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New Florida bill would speed up the foreclosure process

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A “faster foreclosures” proposal that sparked [consumer outcry and protest last year](#) has resurfaced in a more moderate form, with a new bill filed this week by Rep. Kathleen Passidomo, R-Naples.

The bill, HB 87, offers a slew of changes to the civil procedures governing foreclosures in Florida, where home repossessions are on the rise again.

Most of the provisions are aimed at speeding up and cleaning up the foreclosure process, which currently takes more 600 days to run its course in Florida.

“We need to make the sure the process is as efficient as possible while at the same time giving the borrower their due process rights,” said Passidomo. “Unfortunately, if you don’t have an income or you can’t afford to pay anything, the property can’t just sit in limbo forever.”

The bill — which proposes strict paperwork requirements for lenders, fast-track foreclosure procedures and a shield against some thorny legal scenarios — comes at a time when banks are beginning to rev up their foreclosure machines again after a two-year lull.

Foreclosure filings in Florida jumped 20 percent in the last year, and the Sunshine State now has the nation’s highest foreclosure rate. And even though the housing market is improving, there are plenty of foreclosures still set to take place in the coming years. One in five mortgages in the state are currently delinquent, and more than half of those have not yet entered the foreclosure process, according to Lender Processing Services.

Lenders spent two years cooling down their home repossession machines after news surfaced in 2010 that bank employees had been rapidly filling out foreclosure paperwork without properly reviewing it. The “robo-signing” scandal led to a landmark \$25 billion national settlement between states and five major banks last year, clearing the way for a more streamlined foreclosure process.

But nearly a year after the settlement was announced, foreclosures continue to slog slowly through the court system in Florida.

Passidomo’s bill aims to speed things up. It requires mortgage lenders to certify that they have the correct paperwork proving they have the right to foreclose.

The measure also gives condominium associations the ability to speed up the foreclosure process when a bank is moving too slowly. Condo associations have been forced to shoulder significant maintenance costs while banks carry out foreclosures. Banks have been accused of purposefully slowing down the process in order to limit their costs.

For their part, banks get a bit of a gift in the bill as well. Currently, if a lender forecloses on a home and later is sued for doing so wrongfully, the lender can only be forced to pay monetary damages. That means the homeowner can't get his or her house back — a proposition that could be especially difficult if the bank has sold the home to an unsuspecting third party. Passidomo's bill would eliminate that awkward scenario, and free the bank from having to recoup a house it sold to another party after a faulty foreclosure.

Some consumer advocates are already speaking out against the bill. It's the third attempt by lawmakers in the last three years to push for foreclosure reform — and each has led to consumer outcry, including a march on the state Capitol last year.

"Might be a good time to start contacting your Florida state representatives in the state House and Senate on this issue," Lisa Epstein, a West Palm Beach foreclosure activist, wrote in an email to her followers. "The more Floridians who oppose this bill and the earlier they oppose it, the better."

The bill sheds some of the controversial provisions of the 2012 proposal, which passed the Florida House but died in the Senate last year.

A provision that would have allowed for faster foreclosures on homes that appear to be abandoned has been scrapped from the new bill. The "apparently-abandoned property" measure faced backlash from consumer advocates who said people would be thrown out of their homes without proper notice.

The measure includes a provision that consumer activists supported last year to limit banks' ability to go after homeowners for additional debt after a foreclosure.

Banks currently have five years to pursue a so-called "deficiency judgment" against a homeowner. The bill reduces that time-period to one-year.

"The bill has far more borrower protections than what is current," said Passidomo.

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