LEGAL AID
SOCIETY OF HAWAIʻI

AVOIDING FORECLOSURE:

POSSIBLE ALTERNATIVES TO FORECLOSURE

This brochure contains more detailed information on possible alternative solutions to foreclosure. This brochure may be helpful to you if:

1. You are paying a mortgage on your home; and
2. You are or soon will be falling behind on your mortgage payments.

The possible alternatives discussed in this brochure are:

1. Refinance
2. Forbearance
3. Loan Modification
4. Partial Claim
5. Pre-Foreclosure Sale (commonly referred to as "Short Sale")
6. Deed-in-Lieu of Foreclosure

This brochure was created through the AmeriCorps Project Laulima at the Legal Aid Society of Hawaii

LSC

United Way
Aloha United Way

OVERVIEW

This brochure contains information on some possible alternatives to foreclosure. There are many different methods of avoiding foreclosure. The options described below are not appropriate in all situations, and some may not be available to you at this time. The purpose of this brochure is to give you a better idea of what might be suitable for your particular situation.

It is important to keep in mind that not all alternatives to foreclosure involve keeping the property. There are times when a property is no longer affordable or does not make sense for the homeowner to hold on to. While this is often difficult to accept, it is a reality for many people. For people in this in type of situation the goal is to provide a smooth and financially reasonable transition out of the home so that they can begin rebuilding their finances and lives.

Another important thing to keep in mind is that in spite of the many programs now available through the federal government's Making Home Affordable (MHA) program, which include the Home Affordable Modification Program (HAMP), Home Affordable Refinance Program (HARP), and Home Affordable Foreclosure Alternatives Program (HAFA), as well as in-house programs with individual lenders, approval for any work-out agreement is ultimately up to the loan's investor. No one can force a servicer to agree to a work-out that is not permitted by the investor. This means that even if you appear to meet the requirements for a particular option, if the investor guidelines do not allow that particular work-out, you will still not be eligible. Additionally, remember that some servicers to do not participate in the MHA programs at all. For the most part, participation in these programs is voluntary, as the treasury merely provides incentives for servicers to approve certain work-out options.

This brochure looks at both retention options (meaning you remain in the home) and non-retention options (meaning you will have to give up the home) that may be available to you. Remember that certain types of work-out options are available only for certain types of loans (e.g. Freddie Mac or Fannie Mae loans, VA loans, FHA loans, etc.). Also keep in mind that the guidelines and eligibility criteria for most options are subject to change at anytime. The best way to figure out what options you might be eligible for is to contact a HUD-certified housing counselor.

REFINANCE

THE BASICS

When you refinance a loan, you must qualify for a new loan to pay off your current mortgage. In the process, you are sometimes able to get a better interest rate on the new loan and/or pay back the balance over a longer period of time than you have with your existing loan. This will mean that your monthly payments could decrease when you refinance. This option makes the most sense when you are **completely current**, but want to try to lower your monthly payments.

PROGRAM ELIGIBILITY

<u>Traditional Refinance:</u> In the past, you could only refinance if you had a certain amount of equity in your property. For a traditional refinance, mortgage lenders would typically require an 80% loan-to-value (LTV) ratio or lower. This means your mortgage loan takes up 80% or more of the equity in your property. If your LTV is low enough, may be able to qualify for a refinance. In addition, you typically need to have good credit and income to qualify for the new loan.

<u>Home Affordable Refinance Program (HARP):</u> During the mortgage crisis, the federal government came out with several different incentive programs for servicers to help struggling homeowners. There are many homeowners that were able to remain current on their mortgage, but began struggling due to interest rate resets or simply falling upon hard times. For these people, the ideal solution typically would have been to refinance, which would allow them to take advantage of the low interest rates to make their monthly payments more affordable. However, due the decline of the housing market, most properties lost a great deal of their value, and homeowners that hoped to refinance no longer had enough equity to do so. The HARP program was designed to allow these people to refinance their mortgages, even though their LTVs were higher than 80%.

To qualify for HARP, the loan must:

1. Be owned or guaranteed by either Fannie Mae or Freddie Mac.
2. Have been acquired by Fannie Mae or Freddie Mac on or before May 31, 2009.
3. Have an LTV that is greater than 80%.
4. Have a good payment history for the past 12 months.

<u>Home Equity Conversion Mortgage (HECM) or Reverse Mortgage:</u> The final type of refinance that you may be eligible for is a HECM, also called a reverse mortgage. A reverse mortgage is special type of FHA loan, which was designed for seniors who have a lot of equity in their home, but not very much income. When you take out a reverse mortgage, you are withdrawing some of the equity in your property to pay off your mortgage balance, and/or supplement your income. You can do this either by taking monthly payments over time, or a lump sum payment when you close your HECM loan. As long as you remain in the home, you will not have to make monthly payments on the loan, although you are responsible for staying current on your property taxes, homeowner's insurance, association fees, etc. When you move out or pass away, the bank will get the property, unless the balance is paid off (either by you or the person you name as the beneficiary).

To qualify for a reverse mortgage:

1. You must be at least 62 years of age

2. Have enough equity in the property to finance the new loan
3. Not be delinquent on any federal debt
4. Complete reverse mortgage counseling by a HUD-approved HECM counselor

PROCEDURES TO APPLY

Traditional Refinance or HARP: To apply for a refinance, either HARP or traditional, you will usually start by contacting your current servicer to see if you qualify for one. If you meet the requirements to refinance under your current servicer, you may not need to go through the entire underwriting process, and may be able to minimize finance charges. However, if your current servicer does not offer you terms you are content with or does not participate in HARP, you may need to shop around for more favorable terms or another lender that participates in the program.

To find out which lenders participate in HARP, you can look at the list available on the Freddie Mac and Fannie Mae websites. Keep in mind that if you refinance through a new lender, there will likely be higher finance charges. In addition, you will likely need to go through the entire underwriting process to qualify for the new loan, meaning that you need a good credit history and sufficient income.

If you are having a lot of difficulty finding a lender to refinance your mortgage, you may wish to consider working with a qualified realtor or mortgage broker, who may be able to help you identify some lenders that would consider you for a refinance.

HECM: To apply for a reverse mortgage, you first need to complete reverse mortgage counseling through a HUD-certified HECM counselor. To locate an agency that provides reverse mortgage counseling, you can go online (https://entp.hud.gov/idapp/html/hecm_agency_look.cfm) or call (800) 569-4287 to find a HECM counselor in your area.

Once you have completed the HECM counseling and receive your certificate, you will need to find a lender that originates reverse mortgages. To do this, you can try contacting a mortgage broker, who may be able to direct you, or go online to HUD's website to find a list of FHA-approved HECM lenders (http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hecm/hecmlenders).

FORBEARANCE

THE BASICS

A forbearance is an agreement between you and your servicer, in which your monthly payments will be either suspended (you stop making payments) or reduced (you pay less than the normal monthly payment) for a specific amount of time. The term of forbearance can vary, but typically the servicer will approve forbearance for a 6-month term. When the forbearance ends, the servicer expects you to bring your mortgage current again through a repayment plan, lump sum payment, or through participation in some other work-out agreement, such as a loan modification. During the forbearance, you will still be considered delinquent on your loan, and the servicer may report you as such to credit reporting agencies; however, the servicer will not proceed with a foreclosure action while you are in forbearance.

Usually, forbearance is an appropriate solution if the hardship that is causing you to fall behind is temporary, and you anticipate it being resolved very soon. For example, if you temporarily cannot work due to an injury, you could enter into a forbearance agreement for a short time, and when you return to work, you would catch up on your missed payments through a repayment plan.

PROGRAM ELIGIBILITY

There are different types of forbearance, and standards for approval vary depending on who your servicer is, who the investor is, etc. For most types of forbearance, you must be able to demonstrate a qualifying hardship, such as unemployment, reduction in income, divorce, death of a family member, etc. Remember, the forbearance itself will not solve your problems; once the forbearance period ends you must have the ability to bring your loan current again. It is important that you think about how you will accomplish that ahead of time. Work with a housing or credit counselor to establish a budget to make sure that you will be able to make the payments during, and after the forbearance.

PROCEDURES TO APPLY

Different servicer have different rules about applying for forbearance. Typically, your first step should be to contact your servicer and let them know why you are having trouble. Your servicer will usually advise you to submit a Request for Mortgage Assistance (RMA) packet (or Uniform Borrower Assistance form for loans owned or insured by Fannie Mae or Freddie Mac), which contains your application for assistance. Your servicer will also require you to submit documentation supporting the hardship (if applicable) and income verification for all borrowers.

LOAN MODIFICATION

THE BASICS

A loan modification is a type of work-out agreement that allows you to modify the *terms* of your existing loan. Unlike a refinance, a loan modification is **not** a new loan; however, through a modification, it is possible to change many of the loan's characteristics, such as the interest rate, term of repayment, and sometimes the principal balance. Changing these features may allow you reach a more affordable monthly payment. There are many different loan modifications programs, each with different eligibility requirements.

PROGRAM ELIGIBILITY

<u>Home Affordable Modification Program (HAMP):</u> HAMP was established through the federal government's Making Home Affordable (MHA) initiative. For most servicers, it is *optional* to participate in the MHA programs. Banks that service loans for FHA, VA, Fannie Mae, and Freddie Mac are required to participate in the programs. Through the MHA program, the government incentivizes certain work-out options for servicers. HAMP is the most well-known of these programs. Some of the initial requirements to qualify for HAMP include:

- You got your mortgage on or before January 1, 2009;
- You owe $729,750 or less on your primary residence or single unit rental property;
- The property has not been condemned;
- You have a qualifying financial hardship and are either delinquent or in danger of falling behind on your mortgage payments (non-owner occupants must be delinquent in order to qualify);
- You have sufficient, documented income to support a modified payment; and
- You must not have been convicted within the last 10 years of felony larceny, theft, fraud or forgery, money laundering or tax evasion, in connection with a mortgage or real estate transaction.

As a general rule, HAMP seeks to lower your monthly payment to approximately 31% of your gross monthly income. To do this, the bank may lower your interest rate, extend the term of your loan, and in special cases, the servicer may choose to forgive or forbear a portion of the principal balance.

As with all work-out agreements, even if you believe you meet the requirements, your loan may not be eligible for a modification through HAMP. If the loan's investor does not allow modifications or modification of certain terms, you may not be eligible. It is important to keep in mind that every situation is different and a modification that was approved for one borrower or loan may not be possible for another.

<u>Fannie Mae and Freddie Mac Modifications:</u> If you are not eligible for HAMP, you may still be eligible for another type of modification. If your loan is insured by Fannie Mae or Freddie Mac, you may be eligible for a Fannie or Freddie Standard Modification or Streamline Modification. Some general requirements of the Standard Modification or Streamline Modifications are:

- The first mortgage is owned or insured by Fannie Mar or Freddie Mac;
- Your mortgage originated at least 12 months before you are evaluated for a modification;

- The mortgage was not modified more than once previously, and the borrower remained current on the previous modification for at least 12 months;
- The borrower has not failed a trial payment period for a Standard or Streamline modification previously;
- The loan is NOT eligible for HAMP, or has received a HAMP modification, but defaulted on either the trial payment period or permanent modification;
- You have a qualifying financial hardship and are either delinquent or in danger of falling behind on your mortgage payments (non-owner occupants must be delinquent in order to qualify);
- You have sufficient, documented income to support a modified payment; and
- You must not have been convicted within the last 10 years of felony larceny, theft, fraud or forgery, money laundering or tax evasion, in connection with a mortgage or real estate transaction.

The goal of the Standard and Streamline modifications is to create a more affordable monthly payment for the borrower by lowering your monthly payment to between 10% and 55% of your gross monthly income. This is attempted by capitalizing the arrears, lowering the interest rate to the current "standard modification interest rate," extending the amortization term to 40 years, and forbearing a portion of the principal balance if the property is underwater.

<u>In-House and Proprietary Modifications</u>: For borrowers who do not qualify for the modifications mentioned above there may still be an option to change the terms of their mortgage and bring their loans current. Individual servicers may award in-house modifications to qualifying loans. These in-house modifications are not part of the government programs so their requirements, eligibility, and terms are at the discretion of the individual servicers and investors.

The modifications may include some of the same term changes as the HAMP, Standard and Streamline options, such as capitalization of delinquent fees and interest, interest rate reduction, and principal forbearance or forgiveness. These modifications may be permanent changes in the terms of the original note and mortgage or they may only be temporary – for a few months or years to allow the borrowers to move past their hardship and get their finances in order. It is very important to read the terms of any modification offer you receive carefully and seek assistance from a HUD-certified housing counselor or attorney for clarification, if necessary.

PROCEDURES TO APPLY

As with other work-out types, the first step in the process is to contact your servicer or a HUD-certified housing counselor for more information. If you would like to be considered for a modification, most servicers will require a complete Request for Mortgage Assistance (RMA) application (or Uniform Borrower Assistance form for loans owned or insured by Fannie Mae or Freddie Mac). This packet can be found on most servicers' websites or can be provided to you by the servicer upon request. In addition to the standard RMA packet, some servicers have additional forms that you must complete.

Along with the RMA, most servicers will also require at least 30 days worth of your most recent income and asset verification. This includes your most recent paystubs, proof of payments received from renters, Social Security or disability payments, unemployment, etc. You will also need to submit copies of your bank statements, tax returns, and verification that your property taxes and insurance are up to date (if they are not paid by your servicer from an escrow account). Depending on your specific situation additional documents may be required. Please note that your servicer is NOT obligated to issue a decision on your application until the have received all of the documents they required.

Once the servicer has a complete application package on file, they will evaluate the information and determine which work-out options you are eligible for. They may require additional documents or updated (more recent documents) after reviewing your initial information. It is in your best interest to submit all the documentation required by the servicer as quickly as possible. If it is taking you time to gather documents, be sure to send updated paystubs and bank statements along with your supplementary documents so that the bank will have the most up-to-date information when evaluating your package. Most servicers will not accept financial information dated more then 90 days prior to submission.

If the servicer reviews your complete application and determines that you are not eligible for a modification (HAMP or otherwise), they should still consider you for other options, such as forbearance, short sale, or deed-in-lieu. The servicer should also inform you in writing what programs you were reviewed for, the reasons why you were not eligible, and the procedure to appeal the decision.

Partial or Advance Claim

The Basics

A partial or advanced claim is a special type of work-out option that you may be eligible for if your loan is FHA-insured, or if you have private mortgage insurance. The purpose of a partial/advance claim is to reinstate your loan (bring your loan current). The insurance company does not want your lender to foreclose on you, because that means they have to pay out on the policy. Instead, they will issue you a 0% interest loan to cover your delinquency. This pays the delinquent balance current, so that you can resume making your regular mortgage payments. If your loan is FHA-insured you do not have to pay back the small loan until your mortgage reaches its maturity date (you make your final payment), you sell the property, or you refinance. If your insurance is through a Private Mortgage Insurer (PMI) you will still be issued a 0% interest loan, but you may be required to start making payments immediately, depending on their policies. Keep in mind, if you wait to pay off the loan until your last mortgage payment, you will need to pay off the entire balance of advance/partial claim in one payment.

This option is only available to people who have a relatively small delinquency because there are maximum claim limits depending on the source of the insurance. In addition, you must be able to prove that the hardship that caused you to fall behind is now resolved, and that if they help you cure the delinquency, you will be able to stay current on the loan going forward.

Program Eligibility

<u>FHA Partial Claim:</u> To qualify for a partial claim, your loan MUST be insured by the Federal Housing Administration (FHA). Other specifications of the program include:

1. The property must be owner-occupied
2. You must be at least 4 months delinquent, but the total delinquency cannot exceed 12 months worth of principal, interest, taxes and insurance
3. The partial claim must fully re-instate the loan (bring it current)
4. The partial claim cannot be done for the purpose of sale or assumption
5. Your hardship must be RESOLVED.

<u>Private Mortgage Insurance (PMI):</u> Eligibility and maximum claim amounts are specific to the insurer. Contact your PMI to find out if you qualify for a small loan to bring your mortgage current and what the expectations for repayment will be.

Procedures to Apply

You do not need to apply for anything directly with HUD or the FHA. Instead, your servicer will submit the request for the partial claim. HUD then evaluates your financial situation to determine if you meet the requirements for a partial claim. If you meet all of the requirements, HUD will send the funds directly to your servicer to bring the loan current, and your servicer will work with you to execute the necessary paperwork. Because the partial claim is a loan, you will need to execute a new promissory note for the claim.

To receive an advance claim from your PMI you will need to contact them directly to determine what requirements exist and what documentation is needed to process your claim. Each PMI has their own policies and you must work with them in order to be evaluated.

To find out more about whether a partial claim may be an option, you should gather your financial documents (verification of income and assets), and contact your servicer, PMI or a HUD-certified housing counselor.

PRE-FORECLOSURE SALE (SHORT SALE)

THE BASICS

A pre-foreclosure sale or short sale occurs when your property is sold for less than you owe on your mortgage. For example, if you owe $300,000, but your best offer on the property is $250,000, your servicer may still allow you to sell the property, even though they will not be completely paid off.

A short sale can be advantageous for people who want to leave their property because it is underwater, or who cannot afford to continue making payments, or are forced to move due to a distant employment transfer. For many homeowners, a short sale is more desirable than going through the foreclosure because you may be able to negotiate a waiver of the deficient balance after the sale. In addition a short sale may be less damaging to your credit report meaning you have a better chance of owning property again in the future.

A short sale is only available when you are experiencing a hardship. In other words, the servicer does not simply let you sell your property if it is underwater and you don't want to pay for it anymore. The short sale is meant to help people who are experiencing a hardship and want to avoid foreclosure.

PROGRAM ELIGIBILITY

As with other work-out options, there are several different programs through which you may be eligible for a short sale depending on who your servicer and investor are. Different servicers have different requirements to qualify for a short sale; however, in general, you must be able to demonstrate a financial hardship, and your home must be underwater.

<u>Home Affordable Foreclosure Alternatives (HAFA) Short Sale:</u> You may be eligible to conduct a short sale through the government's HAFA Program. This program has all the traditional components of a short sale. However, if you are approved for a HAFA short sale, your servicer should automatically waive any deficiency balance. You may also be eligible to receive up to $3,000 in relocation assistance to ease your transition out of the home.

To qualify for a HAFA Short Sale:

- Your investor/servicer must participate in the MHA programs
- You must have a documented financial hardship
- You cannot have purchased a new house within the last 12 months.
- Your first mortgage must be less than $729,750
- Your mortgage must have been obtained on or before January 1, 2009
- You must not have been convicted within the last 10 years of felony larceny, theft, fraud, forgery, money laundering or tax evasion in connection with a mortgage or real estate transaction.

<u>Fannie Mae and Freddie Mac Standard Short Sale:</u> If your loan is insured by Fannie Mae or Freddie Mac, you may be eligible for a Fannie or Freddie Standard Short Sale. Depending on your financial situation the deficient balance after sale may be waived, or you may be required to make a one-time payment or sign a new promissory note for a portion of the unpaid balance after the short sale closes. You may also be eligible for a $3,000 move-out allowance and up to a $6,000 payment to your junior (second) mortgage holder to facilitate debt forgiveness and the release their lien.

To qualify for a Standard Short Sale:

- The first mortgage is owned or insured by Fannie Mar or Freddie Mac;
- You can provide evidence of an eligible financial hardship (including PCS orders);
- You didn't qualify for a loan modification or you did qualify for a loan modification but couldn't accept it because you need to move out of your house;
- You have listed the mortgaged premises for sale with a licensed realtor or real estate broker;
- The sale is an arm's length transaction; and
- You did not obtain a new Mortgage within the six months preceding your delinquency or your application for a short sale.

PROCEDURES TO APPLY

You should first contact your servicer and inform them that you are pursuing a short sale. Different servicers have different requirements and procedures for applying for a short sale. Generally, the best way to figure out what to do is to contact your servicer. In addition, it may help to contact an experienced realtor who can assist you with selling the home. Realtors familiar with the short sale process can assist by listing the property and by submitting the necessary documents to your servicer to have the sale approved.

Similar to other work-out agreements, you will need to submit documents supporting your hardship, and ultimately it will be up to the servicer to determine if the offers you receive are sufficient to close your short sale. Typically, the servicer will require you to submit the same RMA application package (or Uniform Borrower Assistance form for loans owned or insured by Fannie Mae or Freddie Mac), for consideration for a short sale.

To find a realtor that can assist you, you may contact the Hawaii Association of Realtors for more information at (808) 733-7060, or toll-free from the neighbor islands at (888) 737-9070.

Trying to complete a short sale can be a time-consuming, and at times, frustrating process. Once you get all of the required documents in to the servicer, it is up to them to make the decision, and approval can sometimes take longer than you would like. Keep in mind that if you list the property for a short sale and receive no offers, or the servicer does not accept the bids, you may still be able to leave your property without going through foreclosure.

DEED-IN-LIEU OF FORECLOSURE

THE BASICS

A Deed-In-Lieu of Foreclosure may be offered by your servicer if your property is worth significantly less than what you owe and you have been unsuccessful at selling via a short sale. A Deed-In-Lieu is essentially a trade. You agree to sign over the deed or title to the servicer and in turn part or all of your debt obligation is waived. If your property is underwater, you should make sure that the servicer will not seek compensation for the deficiency.

As with a short sale, a Deed-In-Lieu can be advantageous for people who want to leave their property or must leave their property due to a hardship. A Deed-In-Lieu is also more desirable than going through the foreclosure because you may be able to negotiate a waiver of the deficient balance after title is conveyed. In addition a Deed-In-Lieu may be less damaging to your credit report than foreclosure, meaning you have a better chance of owning property again in the future.

A Deed-In-Lieu is only available when you are experiencing a hardship and have been unsuccessful at selling your property. This is the final work-out option for homeowners who are experiencing a hardship to avoid foreclosure.

PROGRAM ELIGIBILITY

Most servicers will require you to at least attempt a short sale prior to agreeing to a Deed-In-Lieu. This is because most servicers would rather have the loan paid off than receive title to the property and have to sell it themselves. As a result, your servicer may ask you to list the property first. If you do not receive any offers, or the servicer does not accept any of the offers, they may consider you for a Deed-In-Lieu.

Home Affordable Foreclosure Alternatives (HAFA) Deed-In-Lieu: In addition to having a short sale program, HAFA also has a Deed-In-Lieu option. The eligibility and benefits to completing a HAFA Deed-In-Lieu are similar to that of a short sale. The servicer should automatically waive any deficiency balance you may owe. You may also be eligible to receive up to $3,000 in relocation assistance to ease your transition out of the home. If you are not eligible for a HAFA Deed-In-Lieu, your servicer may still agree to a Deed-In-Lieu; however, you should carefully read through the paperwork to make sure that the servicer will not seek a deficiency balance

To be eligible for a deed-in-lieu through the HAFA program:

- Your investor/servicer must participate in the MHA programs
- You must have a documented financial hardship
- You cannot have purchased a new house within the last 12 months.
- Your first mortgage must be less than $729,750
- Your mortgage must have been obtained on or before January 1, 2009
- You must not have been convicted within the last 10 years of felony larceny, theft, fraud, forgery, money laundering or tax evasion in connection with a mortgage or real estate transaction.

Fannie Mae and Freddie Mac Standard Deed-In-Lieu: Similarly Fannie Mae and Freddie Mac also have a Standard Deed-In-Lieu of Foreclosure program. The eligibility and benefits of a Deed in Lieu are similar to the Standard Short Sale, and you must be able to convey a clear title at closing. Depending on your financial situation the deficient balance may be waived, or you may be required to make a one-time payment or sign a new promissory note for a portion of the unpaid balance after title transfers to your servicer. You may also be eligible for a $3,000 move-out allowance and up to a $6,000 payment to your junior (second) mortgage holder to facilitate debt forgiveness and the release their lien.

To be eligible for a deed-in-lieu through Fannie Mae or Freddie Mac:

- The first mortgage must be owned or insured by Fannie Mar or Freddie Mac;
- You can provide evidence of an eligible financial hardship (including PCS orders);
- You must be able to convey clear and marketable title to the property;
- You didn't qualify for a loan modification or you did qualify for a loan modification but couldn't accept it because you need to move out of your house;
- You have tried unsuccessfully to sell the property through a Standard Short Sale;
- You did not obtain a new Mortgage within the six months preceding your delinquency or your application for a short sale.

PROCEDURES TO APPLY

To apply for a Deed-In-Lieu, the first step is to contact your servicer. Most servicers will require you to submit a completed RMA package (or Uniform Borrower Assistance form for loans owned or insured by Fannie Mae or Freddie Mac) so that they can determine whether or not you are eligible for a Deed-In-Lieu. Once you submit the completed package, the servicer may require to you list the property, and see what kind of offers you receive. If there are no offers, or no offers are accepted by the servicer, they may offer a Deed-In-Lieu. Be sure to read through the paperwork carefully, and be sure that you understand any ramifications of the Deed-In-Lieu (i.e. whether or not you are liable for a deficiency).

Completing a Deed-In-Lieu can be a long and confusing process because there are many specific requirements to be met prior to signing the deed. It is important to carefully review all documentation from your servicer including the deed and any affidavits you are required to sign so that you fully understand your rights and any responsibilities you will have once title has transferred and you no longer own the property.

REMEMBER: This pamphlet is meant to give you general information and not to give you specific legal advice about your case. The law often changes. Each case is different.
For more information or assistance call Legal Aid at 1-800-449-4302
or access additional information at http://www.legalaidhawaii.org.