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NEWSSTAND 50¢

The Citizen



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In Ga., foreclosure law works quickly, without the courts

By JOHN THOMPSON
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In six weeks, your house could be auctioned at the courthouse steps.

That's the reality that many Georgia borrowers face if they miss a mortgage payment.

"Georgia, along with Wyoming, are the only two states that have a non-judicial foreclosure system," said business attorney John Mrosek.

The rest of the country uses judicial foreclosure, which can take nearly a year to accomplish, and has to be conducted by a court, Mrosek added.

"It's just a longer and more expensive process," he said.

In 1898, Congress passed a bankruptcy bill, but in 1899, the Georgia Supreme Court decided that contracts between borrowers and lenders were a private matter, so the state has been able to use non-judicial foreclosures since the turn of the 20th century.

"In judicial foreclosures, you often have a law day or redemption day that the court sets for the borrower to get caught up on the loan or present a plan for paying on the note," Mrosek said.

Because of the ease of the present state foreclosure laws, Mrosek is not surprised to see the percentage of bankruptcies rising in the county. All foreclosure sales in the state are held on the first Tuesday of the month,

and attorneys go from county to county, much like an old-fashioned circuit-rider to deal with foreclosed properties in the various counties.

"On that one day of the month, Georgia will have more foreclosures than the six New England states combined," he said.

If a house does go into the foreclosure process, there's very little remedy for the borrower.

"It's strictly a matter of contract between the lender and the borrower. Unless you can find fraud in the contract, there's only the option of bankruptcy," he said.

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Fayette foreclosures at bottom of metro numbers

By JOHN THOMPSON
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While Fayette County may have seen the biggest uptick in the region during the last year for foreclosure percentage increase, the total numbers of foreclosures in the county is the lowest in the 10-county metro Atlanta area.

In data compiled by the Atlanta Regional Commission, Fayette's total number of foreclosures from 2000-2006 is 3,431.

But the region's leader in foreclosures is Fulton County with 51,276. DeKalb is second with 49,388 and Gwinnett is third with 28,661.

Fayette County also tied the lowest percent of housing stock with Cherokee County at 1.8 percent. In 2006, 684 of Fayette's 38,738 housing units were in foreclosure.

Business attorney John Mrosek thinks he knows one of the reasons that Fayette's foreclosures are on the rise.

"The old saying is that if Delta hiccups, Fayette gets pneumonia," he said.

Although Delta has successfully negotiated its way out of bankruptcy, Mrosek said Delta's woes over the last few years have had a huge impact on the local economy. When combined with

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Foreclosures Continued from A1

Ford's decision to shut down its Hapeville plant, Mrosek said the economic squeeze was put on southside communities.

The attorney also blamed the

high cost of energy for many residents not being able to keep up with their mortgage payments.

"If you're driving an hour to

work, you're paying far more for fuel than you did six years ago," he said.

Home energy costs have also risen, and those costs have also contributed to some residents' teetering financial house. Those factors, along with sub-prime mortgages and Georgia's foreclosure law (see related story), have fueled the increase in foreclosures that Mrosek has witnessed in the last few years.