

*Testimony of Governor M. Jodi Rell*

*Presented to the Banks Committee*

*March 11, 2010*

Regarding HB 5270: AA CONCERNING FORECLOSURE MEDIATION

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Chairmen Duff and Barry, Ranking Members Kane and Stripp and distinguished members of the Banks Committee:

Thank you for the opportunity to provide testimony on – and express my strong personal support for – House Bill 5270, *An Act Concerning Foreclosure Mediation*, which extends the expiration of Connecticut’s Foreclosure Mediation Program through June 30, 2011.

I would like to start by thanking Chairmen Duff and Barry, who worked with me so tirelessly over the last few years to establish this mediation program and secure its funding. Through our partnership, Connecticut has established and refined a premier foreclosure mediation program – a program that has already effectively staved off numerous foreclosures.

Indeed, the success of Connecticut’s Foreclosure Mediation Program has been incredible. Late last year Judicial Branch officials announced that the mediation program was running a settlement rate in excess of 70 percent, meaning thousands of Connecticut families were being helped to keep their homes during these exceedingly difficult economic times.

Sadly, our economy remains threatened by significant job losses and a recovery that – so far – is sluggish at best. Record numbers of homeowners are still facing foreclosure. Statewide, there have been 43,556 foreclosure cases filed between July 1, 2008 and February 28, 2010 – a staggering and immensely sobering statistic.

More time is needed to ensure that homeowners are protected while the recovery gains speed. Few things are as important to one’s sense of security as one’s home.

Many times we have called home ownership the American dream. For the vast majority of us, it is the single most important financial transaction we will ever undertake. And – as I have observed before – no one wins when that transaction sours. The borrower loses the home they have worked to purchase and struggled – sometimes desperately – to keep, the lender is saddled with a property they do not want and neighbors see their property values fall.

We, as a state, must do all that we can to preserve this American Dream. So far, through this mediation program and other assistance programs we have created, we have been able to do so. Among them are the creation of a foreclosure hotline at the Department of Banking and the Emergency Mortgage Assistance Program.

However, the expansion of the Foreclosure Mediation Program and the decision to make it a mandatory part of residential foreclosures has, I believe, been one of the most successful steps we have taken to date.

Thousands of families have been allowed to stay in their homes longer, court costs have been reduced and property values have been supported – all serving to safeguard the economic well-being of entire communities, especially Connecticut's largest cities.

Our work is not done. The crisis has not subsided. This is why I urge the Banks Committee to act favorably on this bill and pass this extension.

Thank you for your consideration of this critical amendment to Connecticut's Foreclosure Mediation Program.