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Anti-mortgage fraud law jams up Realtors

Pacific Business News (Honolulu) - by [Janis L. Magin](#) Pacific Business News

Some real estate agents are refusing to take listings from homeowners who are behind in their mortgage payments and trying to avoid foreclosure because of a state law that was intended to protect consumers from predatory mortgage lenders.

The situation mainly affects short sales, where the asking price is lower than what the homeowner owes on the mortgage. If the homeowner is 60 days delinquent on payments, the home may be considered a "distressed property" under the state Mortgage Rescue Fraud Prevention Act that took effect July 1.

The law was intended to protect homeowners facing foreclosure from predatory "rescuers" looking to take advantage of their situation. Some real estate agents could fall under the definition of a "distressed property consultant," which requires them to abide by a separate set of rules outlined in the law.

"I do know of many agents who have turned down short sales," said Dana Chandler, president of the [Honolulu Board of Realtors](#). "Some companies have made it a policy that until the law is modified they will not be assisting short sales."

[Coldwell Banker Pacific Properties](#) has told its agents not to act as distressed property consultants, said Kalama Kim, senior vice president and area office leader in Waikiki.

"We will represent homeowners that are buying a home or selling home that are in a short sale situation," Kim said. "What we're not doing is those nine things that would put us into that distressed property consultant role."

Those actions, defined in the law, include stopping or postponing foreclosure sales, stopping, postponing or removing liens or obtaining a forbearance.

[The Hawaii Association of Realtors](#) is working with Stephen Levins, executive director of the state [Office of Consumer Protection](#), on fixing the law during the next legislative session.

"We're aware of the problem and we've been discussing it with the Realtors and other affected parties and we're going to try to fix it," Levins said.

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