# Hardest Hit Funds Come to Florida

In February 2010, the U.S. Treasury announced the FHA Hardest-Hit Fund as a way to provide financial support to families in the nation's hardest-hit housing areas. As one of five states deemed hardest hit, Florida is scheduled to receive $418 million of the $1.5 billion initiative.

The Florida Housing Finance Corporation submitted its proposal to Treasury in April. The proposal included a Mortgage Intervention Strategy and a complementary Legal Representation Strategy.

The Mortgage Intervention Strategy helps the unemployed or underemployed homeowner sustain and keep their home by working with banks and credit unions, and mortgage investors such as Fannie Mae and Freddie Mac, to extend the period of time the homeowners need to become re-employed at a salary sufficient to either resume making full mortgage payments, or qualify for a mortgage modification to make the mortgage payments affordable for the homeowner. FHFC will also offer principal reduction or second lien extinguishment if necessary to attain mortgage modifications.

The Legal Representation Strategy would help a homeowner who already has a mortgage foreclosure case filed against them in court. This strategy would provide representation for the borrowers in the mandated mediation program and provide homeowners with legal assistance in obtaining loan modifications, or other outcomes that would be better than foreclosure, and keep the homeowner in their home.

On June 23, the FHFC received notice that the Mortgage Modification Strategy was approved, but not the Legal Representation Strategy. Legal Counsel for the Treasury issued a memo stating that legal aid was not permitted by the program. Florida is not the only state that saw the wisdom of using Hardest Hit monies to provide legal assistance to homeowners. There is a movement afoot among several of the states that want to use a portion of the Hardest Hit monies for legal aid to homeowners in foreclosure to encourage Treasury to reconsider this position. For example, Senator Sherrod Brown in Ohio is reported to have expressed his displeasure with this decision and asked Treasury Secretary Timothy Geithner to reconsider. But unless and until that change is made, Florida will not be using any portion of its allocation for legal representation.

## Implementation

Florida Housing Finance Corporation has begun moving forward with plans to implement the Mortgage Intervention Strategy. A Request for Qualifications (RFQ) for Housing Counseling Agencies for implementation of the program has been released. Florida Housing Finance Corporation has allocated $317 million to the strategy and placed counties in statewide allocations groups by tiers – Tier 1, Tier 2 or Tier 3.

Prior to the full implementation of the statewide Mortgage Intervention Strategy, the Treasury requires a pilot site be established, and Florida Housing determined that Lee County, Florida will serve as the pilot site. FHFC chose Lee County for the pilot site for the following reasons:

- Lee County is considered the epicenter of the foreclosure crisis, both statewide and nationally;
- Lee County is a Tier 1 county, as listed on the approved Allocation for the Mortgage Intervention Strategy;
- Lee County has the optimum population for a pilot site; and
- Lee County has sufficient capacity of housing counseling agencies to perform intake and program eligibility.

The pilot is expected to begin in mid-to-late August and will continue for 60-90 days, and full implementation of the Mortgage Intervention Strategy is expected to begin statewide before the end of the year.

For additional information concerning Florida's Hardest-Hit Fund implementation, visit Florida Housing Finance Corporation's web site at ***www.floridahousing.org***. HNN