

Collateral damage in mortgage meltdown

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For Hannah Gilman and her husband, Jared Harney, finding a nice house in a good neighborhood meant getting creative.

With two small children and one salary limiting their options, the two 24-year-olds recruited Gilman's sister, a friend and another family to move together to a deceptively large A-frame on Carrillo Street in Santa Rosa's Ridgway neighborhood.

To lower costs further, they spent a week painting the rooms in a deal to knock down the first month's rent. Things, though, unraveled quickly. Shortly after they moved in June 17, a man knocked at the door bewildered to find tenants inside. The house, he told them, was scheduled to be sold at a foreclosure auction.

They called their landlord, Ron Barbieri, a broker for Keller Williams Realty, who assured them they had nothing to worry about, Gilman said.

But on July 3, one day after Barbieri collected the group's \$1,975 rent, Gilman and Harney came home from celebrating their fourth wedding anniversary to find a notice on the front door.

The house was now property of OneWest Bank. And it warned they needed to call to arrange moving out or risk being evicted by the sheriff, Gilman said. The couple laughed at first, but reality set in quickly.

"It was like we can't catch a break," Gilman said. "It was a little devastating."

The home, they learned, had been sold on June 29, four days before Barbieri collected July's rent on a house he no longer owned.

It was the beginning of an increasingly frustrating month for the housemates. Not only have they been unable to recover their rent and their deposit of more than \$2,000 from Barbieri, they've been facing the threat of eviction.

Last week, they received a call from an agent of the bank, saying the property may not be suitable for human habitation, Gilman said. An inspector toured the house Thursday, though the tenants don't yet know the results.

"If we have to move in the near future, we have nowhere to go and no deposit to put down," said Gilman.

For his part, Barbieri, 69, claims to have been equally blindsided by the foreclosure of a property he and his wife owned with two other couples. He said the partners hadn't paid on the \$480,000 mortgage since November 2009 and had received two notices of default last winter and summer followed by notification that the home was scheduled for sale last November.

But Barbieri said he had been in negotiations with the lender to modify the loan, which had halted the foreclosure process. He also disputes that the bank had its documents in order to legally carry out the foreclosure.

"I am going to work on getting this property back as quickly as possible," he said.

Still, Barbieri said he knew the home was no longer legally his when he cashed the July rent. But he said he felt it was justified given the money went to help pay for \$7,500 in repairs that allowed the new tenants to move into the house where they

remain.

"I didn't put it in my pocket and go to Las Vegas," he said. "I don't have the money."

He said he had no other way to pay the repair bill for the house. The downfall of the real estate market has stripped Barbieri of much of his assets. Since the downturn, he's lost 14 properties in foreclosure and shortsales, filing bankruptcy in the process, he said.

He intends to repay the tenants' deposit if it becomes clear he won't get the house back. Until then, there's no point, he said.

According to Clay Clement, a Santa Rosa real estate attorney, it's possible to reverse a foreclosure, but the odds are long.

"It is not unusual for people to file lawsuits challenging foreclosures," Clement said. "It is very rare for those lawsuits to succeed."

For Gilman and her husband, the greatest frustration is the uncertainty, which is exactly what they were trying to avoid when they signed a 12-month lease stipulating they had to be told of any prior knowledge of default or foreclosure.

Even if they get a reprieve from immediate eviction, they're not sure how long they will have — or where they'll go next.

"We don't know whether to keep unpacking or start packing again," Gilman said. "That's the frustrating part."

They sympathize with investors overwhelmed with property losses, but said they feel as if Barbieri duped them. They are considering legal action.

Jami Walsh, a foreclosure counselor with Catholic Charities in Santa Rosa, said she's heard of cases where people pay rent to landlords who never owned the property, though such cases aren't common locally.

"We encourage renters to check out the landlords as much as the landlords check out them," she said.

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