

# Legal Assistance Resource Center of Connecticut, Inc.

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## H.B. 6355 -- Homeowner protection rights

Banks Committee public hearing -- February 19, 2013

Testimony of Raphael L. Podolsky

**Recommended Committee action: JOINT FAVORABLE**

This bill, which is part of the Governor's legislative recommendations, makes numerous important improvements in the way in which foreclosure cases are handled in Connecticut. It clearly recognizes ways in which lenders have imposed unnecessary hindrances to the mediation process and addresses them. We strongly support this bill. Its improvements include:

- Assuring that lenders make available in mediation sessions a person with full authority to settle the debt. The failure of lenders to be ready to mediate has been a major source of delay in mediation.
- Easing burdens on the homeowner for repeat mediation sessions by allowing counsel to appear on behalf of the homeowner after the first mediation session and requiring lenders to use information provided by the homeowner in the settlement process if the mediator determines it is current and reasonably complete. Some lenders, having required the homeowner to produce extensive financial materials, are themselves not ready and then, when finally ready, demand new documentation from the homeowner on the ground that the filed information has become stale.
- Incorporating compliance with federal guidance standards and litigation agreements into the concept of good faith bargaining.
- Requiring greater court review of the mediation process if no settlement is reached within three mediation sessions.
- Strengthening sanctions for bad faith bargaining.
- Permitting accelerated procedures in cases in which the property being foreclosed is blighted and abandoned.
- Allowing the homeowner to raise a broader range of defenses.
- Preventing evasion of state and municipal recordation fees by the failure to record assignments of mortgage debt on the land records.
- Requiring foreclosure data filings with the Banking Commissioner.