Montgomery County Mortgage Foreclosure Diversionary Program Guidelines

The Mortgage Foreclosure Diversionary Program of The Court of Common Pleas of Montgomery County was launched in June of 2015 and Updated in October of 2024.

Who is eligible?

- Homeowners of properties who are the subject of residential mortgage foreclosure complaints filed on or after October 16, 2024 with a total debt of $500,000 or less.[1]
- 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.

[1] The total debt threshold for residential mortgage foreclosure complaints filed June 15, 2015 – October 15, 2024 was $300,000.