

MARYLAND'S FORECLOSURE MEDIATION LAW

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WHAT YOU NEED TO KNOW ABOUT FORECLOSURE MEDIATION

Maryland's new Foreclosure Mediation Law will take effect July 1, 2010. The law requires mortgage lenders and servicers to be much more responsive to homeowners facing foreclosure. The goal of the law is to help homeowners get relief through a loan modification if they qualify or to find an alternative to foreclosure. The law gives homeowners a new opportunity to meet with the lender and an independent party to ensure that alternatives to foreclosure have been considered and evaluated.

Mediation is a process that can be used to resolve disagreements outside a courtroom. Both sides meet with a neutral third party who tries to help them find a resolution. "Foreclosure Mediation" under this new law is designed to help foster a dialogue between homeowners and lenders to make sure a fair assessment is made and the homeowner is offered any options they may qualify for.

RESPONSIBILITIES OF LENDERS

Under this law, when a lender notifies a homeowner about possible foreclosure, the lender also must provide more complete information about options available to homeowners, including information about specific modification programs, such as the federal Home Affordable Modification Program (HAMP), any lender-specific programs, and resources and assistance available from nonprofit organizations and government. If a homeowner fills out and returns a loan modification application, the lender must evaluate the request and document their decision before foreclosure can proceed to the next step. Should a lender take the next step, and initiate foreclosure proceedings with the court system, they must also send the homeowner a "Request for Mediation" form.

RESPONSIBILITIES OF HOMEOWNERS

Homeowners must contact their lenders and be responsive to any applications for loan modification programs or other alternatives to foreclosure that they may offer. If the home facing foreclosure is a homeowner's principal residence, the homeowner will have the right to request mediation once the lender initiates foreclosure proceedings with the court system. At that time, the lender must send a "Request for Foreclosure Mediation" form. Homeowners will have 15 days to complete the form and file it with the Circuit Court. Homeowners must pay a non-refundable \$50 fee when they formally file this request for mediation.

You should not wait until you can request mediation before starting efforts to save your home. The opportunity to participate in mediation occurs at a late stage in the foreclosure process and does not guarantee you may avoid foreclosure. Contact your lender and a housing counselor at the earliest sign of financial difficulty. A list of housing counseling agencies near you can be obtained by calling the MDHOPE hotline at 877-462-7555 or by visiting www.mdhope.org.

FAQs

How can I participate in mediation?

If your home is your principal residence and you are facing foreclosure, you may request mediation when your lender initiates foreclosure proceedings with the court system. Lenders will need to file one of two documents with the Circuit Court at the Order to Docket phase. Lenders must either submit a "Preliminary Affidavit" if they have not completed an analysis of your ability to repay the loan or a "Final Affidavit" if they have completed the analysis. As part of the Final Affidavit, your lender must send you a "Request for Foreclosure Mediation" form. You have 15 days from the time you receive this form to complete it and file the request for mediation with the Circuit Court. You must pay a non-refundable \$50 fee when you formally file this request for mediation. This is the only time you will be offered the opportunity to request foreclosure mediation. Commercial and other non-owner occupied properties are not eligible for foreclosure mediation.

How will the mediation process work?

Once your mediation request is filed with the Circuit Court, the court refers it to the Office of Administrative Hearings (OAH). The OAH must conduct the mediation within 60 days after it receives your request from the court. They will schedule the session and notify you of the time, date and place for the mediation session. If you need an interpreter, you will need to fill out the "Request for Interpreter" form that comes with the notice from OAH and return it as soon as possible.

What role does the mediator have in trying to resolve the disagreement?

The mediator is not a decision maker nor does he/she have any legal powers to dictate an outcome. The mediator is neutral and does not take sides. Their goal is to assist the parties in finding common ground and helping them reach a solution that is satisfactory to both parties.

For the latest details on Maryland's Foreclosure Mediation Program go to www.mdhope.org

