



OFFICE OF FINANCIAL REGULATION

FINANCIAL SERVICES
COMMISSION

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AGRICULTURE

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COMMISSIONER

June 26, 2007

Dear Financial Institution:

As members of the Financial Services Commission we are concerned that the American dream of home ownership is becoming less affordable to many Floridians. For home owners and those who desire to purchase a home, declining property values, mortgages re-setting at higher rates, and other factors, are placing many, either in financial distress, or in the position of not being able to realize their dreams.

The Commission understands that this is an issue of national proportions, and also recognizes that, for many, the purchase of a home will be the single most important investment decision they will ever make. Thus, today we are reaching out to financial institutions, lenders, servicing companies and others to help make Florida an affordable and better place to live.

The Office of Financial Regulation has put together suggestions and recommendations we hope will allow relief to borrowers (see attached). We ask your consideration in applying these proposals where appropriate, reasonable, and in the best interest of the borrower. The Office has also created a new link available at (www.flofr.com) titled, "**Tips on Foreclosures and Delinquencies**," that provides additional information to help borrowers and lenders, alike, in coping with mortgage foreclosures and delinquencies.

While we recognize that financial institutions and lenders have a duty to take appropriate action to protect their interest with loans, we urge you to make every effort prudently possible to assist Floridians in achieving their hopes and dream of being a home owner. We appreciate your consideration of this request. Thank you.

Sincerely,

Charlie Crist
Governor

Bill McCollum
Attorney General

Alex Sink
Chief Financial Officer

Charles Bronson
Commissioner of Agriculture

Ways Your Lending Institution Can Assist Home Owners

Possible solutions for families suffering from higher taxes and insurance premiums, declining property values, and residential mortgages repricing at higher rates:

- Offer affordable and suitable alternative financing.
- Provide more suitable mortgage products, at no or low additional cost to the consumer.
- Monitor loans and develop a plan to proactively identify those that may experience financial distress.
- Permit borrowers to switch from rapidly escalating ARMs or other nontraditional loan products to fixed rates or ARMs with lower caps and less frequent adjustments; this will provide more predictable payment requirements.
- Discourage the use of negative amortization products. This is particularly important as property values stagnate or decline.
- Underwrite loans and qualify borrowers based on the maximum payment expected under the terms of the loan.
- Consider delaying adverse reports to credit bureaus.
- Consider using arbitration before instituting foreclosure.
- Encourage borrowers to seek financial counseling. The Department of Housing and Urban Development (HUD)¹ maintains a list of counselors approved to provide homeownership counseling. Florida's Attorney General also offers assistance in choosing a credit counselor.²
- Avoid foreclosure if at all possible. Foreclosure may result in a 40% or higher loss to the financial institution.
- Help borrowers avoid foreclosure and help financially stressed borrowers avoid predatory foreclosure rescue scams through organizations such as the Center for Foreclosure Solutions.³
- Offer education through organizations such as NCHCEC, NeighborWorks Center for Homeownership Education and Counseling.⁴
- Service members Civil Relief Act prohibits the sale, foreclosure, or seizure of a service member's property secured by the mortgage (if originated prior to his or her service) during the period of military service or within 90 days thereafter.
- Prudent workout arrangements are in the long term best interest of the borrowers and the institutions.

¹ <http://www.hud.gov/offices/hsg/sfh/hcc/hcs.cfm>

² <http://myfloridalegal.com/pages.nsf/Main/8C5B6B26667BE41485256EC2004D3252!Open>

³ <http://www.nw.org/network/neighborworksprogs/foreclosuresolutions/default.asp>

⁴ <http://www.nw.org/network/training/homeownership/default.asp>