Bill No.: SB-823
Title: AN ACT EXTENDING THE FORECLOSURE MEDIATION PROGRAM UNTIL JUNE 30, 2023.
Vote Date: 3/20/2019
Vote Action: Joint Favorable
PH Date: 2/15/2019

Disclaimer: The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.

SPONSORS OF BILL:
Judiciary Committee

REASONS FOR BILL:
Senator Needleman brought this bill to the attention of the Judiciary Committee. This bill extends the sunset period of the Foreclosure Mediation Program (FMP) from June 30, 2019 to June 30, 2023. Since the creation of the FMP in July 2008, there have been 29,468 cases in the mediation program. 86% of the cases that have gone through this program have been settled avoiding more people who may have potentially been removed from their homes, thereby allowing them to stay in their homes or leave with grace.

RESPONSE FROM ADMINISTRATION/AGENCY:

Judicial Branch, Chief Administrative Judge, Civil Division, Judge James W. Abrams:
Judge Abrams supports this bill because the success the program has had. Judge Abrams has two suggestions that he would like to see in the bill: the elimination of the requirement of the Chief Court Administration in section 2(d) to prepare and submit a statistical report about the program to the General Assembly and he would also like to see the restoration of Banking Fund resources to operate the program. He believes the reporting requirement is “onerous” and the Judicial Branch will continue to provide important program information. The restoration of the Banking Fund resources to operate the program is necessary because there are ten foreclosure mediation staff supported by the program and are essential for the program to work.

NATURE AND SOURCES OF SUPPORT:
All groups that support this bill recommend the repeal of the sunset date and making the FMP permanent.

**Connecticut Legal Services, submitted by Raphael L. Podolsky:**
The CLS stated that the “program has been extraordinarily successful” and that there is a necessity for the program to continue because the FMP provides assistance to people in foreclosure proceedings regardless of there being a crisis.

**Connecticut Fair Housing Center, submitted by Jeff Gentes:**
The CFHC wrote in their testimony that the program “helped more than 20,000 households” to keep them in their homes and the program helps people who are already in financial distress by not making them hire lawyers for foreclosure proceedings.

**AARP-CT:**
AARP said about this bill that “effective foreclosure mediation and loan modification as beneficial options for borrowers and lenders to help homeowners avoid foreclosure and remain in their homes”. They also testified that older homeowners “tend to be ‘cash-poor’ but equity-rich” and that they were targeted by originators looking to take away the equity they had built in their homes.

**Connecticut Legal Rights Project Inc., submitted by Kathleen Flaherty, Esq.:**
CLRIP discussed the success of the program by keeping a great majority of people in their homes. They also testify that this program saves court resources by not having all foreclosures go through the courts, but by having some go through mediation remedies before the courts get involved.

**NATURE AND SOURCES OF OPPOSITION:**

**Connecticut Bankers Association, submitted by Tom Mongellow and Fritz Conway:**
The CBA submits that the FMP “was always meant to be an emergency and temporary solution for the foreclosure crisis” and the crisis is over. They suggest the funding for the FMP should be moved to assist homeowners before foreclosure proceedings begin. They also testified that FMP adds an average of more than a year to the foreclosure process.

Reported by: Logan Durant  
Date: March 26, 2019