

MAR 09 2010

SENATE CONCURRENT RESOLUTION

REQUESTING THE PROVISION OF MORTGAGE FORECLOSURE MEDIATION
SERVICES TO HAWAII'S HOMEOWNERS AND LENDERS.

1 WHEREAS, according to the national Mortgage Bankers
2 Association, 7,535 residential property loans were in
3 foreclosure at the end of last year in Hawaii and an additional
4 12,182 mortgages were delinquent but not yet in foreclosure,
5 which amounts to nearly twelve per cent of Hawaii homes that
6 were in foreclosure or threatened by foreclosure; and
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8 WHEREAS, RealtyTrac reports that Hawaii experienced a 286.4
9 percent increase in foreclosures from January 2009 to January
10 2010 and a 241 percent increase in foreclosure auction notices,
11 which is an early step homeowners take to save their homes from
12 foreclosure; and
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14 WHEREAS, state laws permit foreclosure through two methods
15 - foreclosure by action (judicial foreclosure) and foreclosure
16 by power of sale (non-judicial foreclosure); and
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18 WHEREAS, according to AroundHawaii.com, foreclosure by
19 action could take about one year and cost the lender over \$8,000
20 plus the amount of the unpaid monthly payments and legal fees,
21 and foreclosure by power of sale usually takes about two to four
22 months at a cost of over \$3,000; and
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24 WHEREAS, foreclosure by power of sale, which is shorter and
25 less expensive than judicial foreclosure, is the predominant
26 method of foreclosing on mortgages in Hawaii; however, it still
27 costs a significant amount of time and money for both lenders
28 and homeowners; and
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30 WHEREAS, states such as Connecticut, New Jersey, and Ohio
31 have established foreclosure mediation programs, which assist
32 homeowners in avoiding foreclosure by mediating meetings between



1 homeowners and lenders to make payment arrangements that balance
2 the interests of both homeowners and lenders; and

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4 WHEREAS, in light of the economic situation and foreclosure
5 increases, the Legislature finds that a mortgage foreclosure
6 mediation program similar to the programs in Connecticut, New
7 Jersey, and Ohio would benefit Hawaii's homeowners; now,
8 therefore,

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10 BE IT RESOLVED by the Senate of the Twenty-fifth
11 Legislature of the State of Hawaii, Regular Session of 2010, the
12 House of Representatives concurring, that the Hawaii State
13 Judiciary is requested to provide mortgage foreclosure mediation
14 services for Hawaii's homeowners and their lenders; and

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16 BE IT FURTHER RESOLVED that the Hawaii State Judiciary is
17 encouraged to review and assess:

- 18
19 (1) Foreclosure mediation programs in other states;
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21 (2) The feasibility and estimated costs of establishing
22 and operating an independent foreclosure mediation
23 program; and
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25 (3) The feasibility and estimated costs of establishing a
26 foreclosure mediation program within the existing
27 Center for Alternative Dispute Resolution or expanding
28 the Center's services to include foreclosure
29 mediation,

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31 to provide mortgage foreclosure mediation services in a way that
32 is cost-effective and workable in Hawaii; and

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34 BE IT FURTHER RESOLVED that the Hawaii State Judiciary is
35 requested to report its findings and recommendations, including
36 recommended legislation, to the Legislature no later than twenty
37 days prior to the convening of the Regular Session of 2012; and

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39 BE IT FURTHER RESOLVED that a certified copy of this
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S.C.R. NO. 170

1 Concurrent Resolution be transmitted to the Chief Justice of the
2 Hawaii Supreme Court.

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OFFERED BY:

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