



# **JACKSONVILLE FORECLOSURE TASK FORCE**

**Assessment and Recommendations**

**July 2010**

## TABLE OF CONTENTS

Executive Summary

Introduction of the Foreclosure Task Force

Identifying the Issues and Statistical Research

Task Force Recommendations:

- Foreclosure Goal #1
  - Education/Prevention
- Foreclosure Goal #2
  - Legal/Judicial
- Foreclosure Goal #3
  - Lender/Service
- Foreclosure Goal #4
  - Neighborhood Impact

Acknowledgements

## Summary

Foreclosure occurs when real property is sold to satisfy an unpaid debt. In order for there to be a foreclosure, there must first be a default. A default occurs when a homeowner fails to make current payments on the mortgage which provides security for the mortgagor (lender). Other triggers for default include selling the property without permission of the mortgagor or failing to pay current taxes.

The increase in the number of foreclosures of single-family residential units is impacting numerous communities across the United States. The State of Florida is recognized as having a foreclosure rate among the top five hardest hit states, and an April 12, 2010 issue of Forbes Magazine reports that the City of Jacksonville's 'total number of delinquent loans was 21.3 percent higher than the same period last year'. The incidence of foreclosure has increased 229% from 2004 to 2009 in Jacksonville.

In October 2009 the City of Jacksonville convened a working group of professionals to review the issues and recommend activities to address the profound impact that foreclosures are having on the City. Council Member Kevin Hyde introduced Ordinance 2009-317 to City Council for the creation of a Foreclosure Task Force with members appointed by Mayor John Peyton.

### **Foreclosure Task Force** **Mission and Statement of Purpose**

*To examine, evaluate and recommend further best practices that the City shall deploy in order to further reduce and/or eliminate foreclosures and to assist families who are experiencing foreclosures in Jacksonville.*

## Task Force Members

Council Member Kevin Hyde, At-Large, Group 4

Michael Boylan (Chair), President & CEO - WJCT Public Broadcasting

Carrie Davis, Executive Director - Wealth Watchers Incorporated

Michael Figgins, Executive Director - Jacksonville Area Legal Aid, Inc.

John Finotti, President - Access Public Relations, LLC

John Hirabayashi, President & CEO - Community First Credit Union of Florida

Dawn Lockhart, President & CEO - Family Foundations

George Owen, VP of Community Affairs - Regions Bank

Ruth Owen, Senior VP – EverBank

Chip Parker, Partner & Attorney - Parker and DuFresne, P.A.

Raymond Rodriguez, Market Consultant - Real Estate Strategy Center of North Florida, Inc.

## Housing and Neighborhoods Department (HAND) Staff

Wight Greger, Director

Dayatra Coles, Manager – Housing

Amy Robinson – Finance and Compliance

Tina Beals, Program and Research Assistant

Yonner Wheeler, Board Liaison

## **Summary of Recommendations**

### **I. Education/Prevention**

Lack of information and education about how to develop and maintain healthy money management strategies has played a significant part in the increase of foreclosures within this community. Assisting families with creating smart and manageable budgets which will enable them to keep their homes is a central focus area for our community.

- Endorse innovative programs in housing counseling and other areas
- Educate current homeowners on foreclosure prevention resources
- Continue to develop and promote educational material

### **II. Legal/Judicial**

The Legal Community and housing counseling agencies must work in cooperation to ensure that mediation programs are successful. The Florida Supreme Court created the Mediation Program that provides an alternative to families in foreclosure which result in a backlog of court proceedings.

- Recommend continued support of the newly created “Foreclosure Court”
- Create a mechanism to enhance communication between attorneys and the courts
- Increase funding for legal and other efforts
- Support mediation

### **III. Lender/Service Providers**

The homeowner represents only one-half of the stakeholders within a foreclosure process; therefore, willing participation by the Lender/Service Provider is critical to not only protect the physical asset and stabilize the neighborhoods in which these properties are located. Lenders desire to receive ongoing payment on their loans; homeowners desire to maintain the stability of their family while continuing to meet obligations to the lender. In order to achieve these goals, further advocacy is needed.

- Support public advocacy programs
- Develop and implement a set of standards or “Best Practices” for lenders
- Adopt legislation such as vacant property registration.

### **IV. Neighborhood Impact**

The impact of foreclosure transcends to more than just the homeowner and the lender. Communities, neighbors, schools and businesses are affected. As such, all must play a part in stamping out the negative trends through community involvement and action.

- Promote homeownership pride efforts
- Encourage community engagement

## Statistical Research and Background

The effects of foreclosure transcend to every aspect of the community. Before solutions can be identified, a number of contributing factors which caused the increase in the foreclosure rate were examined by the Foreclosure Task Force. These factors included:

- Unemployment and reduction of employment income (Duval County unemployment rate in March 2005 was 4.0% with a statewide average of 3.9% and has increased to 12.5% with a statewide average of 12.0% in March 2010);
- Increase in the cost of living and inflation (a general and progressive increase in prices; "in inflation everything gets more valuable except money");
- Mortgage fraud (a term used to describe a broad variety of criminal actions where the intent is to materially misrepresent or omit information such as fees, affordability, etc. through predatory loans);
- Lack of education regarding mortgage products (such as fixed rate versus adjustable rate or interest only mortgages and subprime lending);
- Lack of financial resources to handle emergencies such as health issues, automobile repairs or home repairs;
- Death of contributing household member; and
- Lack of planning the household budget, with clear distinctions between needs versus wants and discretionary income.

When the City of Jacksonville's Foreclosure Task Force first began looking into the foreclosure crisis, there was a broad assertion that the primary causes of foreclosure included subprime lending practices, an increased number of adjustable rate mortgage resets, and the economic downturn experienced by families nationwide. It became evident that the collapse of the U.S. economy played an even greater role due to increased unemployment and/or reduction of income and increasing cost of goods and services. In an effort to reduce costs, employers have downsized workforces and small businesses have permanently closed their doors, unable to survive. Those who have been fortunate enough to retain their employment have oftentimes done so with a reduction in wages.

Foreclosure impacts are felt in every facet of the Jacksonville community. Homes that are foreclosed upon are often abandoned, breeding crime, vandalism, theft, and a reduction of property values for neighboring properties. Foreclosures in neighborhoods no longer generate tax revenue for the City, intensifying the local government's financial shortfall and causing a reduction in the services and resources typically paid for by the revenue generated from property taxes.

Seeing the need for action, the City of Jacksonville established partnerships with HUD Certified Counseling Agencies, representatives from the legal community, local lenders and the media (specifically, WJCT Public Broadcasting) to provide education to the

community about available options to mitigate foreclosures, as well as created a resource guide for families facing foreclosure or having challenges with their budget. This partnership developed an outreach approach which included a centralized interactive website, public forums, public transportation bus wraps, radio and morning call-in news shows, media interviews, a documentary program and the production of a foreclosure resource brochure for adults as well as specialized information for children. A locally established funding stream was sponsored by area lenders for direct outreach to families involved with a Notice of Lis Pendens filing, and provided a link to national initiatives such as the Making Home Affordable Program (HAMP) campaign in which local lenders actively pursue loan modifications for those families who qualify.

The Task Force held its first meeting on October 8, 2009, and outlined its objectives and work plan to take place over a 6-month time frame. During that meeting, members identified a number of topic areas of focus, as well as Subject Matter Experts who would be able to add their perspectives to the discussion.

At the November 12, 2009 Jacksonville Foreclosure Task Force meeting, the members worked to define the scope of foreclosure by reviewing local, state, and national foreclosure trend data as well as several pertinent reports.

A Summary Report from the Congressional Oversight Panel titled “An Assessment of Foreclosure Mitigation Efforts after Six Months”, dated October 9, 2009 was presented which provided findings and concerns about the U.S. Treasury’s strategy under the Making Home Affordable Program (HAMP). The report stated that from July 2007 to August 2009, 1.8 million homes were lost to foreclosure and 5.2 million more foreclosures were started. Each foreclosure further imposes direct costs on displaced owners and tenants and indirect costs on cities, towns and neighboring homeowners whose property values are driven down. High unemployment and depressed residential real estate values feed a foreclosure crisis that poses an enormous obstacle to recovery. The Report notes that, although federal foreclosure mitigation programs are still getting off the ground, the benefits of foreclosure modification are likely to outweigh the cost to taxpayers.

From a statewide perspective, the Florida Supreme Court’s Foreclosure Task Force provided a final summary report that includes recommendations on residential mortgage foreclosure cases. The state’s Task Force recommends the use of mediation and case management techniques to move foreclosure settlements to the beginning of the case instead of later in the case to prevent unnecessary use of court resources. It also recommended adoption of a uniform, statewide managed mediation program to be implemented through a model administrative order issued by the chief judge in each judicial circuit that differentiates the foreclosure process for homesteaded properties, vacant and abandoned properties as well as tenant occupied or non-borrower occupied properties. Effective December 28, 2009, an administrative order was issued which adopts the Model Managed Mediation Order. Essential components of the Order state

that the mediation manager must come from a non-profit entity that is independent from any judiciary and/or banking institution. The mediation manager is charged with contacting the mortgagee, confirming qualifications for assistance and referring the consumer to a HUD certified financial counselor. The financial counselor will be responsible for preparing the consumer for mediation.

For each circuit that adopts the Managed Mediation Program (or a comparable program), it is mandatory that all mortgage foreclosure actions for residential, homesteaded and/or abandoned properties go through mediation with a certified mediator unless the homeowner declines to participate in the process.

The City of Jacksonville's foreclosure statistics were presented. This information included the number of Notices of Lis Pendens filed by month from January to September 2009 as well as Notices of Lis Pendens by zip codes. Of note was that the percentages rose from 10.5% in January 2009 to 11.3% in September 2009. The total number of Notices of Lis Pendens filed was 10,770 with an average of 1,197 per month. This data was extracted from the Duval County Clerk of the Courts office.

Prior to the December 10, 2009 Task Force Meeting, a press conference took place where City Council Member Kevin Hyde joined members of the Jacksonville Foreclosure Task Force to recognize current foreclosure efforts and monetary donations from Regions Bank, Wachovia (a Wells Fargo Company) and EverBank in support of the City of Jacksonville's marketing efforts in foreclosure prevention.

At the December 2009 meeting, the Jacksonville Foreclosure Task Force invited stakeholders and subject matter experts from the lending community to speak about their perspectives and inform the panel on what measures they are taking to address families faced with foreclosure.

Participants for this meeting included:

Regions Bank (via Teleconference)	Carmella Teague
Regions Bank (via Teleconference)	Paula McCormick
Everbank Home Mortgage	Jim Rogers
Community First Credit Union of Florida	Susan Verbeck
Branch Banking and Trust	Joe Bonaventura
Wachovia Bank (a Wells Fargo Company)	Valerie Hendriex

While each lender gave a presentation about his/her institution's programs to keep the borrowers from entering foreclosure, common issues encountered included:

Borrowers not completing the mortgage modification process;  
Borrowers' failure to provide all required documentation; and  
Borrowers' failure to communicate with their lender in a timely fashion so that a foreclosure can be prevented.



The focus of the January 14, 2010 meeting was on legal aspects of foreclosure, and Subject Matter Experts included:

Judge Frederick B. Tygart  
Attorney Jim Kowalski  
Attorney Lynn Drysdale

Fourth Judicial Circuit Court  
Law Offices of James A. Kowalski, Jr.  
Jacksonville Area Legal Aid

Judge Tygart stated that courts have experienced an increased caseload from 5 years ago and that the majority of the persons seeking help cannot afford legal counsel. He stated that consumers are telling the courts that they have tried to contact their lenders for assistance but are not getting return calls. Judge Tygart further stated that approximately 10% of people ultimately end up at the final judgment hearing to plea their case. In an effort to help homeowners that cannot afford legal counsel, in January 2010 the courts began including a letter directing consumers to low or no cost legal help with every foreclosure summons sent. Judge Tygart stated that the Fourth Judicial Circuit had adopted the Managed Mediation Program. The Jacksonville Bar Association has been chosen as the Mediation Manager and Family Foundations of Florida was chosen as the certified financial counseling agency.

Attorney Jim Kowalski stated that a significant part of his practice has been devoted to defending wrongly filed and wrongly maintained foreclosure cases. He stated that he is one of the few foreclosure defense attorneys to testify before the Florida Supreme Court Task Force on residential mortgage foreclosure issues, the role of the servicing industry and the role of the mill firms in foreclosure cases. Attorney Kowalski further stated that he believes there are two critical, generally unfunded or poorly funded, mandates in the administrative order that would exist in a managed mediation program.

The first is that the role of the HUD approved foreclosure counselors be enhanced in the Managed Mediation Program. The counselors should be involved before, during and after the program in order for the mediation to be successful.

The second is the need for funding of legal aid programs to assist the borrower with mediation. Attorney Kowalski stated that there is no doubt from his cases that banks, servicers and mill firms have made errors and there is a need to continue to build and refine the counselor – attorney model which has proven results.. Assistance to homeowners cannot be limited to just mediation, consideration must be given for the need for legal assistance and counseling to work in cooperation before and after the mediation, especially if the mediation is not successful at ending the dispute.

Attorney Lynn Drysdale stated that her organization has a strong and heavily utilized foreclosure unit with HUD certified housing counselors. Ms. Drysdale stated that from August 2009 to December 2009, agencies have received hundreds of new contact calls, as evidence of an increase in people trying to get assistance rather than ignoring their foreclosure issue. Ms. Drysdale stated that one of the reasons why cases take so long

is because the appropriate parties do not show up for court (i.e. attendees are usually servicers/lenders that have no authority to make any modification and/or agreement) and incomplete documentation submitted. She further stated that the borrower should have representation and know the rules of mediation. Ms. Drysdale also stated that homes in neighborhoods with a lot of foreclosed properties are more vulnerable to crime.

In response to the December minutes of the Jacksonville Foreclosure Task Force, Ms. Drysdale stated that some borrowers are not finishing the modification process because the lenders give them products they still cannot afford to pay.

Ms. Drysdale commented on the parameter for managed mediation that states unrepresented parties are supposed to be referred to legal aid or panels of pro-bono/reduced fee attorneys for assistance. Ms. Drysdale stated that Jacksonville Area Legal Aid does not have the manpower to assist them all. There is a need for more attorneys in order to comply with the Florida Supreme Court Mandate and more attorneys mean a greater need for more funding.

All stakeholders interviewed identified several common threads. Education seemed to be at the forefront. Judges, lenders, non-profit agencies, attorneys and many other community social service organizations attempt to communicate with those who are in some form of financial crisis. Countless attempts are made on every level to communicate with families in need; however, fear has crippled many of those affected into doing nothing and ultimately walking away from their home. To be noted also are the programs in place which were theoretically designed to prompt the servicing agencies to be more cooperative in providing a mortgage modification. Although some success has occurred, the current wounds of this community are still in need of healing. HUD certified counseling agencies have more than doubled their efforts to provide the necessary support to those in need of assistance through mediation efforts. This has also proven successful, despite challenges such as loss of employment, reduction in employment wages, health challenges or the death of a family member.

During the February 11, 2010 Task Force meeting, staff gave an overview of the *2009 Jacksonville/Duval County Foreclosures Review and Analysis Report* that provided a compiled data analysis of the 2009 foreclosures based on information received through the Court of the Clerks, Property Appraiser's Office and various other sources. The review included foreclosure volume and the impact of foreclosures per square mile. All information on Notices of Lis Pendens is based on the 14,096 filings with the Clerk of Courts in 2009. The purpose of the analysis was to have complete data within one single year to aid the Task Force in understanding the breadth of the crisis. The Notice of Lis Pendens represented 4.051% of the 316,858 residential units of Duval County.

During the March 11, 2010 Task Force Meeting, Ms. Wight Greger distributed a Draft Ordinance which creates a Vacant Property Registry that requires all lenders who file a

Notice of Lis Pendens to also register the property with the City of Jacksonville. Ms. Greger stated that one challenge the City is facing is what to do about vacant properties that are foreclosed upon or abandoned. The Property Registry is a tool designed to improve the physical attributes of a neighborhood by compelling the owner of record (lender, management company, etc.) to act responsibly in the maintenance of the property (i.e. overgrown weeds, broken windows, graffiti, trash, etc.) This Property Registry was created to notify the City in the event the owner of record does not comply with property safety standards. A copy of Ordinance 2010-327, as adopted by City Council on May 25, 2010, can be found in Exhibit A.

As of June 2, 2010, City staff has sent 6,533 informational packets via U.S. Postal Service to individuals receiving foreclosure notices. Of the 6,533 mailed, 14% were returned as the various families had already vacated the property with no forwarding address. As a result of the mailings, area counseling agencies and Jacksonville Area Legal Aid have reported an increase in the number of calls received from individuals seeking assistance with foreclosure issues.

To further understand the impact foreclosures have on the community, the Jacksonville Foreclosure Task Force analyzed a number of different data points in two sample neighborhoods, Jacksonville Heights and Arlingwood (data is incorporated within this document).

**Arlingwood**, which is located in the Arlington area west of the Southside Connector between Merrill Road, Lone Star Road and Townsend Boulevard. In 2009, there were 118 Notices of Lis Pendens filed on single family or condominium property within its borders. The first quarter of 2010 saw an additional 19 Notices of Lis Pendens filings on single family residential and condominium properties bringing the 2009/Q1 2010 total to 137. This represents approximately 6.7 percent of the 2,058 single family and condominium parcels in the neighborhood. 88 were classified in the Duval County Property Appraiser's database as having homestead exemption (indicating the primary residence of the owner.) The majority of the properties shown on the Arlingwood map were being maintained in a manner which made it very difficult to distinguish foreclosure property from non-foreclosure property. Most lawns were cut and well maintained and few houses were boarded up or exhibited signs of vandalism, graffiti or other indications of neglect. The Arlingwood neighborhood's Notice of Lis Pendens property was the better maintained of the two.

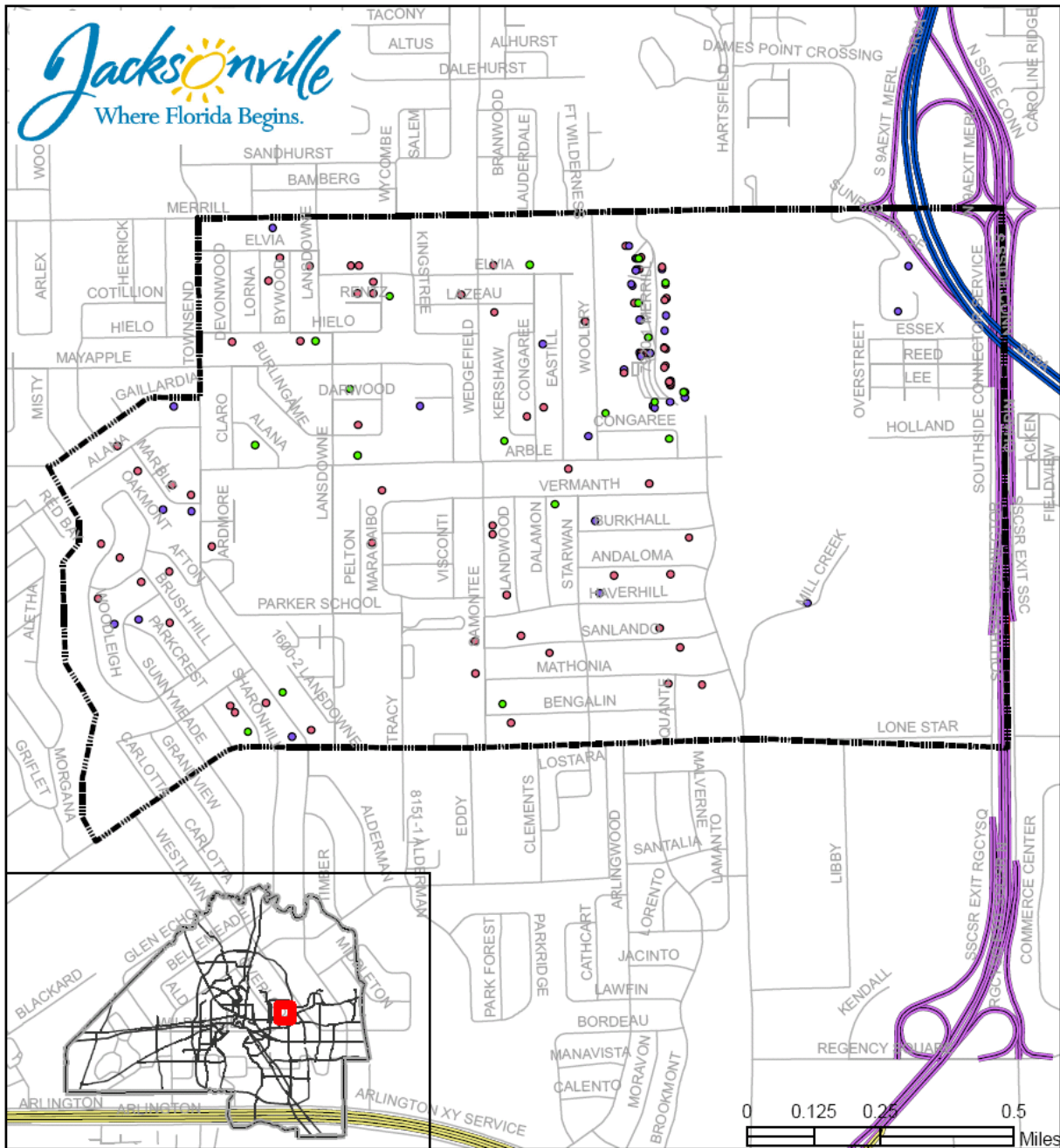
**Jacksonville Heights**, which is located on the west side of the county, bordered by Ricker Road, 118<sup>th</sup> Street, Lambing Road, Noroad, Old Middleburg Road, Fouraker Road and Wilson Boulevard. In 2009, there were 236 Notices of Lis Pendens filed on single family or condominium property. In the first quarter of 2010, another 60 properties received Notices of Lis Pendens filings, bringing the total to 296 or 8.7 percent of the 3,371 single family and condominium property in the Jacksonville Heights neighborhood. 131 properties have homestead exemption. While many of the Notice of

Lis Pendens properties were being maintained; there were a number of notable exceptions. In particular, some townhome/patio home communities exhibited signs of neglect (i.e. overflowing trash containers, large amounts of litter, boarded up properties, empty/abandoned structures, etc).

While both communities have many similarities (i.e. increased number of foreclosures, the number of single and multifamily family residences, and similar commercial corridor configuration), the community disinvestment was more evident in the Jacksonville Heights community. Evidence of abandonment, code enforcement issues and crime appear to be more prevalent in the Jacksonville Heights neighborhood, exacerbating the community's challenges as a whole. The lack of stability of both neighborhoods adds to the loss of revenue for the city.

Data displayed on the maps of these two neighborhoods are of Notices of Lis Pendens for January 2009 to March 2010. The data was collected from the Duval County Clerk of Court website, researched and mapped showing the location of the property. Homestead exempt, non-homestead exempt and Q1 2010 properties are identified thematically. Neighborhood boundaries were determined by GIS layers obtained from Duval County Planning and Development Department.

Arlingwood Map



- Legend**
- LP Q1 2010 (19)
  - Arlingwood**
  - Homestead Exempt Status**
  - Non-HMX(43)
  - HMX(75)
  - Arlingwood
  - Interstate
  - Primary Roads
  - Streets
  - County Lines
  - Rivers

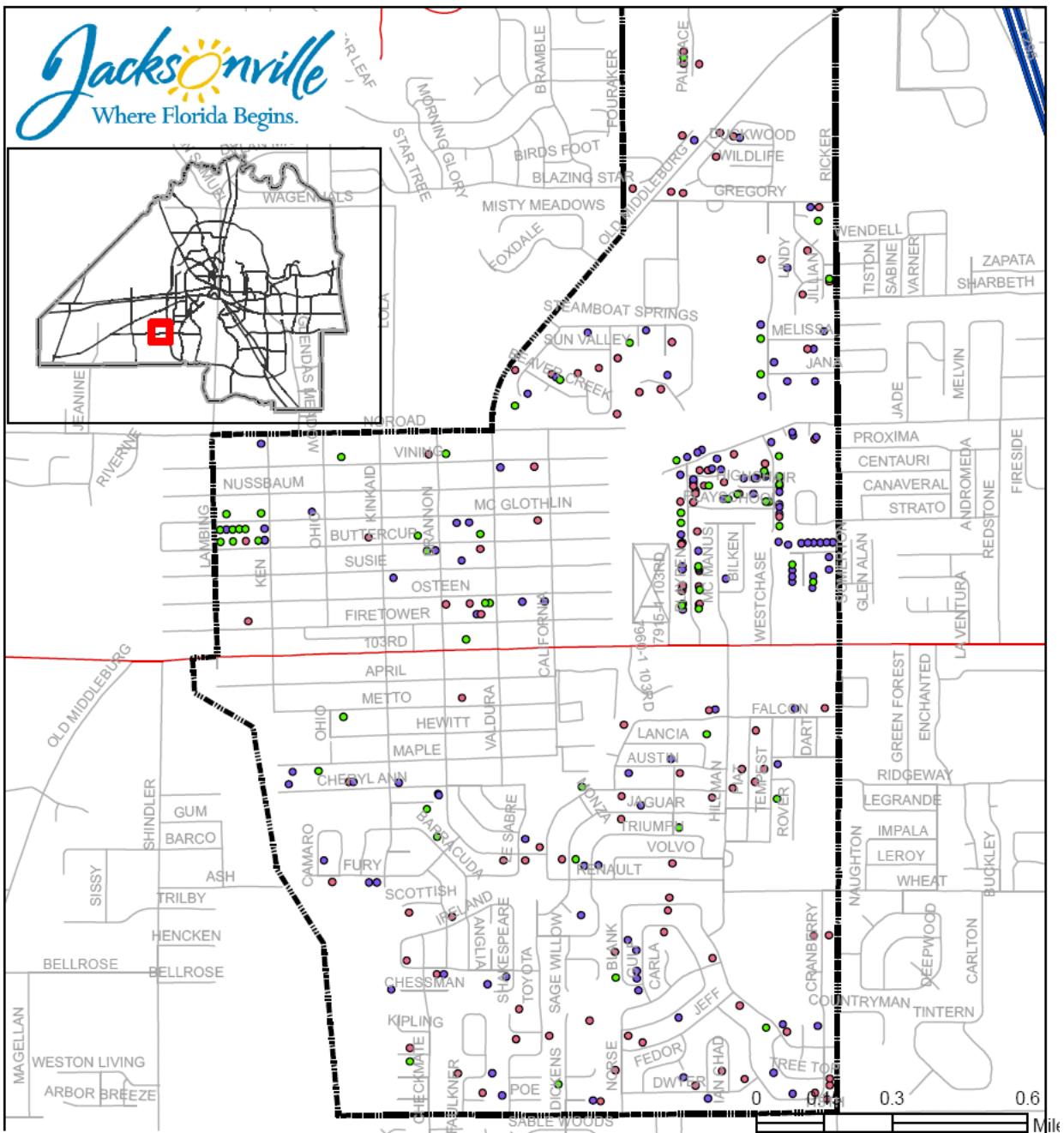
## Arlingwood Neighborhood Lis Pendens 2009 Q1 - 2010 Q1 Homestead Exemption Status



Printed on 05/13/2010

Data Source: Duval County Clerk of Court;  
Map provided courtesy of City of Jacksonville Housing and  
Neighborhoods Department, Jacksonville Foreclosure Task Force;  
prepared by Obsidian Services LP Analysis Arlingwood.mxd

# Jacksonville Heights Map



- Legend**
- LPs Q1 2010 (60)
  - Jacksonville Heights
  - Homestead Exempt Status**
  - Non-HMX(122)
  - HMX(114)
  - Jacksonville Heights
  - Interstate
  - Primary Roads
  - Streets
  - Rivers
  - County\_Lines

## Jacksonville Heights Neighborhood Lis Pendens 2009 Q1 - 2010 Q1 Homestead Exemption Status



Printed on 05/13/2010

Data Source: Duval County Clerk of Court;  
Map provided courtesy of City of Jacksonville Housing and  
Neighborhoods Department, Jacksonville Foreclosure Task Force;  
prepared by Obsidian Services LP Analysis Jax Heights.mxd

Comparison data

Arlingwood 2009 Lis Pendens		Jacksonville Heights 2009 Lis Pendens	
<u>Property Use Categories</u>		<u>Property Use Categories</u>	
<b>Property Use</b>	<b>Count</b>	<b>Property Use</b>	<b>Count</b>
CLB/LDG/UN HALL	1	MOBILE HOME	5
RESIDENTIAL CONDO	49	MULTI-FAMILY UNITS 2-9	20
SINGLE FAMILY	68	RES/COMM ZONING	1
		RESIDENTIAL CONDO	18
		SHOP CTR NBHD	1
		SINGLE FAMILY	190
		VACANT RES	3
<u>Homestead Exemption Categories</u>		<u>Homestead Exemption Categories</u>	
<b>Homestead Exemption</b>	<b>Count</b>	<b>Homestead Exemption</b>	<b>Count</b>
Non-exempt	42	Non-exempt	122
Exempt	75	Exempt	114

Data source: Duval County Clerk of Courts; Duval County Property Appraiser's Office

Prepared by: Obsidian Services

<u>Code Enforcement</u>		<u>Code Enforcement</u>	
<u>Number of Active Cases</u>		<u>Number of Active Cases</u>	
COMMERCIAL	1	COMMERCIAL	3
NUISANCE	5	JUNK VEHICLE	1
NUISANCE BOARD	1	NUISANCE	75
RESIDENTIAL	10	NUISANCE BOARD	7
UNSAFE STRUCTURE	2	RESIDENTIAL	65
ZONING - COMMERCIAL	1	UNSAFE STRUCTURE	3
ZONING - RESIDENTIAL	7	ZONING - COMMERCIAL	1
		ZONING - RESIDENTIAL	51
		ZONING - YARD/LAND USE	2
TOTAL	27	TOTAL	208

Data Source: Municipal Code Compliance Division

Arlingwood	Jacksonville Heights
------------	----------------------

**JACKSONVILLE SHERIFF'S OFFICE**  
**SIX MONTH ACTIVITY**

ASSAULT/BATTERY	24
BURGLARY/OTHER	0
BURGLARY/RESIDENTIAL	40
BURGLARY/VEHICLE	8
MURDER	1
ROBBERY	3
LEWD/LASCIVIOUS	0
SEXUAL BATTERY	0
THEFT	14
THEFT/VEHICLE	9
VANDALISM	25
TOTAL	124

**JACKSONVILLE SHERIFF'S OFFICE**  
**SIX MONTH ACTIVITY**

ASSAULT/BATTERY	83
BURGLARY/OTHER	8
BURGLARY/RESIDENTIAL	65
BURGLARY/VEHICLE	21
MURDER	2
ROBBERY	18
LEWD/LASCIVIOUS	2
SEXUAL BATTERY	0
THEFT	90
THEFT/VEHICLE	25
VANDALISM	58
TOTAL	372

Data Source: JSO



## Foreclosure Task Force Recommendations

The ultimate goal of the Jacksonville Foreclosure Task Force is to examine, evaluate and recommend further best practices that the City shall deploy in order to further reduce and/or eliminate foreclosures and to assist families who are experiencing foreclosures in Jacksonville.

The following recommendations have been thoroughly and exhaustively discussed and agreed upon by the members of the Task Force. Each category contains actions which are designated as achievable either short term - ST (within the next 6 months) or long term – LT (longer than 6 months).

## **Foreclosure Goal #1**

### **I. Education/Prevention**

Lack of information and education about how to develop and maintain healthy money management strategies has played a significant part in the increase of foreclosures within this community. Assisting families with creating smart and manageable budgets which will enable them to keep their homes is a central focus area for our community.

- a. Endorse Innovative Programs
  - Adopt housing counseling standards and continuing education for the certified housing counselors through partnerships with area Universities and certifying agencies – **ST**
  - Advocate to HUD to revise standards for the 8-hour homebuyer education classes for the purpose of creating a higher level of consistency in the quality of instruction delivered – **LT**
  - Create a consortium of housing counseling agencies to ensure and identify efficiencies and provide a trusted reliable source of knowledge for the consumer – **ST**
  - Engage private sector (lender) support to increase the pool of viable homebuyers that are fully equipped with the necessary skills such as budgeting, credit and debt management and understanding the homebuying process – **ST & LT**
  
- b. Educate Current Homeowners on Foreclosure Prevention Resources
  - Provide flyers through JEA mailings that encourage immediate action in the event financial challenges occur – **ST**
  - Maintain COJ website as a one-stop reliable resource for information including links to organizations such as housing counseling agencies, legal assistance and the - Better Business Bureau – **ST & LT**
  - Increase visibility and provide further educational opportunities through Billboards, Radio, TV and the Florida Times Union – **ST & LT**
  
- c. Develop/Create Education Materials
  - Pre and Post education (how to maintain your home and financial strength despite receiving a multitude of credit card and refinancing advertisements) – **ST & LT**
  - More education on financial literacy promoted within the schools, places of worship with additional outreach to social service agencies that provide resources to families – **ST & LT**
  - Encourage, through incentive programs with area stores, etc., participation in the pre and post education process to get better results (i.e. have local companies – Home Depot, Lowe's, etc. participate in the educational classes by providing valuable instruction to prospective/new homeowners and have the provide door prizes, gift cards, etc. to attendees.)– **ST & LT**

- Include comprehensive consumer-based information outlining the steps of the newly created mediation process, developed with assistance from members of the Jacksonville chapter of the Florida Bar Association, on the City's Foreclosure Website. – **ST & LT**
- Create an information path (hyper link) to the Florida Housing Finance Corporation's inventory of rental housing on the City's website to assist displaced homeowners with locating suitable affordable housing. - **ST**

## **Foreclosure Goal #2**

### **II. Legal/Judicial**

The Legal Community and housing counseling agencies must work in cooperation to ensure that mediation programs are successful. The Florida Supreme Court created the Mediation Program that provides an alternative to families in foreclosure which result in a backlog of court proceedings.

- a. Recommend continuing support of the newly created “Foreclosure Court” – a Court designed specifically to handle pending foreclosures with a goal of relieving a portion of the caseloads. Dedicated judges would only officiate on foreclosure proceedings – **ST & LT**
- b. Create a mechanism to enhance communication between attorneys and the courts to address the logistical issues of handling the large number of foreclosures coming through the courts. – **ST**
- c. Increase Fundraising; one of the challenges is a limitation of resources to place all components in place for implementation. The recommendations herein are solid; however, capital is needed for efficient deployment.– **ST & LT**
  - For legal representation; individuals who are facing foreclosure are already plagued with fear and do not understand the legalities of the judicial process. They need a voice that can provide them with sound guidance and advocate on their behalf – **LT**
  - Create a forum for dialogue between judicial members/staff and leaders in housing counseling agencies (advocate a process that bridges the gap). Both parties bring a vast array of knowledge and skill which should be coordinated better for the benefit of the community. Improved coordination between these groups will improve consumer education, provide more realistic expectations about when a home can (and should) be saved and when it might be best to let the home go (by foreclosure, deed-in-lieu, short-sale, etc.) – **LT**
- d. Support Mediation
  - Promote more support for mediation, through partnership with the Jacksonville Bar Association and other agencies, including other HUD-certified counseling agencies, and a greater understanding of how information is disseminated to the public for greater efficiency – **ST**
  - Support a moratorium on foreclosure for six (6) months, as this mandatory mediation continues to progress for full implementation, lobbying efforts can promote a moratorium to assist in addressing the mass backlog of cases – **NOTE:** While this strategy was discussed at length and the pros and cons considered by members of the Task Force, it was ultimately decided not to make this recommendation since there would be no real benefits to the homeowner, lenders or legal community by implementing a moratorium.

## Foreclosure Goal #3

### III. Lender/Servicer

The homeowner represents only one-half of the stakeholders within a foreclosure process; therefore, willing participation by the Lender/Servicer is critical to not only protect the physical asset and stabilize the neighborhoods in which these properties are located. Lenders desire to receive ongoing payment on their loans; homeowners desire to maintain the stability of their family while continuing to meet obligations to the lender. In order to achieve these goals, further advocacy is needed.

#### a. Public Advocacy

- Encourage a process that allows people to stay in the home, through continued communication and coordination with the lender, using partner agencies, to provide options such as allowing family to remain in the home as a renter while paying a portion of the debt owed – **ST & LT**
- Have City Council support and advocate for a program whereby lenders allow residents to remain in their homes, while paying comparable rents, as a neighborhood stabilization strategy – **NOTE:** After thorough deliberations on this strategy, Task Force members did not agree that this would be a viable solution.
- Develop and implement a set of standards or “Best Practices” for lenders and their products, and designate a timeframe within which a homebuyer must complete the homebuyer training as required.

#### b. Adopt Legislation

- Vacant property registry – Legislation that will require lenders to register their foreclosed vacant properties and holds them responsible for the maintenance of the unit while the unit is in transition - **ST**
  - Quantify Revenue Loss (in taxes) to the City – as a proponent of the registry, the total revenue being lost due to the reduction in property values needs to be quantified. – **LT**

## **Foreclosure Goal #4**

### **IV. Neighborhood Impact**

The impact of foreclosure transcends to more than just the homeowner and the lender. Communities, neighbors, schools and businesses are affected. As such, all must play a part in stamping out the negative trends through community involvement and action.

#### a. Homeownership Pride

- Information sharing in neighborhoods through Community Planning Advisory Councils (CPACs) with the encouragement to remain active within the community, to understand any issues be faced and to be ready to act if necessary – **ST & LT**
- Promote neighborhood cleanups for everyone to take part in the cleaning and beautification of the community. Establishing a 'Neighborhood Pride Day' may provide the encouragement the community needs to invest their time and effort to protect their interest – **ST & LT**
- Link youth organizations –the youth also contribute to the stability of a community. After school programs and youth organizations can provide volunteer hours and receive credit for participating. Mentoring can assist the youth in understanding the critical need of everyone doing their part – **ST & LT**
- Quality Indicators – “State of the Neighborhoods” – there is a need to determine significant, measurable quality indicators (i.e. decline in property values) that will provide a true analysis of the state of a neighborhood **ST & LT**

#### b. Community Engagement

- Encourage people to appear in court – fear, embarrassment and/or lack of knowledge cripples many people to not appear for the court proceedings. Through re-education and empowerment this challenge can be overcome – **ST & LT**
- Use CPAC meetings for information distribution – **ST**
- Use CommUniverCity to deploy financial literacy – teaches skills to enhance professional development and neighborhood leadership. Class topics include cultural diversity, running successful meetings, community safety, CDBG/non-profits, planning/zoning and how to effectively work with leaders in city government. Residents learn to form strong neighborhood organizations to make their neighborhoods and the entire city cleaner, safer and better. – **ST**
- Engage citizens through City Council Town-Hall Meetings - through factual information sharing and providing them with a forum to hear concerns while working toward solutions – **ST & LT**
- Create data sets by districts and quarterly reports of status of improvements – people are empowered when they either see progress or when not enough is being accomplished. This data will be used to help promote further participation – **LT**
- Engage JCCI to create a report on the “State of the Neighborhoods” - **LT**

# ACKNOWLEDGEMENTS

Harvard Joint Center for Housing Studies

Forbes Magazine

Jacksonville Business Journal

Obsidian Services

Clerk of the Court for Duval County

Duval County Property Appraiser

Jacksonville Sheriff's Office

National **C**onsumer Law Center

Bureau of Labor Statistics

City of Denver

Community First Credit Union of Florida

WJCT Public Broadcasting

Regions Bank

Wachovia Bank (a Wells Fargo Company)

EverBank

Branch Banking and Trust

Judge Frederick B. Tygart (Fourth Judicial Circuit Court)

Law Offices of James A. Kowalski, Jr.

Jacksonville Area Legal Aid

Congressional Oversight Panel

Florida Supreme Court Foreclosure Task Force

Florida Times Union

WOKV

Bank of America

Northwest Jacksonville Community Development Corporation

Jacksonville City Council

Citizens Planning Advisory Committee (CPAC)

# Exhibit A



1 Introduced by Council Members Hyde and Lee and amended by the  
2 Finance Committee:

3  
4  
5 **ORDINANCE 2010-327-E**

6 AN ORDINANCE RELATING TO MORTGAGED REAL  
7 PROPERTY; CREATING A NEW CHAPTER 179 (MORTGAGE  
8 FORECLOSURE REGULATION), *ORDINANCE CODE*;  
9 PROVIDING THE PURPOSE, INTENT, DEFINITIONS,  
10 AND APPLICABILITY OF THE ORDINANCE; REQUIRING  
11 MORTGAGEE REGISTRATION RELATING TO REAL  
12 PROPERTY MORTGAGES IN DEFAULT; PROVIDING FOR  
13 REGISTRATION, FEES, AND THE APPROPRIATION OF  
14 THOSE FEES INTO A SPECIAL ACCOUNT DEDICATED TO  
15 IMPLEMENTATION OF THE ORDINANCE; REQUIRING  
16 MAINTENANCE OF CERTAIN REAL PROPERTY BY  
17 MORTGAGEES; PROVIDING SUPPLEMENTAL AUTHORITY;  
18 PROVIDING FOR PENALTIES AND ENFORCEMENT  
19 PROVIDING FOR SEVERABILITY; PROVIDING AN  
20 EFFECTIVE DATE.

21  
22 **BE IT ORDAINED** by the Council of the City of Jacksonville:

23 **WHEREAS**, the present mortgage foreclosure crisis has serious  
24 negative implications for all communities trying to manage the  
25 resulting property vacancies, increases in crime and homelessness,  
26 and other problems that stem from the financial crisis; and

27 **WHEREAS**, foreclosed homes quickly succumb to the forces of  
28 nature and the elements, grass and weeds grow long, swimming pools  
29 become stagnant public health hazards, landscaping dies from lack  
30 of attention or grows out of control, windows break, exteriors  
31 suffer damage from normal wear-and-tear and vandalism, communities

1 suffer, and these consequences have a negative impact first on  
2 neighboring residences and then on entire neighborhoods; and

3 **WHEREAS**, the conditions identified above negatively impact the  
4 City of Jacksonville and blight neighborhoods; and

5 **WHEREAS**, the City of Jacksonville is challenged to identify  
6 and locate owners or foreclosing parties who can correct negative  
7 impacts and maintain the properties that are in the foreclosure  
8 process or that have been foreclosed; and

9 **WHEREAS**, the City of Jacksonville finds that neighborhoods  
10 should be protected from becoming blighted through the lack of  
11 adequate maintenance and security of abandoned and vacant  
12 properties subject to mortgages that are in default; and

13 **WHEREAS**, the City of Jacksonville has already adopted property  
14 maintenance codes to regulate community standards for the interior  
15 and exterior of structures and the condition of property as a  
16 whole; and

17 **WHEREAS**, a foreclosed property registration process is  
18 necessary for the City of Jacksonville to address safety and  
19 aesthetic concerns, as well as to correct the negative impacts and  
20 blighting conditions, that occur as a result of the foreclosure  
21 crisis; and

22 **WHEREAS**, the City of Jacksonville finds that the registration  
23 process would include properties that have already been foreclosed  
24 upon, are currently in the foreclosure process, or will be in the  
25 foreclosure process in the future; and

26 **WHEREAS**, the City Council of the City of Jacksonville has  
27 determined that the following additions to the City's ordinance  
28 code will serve and contribute to promoting and protecting the  
29 general health, safety and welfare of the residents of the City of  
30 Jacksonville; and,

1           **WHEREAS**, upon passage, duly noticed public hearings as  
2 required by law will have been held by the City Council of the City  
3 of Jacksonville, at which public hearings all residents and  
4 interested persons were given an opportunity to be heard; now  
5 therefore

6           **BE IT ORDAINED** by the Council of the City of Jacksonville:

7           **Section 1. Recitals Incorporated.** The above recitals are  
8 true and correct and by this reference are incorporated herein  
9 and made an integral part hereof.

10           **Section 2. New Chapter 179 (Mortgage Foreclosure**  
11 **Regulation) enacted.** Title VI (Businesses, Trades and Occupations)  
12 is amended to add a new Chapter 179 (Mortgage Foreclosure  
13 Regulation) to read as follows:

14                           **TITLE VI. BUSINESSES, TRADES AND OCCUPATIONS**

15   \* \* \*

16                           **CHAPTER 179. MORTGAGE FORECLOSURE REGISTRATION**

17           **Sec. 179.101 Purpose and intent.**

18           It is the purpose and intent of this Chapter to establish a  
19 process to limit and reduce the deterioration of property located  
20 within the City of Jacksonville, which property is in mortgage  
21 foreclosure, or where ownership has been transferred to a lender or  
22 mortgagee by any legal method. It is further intended to establish  
23 a registration program as a mechanism to protect neighborhoods from  
24 becoming blighted through the lack of adequate maintenance of  
25 abandoned and vacated properties which are subject to mortgages  
26 that may or may not be in default.

27           **Sec. 179.102 Definitions.**

28           The following words, terms and phrases, when used in this  
29 Chapter, shall have the meanings ascribed to them, except where the  
30 context clearly indicates a different meaning. Where the context

1 will permit and no definitions are provided herein, the definitions  
2 provided in the Florida Building Code shall apply.

3 *Abandoned real property* means any real property that is  
4 vacant, and is under a public notice of default, or is pending a  
5 mortgage foreclosure, or notice of mortgagee's sale, or lien sale  
6 and/or properties that have been the subject of a mortgage  
7 foreclosure sale where title is retained by the mortgagee, and/or  
8 any properties transferred under a deed-in-lieu of foreclosure  
9 sale, a short sale or any other legal means.

10 *Default* means that the mortgagee has filed a foreclosure  
11 action or public notice of default on the mortgage. A mortgage  
12 shall be considered in default at such time as the mortgagee  
13 declares said mortgage to be in default either in writing, by  
14 recording a lis pendens, by commencing foreclosure proceedings; or  
15 by any other actions demonstrating a breach of a security covenant  
16 on a property.

17 *Enforcement officer* means any fulltime law enforcement  
18 officer, building official, fire inspector or code enforcement  
19 officer employed by the City of Jacksonville.

20 *Evidence of vacancy* means any condition that on its own, or  
21 combined with other conditions present, would lead a reasonable  
22 person to believe that the property is vacant. Such conditions may  
23 include, but are not limited to: overgrown and/or dead vegetation;  
24 electricity, water or other utilities turned off; stagnant swimming  
25 pool; or statements by neighbors, passers-by, delivery agents or  
26 government agents.

27 *Foreclosure* means the judicial process by which a property,  
28 placed as security for a mortgage loan, after a judicial process,  
29 is to be sold at an auction to satisfy a debt upon which the  
30 borrower has defaulted.

1        Vacant means any building or structure that is not lawfully  
2 occupied or inhabited by human beings as evidenced by the  
3 conditions set forth in the definition of "Evidence of Vacancy"  
4 above.

5 **Sec. 179.103. Applicability.**

6        This chapter applies to abandoned and vacant property located  
7 within the City of Jacksonville, which property is in or has been  
8 in mortgage foreclosure, or where ownership has been transferred to  
9 a lender or mortgagee by any legal method.

10 **Sec. 179.104. Inspection and registration of vacant real property**  
11 **by mortgagee holding mortgages in default.**

12        (a) Any mortgagee who holds a mortgage on real property  
13 located within the City of Jacksonville shall perform an inspection  
14 of the property upon default by the mortgagor or prior to the  
15 issuance of a notice of default. If the property is found to be  
16 vacant or shows evidence of vacancy, it shall be deemed vacant or  
17 abandoned and the mortgagee shall, within ten (10) days of the  
18 inspection, register the property with the City of Jacksonville's  
19 Housing & Neighborhood Department on forms promulgated by the  
20 Housing & Neighborhood Department.

21        (b) Property inspected pursuant to subsection (a) above that  
22 is occupied but remains in default, shall be inspected on a regular  
23 basis by the mortgagee or mortgagee's designee.

24        (c) Within ten (10) days of the date any mortgagee declares  
25 its mortgage to be in default, the mortgagee shall register the  
26 real property with the City of Jacksonville's Housing &  
27 Neighborhood Department on forms promulgated by the Housing &  
28 Neighborhood Department and, at the time of registration, shall  
29 designate in writing a local property manager to inspect, maintain  
30 and secure the real property subject to the mortgage in default.

1 (d) Registration pursuant to this section shall contain at a  
2 minimum the name of the mortgagee, the mailing address of the  
3 mortgagee, e-mail address, and telephone number and name of the  
4 local property manager and said person's address, e-mail address,  
5 and telephone number. The local property manager shall be  
6 responsible to inspect, secure and maintain the property. The  
7 property manager named in the registration shall be located within  
8 twenty (20) miles of the City of Jacksonville and available to be  
9 contacted by the City, Monday through Friday between 9:00 a.m. and  
10 5:00 p.m., holidays and lunch hours excepted.

11 (e) Each registrant shall pay a fee of \$150.00 for each  
12 registration, as and for the costs of registration and enforcement  
13 and the protection against and removal of blight and real property  
14 deterioration. Said fees shall be deposited to a special account  
15 in the Housing & Neighborhood Department dedicated to the cost of  
16 implementation and enforcement of this ordinance and any registries  
17 so required.

18 (f) This section shall also apply to properties that have  
19 been the subject of a foreclosure sale where title is transferred  
20 to the mortgagee as well as any properties transferred to the  
21 mortgagee under a deed in lieu of foreclosure.

22 (g) Properties subject to this section shall remain under the  
23 registration requirement, and the inspection, security, and  
24 maintenance standards of this section as long as they remain vacant  
25 or subject to having been declared by a mortgagee to be in default.

26 (h) Any person or other legal entity that has registered a  
27 property under this ordinance must report any change of information  
28 contained in the registration within ten (10) days of the change.

29 (i) Failure of the mortgagee and/or property owner of record  
30 to properly register or to modify the registration from time to  
31 time to reflect a change of circumstances as required by this

1 ordinance is a violation of this chapter and shall be subject to  
2 enforcement by any of the enforcement means available to the City  
3 of Jacksonville.

4 (j) Pursuant to any judicial finding and determination that  
5 any property is in violation of this chapter the City may take the  
6 necessary action to ensure compliance with and place a lien on the  
7 property for the cost of the work performed to benefit the property  
8 and to bring it into compliance.

9 **Sec. 179.105. Maintenance requirements.**

10 Properties subject to this chapter shall be maintained in  
11 accordance with the City's property safety standards found in  
12 Chapter 518, *Ordinance Code*.

13 **Sec. 179.106. Security requirements.**

14 (a) Properties subject to this Chapter shall be maintained in  
15 a secure manner so as not to be accessible to unauthorized persons.

16 (b) A "secure manner" shall include, but not be limited to,  
17 the closure and locking of windows, doors, gates and other openings  
18 of such size that may allow a child or adult to access the interior  
19 of the property and/or structure. Broken windows shall be secured  
20 by reglazing or boarding.

21 (c) If a mortgage on a property is in default, and the  
22 property has become vacant or abandoned, a local property manager  
23 shall be designated by the mortgagee to perform the work necessary  
24 to bring the property into compliance with the code of ordinances  
25 and the local property manager must perform regular inspections to  
26 verify compliance with the requirements of this section, and any  
27 other applicable laws or ordinances of the City of Jacksonville.

28 (d) When a property subject to this Chapter becomes vacant or  
29 abandoned, it shall be posted with the name and twenty four (24)  
30 hour contact telephone number of the local property manager. The  
31 sign shall be placed in a window facing the street and shall be

1 visible from the street. The posting shall be no less than 18  
2 inches x 24 inches. and shall be of a font that is legible from a  
3 distance of 45 feet. The posting shall contain the following  
4 language with supporting information:

5 THIS PROPERTY IS MANAGED BY  
6 AND IS INSPECTED ON A REGULAR BASIS.  
7 THE PROPERTY MANAGER CAN BE CONTACTED  
8 BY TELEPHONE AT  
9 OR BY EMAIL AT

10 (e) The posting required in subsection (d) above shall be  
11 placed on the interior of a window facing the street to the front  
12 of the property so that it is visible from the street, or secured  
13 to the exterior of the building/structure facing the street to the  
14 front of the property so that it is visible from the street or if  
15 no such area exists, on a stake of sufficient size to support the  
16 posting in a location that is at all times visible from the street  
17 to the front of the property but not readily accessible to vandals.  
18 Exterior posting shall be constructed of and printed with weather-  
19 resistant materials.

20 (f) Failure of the mortgagee and/or property owner of record  
21 to properly inspect and secure a property subject to this Chapter,  
22 and post and maintain the signage noted in this section, is  
23 unlawful and a Class C violation and shall be subject to  
24 enforcement by any of the enforcement means available to the City  
25 of Jacksonville. Pursuant to a finding and determination, the City  
26 of Jacksonville may take the necessary action to ensure compliance  
27 with this section, and recover costs and expenses in support  
28 thereof.

29 **Sec. 179.107. Additional authority.**

30 (a) If an appropriate City code enforcement administrator has  
31 reason to believe that a property subject to the provisions of this



1 chapter is posing a serious threat to the public health safety and  
2 welfare, the code enforcement administrator may bring the  
3 violations before the City's code enforcement board or code  
4 enforcement special magistrate, or a court of competent  
5 jurisdiction as soon as possible to address the conditions of the  
6 property.

7 (b) If there is a finding that the condition of the property  
8 is posing a serious threat to the public health safety and welfare,  
9 then the code enforcement board or code enforcement special  
10 magistrate or a court of competent jurisdiction may direct the City  
11 to abate the violations and charge the mortgagee with the cost of  
12 abatement.

13 (c) If the mortgagee does not reimburse the City for the cost  
14 of abatement within thirty (30) days of the City sending the  
15 mortgagee the invoice, then the City may lien the property with the  
16 cost of abatement, along with an administrative fee of \$500.00 to  
17 recover the administrative personnel services.

18 **Sec. 179.108. Provisions Supplemental.**

19 Nothing contained in this Chapter shall prohibit the City of  
20 Jacksonville from enforcing its codes by any other means,  
21 including, but not limited to, injunction, abatement or as  
22 otherwise provided by law or ordinance.

23 **Sec. 179.109 Criminal Penalties.**

24 Unless otherwise provided for in this Chapter, a violation of  
25 this Chapter is declared unlawful and shall be a Class B offense.

26 **Section 3. Severability.** It is hereby declared to be the  
27 intention of the City Council of the City of Jacksonville that the  
28 sections, paragraphs, sentences, clauses and phrases of this  
29 ordinance are severable, and if any phrase, clause, sentence,  
30 paragraph or section of this ordinance shall be declared  
31 unconstitutional by the valid judgment or decree of a court of

1 competent jurisdiction, such unconstitutionality shall not affect  
2 any of the remaining phrases, clauses, sentences, paragraphs and  
3 sections of this Ordinance.

4 **Section 4. Effective Date.** This ordinance shall become  
5 effective upon signature by the Mayor or upon becoming effective  
6 without the Mayor's signature.

7 Form Approved:

8

9           /s/ Margaret M. Sidman          

10 Office of General Counsel

11 Legislation prepared by: Steven E. Rohan

12 G:\TinaB\FORECLOSURE\FCTF\White Paper\2010-327-E\_Enacted Property Vacancy Registry Ordinance.doc

13