



## STATE OF FLORIDA

**BILL McCOLLUM**  
**ATTORNEY GENERAL**

March 19, 2010

The Honorable Larry Cretul  
Speaker, Florida House of Representatives  
Room 420, The Capitol  
Tallahassee, FL 32399-1300

Dear Speaker Cretul:

Since 2007, my office has spearheaded a multi-pronged initiative to assist and educate Florida homeowners as they deal with the residential mortgage foreclosure crisis. Unfortunately, Florida has consistently been one of the top three states in the country in the number of homes foreclosed since this crisis began.

The purpose of this letter is to outline some of my office's efforts in this area since my term began and to bring to your attention yet another impending foreclosure crisis, this time in the commercial real estate market. As I learn more about the potential for massive commercial real property mortgage foreclosures, I am convinced that swift legislative remedial action this legislative session would avert some of the more devastating consequences of such foreclosures.

My office formed an Interagency Mortgage Crisis Task Force in 2008, to help educate and assist homeowners about to go into foreclosure. Since its creation, the Task Force has hosted multiple community forums on mortgage foreclosure issues. Through these forums, distressed homeowners have been provided with consumer information and access to representatives from entities such as lending institutions and counseling organizations, voluntary bar associations, and state and federal housing and housing finance agencies. The most recent forum took place this month in Miami, where over 500 consumers were able to meet with representatives from HUD counseling organizations, Bank of America, Wells Fargo, and JP Morgan Chase to work on solutions to keep them from losing their homes in foreclosure.

While consumer protections for residential mortgage foreclosures are important, the commercial real estate loan losses and foreclosures we are told to expect over the next four years have an even greater potential to negatively impact the state and national economies. As noted

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in the February 2010 Report of the Congressional Oversight Panel entitled "Commercial Real Estate Losses and the Risk to Financial Stability," roughly \$1.4 trillion in commercial real estate loans will reach the end of their terms between 2010 and 2014 and may spawn defaults, triggering economic damages to financial institutions, small businesses and families across the nation.

As one of the largest markets in the nation for commercial real estate loans, Florida faces a significant risk of financial loss. In anticipation of this crisis, the Legislature may wish to review current Florida law and the findings of the Congressional Oversight Panel. We understand that other large states with similar demographics and growth issues have laws in place that may blunt the devastating consequences of any impending commercial real estate foreclosure crisis. I would urge the Legislature to consider the actions taken by those states in addressing their foreclosure issues. For example, some states have enacted legislation implementing a "one action" rule or "security first" law which respectively require that all claims be consolidated into a single action or prohibit lawsuits seeking relief from borrowers personally before proceeding against the collateral. Similar laws seek to establish a clear methodology for deficiency judgments, right of redemption, and foreclosure defenses so that there are no ambiguities in the process.

My office will continue to make every effort to assist residents of Florida as they battle to protect their homes against mortgage losses and mortgage-related fraud. The Attorney General's Office stands ready to assist the Legislature to ensure that Florida has the legal tools necessary to meet the impending commercial real property foreclosure crisis to sustain a viable and meaningful economic recovery.

Sincerely



Bill McCollum

cc: The Honorable Charlie Crist  
The Honorable Alex Sink  
The Honorable Charlie Bronson