

FORECLOSURES

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could handle managing about 1,200 foreclosed properties a year, a small dent in a problem with such a large scope.

No lack of work for Summit

There have been at least 33,000 foreclosures filed in Lee County in the last three years.

In Collier County, 751 foreclosures were filed in September alone — that's more than the total number, 487, that were filed in 2005.

"I'm sure it's going to run over 700 in October, but maybe (lending institutions) will get in the Christmas spirit and not file as many," said Jay Cross, executive assistant to the Collier County Clerk of Courts.

As foreclosures work their way through the court system, those properties often sit untended, month after month and sometimes year after year.

Out-of-state banks or companies such as Bank of America and Countrywide, Deutsche Bank, Wells Fargo, Freddie Mac, Fannie Mae and others, own a large portion of the foreclosed properties. "To them, it's a report, a number. We see the weeds two feet high," Mr. Reader said.

Marsha Bailey, a real-estate agent and Summit REO's asset manager, called the bank that owned one house REO manages and found the bank didn't even realize it owned the property.

But some out-of-state lenders claim they are already taking care of the abandoned properties.

"(Bank of America's) vendors do an assessment of the home and keep it in a marketable condition so it doesn't embarrass the neighborhood," said David Bradley, a spokesman for Bank of America's consumer real estate division in the Southeast United States.

However, Mr. Reader and Mr. Debitetto say banks are often happy to hear about their services, even if they wouldn't admit it publically. The two real-estate veterans, each served as a division president of Lennar Homes, tout combined experience of more than 50 years in Southwest Florida markets, and offer themselves as a one-stop shop for the lending institutions to get the undesirable property off their books.

"We're taking all our prior talents and adapting to the whole market," Mr. Reader said. "We have a comprehensive, simple solution to what is a very complex process — there are a lot of different players, with a lot of different interests."

Mr. Debitetto agreed. "Lending institutions need somebody locally to go in, assess the condition of the home, quickly get it up to go, and render an honest opinion of what it's worth in the current market. We believe the return on those dollars is two or three to one."

That profit won't come without a fair share of fixing up, however. One of the properties Summit REO now manages is a foreclosed home in Cape Coral, where thigh-high weeds poke out of cracks around a swimming pool that resembles a thriving science project. The whole place has the musty smell of a building in which air has not circulated in some time.

The house is in a gated community that Mr. Debitetto built when he was with Lennar. The company cut their positions when the market crashed.

"This will make someone a nice home," Mr. Debitetto said.

That is, after Summit REO does its job. A child's bedroom still had fanciful castles painted on the walls. Another bedroom floor had been personalized with bright orange tile. Those touches will be covered by neutral beiges and whites.

There are numerous other, more pressing problems: Some cabinets, all the lighting fixtures and major appliances had been removed.

All of this is typical of what Mr. Reader and Mr. Debitetto said they expect to find in assessing a house where exits had probably been made under duress and even ill-will. It's called a "trash out."

Summit REO is able to handle the process of getting homebuyers mortgages on the foreclosed homes with relative ease,

because they are in close contact with the lending institution that owns it. And they say it presents a good value for buyers.

"It's an incredible time to buy," Mr. Reader said. "You can't build the houses for what they're selling for."

They are also tight lipped about exactly which banks own what properties, and so are the banks. That could be because having a lot of foreclosures on record points toward what is now seen as morally questionable lending practices.

"That's like calling up a couple and asking them how much they fight," said Jeff Tumbarello, director of Southwest Florida Real Estate Investors Association. "They've been in denial for a while, and the more I understand the crisis, this has been perpetuated and elongated because of people trying to keep a job. A lot of these banks, if they really came clean, they'd be done. But the bailout will give them enough time to get this off their books. They've got the reserve and the liquidity..."

"It's the little guys that usually get eaten."

Banks that own foreclosed property may not be guilty of any bad lending practices, said Robert Zivkovic, of Zivkovic & Associates Real Estate Services, a Southwest Florida-based company. There are many ways to acquire such properties.

"They are participants in a loan," Mr. Zivkovic said. "Somehow or another they got involved in it, and some of these banks acquired another bank that had these portfolios. There are various ways to get involved: by acquisition, participating, purchase and direct loans."

However the banks acquired the foreclosed properties, local housing markets need people living in them again.

"Until that inventory (of foreclosed homes) gets reduced, the housing market in Lee and Collier County will not return," Mr. Reader said. ■

Commercial real estate

► **Woodyard & Associates, LLC** announced the following transaction:

Pyramid Enterprises, LLC purchased 4,650 square feet of office/warehouse space from Landshore of Benchmark, LLC, located at 1685 Target Ct., Units 16-17, Fort Myers. Todd Holman of Woodyard & Associates, LLC represented the seller and Karen Goncalves of Bundschu-Kraft represented the buyer.

► **Sperry Van Ness** announced the following transaction:

Harry Chapin Food Bank of Southwest Florida has leased 50,000 square feet at 3760 Fowler St., Fort Myers, from Oakwood Associates, LLC. Andy Bauman and Ron Kerr of Sperry Van Ness represented the tenant. Lou Pettingell of Commercial Property Management represented the landlord.

► **CB Richard Ellis**, Fort Myers-Naples, announced the following transactions:

Seminole Gulf Railway has leased 5,803 square feet at 4100 Center Pointe Road, Fort Myers, from Citec Florida LLC. Randal L. Mercer and Enn Luthringer, both of CB Richard Ellis, Fort Myers-Naples, brokered the transaction.

BFS, LLC has leased 1,085 square feet in the Brittany Professional Center, 12670 New Brittany Blvd., Fort Myers, from Randal L. Mercer, Trustee. Randal L. Mercer of CB Richard Ellis, Fort Myers-Naples, brokered the transaction. ■




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