

## Facing Foreclosure, Can We Talk?

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If you are a homeowner of property located in CT, the property is your primary residence, and you are facing foreclosure, do I have a gift for you! No, not a bag of money, but an innovative way to try to save your home.

There's a new kid in town and it's called the *Foreclosure Mediation Program* and it may be just what you need. This program's purpose is to help homeowners, who can't pay their mortgages and whose only choices are selling their homes in a short sale (where the proceeds from selling the property are less than the mortgage amount owed) or being foreclosed on, keep their homes. How, you ask? Mediation.

Mediation is like magic. It's a negotiation between the parties to a disagreement in which an impartial moderator helps them reach a fair agreement. In Connecticut's Foreclosure Mediation Program, the owner-occupant of a one-to-four family residence who is behind in his mortgage payments and the lender's representative meet with a Judicial Branch employee who is trained in both foreclosure law and mediation to try to resolve the parties' plights.

So who came up with this bright and sensible foreclosure mediation idea? Hard to believe, but it was the sausage factory known as the Connecticut Legislature. This body came up with a uniform program that is voluntary for the homeowner, but once a homeowner requests mediation, is mandatory for the lender. Furthermore, and kudos to the legislature, this mediation program is the first of its kind in the nation.

A stumbling block for many homeowners, delinquent in their mortgage payments, was that they could not find a live body with the authority to do something to talk to about their mortgage as their original lender had sold their loan to a third party servicer. Meanwhile, the mortgage was not being paid, the clock was ticking and letters were arriving, announcing impending foreclosure.

When a homeowner is behind on his mortgage, he has options and a foreclosure mediator can explore those with the homeowner and the lender together. Two common loan workout methods include: 1) forbearance, which is where the lender refrains from requiring the borrower to repay the loan for a certain period of time, and 2) modification of the loan terms, which could lower the interest rate and/or increase the length of time for repayment. Both of these modification methods can lead to owners remaining in their homes.

Here's why the Foreclosure Mediation Program is a success and homeowners, lenders and the courts like it: homeowners can modify their loan and stay in their homes, lenders have a loan that is still performing, and judges find the program helpful to the homeowners who appear before them.

Banks don't want to be in the real estate business - lord knows they have enough on their plate just being a lender these days without having to heat, maintain and sell residential property, too - they prefer having homeowners remaining in their homes and that's exactly what the mediation program tries to accomplish.

The program is not for everybody facing foreclosure – a homeowner has to meet certain requirements and some homeowners simply won't be able to stave off foreclosure, but if you have questions about Connecticut's Foreclosure Mediation Program and want more information, you may contact Roberta Palmer, who is approachable, knowledgeable and helpful, at the Judicial Branch, Court Operations, by telephone at 860-263-2734, ext. 3041, by fax at 860-263-2773, or by e-mail at [roberta.palmer@jud.ct.gov](mailto:roberta.palmer@jud.ct.gov).

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