

Foreclosures spike in value

Latest list shows more than \$42.3M of property scheduled for auction.

By Cara Rank

The volume and value of properties in the foreclosure pipeline has increased in recent weeks as the summer selling season ended and owners are being forced to put their homes and land up for auction.

As of noon Tuesday, the Teton County Sheriff's Office reported 25 prop-

erties headed for sale on the county courthouse steps. Four individuals or partnerships are responsible for 16 of those condos, homes and vacant parcels or lots. Collectively, those properties have starting bids totaling \$42.3 million, which includes about \$22 million for six parcels south of town that are being auctioned as one.

While Cheryl Chidester, who oversees foreclosure sales for the sheriff's office, said she doesn't know why there was a sudden spike in foreclosures, others have some theories.

"My feeling is that borrowers are making every effort to get through the

selling season and sell their property," said Bank of Jackson Hole CEO Scott Yandell. "But as they get through the end of summer, through October, and their properties don't sell, they're looking at a long, cold winter with not many prospects."

At First American Title Co., Laura Ginty, assistant office manager, said she assumes these people have finally run out of money.

But some have another theory: Property owners are intentionally allowing banks to pursue foreclosures so they can refinance.

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"That's the only way to get their attention," said 64-year-old Douglass Jennings Jr., a San Diego, Calif., tax attorney. "They won't negotiate in good faith when you're performing."

He owns 12 properties in the state, nine of which are in Teton County.

Jennings said he stopped making payments on his four properties that are scheduled for sale Nov. 19. Outstanding debts total about \$6.7 million on three Grand View Condominiums on Snow King Loop and a cabin on Craighead Lane, off Antelope Flats Road north of town.

Loans through Wells Fargo Bank and Countrywide, now owned by Bank of America, have interest rates of 6 percent to 7.5 percent.

"I kept the loans current until three or four months ago," he said. "I tried to work with the lenders to modify the loans, and the banks have been unwilling to."

Banks have refused to refinance on investment properties or second homes. So Jennings defaulted.

It's a tactic Jennings used before in Cody, where he owns three properties. The bank would not renegotiate the loans until the properties went into foreclosure.

Finally he refinanced, and Jennings said he is again making payments on time.

"It would be imprudent of me not to talk to the banks and have the loan put in to market conditions," Jennings said.

There is some indication that other property owners may not be using foreclosure as a tactical move.

amounts owed totaling about \$6.2 million are headed to auction. Two of the properties are listed as owned by Tankanka and a third belongs to Ortega.

They're not the only ones with more than one property headed for sale.

The Kip Konigsberg family also has three parcels along Fish Creek that are scheduled for auction Nov. 12. With a starting bid of about \$3.1 million, the vacant parcels are 23.3 acres, 2.25 acres and 2.24 acres.

A fourth parcel with a home on it has not been advertised for foreclosure.

Jessica Rutzick, an attorney for Konigsberg in the past, did not return a phone call Tuesday.

The Konigsberg properties have been troubled since the family bought a 32-acre parcel and subdivided it in 2006 using the family exemption law, which allows subdivisions of land outside most county regulations if the property transfers are between family members. The intent of the statute was to make it easier for ranch families to break out parcels for their children. In Teton County, officials fear land speculators will abuse the exemption.

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— Douglass Jennings Jr.

PROPERTY OWNER

Chidester said she has been told that the owners of the six parcels south of town – in Horse Creek and on Henry's Road – took out a loan against the properties to buy equipment for their business and defaulted on that loan.

Owners are listed as Sheldon Player, Dale Player, Donna Malone and Dana Malone. They currently owe the largest sum of about \$22 million. The auction is scheduled for Nov. 19.

They could not be reached for comment.

These six parcels are the largest foreclosure the county has seen since the 3.26-acre H-1 lot in Teton Village was sent to foreclosure by Wells Fargo Bank.

The owner of that lot, Tatanka Hotel Development Partners, owed \$13.5 million on the first mortgage to the bank and another \$6 million on a second mortgage with Jackson Hole Mountain Resort.

That property was pulled out of foreclosure after Tatanka filed a Chapter 11 petition Sept. 30 in the U.S. Bankruptcy Court for the District of Wyoming.

But Tatanka's partners – James Reinert and Antonio Ortega – may not be out of trouble yet. On Nov. 19, three Granite Ridge properties with

In January, the county denied Konigsberg a boundary adjustment for some of these parcels, saying that the New York lawyer violated state law and county land-development regulations when he used the exemption to divide the 32-acre parcel.

The remaining properties advertised are all valued at less than \$1 million each and are scattered across the valley.

Yandell, of Bank of Jackson Hole, said the only reason a bank files a foreclosure is if a borrower is unable to pay.

"A bank can have a problem loan and work through restructuring it as long as the borrower has the ability to keep paying," Yandell said. "Normally, a bank won't file foreclosure until, clearly, a borrower can't pay anymore."

Options other than foreclosure include lowering mortgage payments, refinancing, short sales or deed-in-lieu of foreclosure, he said.

Yandell would not say how many troubled loans his bank is now working through, only that it has "a handful."

Although November does have more troubled properties in foreclosure, the problem is not too widespread, he said.

"There are 12,000 deed properties in Teton County," he said. "[Twenty-five] is not a very big percent."