



## **Delaware House of Representatives House Majority Caucus**

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### **MORTGAGE FORECLOSURE PROGRAM CHANGED TO HELP FAMILIES RETAIN HOMES**

*Rep. Kowalko: "Program gives people who are on the verge of homelessness  
a few more precious moments to work out a solution"*

WILMINGTON – A court-ordered change to the state's Residential Mortgage Foreclosure Mediation Program could help families facing foreclosure stay in their homes, a Newark legislator said Tuesday.

The changes to the state's foreclosure mediation program take effect today and double the amount of time a homeowner facing foreclosure can enter the mediation program from 15 to 30 days, a change that Rep. John A. Kowalko said might seem simple, but makes a huge difference.

"People who are eligible for this program are at their last gasp, holding on to a fraying rope while hanging over a cliff," said Rep. Kowalko, D-Newark. "Two weeks can go by in the blink of an eye. Doubling the time for a person to enter this mediation program gives people who are on the verge of homelessness a few more precious moments to settle their thoughts, focus and hopefully work out a solution to stay in their homes. It provides stability and will increase the accessibility and effectiveness of the overall program."

An administrative directive issued on January 20 by Superior Court President Judge James T. Vaughn Jr. made some modifications to the state's mortgage foreclosure mediation program, which was created in September 2009. The program was designed to provide assistance to homeowners and lenders, via a trained mediator, to help negotiate possible alternatives to foreclosure actions.

When a foreclosure action is taken against a homeowner, notification is sent to the homeowner advising them to seek counseling with a Housing and Urban Development-certified counseling agency. Under the former rules, a homeowner had 15 days to seek counseling. A steering committee of attorneys for borrowers and lenders, bankers, advocates and housing counselors recommended the change, which Judge Vaughn said was the right decision.

“The Superior Court continues to fully support the Mortgage Foreclosure Mediation Program,” Judge Vaughn said. “When the program was created, we were aware that changes may be needed to improve it. The changes now recommended by the committee do that and the decision to approve them was an easy one for the Court. The program continues to be committed to give homeowners the opportunity to negotiate an alternative to foreclosure, without affecting substantial rights of lenders.”

The new administrative directive also adds an additional mediation day in New Castle County.

According to Community Legal Aid Society, since the program’s inception in September 2009 through June 30, 2010, 100 homeowners have qualified for the mediation program. Seven have worked out agreements to avoid losing their homes, while another 18 have reached an agreement outside the program. Another 31 homeowners have agreed to continue the mediation so the parties can collect and exchange additional information. The parties often exchange the information prior to the next mediation and resolve the matter outside the mediation program.

“We very much welcome the actions taken by Judge Vaughn and the Steering Committee which improve the Residential Mortgage Foreclosure Mediation Program and, specifically, increase access to homeowners by changing the application time from 15 to 30 days,” said Delaware State Housing Authority (DSHA) Director Anas Ben Addi. “We strongly encourage anyone facing foreclosure to take full advantage of this program, as well as other innovative foreclosure prevention resources. Governor Markell, DSHA and our many partners continue working hard to expand programs like mediation, housing counseling and DEMAP, and to develop new tools that will create more positive outcomes and keep Delaware families in their homes.”