



Foreclosure Mediation Program

What is the Foreclosure Mediation Program?

Foreclosures of real property located in Connecticut are judicial, which means they must go through a court. The state's Foreclosure Mediation Program (FMP) aims to help certain borrowers and lenders reach an agreed-upon resolution of a mortgage foreclosure action by having state judicial branch employees work as mediators. It is not mandatory for borrowers, but if an eligible person files a court appearance and requests mediation, the lender must participate.

The legislature established the program in 2008, as part of [PA 08-176](#), in response to the national financial crisis and its impact on homeowners. The program is codified beginning at [CGS § 49-31k](#).

The program currently runs until June 30, 2029, after which the court may not accept new mediation requests. Under existing law, the program terminates when the mediation of all timely submitted requests concludes.

Who is eligible to participate in the program?

Generally, the FMP is available to the following types of owners: (1) occupants of one- to four-family residential real property who use it as their primary residence and (2) religious organizations. Residential occupants must either be borrowers under the mortgage on the property or a permitted successor-in-interest (i.e., someone who, among other things, has title to the property due to certain events such as divorce or the borrower's death). Religious organizations must be borrowers and meet the religious purposes test of the federal tax code ([CGS § 49-31k](#)).

Program Funding

The FMP is generally funded by appropriations from the state's Banking Fund, which is supported by assessments, fees, and fines paid by depository institutions supervised by the state banking department. The below table provides the program's expenditures for Fiscal Years (FYs) 19 to 23.

FY	FMP Expenditures
19	\$2,705,111
20	1,840,329
21	1,905,053
22	2,050,244
23	1,646,054*
(Current & Budgeted)	6,344,989*

*Includes American Rescue Plan Act of 2021 (ARPA) dollars

Source: Office of Fiscal Analysis, as of Nov. 14, 2022

In general, how does the mediation process work?

Filing an Appearance in the foreclosure action and a Foreclosure Mediation Certificate within a specified timeframe is required to participate in mediation.

The borrower must complete certain financial forms and documents, which must be brought to a pre-mediation meeting with the mediator. The lender must also provide certain mortgage-related information to the borrower and mediator, including an account history for the past 12 months. The purpose of pre-mediation is for the borrower to (1) meet the mediator, (2) tell the mediator any relevant background information, (3) have the mediator look at the forms and documents for any needed corrections, and (4) receive information about possible bank options and resources available from state and local agencies.

If pre-mediation continues to mediation, the lender (or its counsel) will be present at each mediation session, which generally occur at the judicial district courthouse where the foreclosure case was filed. If counsel attends, a bank representative must participate by speakerphone. The borrower should bring the forms and documents completed in pre-mediation and updated information or other information the mediator suggests. Issues discussed in mediation include (1) ways to keep the property (e.g., reinstatement, repayment plan, loan modification); (2) ways to leave the property (e.g., sale, short sale, deed-in-lieu of foreclosure); and (3) various deadlines.

What are the settlement rates and outcomes of cases participating in the FMP?

According to the judicial branch's 2021 [statistical program report](#), 31,721 foreclosure cases completed mediation as of December 31, 2020. The settlement rate for these cases is 87%, which includes both decisions for the borrower to move from the home and agreements that allow for the borrower to stay in the home. During this period, loan modification was the action most frequently taken for the borrower to stay in the home. The tables below provide the case outcomes and actions taken for borrowers to stay in their homes, along with the corresponding number and percent of the total for each.

Mediation Program Case Outcomes, July 1, 2008, Through December 31, 2020

Outcome Type	Number and Percent	Action Taken to Stay in Home	Number and Percent
Not Settled	4,102 (13%)	Forbearance/Repayment Plan/Payoff	1,292 (6%)
Moving from Home*	5,094 (16%)	Reinstatement/Partial Claim	2,022 (9%)
Staying in Home	22,525 (71%)	Loan Modification	19,211 (85%)

*Includes Agreements for a Short Sale, a Deed in Lieu of Foreclosure, or an Extension of the Law Day or Sale Date

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“Preserving Homeownership: Foreclosure Prevention Initiatives,” Congressional Research Service Report, [R40210](#), Updated March 28, 2017

Judicial Branch FMP [website](#)

“Legislative Changes to the Foreclosure Mediation Program,” OLR Report [2022-R-0262](#)

[Connecticut Law About Foreclosure Mediation](#),
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