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I. MORTGAGE CRISIS IN THE STATE OF FLORIDA

The State of Florida needs to develop positive and proactive procedures to assist homeowners in addressing issues in regard to mortgage foreclosure as to their homes or investments as well as procedures to utilize for homeowners and investors who have real investments which verge on default.

II. DEED IN REDUCTION[©]

A. DEFINITION

A proactive approach in which the borrower avoid continuing accrual of interest, taxes, insurance, maintenance, costs and attorneys fees by providing the Lender with an unconditional deed, and transfers the collateral that secures the mortgage to the Lender. This eliminates the Lender's need to initiate a foreclosure action and provides the Lender with the immediate return of its collateral (the real property) and also eliminates the accrual of interest, costs and attorney fees on the mortgage along with maintenance and real estate taxes. The deed is provided to the Lender without merger of the Lender's mortgage and with the right of the Lender to seek a deficiency, if the Lender wishes to do so.

B. BENEFITS

1. The borrower is provided an opportunity to mitigate its damages, **IF** the borrower is unable to continue further payments on the subject property.
2. The Lender is able to recapture the collateral without any undue delay and with a minimal amount of attorney fees, costs and expenses.
3. It avoids the continual accrual of interest, costs and attorney fees in a lawsuit.
4. It avoids the collateral diminishing in value and the accrual of unpaid real estate taxes, maintenance fees and alike on a parcel of property that may take up to eighteen months for the Lender to recapture during a normal default/foreclosure process.

III. MODIFICATION IN LIEU[©]

A. DEFINITION

This is a proactive program and positive approach in which the borrower can initiate discussions with the Lender to identify and resolve issues relating to the mortgage problems on either the home that the borrower owns or an investment property that the borrower owns.

B. BENEFITS

This opens up the opportunity for a number of options which include negotiations addressing:

1. Forbearance of a foreclosure action.
2. Reduction of the mortgage balance.
3. Modification of the interest rate to lower same to accommodate the borrower.
4. Modification of the terms to allow for interest only or potentially negative amortization of loan at a lower rate to allow the borrower to make mortgage payments.
5. Application of outstanding default mortgage payments on to the loan to be paid and amortized out over an additional period of time.
6. Discussions with the Lender in regard to short payoff (discount) of the mortgage balance and satisfaction of the mortgage for a reduce price.
7. Opportunity to work with the Lender in reference to a short sale opportunity with third party purchasers.
8. Opportunity to address various scenarios that are conducive to an amicable settlement for the benefit of the borrower and Lender for purposes of:
 - a. Avoiding foreclosure.
 - b. Allowing the purchaser to remain in title and potentially in occupancy of the premises.
 - c. Avoid having a foreclosure action initiated.
 - d. Avoid having an additional mortgage loan in default and avoid having a subsequent single family home, townhome or condominium placed back in the marketplace which avoids further depression, putting further pressure and over supply in the marketplace.

IV. ATTACHMENTS

1. Deed in Reduction©/Modification in Lieu© Pamphlet
2. Identification of various mortgage loans which have been successfully resolved for clients utilizing the “Deed in Reduction© and Modification in Lieu© format.