East Cleveland OH 44112 Cuyahoga  
2164 East 76th Street Cleveland OH 44103 Cuyahoga  
2275 E 74th St Cleveland OH 44103 Cuyahoga  
2275 E 93rd St Cleveland OH 44106 Cuyahoga  
2915 East 121st Street Cleveland OH 44120 Cuyahoga  
2978 E 75th St Cleveland OH 44127 Cuyahoga  
3041 East 78th Street Cleveland OH 44104 Cuyahoga  
3125 East 94th Street Cleveland OH 44104 Cuyahoga  
3184 W 31st Cleveland OH 44109 Cuyahoga  
3206 East 135th Street Cleveland OH 44120 Cuyahoga  
3622 E 80th St Cleveland OH 44104 Cuyahoga  
3696 E 144th St Cleveland OH 44120 Cuyahoga  
615 E 115th St Cleveland OH 44108 Cuyahoga  
782 Cheney Avenue Marion OH 43302 Marion  
7830 Spafford Road Cleveland OH 44105 Cuyahoga  
9612 Hilgert Dr Cleveland OH 44104 Cuyahoga

\*\*\*\*\*

ASKING \$10K EACH

330 North Defance Street Saint Marys OH 6099  
1145 Simon Avenue Lima OH 6786  
13178 Mendo Road Van Wert OH 6786

# HUD-Owned Properties

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# Abandonment of Property



# Code Enforcement & Police Powers

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- Code enforcement = police power, not effort to collect debt
- City may issue administrative order, prosecute debtor in bankruptcy
- City may demolish a property even if the owner is in bankruptcy



# Code Enforcement

- “Working the front lines of the foreclosure crisis are local government code enforcement departments as they attempt to maintain order and stabilize neighborhoods from the increasing social and economic harms of vacant and abandoned properties.”
- “...code departments are the first responders to citizen complaints often referred by mayor, city councilors, and county commissioners.”

*Joseph Schilling*

Director of Research and Policy for the National Vacant Properties Campaign  
Professor of Urban Affairs and Planning at Virginia Tech

# Common Misconceptions

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- No obligation to maintain property due to filing of or completing bankruptcy.
- Believe the property was “lost” in bankruptcy.

# How Big is the Problem?

**Ohio (# 12): 1 in 50 housing units received a foreclosure filing in 2009**

**Cuyahoga Cty.: 1 in 11 properties since 2005**

## The Top 3

**Nevada (# 1): 1 in 10**

**Arizona (# 2): 1 in 16**

**Florida (# 3): 1 in 17**

## Ohio's Neighbors

**Michigan (# 8): 1 in 38**

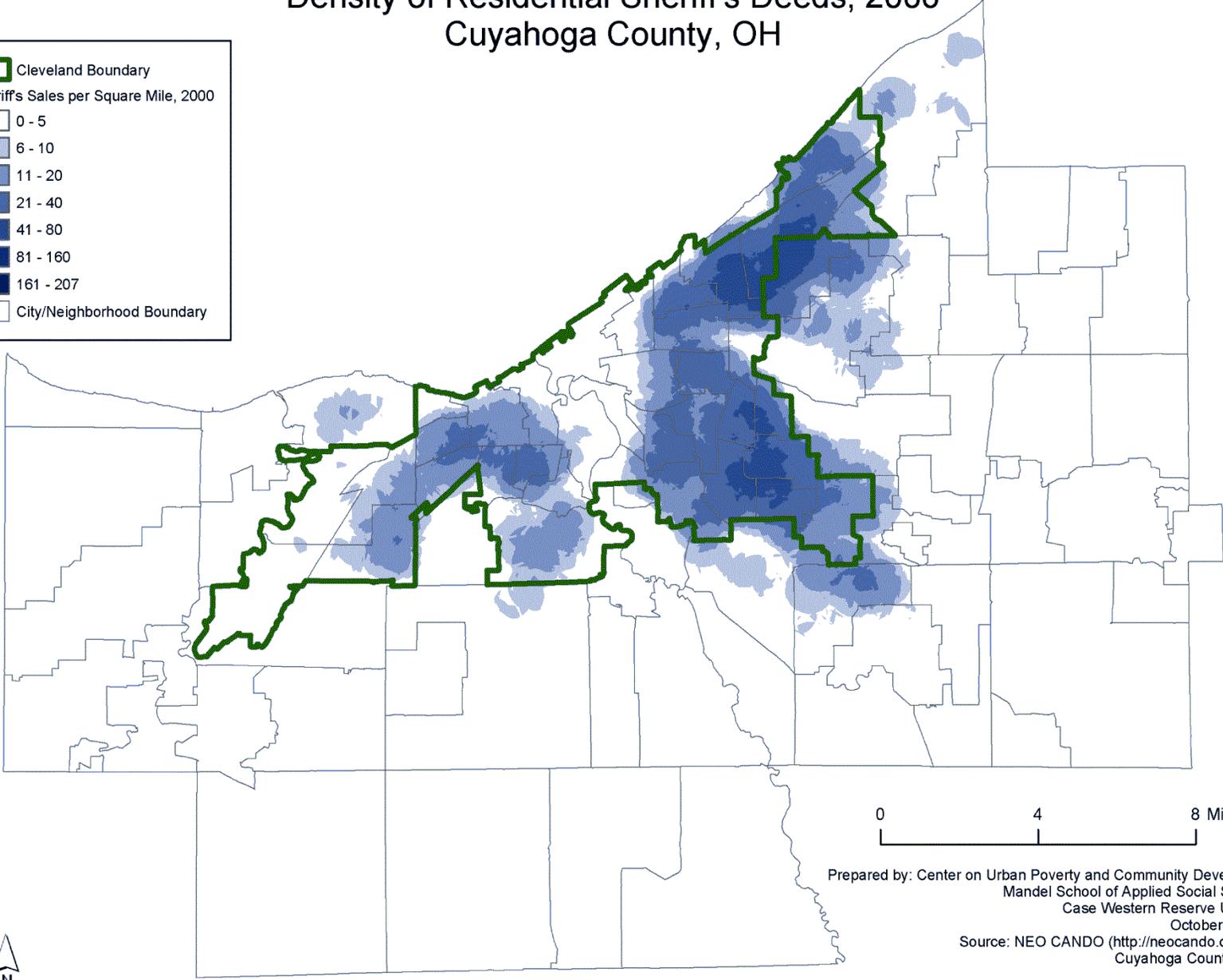
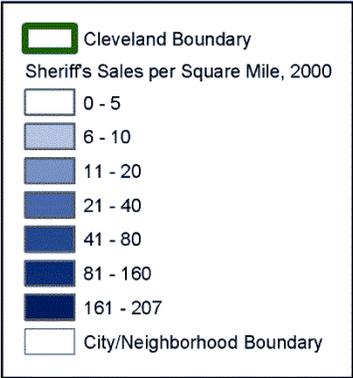
**Indiana (# 18): 1 in 67**

**Pennsylvania (# 33): 1 in 122**

**Kentucky (# 40): 1 in 197**

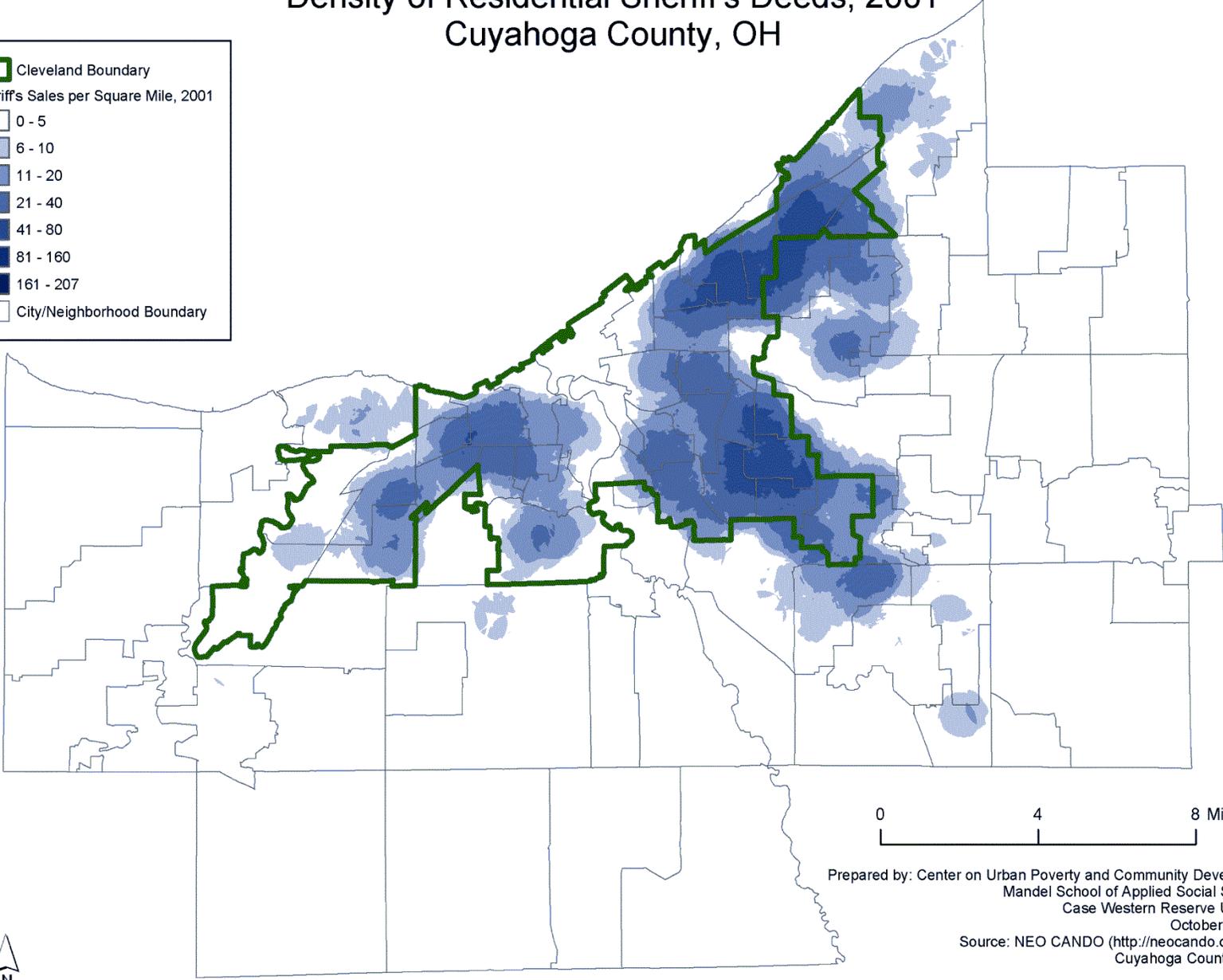
**West Virginia (# 48): 1 in 597**

# Density of Residential Sheriff's Deeds, 2000 Cuyahoga County, OH



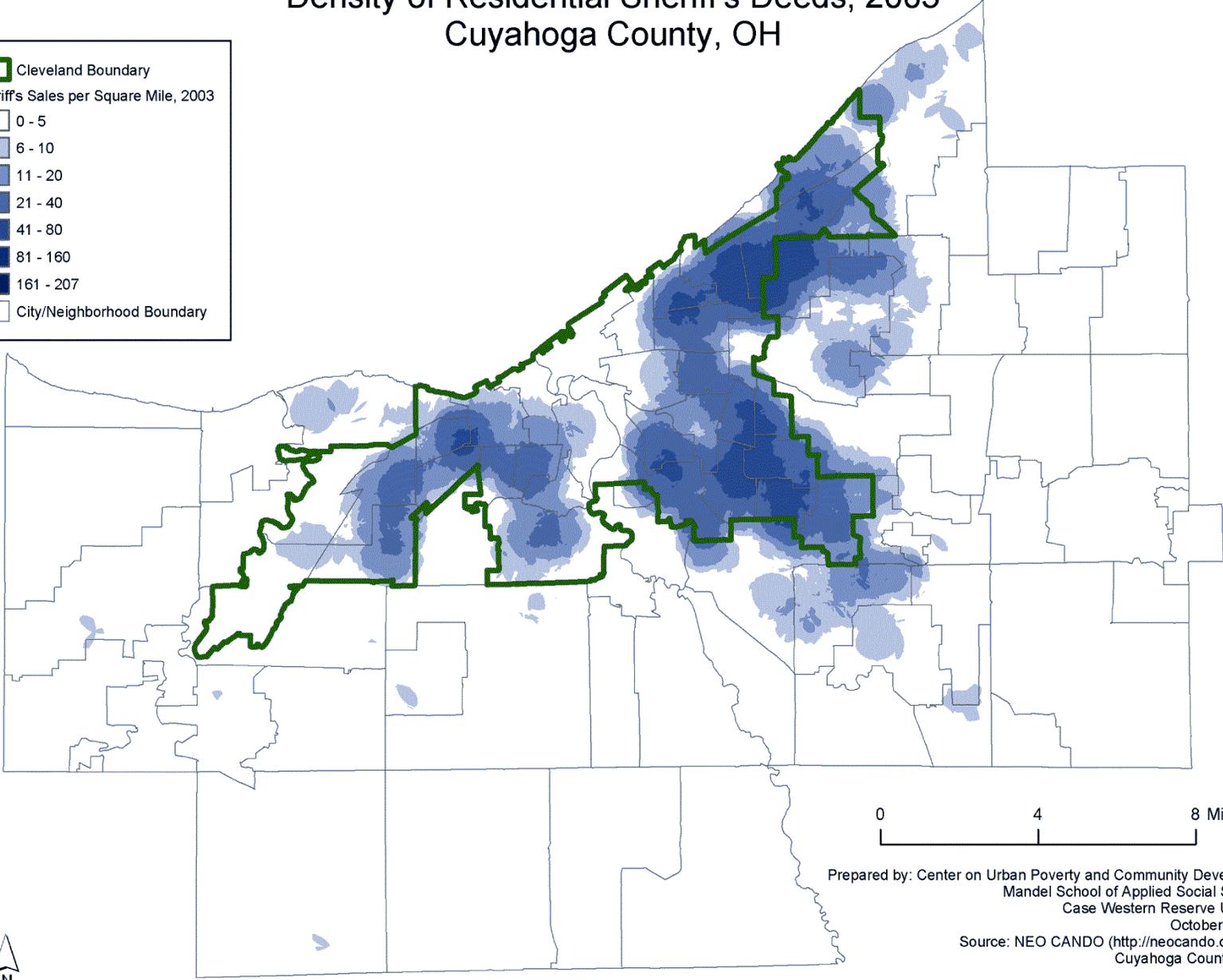
Prepared by: Center on Urban Poverty and Community Development,  
Mandel School of Applied Social Sciences,  
Case Western Reserve University  
October 30, 2007  
Source: NEO CANDO (<http://neocando.case.edu>)  
Cuyahoga County Auditor

# Density of Residential Sheriff's Deeds, 2001 Cuyahoga County, OH



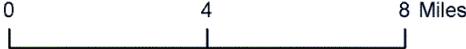
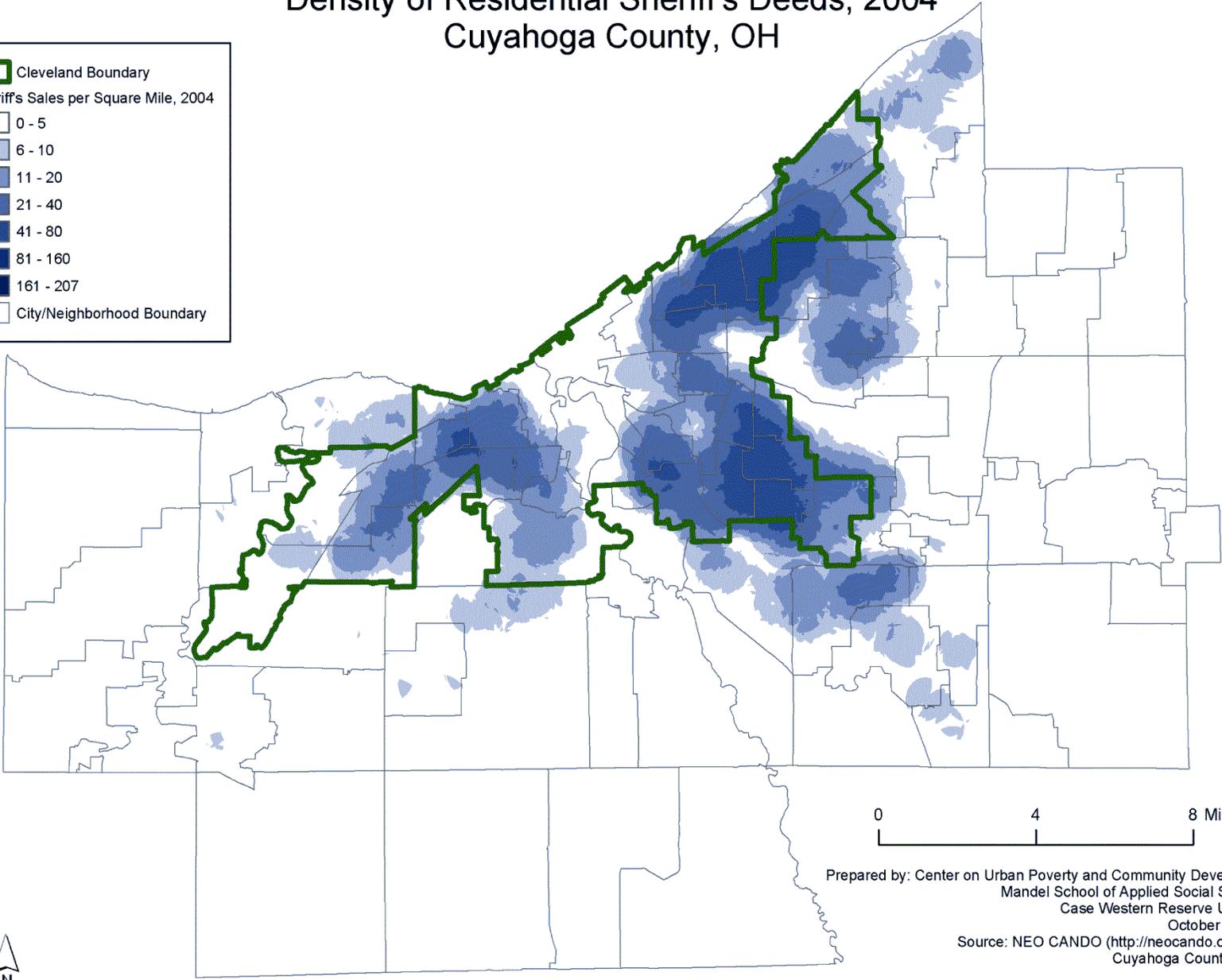
Prepared by: Center on Urban Poverty and Community Development,  
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Case Western Reserve University  
October 30, 2007  
Source: NEO CANDO (<http://neocando.case.edu>)  
Cuyahoga County Auditor

# Density of Residential Sheriff's Deeds, 2003 Cuyahoga County, OH



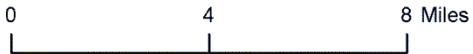
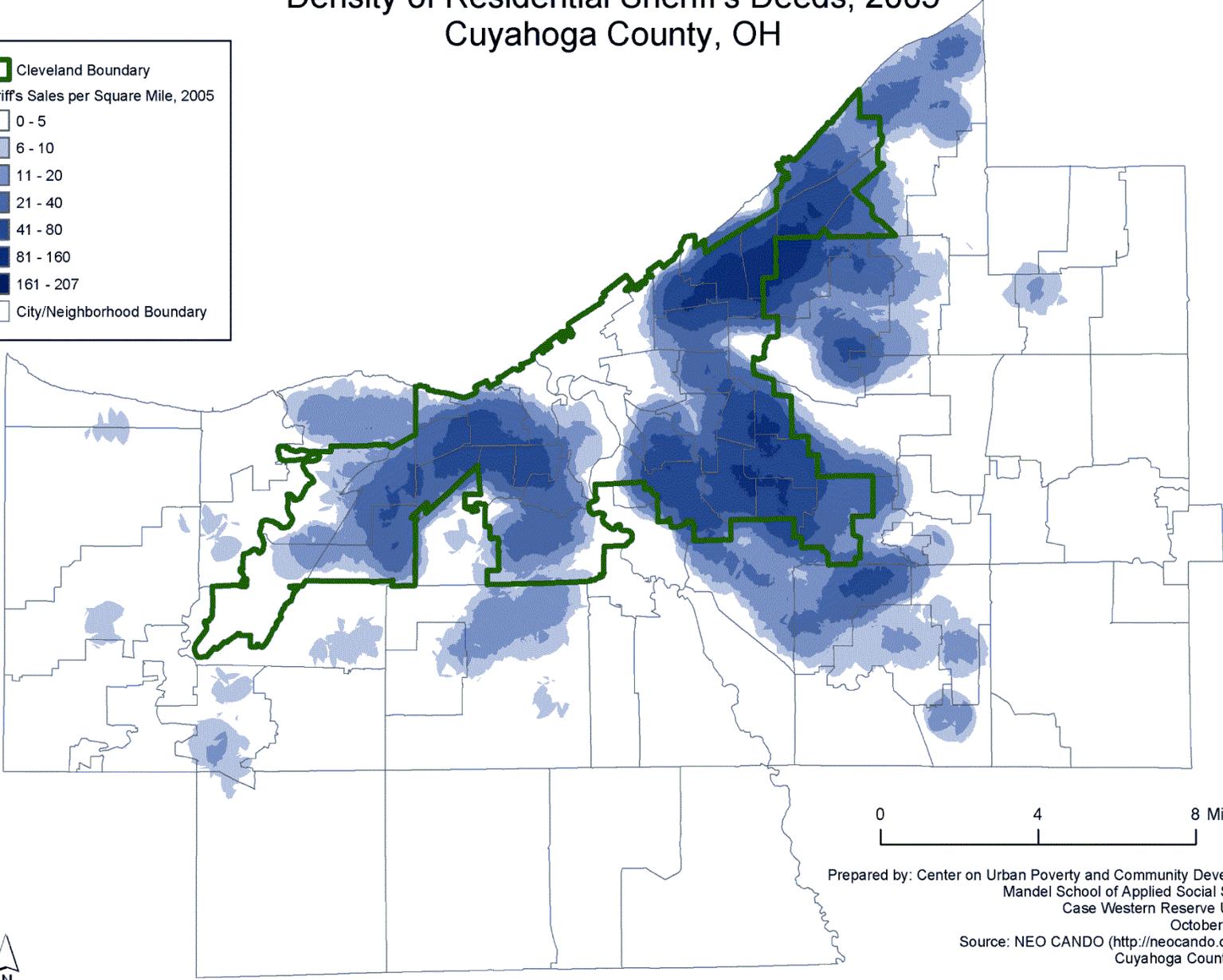
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Case Western Reserve University  
October 30, 2007  
Source: NEO CANDO (<http://neocando.case.edu>)  
Cuyahoga County Auditor

# Density of Residential Sheriff's Deeds, 2004 Cuyahoga County, OH



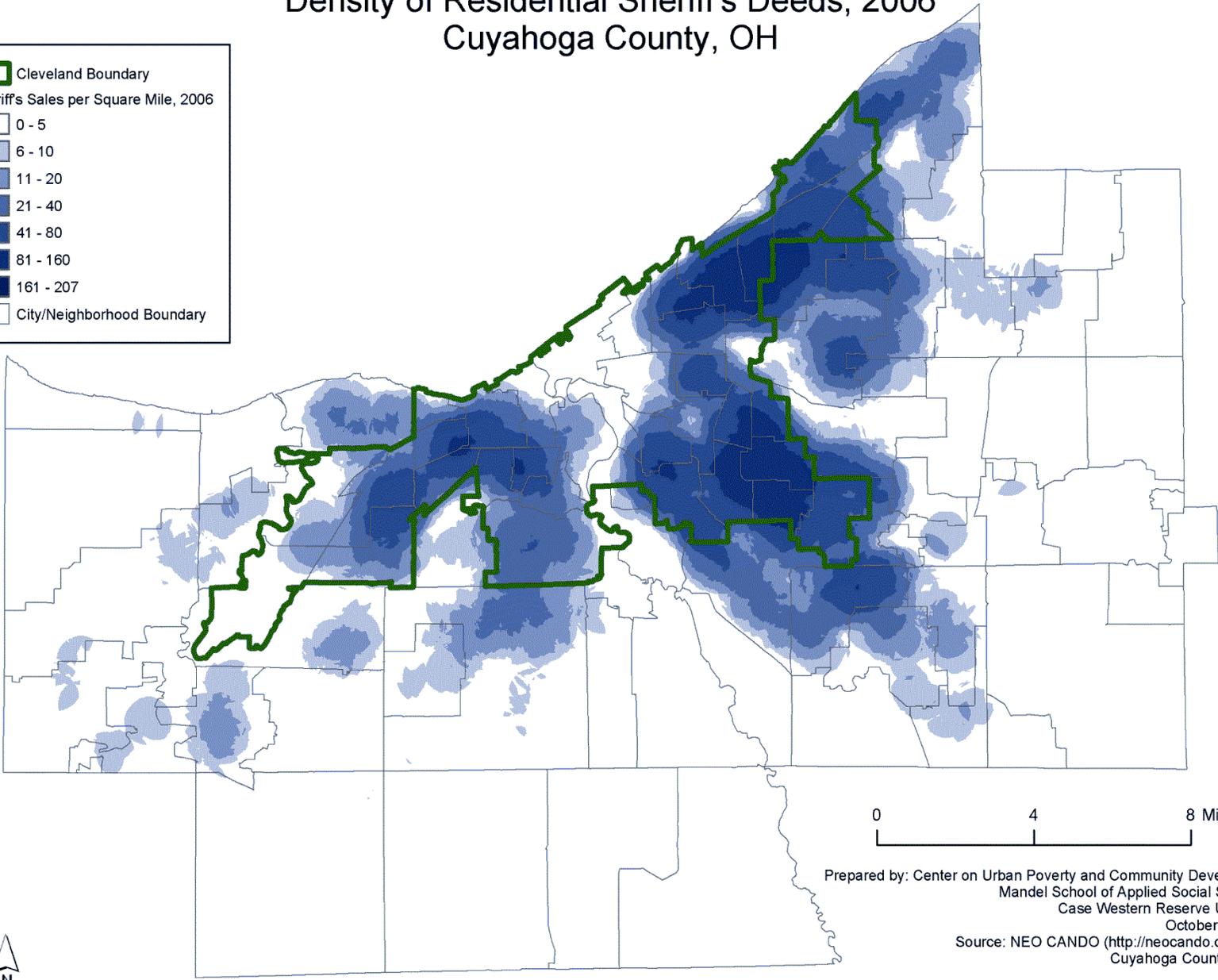
Prepared by: Center on Urban Poverty and Community Development,  
Mandel School of Applied Social Sciences,  
Case Western Reserve University  
October 30, 2007  
Source: NEO CANDO (<http://neocando.case.edu>)  
Cuyahoga County Auditor

# Density of Residential Sheriff's Deeds, 2005 Cuyahoga County, OH



Prepared by: Center on Urban Poverty and Community Development,  
Mandel School of Applied Social Sciences,  
Case Western Reserve University  
October 30, 2007  
Source: NEO CANDO (<http://neocando.case.edu>)  
Cuyahoga County Auditor

# Density of Residential Sheriff's Deeds, 2006 Cuyahoga County, OH

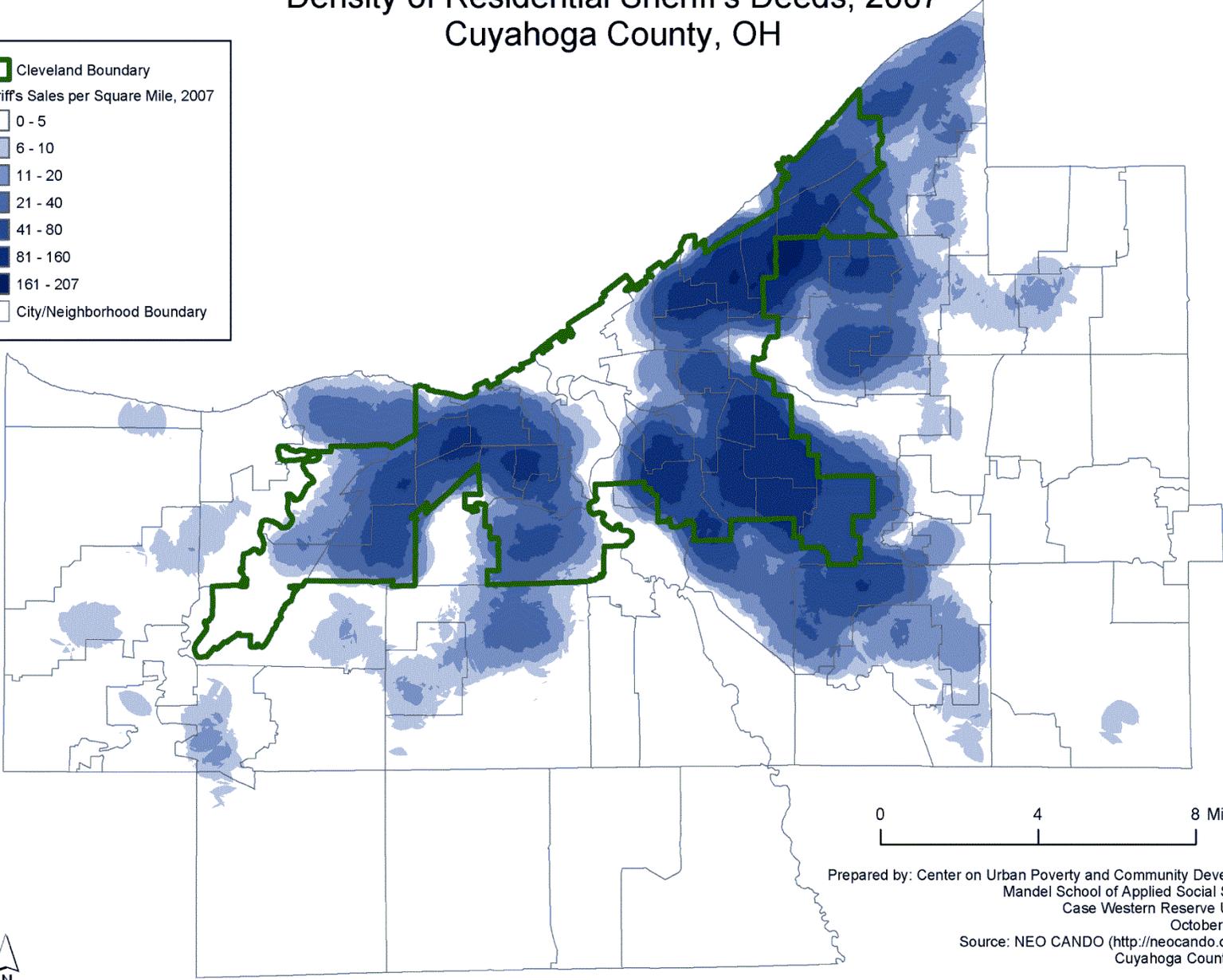


0 4 8 Miles

Prepared by: Center on Urban Poverty and Community Development,  
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October 30, 2007  
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Cuyahoga County Auditor



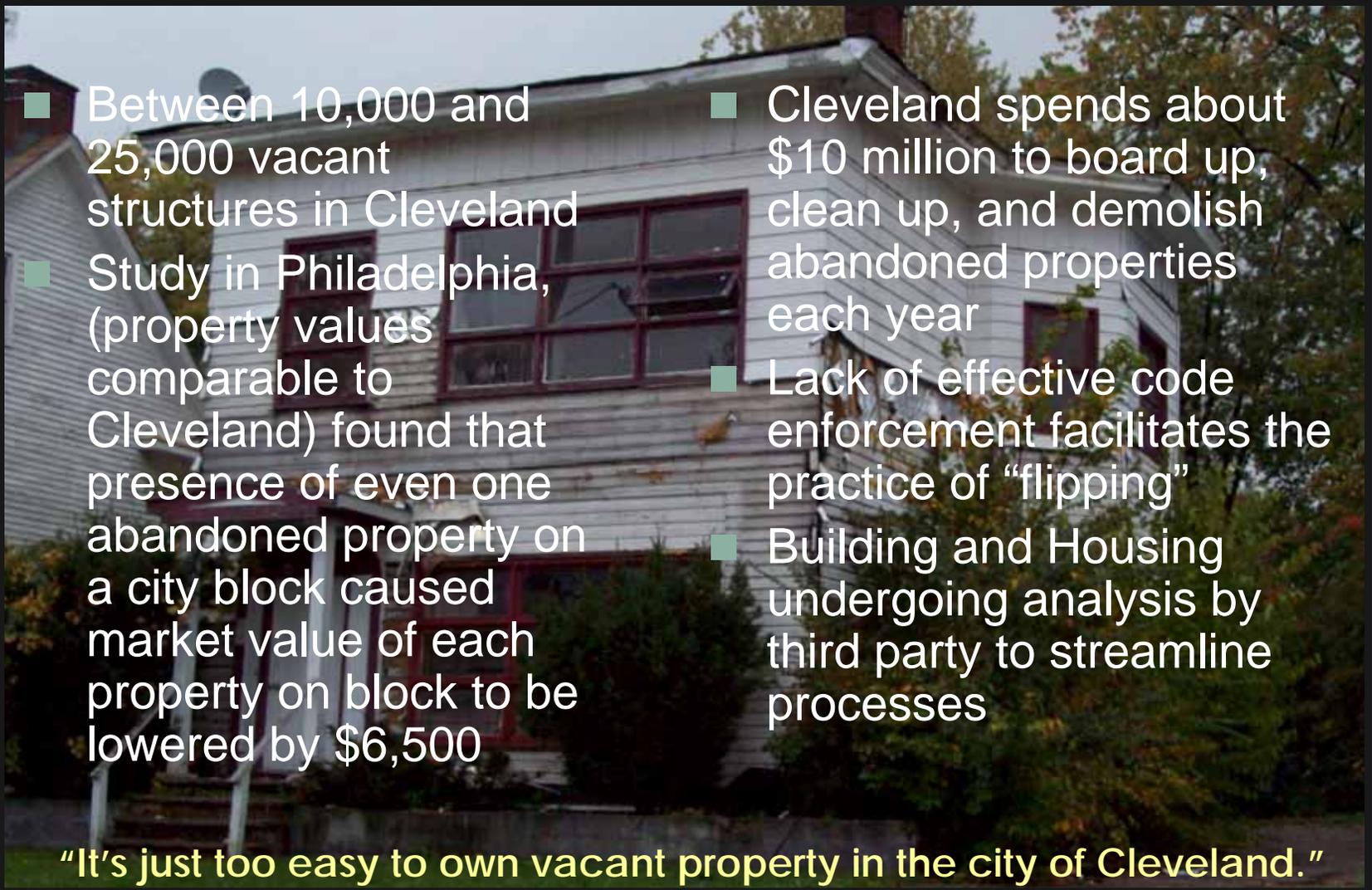
# Density of Residential Sheriff's Deeds, 2007 Cuyahoga County, OH



Prepared by: Center on Urban Poverty and Community Development,  
Mandel School of Applied Social Sciences,  
Case Western Reserve University  
October 30, 2007  
Source: NEO CANDO (<http://neocando.case.edu>)  
Cuyahoga County Auditor

# Cleveland at the Crossroads:

June 2005

- 
- Between 10,000 and 25,000 vacant structures in Cleveland
  - Study in Philadelphia, (property values comparable to Cleveland) found that presence of even one abandoned property on a city block caused market value of each property on block to be lowered by \$6,500
  - Cleveland spends about \$10 million to board up, clean up, and demolish abandoned properties each year
  - Lack of effective code enforcement facilitates the practice of “flipping”
  - Building and Housing undergoing analysis by third party to streamline processes

**“It’s just too easy to own vacant property in the city of Cleveland.”**

# Housing Court Initiatives

---

- **Placard Program**
- **“Clean Hands” Docket**
- **Corporate Docket**
- **Comprehensive Sentencing & Plea Agreements**
- **Victim Restitution**
- **Letters to Common Pleas Foreclosure Defendants**
- **Selective Intervention Program (SIP)**
- **Court Community Service**
- **Subpoena Program**
- **Landbank Donations**
- **Artistic Boarding**

# Placard Program

- Bailiff posts placards at vacant and abandoned premises.
- Placard includes contact info for owner, bank or lending institution if the property is in foreclosure, and Housing Specialist assigned to case.
- Information regarding Sheriff's Sale (date of sale; purchaser) also is posted on the property.

**NOTICE:**

**This property is the subject of a case in the Cleveland Housing Court:**

11500 GRAY AVENUE  
CLEVELAND, OHIO 44108

**Trespassers found on this property may be prosecuted or charged with contempt of court.**

ORC §§2705.01, 2911.21

The telephone number of the titled owner, MARK WHITE, is (216) 323-5611. The telephone number for HSBC BANK is (909) 397-3372.

For the current status of this case, you may contact Housing Specialist HODGE at (216) 664-3120, and reference Case No. 05-CRB-098253. Foreclosure information about Case No. 2006-CV-584506 may be obtained by contacting the Court of Common Pleas at (216) 443-8505.

JUDGE RAYMOND L. PIANKA  
CLEVELAND MUNICIPAL COURT  
HOUSING DIVISION

Cuyahoga County  
**Sheriff's Office**  
Cuyahoga County Sheriff Gerald T. McFaul

Keyword Search

Foreclosure Sales    Most Wanted Fugitives    Sexual Offenders

**Foreclosure Sales Search Results**  
Parcel # 013-03-107

Sale Date	Sale #	Parcel #	Location
9/5/2008	883	013-03-107	CLEVELAND West of River
Case #	575,475		
Plaintiff	DEUTSCHE BANK NATIONAL TRUST COMPANY, AS CUSTODIAN OR TRUSTEE, FKA BANKERS TRUST COMPANY OF CALIFORNIA, N.A.		
Defendant	DANIEL J. BROWNER, ET AL		
Address	3543 WEST 85TH STREET		
Description	A SINGLE FRAME DWELLING WITH GARAGE		
Sold Amount	\$28000		
Purchaser	DEUTSCHE BANK NATIONAL TRUST COMPANY, AS CUSTODIAN OR TRUSTEE, FKA BANKERS TRUST COMPANY OF CALIFORNIA, N.A., C/O CHASE HOME FINANCE LLC, 12785 RANCHO BERNARDO ROAD, SAN DIEGO, CA 92127		
Attorney	STEVEN PATTERSON		

# "Clean Hands"

- Plaintiff may not proceed in eviction case if plaintiff has outstanding criminal warrants in Housing Court.
- Because of high number of warrants for banks and lending institutions, Court established separate docket to which evictions are referred when there is a warrant for the plaintiff.
- Failure to clear warrant ultimately may result in dismissal of eviction action.
- Docket not limited to banks, lenders.

# Corporate Docket

---

- Where defendant is a corporation, LLC, or other business organization
- When service is perfected, but organization fails to appear
- Representative is ordered to appear; service is sent to address of record and corporate officers' homes (even overseas)
- If no representative appears, the organization is ordered to show cause to avoid contempt
- If organization fails to appear at show-cause hearing, per diem fines of \$1,000 until representative appears and enters a plea
- Over \$5 million in per diem fines converted to civil judgment
- More importantly, some banks and other corporations are now showing up in court

# The Corporate Docket:

## Per Diem Fines Converted To Civil Judgment

Defendant Name	Total per Diem Fines Converted
EZ ACCESS FUNDING , LLC	\$48,806,000
INTERSTATE INVESTMENT GROUP, LLC	\$16,182,000
ALLOTTA FANNIE, LLE	\$5,481,000
PARAMOUNT LAND HOLDINGS, INC.	\$5,240,000
UNITED MANAGEMENT AND INVESTMENT, LLC	\$2,331,000
CRN MANAGEMENT, LLC	\$2,058,000
LWBR, LLC	\$1,890,000
SFS GROUP LTD PARTNERSHIP	\$1,750,000
FIRSTSOURCE NATIONAL HOMES	\$1,351,000
NATIONAL ASSET MANAGEMENT GROUP	\$1,344,000
REO NATIONWIDE, LLC	\$1,183,000
BENWORLD CONSTRUCTION, LLC	\$1,092,000
<b>TOTAL PER DIEM FINES SANCTIONED TO DATE:</b>	<b>\$154,602,500</b>

# 11024 Harvard Avenue



489156243833 489157 78171 08/07 87 1008151

HOLD DOCUMENT UP TO THE LIGHT TO VIEW TRUE WATERMARK

**JPMorganChase**  **OFFICIAL CHECK** 

NO. 245255809  
DATE: 01/08/08  
CLERK: JANELLE GUIDRY

PAY EXACTLY **\$53,036dols75cts** AMOUNT  
Fifty Three Thousand Thirty Six dollars and 75 cents \$ 53,036.75

Drawer: JPMORGAN CHASE BANK, N.A.

*Janelle Guidry*  
AUTHORIZED SIGNATURE

ISSUED BY INTEGRATED PAYMENT SYSTEMS INC., ENGLEWOOD, COLORADO  
To Citibank, N.A., Buffalo, NY 10-86/220  Security Features Details on Back

PAY TO THE ORDER OF CLEVELAND MUNICIPAL COURT  
CLERK OF COURTS OFFICE  
1200 ONTARIO STREET  
CLEVELAND, OH 44113

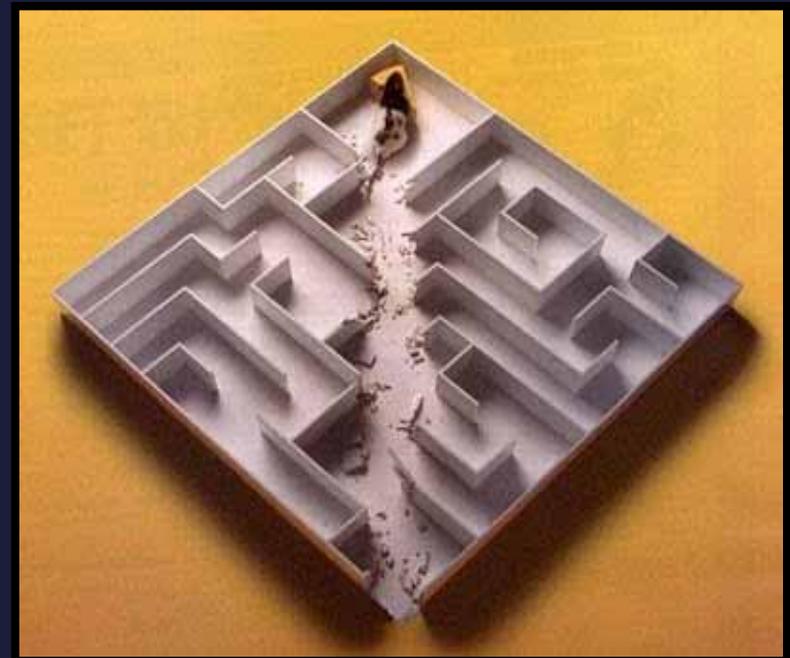
# Community Control Sanctions (Probation)

- Up to 5 years
- Defendant not to re-offend
  - including other properties owned by defendant
- Additional conditions may include:
  - completion of work/repairs
  - restrictions on use, transfer of property
- Examples:
  - Thor, Bank of America, US Bank...



# Comprehensive Sentencing & Plea Agreements

- Court endeavors to include solutions that address all of a defendant's problem properties
- Realistic assessment & plan for repair or transition to beneficial owners
- May include regular monthly, bi-weekly or weekly meeting with Court & Probation officer – Housing Specialist.
- Examples: *Christiana Bank, LaSalle Bank, Econohomes, Go Invest Wisely...*
- When defendant owns multiple properties in the City of Cleveland, cited properties often just the "tip of the iceberg"



# Victim Restitution

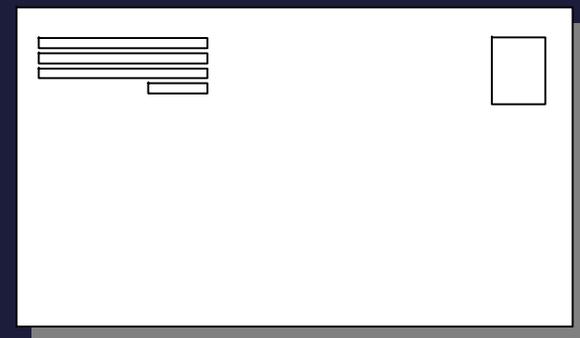
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- Available as misdemeanor sanction through R.C. 2929.28
- Where victims suffer economic losses
- Direct and proximate result of convicted conduct
- Limited to actual amount of loss
- Victim must prove amount if disputed
- Not available to government for costs of services/duties/investigation

# Letter to Common Pleas Foreclosure Defendants

---

- Sent to all primary defendants in foreclosures filed in Common Pleas with property in Cleveland or Bratenahl;
- Outlines property maintenance obligations and owners' right to occupy during foreclosure process;
- Provides information for contacting Housing Specialist and County Foreclosure Prevention Program.



# Selective Intervention Program

- Geared toward first-time offender owner-occupants
- Defendants assigned a Housing Specialist enter into a “contract” with the Court, agreeing to cooperate with the Specialist, who assists them in locating resources to make repairs
- If defendant makes repairs according to the contract, City dismisses criminal case, and defendants will not have a criminal record
- If defendant fails to comply with terms of the contract, or fails to cooperate with Specialist, defendant’s case is returned to criminal docket where defendant is sentenced



# Court Community Service



# Efforts of a Problem Solving Court

---

- Court Issued Subpoenas
  - Obtain information helpful to the administration of case
  - All necessary parties are in the Courtroom to make a decision on the lien holder's interest
- Donations to Land Bank, Community Development Organizations
  - Turn property over to an entity that will make beneficial use of the property through rehabilitation or demolition

# Artistic Boarding



# Home-Owners in Revolt

By JAMES STEELE

*Cleveland, August 8*

**I**T is ten o'clock on a hot, oppressive July night. Up and down Lardet Avenue on Cleveland's East Side a throng of people is smiling, talking, laughing, arguing with

Back on Lardet Avenue there has been clubbing and shooting—a dozen men have been shipped to hospital with scalp lacerations; two men have been rushed away, shot in the legs. But the crowd is not giving way; three times this



# Ensuring Livability in Cleveland's Neighborhoods



[www.clevelandhousingcourt.org/reclaiming](http://www.clevelandhousingcourt.org/reclaiming)