



Now, an opportunity to resolve foreclosures through negotiation

Florida Residential Mortgage Foreclosure Mediation (RMFM) Program

In 2009, the Florida State Supreme Court issued an order that provides resolution options to homeowners in Florida who are facing foreclosure. The Residential Mortgage Foreclosure Mediation (RMFM) Program, managed by the American Arbitration Association® (AAA), offers lenders and borrowers in select Florida counties an opportunity to negotiate resolution of their foreclosure claims. It was created through, and ordered by, the Florida courts as a way to help manage the number of residential foreclosure claims in the state of Florida.

The American Arbitration Association (AAA®) helps to facilitate homeowner (borrower) financial counseling and face-to-face meetings between borrowers and lenders to mediate and resolve foreclosures. Other RMFM program services are provided by financial counselors certified by HUD (U.S. Department of Housing and Urban Development) and court-certified neutral mediators.

The RMFM program helps borrowers and lenders to quickly and efficiently resolve foreclosure disputes.

Four Straightforward Steps to Foreclosure Resolution

STEP 1:

Borrower is contacted by the American Arbitration Association.

The American Arbitration Association provides borrowers with information about the RMFM program and offers an invitation to participate. The information is available in English and Spanish and, if needed, translators of other languages—including ASL—are available to borrowers.

STEP 2:

Borrower agrees to participate.

Borrowers complete the *Borrower Financial Disclosure Worksheet* available at www.mortgagemediation.org and submit it to the program's HUD-certified foreclosure counselors.

STEP 3:

Borrower speaks with a certified foreclosure counselor.

This required counseling may take place either in person or by telephone.

Foreclosure counselors are HUD-certified and approved. Foreclosure counselors will contact borrowers directly regarding required documentation and to schedule foreclosure counseling sessions.

STEP 4:

The mediation session is scheduled and takes place.

Mediations take place 60 or more days after the process has been initiated by the lender and the borrower has submitted the *Borrower Financial Disclosure Worksheet* as well as completed foreclosure counseling.

Borrowers must be physically present at the mediation.

What Happens if Borrowers Do Not Participate in the RMFM Program?

Foreclosure proceedings initiated by the lenders will be allowed to continue in the courts if borrowers who are eligible to participate in and have been contacted about the RMFM program

- cannot be reached by the American Arbitration Association,
- choose not to participate in the RMFM program after being reached or
- do not complete the foreclosure counseling after agreeing to participate in the program.



Benefits of Participating in the RMFM Program

Resolution through mediation involves negotiation, which can open up the lines of communication between borrowers and lenders. Throughout the process, various options or combinations of options can be considered based on borrowers' circumstances/situations and feedback from lenders. Essentially, the RMFM program and the mediation process in particular could enable settlement of foreclosure claims without the need to resolve the matter in court.

Here are some examples of foreclosure resolution options that may be negotiated:

If borrowers are experiencing short-term financial problems, resolution options can range from a new loan repayment plan that allows for missed payments to be "made up" to reduced or suspended monthly payments for a set period of time.

- **Borrowers are provided with an opportunity to "make up" missed payments** through loan repayment plans that allow for temporary increases in borrowers' monthly payments until the loan is brought current.
- **Reduced or suspended monthly payments** may be instituted for a set period of time to allow borrowers the ability to resolve their financial problems. In this case, normal payment terms for mortgage loans would resume at the end of a pre-determined time frame along with other possible conditions.
- **Borrowers with Fannie Mae loans may be eligible for funds advances** from lenders in order to be brought current on their loans. The advance of funds (loan) would be payable over 15 years and no payments would be due for the first six months from the date of the advance. Monthly payments would increase after the six-month period to cover both the mortgage and the loan (the advance).

For borrowers with more severe financial challenges, negotiations may include:

- **Loan modification**, where the terms of the mortgage may be altered.
- **Pre-foreclosure sale** or short sale of the homeowner's property to avoid foreclosure altogether.
- **Deeding of the property** by the homeowner to the lender (deed-in-lieu of foreclosure).
- **Reverse mortgages** for those homeowners who are 62 years of age or older.

For a copy of the RMFM program *Frequently Asked Questions (FAQ)* and to get started by downloading the *Borrower Request to Participate Form*, please visit our website.

www.mortgagemediation.org

Borrowers who receive a letter about the program from the American Arbitration Association are highly encouraged to open it. It may be the fastest and easiest way to move forward from foreclosure.