

Legal Assistance Resource Center

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S.B. 490 -- Foreclosure Mediation Program

Judiciary Committee public hearing -- March 24, 2014

Testimony of Raphael L. Podolsky

Recommended Judiciary Committee action: **JOINT FAVORABLE**

This bill extends the Foreclosure Mediation Program (FMP) through June 30, 2018. Unless extended, it will sunset on June 30, 2014. To the extent that FMP is a temporary foreclosure crisis program, that crisis is far from over. The residential foreclosure rate continues to be well above the pre-2008 rate, and large numbers of homeowners continue to need the mediation that the program provides. Termination of this program would be disastrous for homeowners facing foreclosure. The bill should be adopted and the program extended for four more years.

The better solution, however, is to make the program permanent. Even when the crisis ends, foreclosure mediation will continue to be needed for homeowners who are in danger of losing their homes to foreclosure, just as the permanent housing mediation program is needed by landlords and tenants in eviction cases and Family Relations Office mediation is needed in family cases. These mediation programs are essential not only for the litigants themselves but also for the court system. The housing specialists in the housing courts, for example, settle almost 95% of the contested cases in the court. This removes from the judges what would otherwise be an overwhelming burden on the capacity of the courts to function. So it is with the FMP. Not only is it essential for the litigants, but it is also essential for the court system. This program, like the housing and family programs, should be permanent.