

**Media Release**  
January 18, 2012

## **Attorney General Biden, Legislators, Advocates Mark Launch of New Foreclosure Mediation Program**

Wilmington – Attorney General Beau Biden was joined by a bipartisan coalition of legislators and advocates today to mark the launch of Delaware’s mandatory foreclosure mediation program. The program, which becomes operational Thursday, was established last year as part of a legislative package developed by Biden’s office and legislators to respond to the foreclosure crisis in Delaware. It is modeled after successful programs in other states and jurisdictions, including the City of Philadelphia and the state of Connecticut.

“The foreclosure crisis has impacted Delaware families up and down the state,” Attorney General Biden said. “Losing a home to foreclosure can be devastating, and borrowers deserve the opportunity to meet face-to-face with their lender and explore all available alternatives. Mandatory mediation can help people stay in their homes, and that’s better for families, lenders and the community.”

Recent years have seen a record pace of foreclosures in Delaware, with more than 25,000 foreclosure filings since 2007. The state experienced a record-setting year in 2010, with more than 6,400 filings. Biden’s office and legislators produced a package of bills, passed during the last legislative session, that address Delaware’s foreclosure crisis. That legislation strengthened the state’s existing voluntary mediation program in several key ways:

- Mediation is no longer voluntary. When a bank files a foreclosure complaint, the law now requires that lenders and borrowers sit down one-on-one and have a meaningful conversation about a payment plan or other options before a foreclosure can proceed.
- It eliminates the income qualification for homeowners.
- It establishes a filing fee, paid by the lender, to fund the program.
- It extends the time a homeowner has to respond to a foreclosure complaint. Previously, homeowners had 20 days to respond to a foreclosure complaint. Under the new program, the foreclosure process is put on hold when a mediation conference is scheduled, and a lender cannot seek judgment until after the mediation conference takes place.

The mandatory foreclosure mediation program serves Delawareans who own a one- to four-unit home, who reside in the home as their primary residence, and whose mortgage is foreclosed upon on or after January 19, 2012. The program runs through January 2014.

Rep. Helene M. Keeley, D-Wilmington South, noted that several of her constituents are facing foreclosure. She said that the initial voluntary mediation process was a great first step, but requiring that lenders and homeowners sit down to work out an agreement will help more people stay in their homes.

“Losing your biggest investment – your home – is nothing short of catastrophic for a person. By providing this additional step, we are ensuring that more homeowners will have the opportunity to stay in their homes and keep a roof over their heads,” Rep. Keeley said. “We hope that this mortgage mediation program will address the issue of a record number of foreclosures and that in a couple years, when this program sunsets, there will not be a need for it.”

"This process provides a lifeline for many homeowners who are facing the possibility of losing their homes and need to find a solution to possibly keep a roof over their heads," said Sen. Bethany Hall-Long, D-Middletown. "It's not only vital for the people facing a foreclosure action, it's also vital when it comes to maintaining healthy communities and I'm honored to have been a part of this effort."

“This program will provide a renewed resilience for homeowners faced with the loss of their most prized and personal possession – their home,” said Rep. John A. Kowalko, D-Newark. “There is no way to exaggerate the needs of families who are struggling in these desperate times. Their safety and security are in jeopardy and it is the state’s responsibility to provide resources and expertise so that families can stay in their homes. This process being implemented today is a huge step in the right direction to help them.”

State Representative Mike Ramone, R-Middle Run Valley, a prime House sponsor of the bill establishing the foreclosure mediation program, said, “I am thrilled that we are rolling out this very important program. As I have stated before, the foreclosure process is our new reality, unfortunately. This program is vital to providing those many families faced with the painful prospect of losing their homes with the opportunity of working with a mediator – something they may not normally had the chance to do prior to this bill being enacted last year. Mediation has been a viable option in helping families in other areas. It is my hope that Delawareans in a similar situation will find the help they need with this new program.”

The legislation was also sponsored by House Speaker Rep. Robert F. Gilligan, D-Sherwood Park.

Eligible homeowners will be provided with detailed information about the foreclosure mediation program when a foreclosure is filed against them. Homeowners can learn more about this program by calling the Attorney General’s Mortgage Hotline at 800-220-5424, e-mailing [mortgage.mediation@state.de.us](mailto:mortgage.mediation@state.de.us), or visiting [www.attorneygeneral.delaware.gov/mortgageforeclosure](http://www.attorneygeneral.delaware.gov/mortgageforeclosure) or [www.deforeclosurehelp.org](http://www.deforeclosurehelp.org).

In a continuing response to the ongoing foreclosure crisis, the Department of Justice will also hold open houses throughout the state in the coming months to answer residents’ questions, introduce new programs and assist in resolutions:

## **SUSSEX COUNTY**

January 31: 12 p.m. - 2 p.m.

Sussex County Administrative Office, Open House

22215 DuPont Blvd, Georgetown DE (next to M& T Bank)

6 p.m. - 8 p.m.  
G.W. Carver Education Center  
30207 Frankford School Rd., Frankford, DE 19945

**WILMINGTON**

February 8: 12 p.m. - 1 p.m.  
Wilmington City Council Chambers  
800 French St., Wilmington, DE 19801

**NEW CASTLE COUNTY**

February 9: 12 p.m. - 2 p.m. & 6 p.m. - 8 p.m.  
Gilliam Community Room, Department of Community Services  
77 Reads Way, New Castle, DE 19720

**KENT COUNTY**

February 21: 5:00 p.m. - 7:30 p.m.  
Kent County Public Library  
497 S. Red Haven Lane, Dover DE 19901

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