

1 A bill to be entitled
 2 An act relating to foreclosure debt relief; providing a
 3 short title; providing definitions; authorizing the
 4 creation and administration of a deficiency judgment
 5 reimbursement program by the Florida Housing Finance
 6 Corporation contingent upon the occurrence of certain
 7 conditions precedent; providing for future termination of
 8 the program; authorizing continuation of the program under
 9 certain circumstances after depletion of funds; providing
 10 procedures and eligibility requirements for homeowners and
 11 financial institutions to file specified monetary claims;
 12 providing an effective date.

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 14 Be It Enacted by the Legislature of the State of Florida:

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 16 Section 1. Deficiency judgment reimbursement program.—

17 (1) This section may be cited as the "Foreclosure Debt
 18 Claims Act."

19 (2) As used in this section, the term:

20 (a) "Deficiency" means the total amount owed by an
 21 eligible homeowner to a participating financial institution as
 22 determined by a court at a hearing on a motion for summary
 23 judgment in a foreclosure action.

24 (b) "Eligible homeowner" means an owner of a homestead
 25 property whose property is subject to a foreclosure action
 26 brought by a participating financial institution and whose:

27 1. Homestead property's actual market value before default
 28 has declined by 30 percent or more below the principal
 29 outstanding on the mortgage note; or

30 2. Last monthly mortgage payment owed before default
 31 exceeded 31 percent of the homeowner's current monthly gross
 32 income.

33 (c) "Foreclosure action" means a foreclosure action filed
 34 in a court of this state.

35 (d) "Fund" means the moneys, or the account containing the
 36 moneys, allocated by the United States Department of Treasury
 37 from the Housing Finance Agency Innovation Fund for the Hardest-
 38 Hit Housing Markets to the Florida Housing Finance Corporation.

39 (e) "Homestead property" means real property determined by
 40 a court having jurisdiction over a foreclosure action brought by
 41 a participating financial institution to be the primary
 42 residence of the defendant homeowner based upon the totality of
 43 circumstances.

44 (f) "Participating financial institution" means any
 45 financial institution that:

46 1. Is authorized to engage in lending activities in this
 47 state;

48 2. Holds a mortgage subject to a foreclosure action
 49 against an eligible homeowner; and

50 3. Has voluntarily agreed to participate in the program.

51 (g) "Program" means the deficiency judgment reimbursement
 52 program created and administered by the Florida Housing Finance
 53 Corporation in accordance with this section.

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54 (3) Contingent upon the United States Department of the
55 Treasury authorizing and directing the Florida Housing Finance
56 Corporation to create and administer the deficiency judgment
57 reimbursement program as provided for in this section and upon
58 receiving a minimum of \$100 million from the Housing Finance
59 Agency Innovation Fund for the Hardest-Hit Housing Markets, the
60 corporation shall:

61 (a) Create the deficiency judgment reimbursement program
62 in compliance with both the provisions of this section and the
63 directive given by the United States Department of the Treasury
64 for the creation and administration of the program.

65 (b) Create all the notices and forms necessary for the
66 administration of the program.

67 (c) Process filed claims in the order received and pay
68 claims until the fund is depleted or the program is continued
69 pursuant to subsection (4).

70 (d) If program funds are depleted before the scheduled
71 termination of the program, notify all participating financial
72 institutions about such depletion, unless the program is
73 continued pursuant to subsection (4).

74 (4) Any program created pursuant to this section shall
75 terminate 1 year after the receipt of the funds required under
76 subsection (3). However, if the funds are depleted before the
77 scheduled termination of the program, the program may be
78 continued until the scheduled termination date, subject to an
79 appropriation by the Legislature, for the purpose of paying any
80 pending claims filed before the depletion of funds.

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81 (5) An eligible homeowner is entitled to receive a waiver
82 of deficiency from a participating financial institution and up
83 to \$1,000 in moving expenses from the fund if the eligible
84 homeowner agrees in writing to:

85 (a) Settle the foreclosure action by entry of a
86 nonmonetary judgment of foreclosure against the eligible
87 homeowner; and

88 (b) Vacate the homestead property within 3 months after
89 entry of judgment against the eligible homeowner or the judicial
90 sale, whichever occurs later.

91
92 An agreement under this subsection is valid only if it is in
93 writing.

94 (6) A participating financial institution is entitled to
95 file a claim with the Florida Housing Finance Corporation for an
96 amount equal to 10 percent of the deficiency arising from a
97 foreclosure action settled as a result of a written agreement
98 entered into by a participating financial institution and an
99 eligible homeowner pursuant to subsection (5).

100 Section 2. This act shall take effect upon becoming law.