Introduced by the Council President at the request of the Mayor:

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to read as follows:

ORDINANCE 2018-104

AN ORDINANCE RELATING TO MORTGAGED REAL PROPERTY; AMENDING CHAPTER 179 (MORTGAGE REGULATION), ORDINANCE CODE; FORECLOSURE CLARIFYING THE PURPOSE AND INTENT DUE FORECLOSURES AND MECHANISMS TO AVERT FORECLOSURE; AMENDING AND ADDING VARIOUS DEFINITIONS; CLARIFYING APPLICABILITY OF THE ORDINANCE TO NOT INCLUDE SECOND, THIRD, FOURTH AND FIFTH URBAN SERVICE DISTRICTS; CLARIFYING AND AMENDING THE INSPECTION AND REGISTRATION OF DEFAULTED PROPERTY AND APPOINTMENT OF A PROPERTY MANAGER TO PERFORM CERTAIN MAINTENANCE REQUIREMENTS; AND CLARIFYING ROLE OF NEIGHBORHOODS DEPARTMENT IN ADMINISTRATION AND ENFORCEMENT; PROVIDING FOR A LATE FEE FOR FAILURES TIMELY REGISTER OR RENEW TO REGISTRATION; PROVIDING AN EFFECTIVE DATE.

BE IT ORDAINED by the Council of the City of Jacksonville: Chapter 179 (Mortgage Foreclosure Regulation) Section 1. Title VI (Businesses, Trades and Occupations) is amended amended.

TITLE VI. BUSINESSES, TRADES AND OCCUPATIONS

CHAPTER 179. MORTGAGE FORECLOSURE REGISTRATION

Sec. 179.101 Purpose and intent.

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It is the purpose and intent of this Chapter to establish a process to limit and reduce the deterioration of property located within the City of Jacksonville, which property is in mortgage foreclosure, or where mortgage foreclosure is threatened or imminent, or where ownership has been transferred to a lender or mMortgagee by any legal method. It has been determined that owneroccupied structures are generally better maintained when compared to vacant structures, even with a diligent off-site property owner, or structures that are primarily rental. Vacant structures or structures owned by individuals who are economically strained and unable to meet their mortgage obligations are often not properly or diligently maintained, which contribute to blight, arrest property values, and have a negative impact on social perception of the residential areas where they are located. It is a further intent of this Chapterintended to establish a registration program as a mechanism to help protect neighborhoods from becoming blighted through the lack of adequate maintenance of abandoned and vacated properties which are subject to mortgages that may or may not beare in &Default or Defaulted, to help identify areas that may become blighted due to foreclosure trends in geographic areas of the City and to provide a mechanism to avert foreclosure actions through timely intervention, education or counseling of property owners.

Sec. 179.102 Definitions.

The following words, terms and phrases, when used in this Chapter, shall have the meanings ascribed to them, except where the context clearly indicates a different meaning. Where the context will permit and no definitions are provided herein, the definitions provided in the Florida Building Code shall apply.

Abandoned real property means any real property that is under a public notice of default, notice of mortgagee's sale, pending tax

assessor's lien sale, or is pending a mortgage foreclosure, and/or properties that have been the subject of a mortgage foreclosure sale where title is retained by the mortgagee, and/or any properties transferred under a deed-in-lieu of foreclosure sale, a short sale or any other legal means.

Mortgagee to renew the registration of the Defaulted property in the Foreclosure Registry while the property remains in Default or while title to the property remains with the Mortgagee when such title was granted to the Mortgagee to resolve the Foreclosure Action. Annual Renewals shall be done 12 months from the date of the initial first action that required registration, as determined by the City of Jacksonville's Housing and Community Development Division Neighborhoods Department, or its designee, and every subsequent 12 months the property remains in Default or while title to a property remains with the Mortgagee when such title was granted to the Mortgagee to resolve the Foreclosure Action. The date of the initial registration may be different than the date of the first action that required registration.

<u>City or City of Jacksonville means the First Urban Services</u>

<u>District, and shall not mean the Second, Third, Fourth or Fifth</u>

Urban Services Districts

Default or Defaulted means a claim by a mmortgagee, or other lien holder, that the mortgagor has not complied with the terms of the mortgage on the property or other evidence of the debt referred to in the mortgage, as evidenced by the initiation of a Foreclosure Action.

Enforcement <u>eOfficer</u> means any fulltime law enforcement officer, building official, fire inspector or code enforcement officer employed by the City of Jacksonville.

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

Foreclosure or Foreclosure Action means the legal process by which a mMortgagee, or other lien holder, terminates or attempts to terminate a property owner's equitable right of redemption to object legal and equitable title to the real property subject to the lien held by that mMortgagee or other lien holder. This definition shall include, but is not limited to, public notice of default, deed in lieu of foreclosure, sale to the mortgagee or lien holder prior to certificate of title, certificate of title and all other processes, activities and actions, by whatever name, associated with the described process. The legal process is not concluded until title to the property is transferred to a third party either before or after certificate of title or until the legal process is dismissed.

Foreclosure Registry means a web-based electronic database of searchable real property records, used by the City of Jacksonville to allow Mortgagees the opportunity to register Defaulted properties and pay applicable fees as required in this Chapter.

Local means within the boundaries of the City of Jacksonville, Florida.

Local Agent means the property manager or agent designated by the mMortgagee upon registration as required under this Chapter.

The Local Agent's office must be located within 20 miles of the City of Jacksonville.

Mortgagee means the creditor, including but not limited to, trustees; servicing companies; lenders; any agent, servant or employee of the creditor; any successor in interest; or any assignee of the creditor's rights, interests or obligations under the mortgage agreement, or any other person or entity with the legal right to foreclose on the real property, excluding properties owned by the City; State of Florida and any federal agency or entity but not including Fannie Mae and Freddie Mac.

Owner means every person, entity, or Mortgagee service company, who alone or severally with others:

- $(\frac{1}{2}a)$ Has legal or equitable title to any dwelling, dwelling unit, mobile dwelling unit, residential building, residential structure, residential parcel of land, $\frac{1}{2}Vacant$ or otherwise, including but not limited to, a mobile home park; or
- (2b) Has <u>legal</u> care, charge or control of any dwelling, dwelling unit, mobile dwelling unit, residential building, residential structure or residential parcel of land, \forall Vacant or otherwise, including a mobile home park, in any capacity, including but not limited to, agent, executor, executrix, administrator, administratix, trustee or guardian of the estate of the holder of legal title; or
- (3c) Is a mMortgagee in possession of any such property, or is a mMortgagee with actual control of access to the property by any means including, but not limited to, changing locks or putting on a lock box; or
- $(4\underline{d})$ Is an agent, trustee or other person appointed by the courts and vested with possession or control of any such property. The Property Manager shall not be considered the Owner.

<u>Property Manager means any party designated by the Owner as</u>
<u>responsible for inspecting, maintaining and securing the property</u>
as required in this Chapter.

Vacant or Vacancy means any building, or structure or property that is not lawfully occupied or inhabited by human beings as evidenced by the conditions set forth in the definition of "evidence of vacancy" above.

Sec. 179.103. Applicability and jurisdiction.

This Chapter applies to abandoned and vacant Defaulted property located within the City of Jacksonville, which property is in or has been in mortgage foreclosure, or where ownership has been transferred to a lender or mortgagee by any legal method. This Chapter does not apply to the Second, Third, Fourth or Fifth Urban Service Districts.

Sec. 179.104. Inspection and registration of foreclosed real Defaulted property by mmortgagee holding mortgages in dDefault.

- (a) Any mMortgagee who holds a mortgage on real property located within the City of Jacksonville shall perform an inspection of the property upon it being in dDefault or Defaulted by the mortgagor or prior to the issuance of a notice of default.
- (b) Property inspected pursuant to subsection (a) above that remains in <u>dD</u>efault or <u>Defaulted</u>, shall be inspected every 30 days by the <u>mMortgagee</u> or <u>mMortgagee</u>'s designee.
- (c) Within ten days of the date any mMortgagee declares its mortgage to be in dDefault or Defaulted, the mMortgagee shall register the real property with the City of Jacksonville's—Housing & Community Development Division, or its designee, on forms promulgated by the Housing & Community Development Division, or other manner as directed Foreclosure Registry, and, at the time of registration, indicate whether the property is vVacant, shows evidence of vacancy or is occupied, and if so shall designate in writing a Local Agent Property Manager to inspect, maintain and secure the real property subject to the mortgage in dDefault or

<u>Defaulted</u>. A separate registration is required for each <u>Defaulted</u> property, whether it is found to be vacant or occupied.

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- (d) <u>Initial Rregistration</u> pursuant to this section shall contain at a minimum the name of the mMortgagee, the mailing address of the mMortgagee, e-mail address, telephone number and name of the <u>Property ManagerLocal Agent</u> and said person's address, e-mail address, and telephone number. The <u>Local Agent shall be responsible to inspect, secure and maintain the property. The Local Agent named in the registration shall be located within 20 miles of the City of Jacksonville and available to be contacted by the City, Monday through Friday between 9:00 a.m. and 5:00 p.m., legal holidays excepted.</u>
- At the time of initial registration each registrant shall pay a non-refundable annual registration fee of \$250 for each registrationDefaulted property. Subsequent aAnnual Defaulted properties registrations and fees in the amount of \$250 are due within 30 days of the expiration of the previous registration. Said fees shall be used to offset the costs of (1) registration and registration enforcement, (2) code enforcement and mitigation related to blighted and deteriorating foreclosed Defaulted properties that were owner occupied, (3) post-closing counseling and foreclosure intervention limited to owner-occupied persons in dDefault, which may not include cash and mortgage modification assistance, and (4) may be used for any related purposes as may be adopted in the policy set forth in Section 179.110 below. Said fees shall be deposited to a special account in Housing & Community Development DivisionNeighborhoods Department dedicated to the cost of implementation and enforcement of this ordinance, combatting blight in affected neighborhoods and fulfilling the purpose and intent of this <a>Chapter, <a>consistent with the policy adopted by the Housing & Community Development

<u>DivisionNeighborhoods Department</u> in Section 179.110, and any registries so required. None of the funds provided for in this section shall be utilized for the legal defense of foreclosure actions.

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- (f) Beginning on July 1, 2015, eEach individual property on the registryForeclosure Registry that has been registered for 12 months or more prior to that date shall have 30 days to renew the registration and pay the \$250 annual renewal fee. The anniversary date for annual renewal of registration for these properties shall be deemed to be July 1 each subsequent year. Properties registered less than 12 months prior to July 1, 2015 shall use the date of initial registration as their annual renewal date and shall pay the \$250 annual renewal date on the anniversary of the initial registration each subsequent year.
- If the dDefaulted mortgage and/or servicing on a property is sold or transferred, the new mMortgagee is subject to all the terms of this Chapter. Within ten days of the transfer, the new mMortgagee shall register the Defaulted property or update the existing registration if there are any changes regarding the existing Mortgagee and pay a registration update fee of \$50. Any and all previous unpaid fees, regardless of who the mortgagee was at the time of registration was required, including but not limited to unregistered periods during the foreclosure process shall be the responsibility of the new mMortgagee at the time initial registration and/or Annual Renewals were required and are subject to enforcement as specified in section 179.106 due and payable with the updated registration. If the mortgage on a Defaulted property is sold or transferred, within ten days of the transfer or sale, the new Mortgagee shall update the existing registration and shall be responsible for all required renewals and updates during the new Mortgagee's involvement with the Defaulted property. The previous

Mortgagee will not be released from the responsibility of paying all previous unpaid fees and fines accrued during that Mortgagee's involvement with the Defaulted property. The provisions of this section are cumulative with and in addition to other available remedies. Moreover, the Director of the Neighborhoods Department or his or her designee is authorized and empowered to refer the previous Mortgagee's non-payment of previous fees and fines to the Special Magistrate or a court of competent jurisdiction for enforcement.

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- If the mMortgagee of a foreclosed real property sells or (h) transfers the Defaulted property in a non-arm's length transaction to a related entity or person, the transferee is subject to all the terms of this Chapter, and within ten days of the transfer, the transferee shall register the Defaulted property or update the existing registration and pay a registration update fee of \$50. Any and all previous unpaid fees, regardless of who the #Mortgagee was at the time registration was required, including but not limited to unregistered periods during the foreclosure process, are the responsibility of the new owner of the foreclosed property and are due and payable with the updated registration. The previous Mortgagee will not be released from the responsibility of paying all previous unpaid fees and fines accrued during that Mortgagee's involvement with the Defaulted property. The provisions of this section are cumulative with and in addition to other available remedies. Moreover, the Director of the Neighborhoods Department or his or her designee is authorized and empowered to refer the previous Mortgagee's non-payment of previous fees and fines to the Special Magistrate or a court of competent jurisdiction for enforcement.
- (i) If the <u>Defaulted property</u> is not registered <u>andor either</u> the registration fee or the Annual Renewal fee is not paid within

1 30 days of when the registration or Annual Renewal is required 2 3 4 5 6 7 8 9 10

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pursuant to this section, a late fee of \$50 per property shall be charged for each month the registration or Annual Renewal remains unpaid or unregistered/renewed during that registration periodand shall be due and payable with the registration. This section shall apply to the initial registration and registrations required by of the dDefaulted subsequent owners mortgage and/or forcelosed Defaulted property. Each period where the registration fee is late shall be assessed a late charge of \$50. Registrations delinquent greater than 30 days are subject to additional fines as described by Section 179.106(g) herein.

- This section shall also apply to properties that have been the subject of a foreclosure sale where title is transferred to the mMortgagee as well as any properties transferred to the #Mortgagee under a deed in lieu of foreclosure or by any other legal means.
- Properties subject to this section shall remain subject to the annual registrationAnnual Renewal requirement, and the inspection, security, and maintenance standards of this section as long as the mortgage is under foreclosure or in dDefault or Defaulted.
- Failure of the #Mortgagee and/or property owner of record (1)to properly register or to modify the registration from time to time to reflect a change of circumstances as required by this ordinance is a violation of this eChapter and shall be subject to enforcement by any of the enforcement means available to the City of Jacksonville.
- Pursuant to any judicial finding and determination that any property is in violation of this eChapter the City may take the necessary action to ensure compliance with and place a lien on the property for the cost of the work performed to benefit

propertyoutstanding obligation and any additional cost incurred to and to bring it the property into compliance.

Sec. 179.105. Maintenance requirements.

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

Sec.179.106. Security and additional maintenance requirements.

- (a) Properties subject to this Chapter shall be maintained in a secure manner so as not to be accessible to unauthorized persons.
- (b) A "secure manner" shall include, but not be limited to, the closure and locking of windows, doors, gates and other openings of such size that may allow a child or adult to access the interior of the property and/or structure. Broken windows shall be secured by reglazing or boarding. Vacant properties shall be secured in the manner provided in Ch. 518, Ordinance Code for securing properties.
- (c) If a mortgage on a property is in default, and the property has Defaulted property becomes Vacant vacant or abandoned, a Property ManagerLocal Agent shall be designated by the mMortgagee to perform the work necessary to bring the property into compliance with the Code of OrdinancesOrdinance Code and the Property Manager Local Agent must perform regular inspections to verify continued compliance with the requirements of this section, and any other applicable laws or ordinances of the City of Jacksonville. This obligation shall remain in effect while the property remains under the control of the Mortgagee.
- (d) When a property subject to this Chapter becomes Vacant exabandoned, it shall be posted with the name and 24-hour contact telephone number of the Property Manager Local Agent. The Property Manager shall be available to be contacted by the City Monday through Friday between 9:00 a.m. and 5:00 p.m., legal holidays

- (e) The posting required in subsection (d) above shall be placed on the interior of a window facing the street to the front of the property so that it is visible from the street, or secured to the exterior of the building/structure facing the street to the front of the property so that it is visible from the street or if no such area exists, on a stake of sufficient size to support the posting in a location that is at all times visible from the street to the front of the property but not readily accessible to vandals. Exterior posting shall be constructed of and printed with weather-resistant materials.
- (f) Failure of the mmortgagee and/or property owner of record to properly inspect and secure a property subject to this Chapter, and post and maintain the signage noted in this section, is unlawful and a Class C violation and shall be subject to enforcement by any of the enforcement means available to the City of Jacksonville. Pursuant to a finding and determination, the City of Jacksonville may take the necessary action to ensure compliance with this section, and recover costs and expenses in support thereof.
- (g) <u>In addition to the late fees authorized in subparagraph</u>
 (i), above, <u>Ffailure</u> of the <u>M</u>mortgagee to register a property

pursuant to this Chapter or for any other violation of this Chapter shall also authorize the City to impose a civil penalty in the amount of up to \$500 against the Mmortgagee for each offense, with each day the violation is allowed to continue constituting a separate offense. Upon written notice of noncompliance from the City or its designee, the Mmortgagee shall have 2030 days from the date of the notice of noncompliance to register the Defaulted property and pay the registration fee and any additional fees or costs (such as any accrued late fee or costs and expenses incurred by or on behalf of the City to abate code violationsor update fee noted within the letter of noncompliance) or correct any other violation of this Chapter. If the mMortgagee fails to timely register the Defaulted property and make these payments within the time allotted above, the City, through its the Neighborhoods Department staff, shall be authorized to pursue enforcement against the Mortgagee or any other responsible party through the Special Magistrate/Code Enforcement Board process or by initiating an action in the appropriate jurisdictional court to collect the penalties, fees and expenses authorized in this Chapter. In any court action, the City shall be authorized to recover its reasonable attorney's fees and costs expended in establishing the violation. \$500 civil penalty shall be imposed upon mortgagee and shall be payable to the City of Jacksonville within 15 days of receipt of notice of delinquent payment, along with any other registration fees which have not been paid by that date. The provisions of this section are cumulative with and in addition to other available remedies. Moreover, the Housing and Community Development Division Staff of the Planning and Development Department is authorized and empowered to refer the Notice of Noncompliance to the City Code Enforcement Special Magistrate for disposition.

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Sec. 179.107. Additional authority.

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- an appropriate a City Code Ιf Enforcement (a) AdministratorOfficer has reason to believe that a property subject to the provisions of this Chapter is posing a serious threat to the public health safety and welfare, the Code Enforcement AdministratorOfficer may bring the violations before the City's Code Enforcement Board or Code Enforcement Special Magistrate, or a court of competent jurisdiction as soon as possible to address the conditions of the property. Nothing herein shall limit the City from abating any nuisance or unsafe condition by any other legal means available to it.
- (b) If there is a finding that the condition of the property is posing a serious threat to the public health safety and welfare, then the Code Enforcement Board or Code Enforcement Special Magistrate or a court of competent jurisdiction may direct the City to abate the violations and charge the mMortgagee with the cost of abatement.
- (c) If the mMortgagee does not reimburse the City for the cost of abatement within 30 days of the City sending the mMortgagee the invoice, then the City may lien the property with the cost of abatement, along with an administrative fee of \$500 to recover the administrative personnel services.

Sec. 179.108. Provisions Supplemental.

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

Sec. 179.109 Criminal Penalties.

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

Sec. 179.110. Adoption of policy and rules and regulations; declaration of municipal purpose.

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Subject to the review and approval of City Council, <u>tThe</u>
Housing and Community Development DivisionNeighborhoods Department
of the Planning and Development Department is authorized and
empowered to adopt any policies, rules and regulations necessary,
and expend funds as may be reasonably necessary and available to
carry out the terms of this Chapter, the expenditure of such funds
having been declared a proper public purpose herein.

Sec. 179.111. Expenditure of funds; mMonitoring and compliance.

The City fees collected for Foreclosed Land in the Foreclosure Registry shall be deposited in sub fund 1N1. Council authorize all appropriations from the sub fund. The Planning and Development Neighborhoods Department, where Housing and Community Development operates, shall commit to tracking expenses for funds authorized in subsection 179.104(e)through a tiered strategy system policy, adopted by City Council, and shall concurrently submit annual reports to the Council Auditor's Office and the Finance Committee. The expenditures from the Foreclosed LandForeclosure Registry shall be tracked allocating those funds to show how the funds were requested, issued, and used in relation to the tiered strategy policy and personnel. Such detail shall be in accordance with instructions provided by the Council Auditor's Office. The annual reporting of activity will provide the ability to substantiate the appropriate use of the Foreclosed Land Foreclosure Registry fees in all years going forward as of October 1, 2015 with the first report made available sixty days after fiscal year end.

Sec. 179.112. Auditing Rights; Inspection of Books and Records; Monthly and Annual Reports.

If the City selects a vendor to administer the provisions of this Chapter through a contractual arrangement, the following auditing provisions shall apply to the selected vendor and shall be included in the contract with the vendor. The Planning and Development Neighborhoods Department, where Housing and Community Development operates, and the City Council Auditors, shall have the right, during normal business hours, to enter the vendor's business property, upon reasonable prior notice, to inspect the operations and facilities of the vendor and to audit, inspect and examine the vendor's books and records and state and federal tax returns, insofar as they relate to compliance with the contractual provisions, this Chapter and any rules adopted by the Planning and DevelopmentNeighborhoods Department pursuant hereto. information shall include, but not be limited to, the following: billing rates, billing amounts, accounts receivable and list of accounts. Additionally, the City Council Auditors may communicate directly with customers (mMortgagees in this case) for the purpose of confirming compliance with this Section. To the extent authorized by F.S. § 119.165, or other applicable law, this information shall remain confidential. Refusal to permit inspection shall be cause for suspension or revocation of the vendor contract. vendor The shall deliver to the Planning and DevelopmentNeighborhoods Department a true and correct monthly report of gross receipts generated during the previous month for all registrations, fees, and penalties within the City on or before the last day of each month. The vendor shall, on or before 90 days following the close of the City's fiscal year, deliver to the Planning and DevelopmentNeighborhoods Department a statement of its annual gross receipts generated from accounts within the City reflecting gross receipts within the City for the preceding City fiscal year. The statement shall be audited by an independent

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certified public accountant licensed to do business in the state, and shall be accompanied by the certified public accountant's opinion of its accuracy without qualifications or reservations.

Section 2. Severability. It is hereby declared to be the intention of the City Council of the City of Jacksonville that the sections, paragraphs, sentences, clauses and phrases of this ordinance are severable, and if any phrase, clause, sentence, paragraph or section of this ordinance shall be declared unconstitutional by the valid judgment or decree of a court of competent jurisdiction, such unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs and sections of this Ordinance.

Section 3. Effective Date. This ordinance shall become effective upon signature by the Mayor or upon becoming effective without the Mayor's signature.

Form Approved:

/s/ Jason R. Teal__

19 Office of General Counsel

Legislation prepared by: Jason R. Teal

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