

Judge Raymond Pianka orders Wells Fargo Bank to bring foreclosed properties up to code in Cleveland

Posted by [mesmith](#) June 18, 2009 22:17PM



Scott Shaw/The

Plain Dealer Cleveland Housing Judge Raymond Pianka ordered Wells Fargo Bank bring the foreclosed properties it owns in Cleveland up to city code.

Cleveland Housing Judge Raymond Pianka has ordered Wells Fargo Bank to take responsibility for the conditions of the foreclosed property it owns in Cleveland -- a decision that could have broad implications in the city's struggle with vacant and dilapidated housing.

Pianka issued a preliminary injunction Thursday that requires the company to make the necessary fixes on any substandard property -- whether through repairs or demolition -- to comply with city codes.

And in cases where the company wants to sell property for less than \$40,000, it has to first demonstrate to the judge that the property meets city code.

Wells Fargo had as many as 180 properties in the city as of April. It's not clear how many of those don't meet building and housing code standards.

"I don't believe a court anywhere in the country has issued an order that's this comprehensive against a major financial institution," said Frank Ford, executive director of the nonprofit housing advocacy group that had sued Wells Fargo over its property conditions.

"The ruling is specific to Wells Fargo, but it sets a precedent that says banks that have foreclosed on property, allow it to go vacant, and don't maintain it are going to be held to the same standards as any property owner in Cleveland," he said.

But before the ruling was issued, Wells Fargo said such an order would put restrictions on sales in a weak market, leaving the company's houses vacant even longer.

Pianka said in his ruling he wasn't persuaded by Wells Fargo's argument that an injunction would ultimately lead to more vacancies.

In a written statement issued late Thursday, Wells Fargo spokesman Kevin Waetke said the company believed there was no legal basis for the decision and will consider appealing.

"Wells Fargo has a long history of responsible lending and servicing in our communities," he said. "We stand by our lending record and practices as we feel it is always in the best interests of the community to have the home reoccupied in order to preserve the neighborhood."

Wells Fargo separately requested Thursday that Pianka remove himself from the case and suggested that his attendance at a recent conference on vacant properties, the primary issue in the case, created an appearance of bias. Pianka declined to recuse himself.

Last month Pianka issued a temporary restraining order prohibiting Wells Fargo from selling any foreclosed properties it owns in Cleveland that didn't comply with city code. That order expired Thursday.

In December, the Cleveland Housing Renewal Project, a subsidiary of Neighborhood Progress Inc., filed a lawsuit seeking to have company properties declared public nuisances that must be fixed or demolished.

The injunction could stay in place until Pianka rules on the request for a permanent order.

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