

MAR 16 2011

SENATE CONCURRENT RESOLUTION

REQUESTING THE MORTGAGE FORECLOSURE TASK FORCE TO STUDY THE
RADHA LOAN SYSTEM.

1 WHEREAS, a new mortgage product, the Real Estate
2 Association for Depreciating Housing Assets (RADHA) loan, which
3 is modeled after the leasing system commonly used in the
4 automobile industry, has the potential to prevent mortgage
5 foreclosures while also benefiting the lending industry; and
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7 WHEREAS, the RADHA loan, also known as the Fast Equity
8 Builder, reverses the traditional 80/20 mortgage loan and, as a
9 result, has the potential to reduce monthly payments by twenty-
10 five to fifty per cent; and
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12 WHEREAS, the RADHA loan is divided into two trusts, with
13 the first trust consisting of five to twenty per cent of the
14 total mortgage scheduled to be repaid in the first three to five
15 years of the entire loan period; and
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17 WHEREAS, the remaining eighty per cent of the loan is kept
18 by the lender in the second trust at a low interest rate of one
19 to three per cent during this initial three to five year period,
20 which is offset by the capital infusion lenders receive at the
21 beginning of the initial three to five year period; and
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23 WHEREAS, the equity on the property builds up to twenty per
24 cent in three to five years, making sale or refinancing that
25 much easier for both homeowners and lenders; and
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27 WHEREAS, in response to the upheaval throughout the home
28 lending industry and the resulting mortgage foreclosure crisis
29 in Hawaii and elsewhere, the Legislature, through Act 162,
30 Session Laws of Hawaii 2010, established the Mortgage
31 Foreclosure Task Force within the Department of Commerce and
32 Consumer Affairs to undertake a comprehensive study to develop
33 both general and specific policies and procedures necessary to



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1 improve the manner in which mortgage foreclosures are conducted
2 in the State and to submit a final report to the Legislature
3 twenty days prior to the convening of the Regular Session of
4 2012; now, therefore,
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6 BE IT RESOLVED by the Senate of the Twenty-sixth
7 Legislature of the State of Hawaii, Regular Session of 2011, the
8 House of Representatives concurring, that the Mortgage
9 Foreclosure Task Force is requested to study new and innovative
10 methods to alleviate the mortgage foreclosure crisis, including
11 the effect the RADHA loan system may have on reducing
12 foreclosures; and
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14 BE IT FURTHER RESOLVED that the Mortgage Foreclosure Task
15 Force is requested to include its findings and recommendations,
16 including any proposed legislation, with respect to the RADHA
17 loan system in its final report to the Legislature pursuant to
18 Act 162, Session Laws of Hawaii 2010; and
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20 BE IT FURTHER RESOLVED that certified copies of this
21 Concurrent Resolution be transmitted to the Chairperson of the
22 Mortgage Foreclosure Task Force and the Director of Commerce and
23 Consumer Affairs.
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OFFERED BY: Carol Fukunaga B/R

