

## **Montgomery County Mortgage Foreclosure Pilot Diversionary Program Guidelines**

The Court of Common Pleas of Montgomery County is launching a pilot mortgage foreclosure diversionary program regarding actions involving owner-occupied residential properties. The program will include mortgage foreclosure actions filed on or after June 1, 2015 involving residential properties with mortgages under \$300,000. Commercial properties and those included in divorce, estates or bankruptcy proceedings will not be included in the program.

### **Who is eligible?**

- Homeowners of properties who are the subject of residential mortgage foreclosure complaints filed on or after June 1, 2015 with a total debt of \$300,000 or less.
- Owner-occupied residences only.
- Properties which are the subject of bankruptcy, estates or divorce proceedings are not included.

### **How does it work?**

- Upon the filing of the complaint, an automatic stay of the foreclosure proceedings is issued.
- A conference is scheduled for approximately 5 to 6 weeks after the filing of the complaint.
- A notice is sent with the scheduling order encouraging the homeowner(s) to contact a housing counselor at Clarifi, a HUD approved consumer credit counseling agency. The housing counselors are available FREE of CHARGE.
- Housing counselors will also attempt to reach out to homeowners prior to the conference to discuss options and gather paperwork.

### **What happens at the conference?**

- Homeowners will have an opportunity to speak with housing counselors (if they have not already done so) and legal aid attorneys.
- Homeowners and lenders will speak directly with each other and attempt to reach an agreement or resolution.

### **What happens if the Homeowner fails to appear at the conference?**

- If the Homeowner has not been served, the conference will be continued for approximately 45 days to allow for service of the complaint. No more than 2 continuances will occur if service is not able to be made.

- If the Homeowner has been served, the automatic stay will be lifted and the case will proceed through the normal course of litigation.

**What are the Lenders' responsibilities?**

- The court will issue the conference scheduling order and notice, so there is no burden placed on the lender other than filing the complaint with a coversheet and serving the complaint on the homeowners.
- Lenders' counsel must attend the scheduled conferences with knowledge of the cases and a willingness to attempt to reach a resolution.

**What are the homeowners' responsibilities?**

- Homeowners must attend the scheduled conference in order to stay in the program.
- Homeowners may be required to meet with a housing counselor in person and provide financial documents.