



CONNECTICUT ASSOCIATION OF
REALTORS[®] INC.

Statement on

**S.B. No. 1059 (RAISED): An Act Concerning a Modern Method of Foreclosure
SUPPORT**

Submitted to the Judiciary Committee
March 13, 2013

by **Mary Ann Hebert**

Good afternoon. My name is Mary Ann Hebert and I am the president of the Connecticut Association of REALTORS. I speak today on behalf of our 15,000 members in strong support of Senate Bill 1059: Creating a Modern Method of Foreclosure.

Quite simply, our Association believes the current methods of solving conflicts between mortgage lenders and defaulting borrowers takes too long, often needlessly lowering home values in the process. This bill provides a new way for owners facing foreclosure to obtain a fair price for their homes or one that more closely approaches market value.

Connecticut's housing recovery is fragile and as an organization we seek to minimize damage to housing.

Please understand that this bill would not end the two traditional methods of foreclosure now in use: strict foreclosure and foreclosure by auction sale. Senate Bill 1059 would offer a third option called "foreclosure by market sale" that either party could initiate and be approved at the discretion of the court.

Unlike under strict foreclosure and auction options, owners would have a stronger incentive to occupy and care for the property since it would be marketed to a wider universe of buyers. A sale at a higher price could reduce a deficiency owed to lenders, and may even allow the owner to preserve some portion of his or her equity.

I have attached with my written testimony three specific examples of drawbacks in the current foreclosure process whereby an option like this could have improved the outcome for everyone. Also, our Association's General Counsel, Eugene Marconi, is on the speakers' sign-in sheet and is available to answer any technical questions.

Do you have any questions?

Thank you.

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March 5, 2013

Banks Committee
Room 2400, Legislative Office Building
Hartford, CT 06106

To Whom It May Concern,

This letter is in support of SB 971 An Act Concerning a Modern Method of Foreclosure.

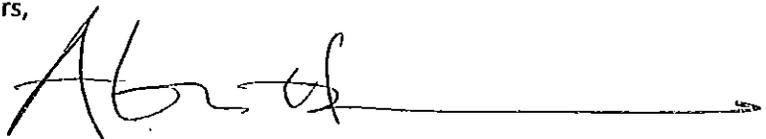
I had a listing at 464 Round Hill Road, Fairfield, CT which began on October 11, 2011 and was priced at \$529,000. A buyer agent brought a buyer within three weeks of listing the property. I negotiated a final offer price of \$525,000. The offer was submitted to the lender, Wells Fargo, for approval by a short sale attorney, Russell Gary Small. Wells Fargo, through the Equator system, asked me to upload multiple documents on at least 10 occasions to support the sale which I always did immediately. After multiple requests for additional documents from the negotiator from Well Fargo, Travis Christiansen, I was then informed that the offer price was \$60,000 too low. The Bank thought the property was worth nearly \$600,000.

At that point, my client and I appealed the decision and sent in comps to support the existing offer price. The seller was again denied the sale. Shortly after this my six month listing period expired in April, 2012. The house was foreclosed upon (June 14, 2012), and almost immediately relisted at less than the offer that was submitted. The new foreclosed listing price was \$521,900.

It is still on the market, however, it appears to have an accepted offer as of February, 2013 at an as yet unknown selling price. The current list price is \$490,900.

This was a waste of time and money for the seller, the buyer, the attorneys, and the agents involved in the transaction AND the bank has lost over \$35,000 and a year in market time. In addition, the buyer and seller waited almost 4 months to be told that they were "denied" the sale.

Very truly yours,



Alan Hamilton
Sales Agent
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To whom it may concern,

I am writing in support of the proposed legislation to approve a **Modern Method for Foreclosure**. I am currently a member of the Greater Hartford Association of Realtors and can detail first-hand how frustrating and cumbersome the process of short sales are.

To date I have two short sale listings that both have signed offers on them. One property in particular I have had the listing for three years. In both incidences, the sellers have voluntarily agreed to enter into a short sale process as a means of turning over their homes. Neither seller was interested in modifying their current mortgages. Because of great financial hardship and physical illness it was no longer economically feasible to handle the maintenance or mortgage commitments for their homes.

As an option to forego the "long" legal process of foreclosure, both sellers agreed to short sale their properties. Unfortunately both the sellers and I found out how tenuous and frustrating the process would be. During the process of short sale the seller may be assigned several different outside negotiators. These outside negotiators are suppose to evaluate the properties value, determine an expectable offer and assist the seller and real estate agent in preparing the countless "needed" forms. Going through this process once is confusing and time-consuming enough. But more often than not, an agent and seller will have to do the "short sale tango" at least three times before an offer is expected or the seller frankly walks away.

I understand that the short sale process should be accessed as an emergency only. Of course we don't want families skipping out of their loan obligations through short sales.

But what about families who just want to get out? Families who are tired of the paperwork, the fear of lock-out, families who just want to give their home back. The

March 5, 2013

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Room 2400, Legislative Office Building

Hartford, CT 06106

Re: Foreclosure by Realtor

To Whom It May Concern:

In support of this proposed legislation I wish to offer some insight to what is happening in the field. I currently have a property listed for sale and it is listed because the foreclosing bank's attorney told my client he had no other options during a mediation hearing. He contacted me and listed the property then was told they would no longer work with him to try to modify his mortgage, because they felt he did not want to keep the property and he told them their own attorney told him to list the property. He lost his job and then secured another job and during the time of his employment bank's counsel canceled two mediation hearings with no reason provided. My client would have been able to modify his mortgage if the hearings had proceeded. We recently reduced the price of his home and if given three or four months am certain we could sell his property.

I had several active listings last year for distressed homeowners and we were not provided time to sell as the bank's foreclosed out my clients.

I believe we need to have the opportunity to assist these distressed homeowners versus seeing more and more vacant home.

In addition to being a Realtor I am a field inspector and more and more homes are vacant where foreclosures have not been commenced as homeowners are being told there is nothing else that can be done. I propose a payment which the homeowner can afford be proposed while they are attempting a resolution or sale of their property but certainly that they be given time for us to market and sell their property.

Sincerely,

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