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House to pass bill to reduce home foreclosures

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House to Pass Bill to Reduce Home Foreclosures

Montpelier, Vt – Today, the Vermont House of Representatives passed H. 590, An Act Relating to Mediation in Foreclosure Proceedings. The bill is a consumer protection act which seeks to keep struggling Vermonters in their homes.

“The legislature has been focused on addressing the symptoms of the Great Recession through our efforts to put Vermonters back to work,” said Speaker Shap Smith. “This bill addresses one of the major consequences of the recession, home foreclosure.”

From 2007 to 2009, foreclosures in Vermont have risen by over 50%. Each foreclosure has a profound effect on both the homeowner and the lender. Foreclosure not only drives a home’s owner out of her home, but the average losses to the lender from a foreclosure are over half the cost of the home.

Last year, the U.S. Treasury established the Home Affordable Modification Program (HAMP). HAMP recognizes that it is better for both banks and homeowners if home loans are modified through mediation, rather than foreclosed upon. This bill requires that lenders follow HAMP’s standards. A similar program in Connecticut has allowed 61% of participants to stay in their home, and settled an additional 14% for a total settlement rate of 75%.

“Many Vermonters are scared about losing their homes,” said Speaker Smith. “We are doing everything we can to ensure that Vermonters who are victims of the recession can stay in their homes.”

In the past two years, 25 foreclosure mediation programs have been set up in 15 states. The bill will extend the practice to Vermont. H. 590 passed through second reading in the House on a strong voice vote. The bill will be read for final passage tomorrow, before being sent to the Senate for its consideration.