

TESTIMONY SUBMITTED TO THE BANKING COMMITTEE

February 24, 2015

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Department of Banking*

Chairman Leone, Chairman Lesser, and members of the committee, thank you for the opportunity to testify and offer written testimony in support of the following bills on the agenda for the Banking Committee's February 24, 2015 public hearing. In addition, it is important to note that this bill is intertwined with the other bills listed below.

H.B. 6751 AAC THE EFFICIENT CONCLUSION OF THE FORECLOSURE MEDIATION PROGRAM

and

H.B. 6752 AAC THE CONTINUED OPERATION OF THE FORECLOSURE MEDIATION PROGRAM

H.B. 6762 AAC THE FORECLOSURE MEDIATION PROGRAM (HOUSING)

H.B. 6782 AAC ELIMINATING THE SUNSET DATE FOR THE FORECLOSURE MEDIATION PROGRAM (JUD)

The Foreclosure Mediation Program was last revised with the passage of Public Act 13-136. This was a Governor's Bill that struck a sensible and workable balance between borrower protection on one hand and the need for an expeditious process on the other. The revised program has barely just begun to get into full swing and we do not yet have a full year of data in order to properly assess the impact of those most recent legislative changes. Accordingly, the Department believes that Connecticut's Foreclosure Mediation Program will continue to evolve commensurate with the burgeoning economic recovery.

For now, the Department believes that the sensible approach is a balanced and measured one. The right approach is one that:

1. respects borrowers' continuing need for protection in light of the circumstances that caused the mortgage crisis;
2. helps our financial institutions restore their reputation as trusted financial partners for Connecticut borrowers;
3. spreads financial responsibility for the program across multiple parties;

4. supports the burgeoning statewide economic recovery by finding efficiencies to reduce the courts' foreclosure dockets and reduce the inventory of vacant or abandoned property, and;
5. ensures that the data collected is both complete and is reported to all stakeholders so the that the effectiveness and need for the Program may be properly assessed.

In addition, many analysts are concluding that in 2015, new foreclosures will decrease almost 25% and cases are reaching final resolution faster than in previous years. Accordingly, with 25% *fewer* foreclosures going into the Program and more cases are exiting the program than ever before, the need to maintain it at current levels will decrease *at some point*. We may not be at that point yet, however, because a large backlog of cases still exists and the Foreclosure Mediation Program still appears to be operating at a high capacity. But we should contemplate that as Connecticut's foreclosure challenges subside, so too must the Foreclosure Mediation Program.

The Department is actively monitoring the multiple legislative proposals in this committee and others and is happy to convene a meeting with all stakeholders with the promise to work together in search of a workable compromise for the future of this valuable and important program.