

# Foreclosure law requires mediation

Delaware homeowners and lenders will be required to go into mediation when foreclosure complaints are filed under a bill signed into law Wednesday by Gov. Jack Markell.

It was one of a package of bills aimed at helping homeowners through the growing foreclosure crisis.

Under the new mediation law, foreclosure will be halted until a meeting takes place, though it include an opt-out provision. Lenders will pay a fee to finance the process, and the law will expire in two years.

State Rep. John Kowalko, D-Newark South, said the state's voluntary mediation program in place for more then a year hasn't done the job. He said having the program written into state law is going to make it more effective.

"It wasn't getting the numbers we wanted, and it wasn't really addressing any of the aspects, the potential for really resolving some of these," he said.

Other bills Markell signed Wednesday will:

- >> Make lenders provide notice of foreclosure to borrowers and offer assistance.
- >> Require mortgage modification companies to be registered and bonded.
- >> Create a foreclosure office in the Attorney General's office to manage programs.
- >> Make filling a false document during a foreclosure proceeding carry a penalty of up to \$10,000.

Foreclosures are continuing to rise in all three Delaware counties, with at least 300 a month in New Castle and Sussex, more then triple during the same period a year ago. In Kent County there have been about 120 so far this month compared to about 90 in September 2010.

"This deals head-on with the foreclosure crisis we're facing in the state and nationally," Attorney General Beau Biden said about the package of bills. "The goal is to at least have a meaningful conversation between the borrower and lender to see if there is something that can be done to avoid foreclosure."

The mediation law will take effect in four months. Kowalko said the state needed to get started on an outreach program to educate borrowers about the new process. He said he hoped Delaware's would be modeled after a successful initiative in Philadelphia.

The state's current mediation program is voluntary; about 85 people participated last year.

## **Bills aim to help homeowners**

Thursday, Sept. 22, 2011

By Dan Shortridge

The News Journal

Last updated on July 09, 2018.

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