



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Office of Consumer Protection

News Release

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STATE AGREEMENT WITH MAJOR MORTGAGE LENDERS MAY HELP THOUSANDS OF HAWAII HOMEOWNERS AVOID FORECLOSURE

HONOLULU -- The State of Hawai'i's Office of Consumer Protection (OCP) has reached an agreement with Countrywide Financial Corp. and Bank of America that may help approximately 2,400 Hawai'i homeowners holding subprime or adjustable rate mortgages avoid foreclosure by obtaining modified and affordable loans.

Under the agreement, eligible Hawai'i borrowers will be able to modify the terms of their loans to make monthly payments more affordable. The modified loan terms will vary according to the circumstances of the borrower. The terms may include an automatic freeze or reduction in interest rates, conversion to fixed-term loans, and refinancing or reduction of principal owed.

The loan modification program will provide total statewide benefits to eligible homeowners in Hawai'i as follows:

- Suspension of foreclosures for eligible borrowers with subprime and pay-option adjustable rate loans pending determination of borrower ability to afford loan modifications
- Loan modifications valued at up to \$83 million worth of reduced interest payments and, for certain borrowers, reduction of their principal balances
- Waiver of late fees of up to \$763,000

- Waiver of prepayment penalties of up to \$289,000, for borrowers who receive modifications to pay off, or refinance their loans
- \$370,000 in payments to borrowers who are 120 or more days delinquent or whose homes have already been foreclosed; and
- Approximately \$126,000 in additional payments to borrowers who, in the future, cannot afford monthly payments under the loan modification program and lose their homes to foreclosure.

Under the settlement, Bank of America/Countrywide also has agreed to stop offering pay option ARMs and significantly curtail offering “low-documentation” and “no-documentation” loans, initiate an early identification and contact program for borrowers who have trouble making their payments, and continue working with non-profits, federal agencies, and state regulators on ways to use REO (real estate owned) and other properties for community development.

“We believe that this settlement will provide needed relief to Hawai`i homeowners in financial distress and hope that eligible borrowers will contact Countrywide as soon as possible,” said, Stephen Levins, executive director of the Office of Consumer Protection.

The Office of Consumer Protection urges any Countrywide customer requiring information regarding their eligibility to call Countrywide at **800-669-6607**, or log onto the company’s website: www.countrywide.com.

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