

A Consumer's Guide to the Mortgage Foreclosure Law



Presented by
Department of Commerce and Consumer Affairs

May 2011



Overview

- ◆ Act 48 (2011)
- ◆ Signed into law on May 5, 2011
- ◆ Administered by the Department of Commerce and Consumer Affairs – Office of Administrative Hearings (DCCA-OAH)
- ◆ Assisted by the Judiciary Center for Alternative Dispute Resolution

What is the MFDR Program?

- ◆ Mortgage Foreclosure Dispute Resolution Program
- ◆ Allows residential property owner-occupants facing non-judicial foreclosure to meet face-to-face with lenders to modify their loans or work out a payment plan
- ◆ Allows residential property owner-occupants currently in non-judicial foreclosure to participate in dispute resolution if a public sale has not been conducted **or** convert to judicial foreclosure by August 15, 2011 or within 30 days after receiving the foreclosure notice

Important Dates for MFDR program

- ◆ Begins October 1, 2011
- ◆ Ends September 30, 2014



How do I qualify for the MFDR?



- ◆ Owner-occupant of a residential property
- ◆ Lived in the residence for a minimum of 200 consecutive days
- ◆ Non-judicial foreclosure

How does the program work?

- ◆ Lenders file notice of non-judicial foreclosure with DCCA-OAH
- ◆ DCCA-OAH notifies owner-occupant of the non-judicial foreclosure
- ◆ Owner-occupant has 30 days to decide on participation in the MFDR program
- ◆ Cost: \$300 nonrefundable program fee

If homeowner decides to participate in the MFDR program...

- ◆ DCCA opens a dispute resolution case
- ◆ Lender pays a \$300 program fee
- ◆ Homeowner receives counseling from a HUD approved housing counselor
- ◆ DCCA sets up a dispute resolution session with a neutral mediator
- ◆ Allowed maximum of two three-hour mediation sessions



After I sign up to participate, what happens to the non-judicial foreclosure I was facing?



- ◆ The non-judicial foreclosure process is on HOLD until the dispute resolution is completed

Can I change my mind and convert to a judicial foreclosure?

- ◆ Once you elect to participate in the MFDR program you cannot convert to judicial foreclosure
- ◆ You must decide before the MFDR participation form is submitted



If homeowner decides NOT to participate in the MFDR program...

- ◆ Foreclosure process continues
- ◆ Or homeowner may convert to judicial foreclosure
 - Contact the Judiciary for instructions
 - Cost: \$300 filing fee



Additional Information on DCCA Website

- ◆ What to do if you're behind on your payments
- ◆ Help for homeowners facing foreclosure
- ◆ Navigate the loan modification process
- ◆ Foreclosure related scams
- ◆ List of approved foreclosure counselors
- ◆ List of approved budget and credit counselors

<http://hawaii.gov/dcca/ocp/information-regarding-mortgage-foreclosure>



Questions?



DCCA Consumer Resource Center

Oahu

587-3222

Neighbor
Islands

1-800-394-1902



DCCA website

www.hawaii.gov/dcca