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

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

Section 1. Deficiency judgment reimbursement program.—
(1) This section may be cited as the “Foreclosure Debt
Claims Act.”

(2) As used in this section, the term:
(a) “Deficiency” means the total amount owed by an eligible
homeowner to a participating financial institution as determined
by a court at a hearing on a motion for summary judgment in a
foreclosure action.

(b) “Eligible homeowner” means an owner of a homestead
property whose property is subject to a foreclosure action
brought by a participating financial institution and whose:
1. Homestead property’s actual market value before default
has declined by 30 percent or more below the principal
2. Last monthly mortgage payment owed before default exceeded 31 percent of the homeowner’s current monthly gross income.

(c) “Foreclosure action” means a foreclosure action filed in a court of this state.

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

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

(f) “Participating financial institution” means any financial institution that:

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

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

3. Has voluntarily agreed to participate in the program.

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

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

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

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

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

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

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

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

(a) Settle the foreclosure action by entry of a nonmonetary judgment of foreclosure against the eligible homeowner; and
(b) Vacate the homestead property within 3 months after entry of judgment against the eligible homeowner or the judicial sale, whichever occurs later.

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

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

Section 2. This act shall take effect July 1, 2011.