

HB 1303

2013

1 A bill to be entitled

2 An act relating to the mortgage principal reduction  
3 program; creating the "Mortgage Principal Reduction  
4 Act"; defining terms; requiring that the Florida  
5 Housing Finance Corporation apply to the United States  
6 Department of the Treasury by a specified date to  
7 request funds not to exceed a specified amount from  
8 the federal Hardest-Hit Fund program to establish a  
9 new state program to reduce the principal on mortgages  
10 for persons whose homestead property in this state is  
11 in foreclosure; requiring the corporation to use the  
12 allocated funds to purchase delinquent mortgages on  
13 such property from lenders at a discount to reduce the  
14 mortgage principal amount due on the mortgage;  
15 creating an application process and corporate  
16 procedures; specifying that only members of The  
17 Florida Bar and HUD-certified counselors working for a  
18 nonprofit entity may assist program applicants in  
19 applying for or program participants in servicing a  
20 loan created by the program; requiring that the  
21 corporation submit monthly reports to the Office of  
22 the Governor, the President of the Senate, and the  
23 Speaker of the House of Representatives; providing an  
24 effective date.

25  
26 Be It Enacted by the Legislature of the State of Florida:

27  
28 Section 1. Mortgage principal reduction program.—

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29           (1) SHORT TITLE.—This act may be cited as the "Mortgage  
30 Principal Reduction Act."

31           (2) DEFINITIONS.—As used in this section, the term:

32           (a) "Corporation" means the Florida Housing Finance  
33 Corporation.

34           (b) "Department" means the United States Department of the  
35 Treasury.

36           (c) "Hardest-Hit Fund" means the program authorized under  
37 the federal Emergency Economic Stabilization Act of 2008, Pub.  
38 L. No. 110-343, to assist this and other states in foreclosure  
39 prevention efforts.

40           (d) "Program applicant" means a person who has applied for  
41 but has as yet not reached an agreement with the corporation to  
42 repay the current mortgage purchased by the corporation.

43           (e) "Program participant" means a person who has entered  
44 into a contract with the corporation to repay the mortgage with  
45 the mortgage principal reduced.

46           (3) (a) MORTGAGE REDUCTION PROGRAM.—No later than October  
47 1, 2013, the corporation shall apply to the department  
48 requesting that it allocate to this state an additional \$100  
49 million from the Hardest-Hit Fund to establish a new state  
50 program that is designed to reduce the loan principal on  
51 mortgages for persons whose homestead property in this state is  
52 in foreclosure.

53           (b) The corporation shall use allocated funds to purchase  
54 from lenders, at a discount, delinquent mortgages that cover  
55 homestead property located in this state which are in  
56 foreclosure. The corporation shall reduce the mortgage principal

57 | on the purchased mortgages, coordinate with the mortgagee, and  
58 | establish a reasonable repayment plan for the mortgagee.

59 | (c) The corporation shall establish and determine  
60 | eligibility to participate in the mortgage principal reduction  
61 | program. An applicant is eligible for participation if he or  
62 | she:

63 | 1. Demonstrates financial hardship;

64 | 2. Owns homestead property that is the subject of an  
65 | active foreclosure suit;

66 | 3. Owns a homestead property in this state which has a  
67 | mortgage value that is equal to or exceeds 25 percent of the  
68 | fair market value; and

69 | 4. Has the ability to repay the new, reduced loan.

70 | (d) The corporation may:

71 | 1. Charge interest on a loan to a program applicant;  
72 | however, the interest rate may not exceed 2 percent per annum;

73 | 2. Contract with a private mortgage servicing company to  
74 | service the loan; and

75 | 3. Transfer a loan to a private lending entity for fair  
76 | market value upon the original terms and conditions of the loan,  
77 | which are not subject to change by subsequent mortgage holders.

78 | (e) Only members of The Florida Bar and HUD-certified  
79 | counselors working for a nonprofit entity may assist a program  
80 | applicant in applying for a principal reduction loan or a  
81 | program participant in servicing a loan created by this program.

82 | (f) The corporation may make changes to the mortgage  
83 | principal reduction program as are required by the department.

84 | (g) The corporation shall submit a monthly report

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85 | describing the status of the mortgage principal reduction loan  
86 | process and program to the Office of the Governor, the President  
87 | of the Senate, and the Speaker of the House of Representatives.  
88 | The first monthly report is due on December 31, 2013.

89 | Section 2. This act shall take effect July 1, 2013.