

1. HOMESTEAD PRESERVATION

- 1.1. Urge loan servicers to pursue all workout options and dedicate resources to foreclosure prevention including the use of a mediator to negotiate a compromise.**
- 1.2. Before a foreclosure is filed, a lender or servicer should provide the homeowner with a notice containing the following information:**
 - 1.2.1. Proof of legal ownership of the mortgage loan; name and contact information for a person with the authority to renegotiate loan terms and reinstatement options; history of the loan, including detailed accounting; information on contacting the homeownership preservation center.**
- 1.3. Refinance assistance program**
 - 1.3.1. Make available funds from Florida's down payment assistance program to a refinance assistance program for homesteaded property. This would allow the loan to value on the first mortgage to meet FHA guidelines of 95%. The state would take a lien on the property payable at the time the home is sold.**
 - 1.3.2. Guidelines to prevent abuse of the program:**
 - 1.3.2.1. Borrower could not have refinanced within two years prior to application for this refinance. This will protect against borrowers that cashed out their equity and now want a bailout. This will also help ensure that we are helping those buyers that need it most.**

1.3.2.2. This assistance would be available to a Florida homesteaded property owner only once in their lifetime.

1.3.2.3. The first mortgage must be an FHA insured mortgage which allows a loan to value of 95 and decrease the risk to the state.

1.3.2.4. A contract must be signed by the borrower that allows the state to place a judgment against the borrower if they sell within five years and do not pay the state back.

2. FORECLOSURE PREVENTION

2.1. Establish a Homeownership Protection Center by/through the Housing Corporation with the purpose of:

2.1.1.1. Providing a centralized location for foreclosure prevention information and services available from federal, state, or local government or community entities, to assist a homeowner who is in default, or in danger of default, on their homestead mortgage. This would include a centralized website resource as a clearinghouse for consumer-oriented information, financial and homeownership education and financial assistance and programs such as NeighborWorks, Don't Borrow Trouble, and HOPE Now, mortgage assistance programs, home repair assistance programs, and utility assistance programs.

2.1.1.2. Providing a homeowner with a list of approved counseling agencies that may be able to assist the homeowner avoid foreclosure.

2.2. Require the mortgagee to provide to the homeowner at the time of closing any brochure, pamphlet, or brief document prepared and approved by the Housing Corporation that describes services provided by the center.

2.2.1. At the time of closing and together with the final signed loan documents, a mortgagee shall provide to the homeowner any brochure, pamphlet, or other brief document prepared and approved by the Housing Corporation that describes the services provided by the Homeownership Protection Center.

2.2.2. Require a mortgagee, at the time of closing, to provide to the homeowner a plain language statement which includes a counseling statement, a listing of at least three mortgage counseling agencies, contact information for the Homeownership Protection Center, and a brief summary of the obligation of the mortgagee to engage in reasonable loss mitigation activities as an alternative to foreclosure.

2.2.3. Require the mortgagee, at the time of closing, to explain in writing and verbally that the homeowner's name and contact information will be registered with the Homeownership Protection Center so the center can contact a homeowner whose homestead mortgage is 60 days or more delinquent.

2.2.4. Require the mortgagee to notify the center of any homeowner 60 days or more delinquent on payment; provides for notice to be given if the

homeowner fails to pay any amount within 30 days or 60 days of the date the amount is due.

2.3. Improve homeowner access to information and to legal counsel.

2.3.1. Encourage the Florida Bar and other organizations to provide pro bono legal assistance to delinquent homeowners.

2.4. Create and approve professional education courses and education providers to meet the continuing professional education requirements (for Realtors, Counselors, Brokers and Bankers etc.).

2.5. Encourage high schools, public colleges and universities to make provisions for the promotion and development of student life skills through the inclusion of the principles of consumer economics education and financial literacy within an existing general education course, the freshman orientation process or other appropriate venue.

2.5.1. These principles may include, but need not be limited to, instruction concerning personal finance, such as credit card use, opening and managing an account in a financial institution, completing a loan application, managing student loans, savings and investments, consumer rights and responsibilities, predatory lending practices and interest rates, consumer fraud, identity theft and protection, and debt management.

2.6. Promote sustainable homeownership resources through statewide outreach and marketing campaigns that will reach homeowners throughout Florida.

2.6.1. Develop a statewide marketing campaign that alerts homeowners and connects them with resources and information about/by the Homeownership Protection Center with focused outreach and education on particularly at-risk populations – minority, disabled and senior citizens – that are particularly affected by predatory real estate practices.

2.7. Strengthen and expand nonprofit financial and housing counseling.

2.7.1. Encourage a uniform statewide curriculum for housing counselors to use in workshops with consumers, using national best practices such as those issued recently by NeighborWorks America.

3. CONSUMER PROTECTION

3.1. Disclosure

3.1.1. Require loan providers to disclose when the borrower of a subprime loan would qualify for a standard mortgage.

3.1.2. Require the lender or broker to disclose any additional financial benefits received for selling a subprime loan.

3.2. Fraud

3.2.1. Prohibit a foreclosure purchaser from making false, deceptive or misleading statements to homeowners and from using unfair or commercially unreasonable terms as part of foreclosure purchase transactions.

3.2.2. Provide protection for homeowners during the foreclosure process by requiring those who advertise services to assist persons facing foreclosure to disclose fully the nature of their services and the homeowners' right to rescind a contract entered into with such persons.

3.3. Regulations involving real estate appraisers and penalties (including criminal charges) for intentionally fraudulent/misleading appraisal work, as well as changes to their licensing and education procedures.

3.4. Creation of the Mortgage Fraud Council and Task Force

3.4.1. The Mortgage Fraud Council and Task Force would be a state wide council to provide guidance and recommendations regarding new legislation, education/prevention efforts, regulation, and responsible business practices with respect to mortgage fraud.

3.4.2. This statewide task force shall consist of the same seven regions as the domestic security task force. Each region will be comprised of law enforcement from the region's sheriff's departments, police departments, and FDLE. Additionally, each region should have a statewide prosecutor from the Attorney General's Office to assist region State Attorney's Office in prosecution of the cases.

3.4.3. This is a revenue neutral program, as funding has been offered by private sources including the Banking, Title Insurance, Mortgage, and Real Estate industries.

3.5. Prepayment Penalties

- 3.5.1. Prohibit prepayment penalties after the third anniversary of the mortgage or after 60 days prior to the date of the first interest rate reset, whichever is less; restrict prepayment penalties to not more than 3% of the outstanding balance the first year, 2% the second year, and 1% the third year;
- 3.5.2. Prohibit a high-cost home loan lender from imposing prepayment penalties unless the lender offers the borrower a loan without prepayment penalties and the borrower initials the offer to indicate that the borrower rejected the offer;
- 3.5.3. Prohibit prepayment penalties of more than 3% the first 12 months, 2% the second 12 months, and 1% the third 12 months;
- 3.5.4. Require loan documents to specifically authorize late payment fees if such fees are to be imposed;
- 3.5.5. Prohibit a lender from charging a fee for the first request in a calendar year for a written payoff calculation and permit a fee not to exceed \$20 for each subsequent request in a calendar year;
- 3.5.6. Require a lender to require an escrow account be established for taxes and insurance; prohibit a lender from using proceeds to repay the principal of an existing loan secured by the borrower's principal dwelling that is not a high-cost home loan;
- 3.5.7. Prohibit a lender from allowing a borrower to make payments that are applied only to interest and not to the principal;

- 3.5.8. Require the lender to provide a borrower with timely notice of any material change in the terms of the high-cost loan;
- 3.5.9. Require the lender to verify the borrower's income and financial resources and reasonable ability to repay the loan.