MIAMI-DADE COUNTY
FINAL OFFICIAL MINUTES
Economic Development and Human Services Committee (EDHSC)

SPECIAL MEETING

Board of County Commissioners

Stephen P. Clark Government Center
Commission Chambers
111 N.W. First Street
Miami, Florida 33128

October 31, 2007
As Advertised

Harvey Ruvin, Clerk
Board of County Commissioners

Kay Sullivan, Director
Clerk of the Board Division

Mary Smith-York, Commission Reporter
(305) 375-1598

Stephen P. Clark
Government Center
111 N.W. 1st Street
Miami, FL 33128

FINAL OFFICIAL

Meeting Minutes

Economic Development and Human Services Committee

Audrey M. Edmonson (3) Chair; Katy Sorenson (8) Vice Chair; Commissioners Barbara J. Jordan (1), Dennis C. Moss (9), and Javier D. Souto (10)

SPECIAL MEETING

Wednesday, October 31, 2007 **9:00 AM** **COMMISSION CHAMBERS**

Members Present: Audrey M. Edmonson, Barbara J. Jordan, Katy Sorenson.

Members Absent: Dennis C. Moss, Javier D. Souto.

Members Late: None.

Members Excused: None.

Members Absent County Business: None.

1 MINUTES PREPARED BY

Report: *Mary Smith-York, Commission Reporter (305) 375-1598*

1A INVOCATION

Report: *The Economic Development and Human Services Committee convened in a moment of silence, followed by the Pledge of Allegiance.*

1B PLEDGE OF ALLEGIANCE

1C ROLL CALL

Report: *The following staff members were present: Assistant County Manager Cynthia Curry; Assistant County Attorney Shannon Summerset; and Deputy Clerk Mary Smith-York.*

1D OPENING REMARKS CHAIRPERSON EDMONSON

Report: *Chairwoman Edmonson called the meeting to order at 9:35 a.m. and welcomed everyone to today's Special EDHS Committee meeting focusing on the high incidence of foreclosures in Miami-Dade County. She noted the Clerk's Office recorded 17,562 foreclosure cases filed between January and September 2007, which represented a 176.4% increase over the 6,354 cases filed during the same period in 2006. Explaining how this unfolding crisis was alarming because working-class people earning a modest income might not be able to hold onto their homes, she noted this would put the economic and social stability of our neighborhoods in peril. Chairwoman Edmonson advised that today's meeting would focus on what was happening in housing market prices, what assistance was available to those facing foreclosure, and what prospective buyers/current homeowners should know before signing for loans. She informed the Committee members that informational packets regarding foreclosures, along with intake forms, were available to everyone. She also encouraged anyone in need of assistance with foreclosure concerns, to complete the intake form and speak with a representative in the lobby. Chairwoman Edmonson expressed her appreciation to each of today's participants, recognizing the students from the University of Miami Law School assisting with intake in the lobby; Ms. Patricia Braynon, Director, and staff of the Miami-Dade Housing Finance Authority; and Ms. Opal Jones, Executive Director, and staff of the Miami-Dade Affordable Housing Foundation, for their roles in today's meeting.*

Chairwoman Edmonson requested that an item be added to Section V. on today's agenda, as Item E. Foreclosure Legislation Proposals – Jenny Lawson, Association of Community Organizations for Reform Now (ACORN).

2 HOUSING FORECLOSURE HEARING FOR MIAMI DADE COUNTY

I. IDENTIFY THE PROBLEM

073174 **Discussion Item**

WORKFORCE FAMILIES, LOW INCOME FAMILIES- SHALLEY HORN, FANNIE MAE — ***Presented***

Report: *Ms. Shalley Horn, Vice President Central Region, Fannie Mae, appeared and provided a brief overview of the Fannie Mae program's history and purpose. Ms. Horn advised that, nationwide, sub-prime mortgage loan originations totaled $126 billion in 2000, $591 billion in 2006, and $1.1 trillion in 2007. She noted the national housing market for existing and new home sales dropped in 2006 and continued to decline in 2007. Ms. Horn pointed out that Miami-Dade County ranked highest in the number of foreclosures filed in the State of Florida; one in every 46 households.*

Ms. Horn noted critical workforce families, who provided essential services to the community, were most affected. She stated excessive debt obligation was the first of ten top reasons for foreclosure, followed by loss of income, illness, unemployment, marital difficulty, death, property issues, servicer issues, business failure, and casualty loss, respectively. Ms. Horne identified some of the products Fannie Mae initiated in response to the foreclosure problem as follows:

- Loss Mitigation Initiative: financial assistance to lenders for loan workouts which enable homeowners to avoid foreclosures (27,000 in 2006). Emphasis placed on borrowers in trouble contacting the lenders before the situation becomes irreparable;

- Homestay Initiative: flexible mortgage products available for the purchasing and refinancing, with underwriting guidelines that emphasize the borrower's ability to repay the mortgage;

- Expanded Approval Mortgages: financial assistance provided to over 2000 lenders to provide for loan origination;

- 40-year Mortgage Extension: mortgages extended to 40 years to reduce monthly payment; for a period of one year, on owner-occupied properties, outstanding collection accounts, regardless of amount, would not be required to be paid off or brought current;

- Flexible Servicing Policies: policies that

emphasize keeping borrowers in their homes;

- Information Resources and Marketing Tools: various products provided to industry professionals for use with borrowers;

- Million Mortgage Campaign: initiative available to lending partners as incentive to provide more Fannie Mae loan products to buyers;

- $5 Million Grant: funding provided to support the National Foreclosure Prevention initiative, managed by Neighbor Works America organization; and

- Funding Support: funding provided to the Homeownership Preservation Foundation in support of their mission to develop innovative solutions for preserving and expanding homeownership.

Ms. Horn noted Fannie Mae would continue: working with strong lending partners to help their borrowers; offering initiatives to respond to market needs; and participating in the County's Foreclosure Prevention Task Force. Ms. Horn provided the following contact numbers:
- Information regarding Fannie Mae: 1-800-7-FANNIE (800-732-6642), and
- Homeownership Preservation Foundation: 1-888-995-HOPE (888-995-4673).

Ms. Horn advised that if their mortgage was with Fannie Mae, callers should inquire about the Expanded Approval Mortgage options for borrowers with imperfect credit. She stressed the importance of borrowers contacting their lenders at the first sign of a problem and noted some type of campaign encouraging buyers to talk to the lenders was needed.

Discussion ensued among Committee members and Ms. Horn regarding available options to address the high occurrence of foreclosures within the County.

Commissioner Jordan asked Senior Advisor to the County Manager Cynthia Curry to explore the possibility of the Property Appraiser's Office including informational flyers providing homeowners with information regarding mortgage loan products and services available in its annual property tax notices.

II. DEFINE FORECLOSURE

073175 **Discussion Item**

A. SUBPRIME MORTGAGE- LEONARD ELIAS, MIAMI-DADE COUNTY CONSUMER SERVICES — ***Presented***

B. HUD'S FHA LOAN STATISTICS AND LOSS MITIGATION- CHERYL MARKEN & JUDY AYERS, HUD

Report: *A. SUB-PRIME MORTGAGE:*

Mr. Leonard Elias, Consumer Advocate, Miami-Dade Consumer Services Department (CSD), provided a brief overview of the CSD's efforts to promote consumer education and awareness throughout the community. He advised that the CSD was actively participating in conferences with the Housing Finance Authority (HFA), the African American Cultural Center, and the Church of Jesus Christ; and counseling for first-time home buyers. He also noted the CSD had promoted the series entitled "Consumer Sense" on local television stations. Mr. Elias advised that Adjustable Rate Mortages (ARM) distinguished predatory loans from legitimate sub-prime loans and suggested a study of all foreclosures be conducted to analyze the circumstances leading to the foreclosures to identify the causes. He further noted that the increasing numbers of foreclosures would ultimately impact the County's economy. Mr. Elias stated approximately two million foreclosures were predicted to occur in 2007. He noted the Florida Fair Lending Act preempted counties and cities from regulating laws relating to predatory loans, and advised that the existing laws needed enforceable criminal sanctions implemented.

Commissioner Sorenson commented that borrowers needed to understand the responsibilities involved in buying a home and might need to consider renting before buying. She noted borrowers must be educated on mortgage responsibility.

Commissioner Jordan asked Mr. Elias to provide her with a list of the predatory lenders that were operating in Miami-Dade County.

It was moved by Commissioner Jordan that the EDHS Committee sponsor a resolution urging the State Legislature to impose criminal penalties on predatory lenders including suspending or revoking their licenses. This motion was seconded by Commissioner Sorenson, and upon being put to

a vote, passed by a unanimous vote of those members present.

Commissioner Sorenson asked Assistant County Attorney Shannon Summerset to work with Mr. Elias in drafting the legislation proposed by Commissioner Jordan.

Chairwoman Edmonson recommended the EDHS Committee members initiate efforts to launch an aggressive, proactive campaign to educate people on predatory or sub-prime lending practices and to provide them with contact information for assistance in the event of foreclosure or predatory lending.

B HUD'S FHA LOAN STATISTICS AND LOSS MITIGATION:

Ms. Cheryl Marken and Ms. Judy Ayers, U.S. Housing and Urban Development (HUD), appeared and distributed handouts containing helpful tips and contact information regarding foreclosures. Ms. Marken provided a brief overview of the statistics for foreclosures in the United States and within Miami-Dade County. She explained how loan workout options (deed-in-lieu or pre-foreclosure sale) had resulted in over 88% of Florida families facing foreclosure retaining their homes. Ms. Marken provided information outlining borrower protections provided through Federal Housing Administration (FHA) mortgage loans. She noted the loss mitigation options, for FHA mortgage holders facing long-term situations, included forbearance, mortgage modification, or hardship claim.

Ms. Judy Ayers summarized information regarding HUD's most recent program, entitled "FHA Secure." She described how this program enabled borrowers whose conventional loans were resetting at higher rates or approaching delinquency, to refinance to a fixed rate FHA-insured loan. Ms. Ayers also commented on a recent event in Broward County which was attended by over 200 homeowners facing foreclosure. She stated a representative from Hope, Inc. presented a video portraying what predatory lending looked like. Ms. Ayers stated that housing counseling was the most important step in the home buying process. She announced plans to launch an advertising campaign called "211," to provide counseling and referral services to people in need of assistance regarding

foreclosure or the home buying process.

Ms. Marken noted counselors from Money Management International (MMI), one of HUD's largest counseling agencies, participated in the "Home Ownership Preservation" event, referenced by Ms. Ayers. She advised that the agency had received a $2 million award from HSBC Bank to provide grant funds to borrowers in foreclosure due to short-term situations. Ms. Ayers recommended including inserts with the yearly tax notices that provided contact information for homeowners in need of assistance regarding their mortgages. She provided a few energy-saving techniques, including unplugging appliances when not in use, that would reduce daily living expenses. Ms. Ayers commented that "Reverse Mortgages" was another tool available to assist seniors facing delinquent mortgages.

Commissioner Sorenson thanked Ms. Marken for mentioning the energy conservation aspect, which helped with the climate change control efforts, as well as individual savings. She advised that solar water heaters were installed in south Miami-Dade, in partnership with the state, and pointed out they were very energy efficient.

III. SCOPE OF PROBLEM

073176 **Discussion Item**
A. OFFICE OF CLERK OF THE COURTS ***Presented***

Report: *A. OFFICE OF CLERK OF THE COURTS*

Ms. Lisa Lesueur, Court Operations Officer, appeared on behalf of Mr. Harvey Ruvin, Clerk of Courts, and advised she was the officer in charge of both, the New Lawsuit Intake Section and the Foreclosure Unit. She distributed copies of a report entitled Miami-Dade County Foreclosure Statistics, and provided a brief overview of the number of cases filed, a comparison between 2006 and 2007, the number of foreclosure sales conducted, and who purchased foreclosed properties. Ms. Lesueur stated the trends were showing an increase in foreclosure filings, leading to an increase in foreclosure sales, with a majority of the properties going back to the mortgage holder.

Commissioner Edmonson asked Senior Advisor to the County Manager Cynthia Curry to obtain a listing of foreclosed mortgages within the County, and to conduct a study to identify patterns in areas with a significant number of foreclosures.

Ms. Curry advised that she would work with the Housing Finance Authority, the County Attorney's Office, and the Clerk of Courts to comply with Commissioner Edmonson's request.

Commissioner Jordan asked Ms. Lesueur to facilitate efforts to modify the Clerks' Foreclosure Database System to insert a "Zip Code" file, in order to identify the location of foreclosed properties.

IV. IMPACT OF FORECLOSURE

073177 **Discussion Item**

A. DADE COUNTY FEDERAL CREDIT UNION- GEORGE JOSEPH, DCFCU *Presented*

B. LEGAL SERVICES- JEFFREY HEARNE, LEGAL SERVICES OF GREATER MIAMI, INC.

Report: *A. DADE COUNTY FEDERAL CREDIT UNION*
(The foregoing discussion item was Not Presented)

B. LEGAL SERVICES:

Mr. Jeffrey Hearne, Senior Attorney, Housing Unit, Legal Services of Greater Miami (LSGM), appeared before the Committee and noted LSGM was the largest provider of civil legal services for the low income community in Miami. He provided a brief overview of the services provided by LSGM and highlighted the following statistics relating to foreclosures:
- 552 cases filed in 2005;
- 603 cases filed in 2006; and
- 735 foreclosure assistance requests filed in 2007 thus far.

Mr. Hearne described how predatory lending practices commonly result in foreclosures and noted refinanced loans were often where the problem began. He noted many individuals purchased homes with FHA loans, and switched to sub-prime loans when refinancing. He further noted incidents where lenders inflated buyers' income to ensure they would qualify for loans they couldn't afford. Mr. Hearne explained that this was done because most loans were not held by the original lender. He pointed out other factors contributing to an individual's inability to repay mortgage loans were adjustable rates, rising insurance costs, service companies misappropriating payments, and charging unrelated fees. He commented that lax lending underwriting restrictions within State and federal laws fueled selling of foreclosure properties lists. Regarding the comment, by Ms. Horn, that borrowers should contact their lenders immediately, Mr. Hearne explained that, from his personal experience, borrowers faced a very difficult time trying to contact loss mitigation partners. He explained that the LSGM office evaluated the borrower's foreclosure documents to determine whether any claim could be brought against the lender.

Mr. Hearne noted all evictions were contested and went into mediation; however, that did not happen with foreclosures. He recommended mediation be required in foreclosure cases in order to allow the bank representatives and homeowners to discuss the situation face to face. He also suggested taking a look at the Cuyahoga County Foreclosure Prevention Program in Cleveland, Ohio. Mr. Hearne advised that with the Predatory Lending Hotline in place, which could be expanded to include all foreclosures, it would be relatively easy to set up a program locally, using Cleveland as a model.

Commissioner Edmonson reiterated her comment on the need to identify areas with a significant number of foreclosures to develop a proactive approach to this problem.

In response to Commissioner Jordan's inquiry regarding a listing of predatory lenders, Mr. Hearne advised that the LSGM had a list of mortgage companies that it had cases against. He added that other organizations could provide more information on this, such as the Center for Responsible Lending in North Carolina and the Association of Community Organizations for Reform Now (ACORN). Regarding whether a local organization existed that filed charges against predatory lending institutions, Mr. Hearne explained that possibly the State Office of Financial Regulation, but noted this was a difficult area since certain banks and thrifts were chartered by the national government and exempt from state laws.

Commissioner Jordan noted although she agreed in part with Commissioner Sorenson's comment regarding the borrower bearing some responsibility, she felt the borrowers were probably unaware of the unethical tactics being used by the lenders. She expressed her appreciation to Mr. Hearne for the solutions he recommended. Commissioner Jordan noted further action would be taken in pursuit of expanding the Predatory Lending Hotline, gathering additional information on the Cuyahoga County Foreclosure Prevention Program, and researching the mediation process.

V. SOLUTION(S)

073178 **Discussion Item**

A. MORTGAGE WORKOUTS - JUAN CAMPOS & ROBERT SPANO, NATIONAL CITY MORTGAGE — ***Presented***

B. RESCUE REFINANCE - OPAL JONES, MIAMI-DADE AFFORDABLE HOUSING FOUNDATION

C. REVERSE MORTGAGE FOR SENIORS- LOURDES VALDES, WELLS FARGO HOME MORTGAGE

D. THE MORTGAGE FRAUD TASK FORCE

Report: *A. MORTGAGE WORKOUTS:*

Mr. Robert Spano, Branch Manager, and Mr. Juan Campos, representing National City Mortgage (NCM), appeared before the Committee and provided information regarding mortgage workouts. Mr. Spano recommended communicating with residents in the community that defaulting on a mortgage is not a bad thing. He emphasized the importance of this being done at the onset of a problem with the loan. Mr. Spano reiterated how increased property taxes and insurance rates added to the burden of the borrower. Pointing out that deceit by real estate professionals regarding the assessed value on houses and borrowers' incomes, he noted NCM realtors were trained to no longer bring in borrowers who qualified for a loan through their stated income. Mr. Spano noted NCM was seeking to have condominiums approve the Veteran's Administration (VA) and Federal Housing Administration (FHA) loan programs. He noted his organization was also offering the FHA Secure and the Forbearance Programs to borrowers in trouble.

B. RESCUE REFINANCE:

Ms. Opal Jones, Executive Director, Miami-Dade Affordable Housing Foundation (AHF), appeared before the Committee and noted the AHF was a nonprofit housing counseling agency located at 19 W. Flagler Street. She provided a brief overview of services provided, which included counseling and providing education to first- time homebuyers. Ms. Jones pointed out that there currently was no requirement to include an educational piece in the refinance process. Ms. Jones proudly stated the AHF had been in business since 1999 and never had a foreclosure; due to counseling and maintaining the deeds. She

concurred with those who spoke earlier today, that education was the key, emphasizing the need to include a requirement for homebuyer education in all mortgage loan processes; not just first time homebuyers. Ms. Jones introduced the HFA's Rescue Refinance Mortgage program (RRM) which she noted, was similar to the FHA Rescue Program. She stated this was a standalone taxable mortgage revenue bond structure which is offered by the Housing Finance Authority of Miami-Dade County. Ms. Jones noted the RRM would finance 300 families already in or approaching default due to sub-prime lending. She noted proponents of the program included a $100 million bond issue that would be funded in 25 million dollar sub-bond series. Ms. Jones provided detailed aspects of the program, explaining the terms of the loan and eligibility requirements, highlighting the requirement regarding homebuyer education. She noted this program was being considered in Ohio, New York, Pennsylvania, Massachusetts, and in two jurisdictions in California. Ms. Jones explained that this program was meeting a challenge due to the appraisal process with the property being upside down financially.

C. REVERSE MORTGAGE FOR SENIORS:

Ms. Lourdes Vales, Reverse Mortgage Department, Wells Fargo Home Mortgage, appeared before the Committee and noted she was a housing counselor for 15 years prior to working with Wells Fargo. She read into the record an article dated June 2007, which stated HUD Secretary Alphonso Jackson recommended the reverse mortgage program. Ms. Valdes explained that the reverse mortgage program was a great alternative for seniors that would save them from foreclosure. She noted this was a FHA insured loan on the equity accumulated on the home that did not require repayment for as long as the borrower lived in the home. Ms. Valdes provided the eligibility requirements for the reverse mortgage program.

D. THE MORTGAGE FRAUD TASK FORCE11/14/2007

Mr. Glenn Theobald, Chair, Mayor's Mortgage Fraud Task Force (MMFTF) and Chief with the Miami-Dade Police Department, noted the MMFTF was formed in July 2007, precipitated and based upon the recently enacted Mortgage Fraud law. He pointed out that the Mortgage

Association Research Institute (MARI) listed Florida in 2006-2007, as number one in United States mortgage fraud; and Miami-Dade County as the fourth metropolitan area in the United States in mortgage fraud. He pointed out that this meant the bulk of the foreclosures involved some type of fraud. Mr. Theobald described two types of fraud: 1) for profit, and 2) fraud for property. He commented that law enforcement lacked the tools necessary to prosecute all parties involved in the mortgage application process within the real estate transaction process. He pointed out that this MMFTF allowed officers to charge any individual with intent to defraud by material misstatement, misrepresentation, or omission within the process, for the purpose of acquiring monetary or property gain. Mr. Theobald commented that there were organizations that did this for a living, and this was not only a law enforcement problem. He noted the five committees that made up the MMFTF were: 1) Law Enforcement Committee; 2) Legislative Committee; 3) Business Partnership Committee; 4) Education Committee; and 5) Regulatory Committee. Mr. Theobald noted the MMFTF was addressing several aspects of mortgage fraud, including educating the public on how to avoid becoming a victim of fraud and predatory lending; developing state mandated guidelines for the property appraiser; conducting a press conference when taking down companies; requesting State Legislators to address the problem of mortgage fraud raising taxes; and lobbying Tallahassee to regulate and penalize offenders by suspending licenses of mortgage brokers.

Commissioner Jordan asked Chief Theobald to consider adding the local Housing Finance Authority's Predatory Lending Unit as a member of the MFTF. She also asked Chief Theobold to research fraud cases involving overrated values to determine whether a collective group of lending professionals were involved and to provide her with a list of those organizations with repeat occurrences of predatory lending offensesE.

E. ASSOCIATION OF COMMUNITY ORGANIZATIONS FOR REFORM NOW (ACORN)

Ms. Jenny Lawson, State Director, Association of Community Organizations for Reform Now (ACORN), appeared before the committee and distributed handouts to members. She provided a brief overview of the organization and the services provided, which included first-time homebuyer

counseling. Ms. Lawson noted as a national organization in the fight against predatory lending, ACORN investigated the one of the largest sub-prime lenders: Household Finance Corporation (HFC) and Beneficial. She advised that as a result of this, the lender submitted an excellent Best Practices Agreement and assisted in a national settlement with the Attorney General's nomination. Ms. Lawson further advised that ACORN had a list of predatory lending organizations. She provided several examples of tactics used in predatory lending, including adjustable rates and lack of stated incomes and noted there needed to be institutional protections for borrowers. Ms. Lawson advised that multiple levels of solutions would be needed to address all the issues, including federal regulation of the banking industry and state legislation regarding the preemption problem. Ms. Lawson directed attention to the handouts she distributed to committee members and summarized the contents. She then read into the record two proposed resolutions, one urging the Federal Reserve Board address the problem and the other urging the 25 largest sub-prime lenders to voluntarily suspend foreclosures for three months on owner-occupied properties within the County. Ms. Lawson noted the Federal Reserve Board convened on June 14, 2007 and discussed the predatory lending issue. She further noted the FRB would reconvene in the fall to report its findings on the issue and commented that the proposed resolution was time sensitive.

Commissioner Jordan asked Assistant County Attorney Shannon Summerset to review, for legal sufficiency, the proposed resolution urging the 25 largest sub-prime lenders to voluntarily suspend foreclosures for three months on owner-occupied properties within the County, and the proposed resolution urging the Federal Reserve Board to enact protections for consumers against predatory lenders, as requested by the State Director of the Association of Community Organizations for Reform Now (ACORN).

It was moved by Commissioner Jordan that the County Attorney prepare both resolutions and prepare the appropriate memorandum requesting that Chairman Barreiro waive the County Commission's rules and procedures to allow the proposed resolutions to be considered on November 6, 2007.

VI. OPEN DISCUSSION(S)

Report: *After acknowledging her brother Frank's presence at today's meeting, Chairwoman Edmonson recognized Ms. Debra Flowers-Reed (phonetic) and Ms. Linda Folks and invited them to present their comments.*

Ms. Debra Flowers-Reed (phonetic), 3050 N.W. 157 Terrace, Miami Gardens, appeared before the committee and spoke about her personal experience with foreclosure that resulted in the title to her home being stolen by an individual who indicated he would provide her with assistance.

Mr. Jeffrey Hearne, Senior Attorney, Housing Unit, Legal Services of Greater Miami (LSGM), stated he would be happy to speak with Ms. Flowers-Reed, but advised that timeframes posed a difficulty.

Ms. Linda Folks (phonetic), 17425 NW 18 Avenue, Miami Gardens, appeared before the committee and explained the reason she was facing foreclosure.

Ms. Patricia Braynon, Director, Housing Finance Authority (HFA), provided a brief overview of the organization's efforts to address the predatory lending problem. She stated the Predatory Lending Hotline receives many stories similar to the ones presented by the two speakers today. Ms. Braynon thanked each presenter and noted the recommendations made would assist the HFA in developing solutions to this critical issue.

3 ADJOURNMENT

Report: *There being no further business to come before the Committee, the meeting was adjourned at 12:51 p.m.*

Audrey M. Edmonson, Chair