

MAR 16 2011

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# SENATE 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  
6

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  
11

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  
22

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  
34 improve the manner in which mortgage foreclosures are conducted  
35 in the State and to submit a final report to the Legislature



1 twenty days prior to the convening of the Regular Session of  
2 2012; now, therefore,

3  
4 BE IT RESOLVED by the Senate of the Twenty-sixth  
5 Legislature of the State of Hawaii, Regular Session of 2011,  
6 that the Mortgage Foreclosure Task Force is requested to study  
7 new and innovative methods to alleviate the mortgage foreclosure  
8 crisis, including the effect the RADHA loan system may have on  
9 reducing foreclosures; and

10  
11 BE IT FURTHER RESOLVED that the Mortgage Foreclosure Task  
12 Force is requested to include its findings and recommendations,  
13 including any proposed legislation, with respect to the RADHA  
14 loan system in its final report to the Legislature pursuant to  
15 Act 162, Session Laws of Hawaii 2010; and

16  
17 BE IT FURTHER RESOLVED that certified copies of this  
18 Resolution be transmitted to the Chairperson of the Mortgage  
19 Foreclosure Task Force and the Director of Commerce and Consumer  
20 Affairs.

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OFFERED BY: Chad Johnson B/R

