



Some Florida homeowners [who suffered from foreclosure malpractices](#) may receive some financial relief, thanks to the landmark settlement against the nation's five largest banks last week. Florida will receive 34 percent of the \$25 billion awarded in the federal suit. The \$8.4 billion allotted for distribution to Floridians is second only to California homeowners who will receive \$12 billion.

Since South Florida was hit hardest with home foreclosures and [underwater mortgages](#) (mortgage debt that is worth more than the house's value), homeowners in the region will receive a bulk of the benefits, mostly skewed towards loan modifications. This does not translate however to wide scale benefits as the settlement is geared to help only 750,000 homeowners among the millions nationwide that experienced abuse from the banks through [robo-signing](#) practices popularly used in home foreclosures between 2008 and 2011. Those to benefit under this aspect of the settlement will receive up to \$2,000.

In addition, the banks are required to modify the mortgage balances for one million homeowners nationwide with underwater mortgages. The average reduction however is estimated at only \$20,000, compared to the property values of some 470,000 South Florida homeowners that are valued at \$100,000 less than their outstanding mortgages.

The settlement, which does not include government backed loans, should become effective in another six months, when South Florida homeowners with mortgages from any of the five banks will finalize the eligibility criteria for the program, which will be in place for three years. The banks held responsible for foreclosure and mortgage abuses are Bank of America Corporation, Wells Fargo Company, JP Morgan Chase & Co., Citigroup Inc. and Ally Financial Inc. (formerly GMAC).

According to a statement from Florida's attorney general, [Pam Bondi](#) , the state's mortgage holders will receive approximately \$7.6 billion in loan modification benefits, including principal reduction on their mortgages, \$309 million to assist underwater homeowners, and \$170 million for former homeowners who lost homes to improper foreclosures practices. The state will also receive \$350 million for foreclosure protection programs.

The agreement also requires the banks to follow comprehensive new mortgage loan servicing standards and to commit \$25 billion to resolve violations of state and federal law. These violations include the use of "robo-signed" affidavits (signed by the bank's employees without the homeowner's knowledge or consent) in foreclosure proceedings; deceptive practices in the offering of loan modifications; failures to offer non-foreclosure alternatives before foreclosing on borrowers with federally insured mortgages; and filing improper documentation in federal bankruptcy court.