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This Selma home marred by dead grass and trash is in foreclosure. In Selma, banks and lending agencies must maintain yards and pools or face fines that could reach \$1,000 a day.

Valley cities move to make lenders tidy up foreclosed homes

Many are tired of abandoned eyesores dragging down home prices, spirits in the neighborhood.

By Eddie Jimenez / The Fresno Bee
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The scene is familiar in neighborhoods throughout the Valley: a dead lawn, debris in front and a murky swimming pool in back, sure signs of a foreclosed home.

To prevent eyesores, Valley cities are taking steps to hold lenders responsible for maintaining foreclosed properties.

Homes that are not kept up "affect both the quality of life and the economic state of a neighborhood," said Brian Calhoun, a Fresno City Council member.

A state Senate bill passed in July allows cities to fine owners of neglected foreclosure properties up to \$1,000 a day.

Some Valley cities have adopted ordinances requiring lenders to pay fees to register foreclosed properties and authorizing fines or liens if yards and pools aren't maintained.

Registration allows cities to keep track of who is responsible for a property's upkeep, Valley city officials said.

"In the foreclosure process, it's very difficult to know who owns the property," said Luis Patlan, Kerman's director of planning and development services.

Fresno city officials are working on an ordinance that would strengthen city policies to oversee and authorize penalties on abandoned and foreclosed properties. The proposal does not call for a fee to register properties, however.

The ordinance is expected to go before the council within the next few weeks.

Officials say the city has about 2,600 foreclosed homes.

Making lenders -- who become the property owners after foreclosure -- face financial penalties is a good way to make them take responsibility for the problem, Calhoun said.

"We've been doing a lot of carrots, now we need to do the stick," he said.

Some other local cities already have adopted laws on foreclosed homes.

The Selma City Council approved an ordinance in August requiring banks and lending agencies to register and pay \$200 annually for each home they own through foreclosure.

The companies also must maintain yards and pools, said D-B Heusser, Selma's city manager. If they don't, the city will hire someone to do the work and bill the lender. An unpaid bill would be applied as a lien against the property, and the lien would have to be paid off before the home could be resold, he said.

Fines imposed in Selma could reach \$1,000 a day, said Michael Gaston, the city's community

development director.

The ordinance requires the city to notify a lender if a property falls into disrepair. The owner has 14 days to improve the property's condition. Thus far, one owner has been given notice, Gaston said.

Selma has about 65 foreclosed houses, less than 1% of the city's homes, he said.

In Kerman, lending and mortgage companies must pay \$50 annually to register home foreclosures, Patlan said.

The owners of the properties must remove or replace dead landscaping and maintain the yards, he said. The companies also must secure the doors and windows to prevent trespassers and vandalism.

Lending and mortgage firms are subject to daily fines that could reach \$850 a day.

"The goal is to get their attention that the city is serious about the issue and we want them to maintain the properties to neighborhood standards," Patlan said.

Kerman officials have identified about 55 foreclosed houses, or about 2% of the city's residences, he said.

Water service usually is turned off when homes are abandoned, but city officials are working with the lending companies to have water restored so lawns and yards can be maintained, said Ron Manfredi, Kerman's city manager.

Neither Selma nor Kerman has yet levied fines under the new laws.

Kerman's ordinance is modeled after one that Chula Vista, a city of 235,000 south of San Diego, implemented about a year ago.

The ordinance has reduced the number of unkempt houses, said Doug Leeper, Chula Vista's code enforcement manager.

"We still have problems, but not nearly as many as we would have without this ordinance," he said.

Fines in Chula Vista range from \$100 to \$1,000 a day, "depending on the severity of the problem," Leeper said.

"We just keep escalating the penalty until we get their attention," he said. "My goal was not to be their property manager. They speak one language -- money."

Banks and lending firms also must pay past-due water bills to restore water service, Leeper said.

"They howled at first. Several understood. They've come around," he said.

In the first 10 months, Chula Vista officials issued more than \$500,000 in fines and penalties, he said. Unpaid fines are applied as a lien on the property.

Don Scordino, president of the Fresno Association of Realtors, said his organization has voiced concerns about the proposed Fresno ordinance.

He said his association wants the ordinance to be "transaction-friendly" so liens do not hold up sales of foreclosed homes, which have picked up significantly this year compared with 2007. Buyers should not have to pay "for the sins of past owners" whose homes were foreclosed, he said.

"Our association is trying to help find a workable process," Scordino said.

Selma resident Teresa Correa can't wait for the city's ordinance to start having an effect.

Correa lives across the street from a foreclosed home with a dead lawn. She and her family recently considered selling their home just west of Highway 99, where they have lived for 16 years, but the adjacent run-down foreclosed property is devaluing their home.

A real estate agent told them, "Your home is OK, but look at what's across the street. Nobody is going to want to buy your home," Correa said.

Correa said she is glad that city officials are doing something about keeping unoccupied residences from becoming eyesores.

The foreclosed home stands out in Correa's neighborhood, she said.

"It catches your eye right away," she said.

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