

Foreclosure Fairness Act Takes Effect

Local News

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TACOMA, Wash. - More time to decide how to handle a pending foreclosure, and a better opportunity to negotiate with lenders. Those are the advantages for troubled homeowners when Washington's new [Foreclosure Fairness Act](#) takes effect this month, on July 22. The state law will require that banks send a letter to people facing foreclosure, spelling out their options for mediation and counseling, and offering to schedule a meeting where the lender and debtor can discuss the situation face-to-face.

These types of recourse have always been available, says Jordan Foster, a consumer law attorney with the Tacoma firm Smith Alling - it's just that panicked homeowners often get the run-around from lenders and do not know how to proceed.

"A lot of people are so unfamiliar with the process that they don't realize there are a lot of options out there for them. A lot of people end up either just walking away or moving out, without even contacting the bank and seeing what options they might have."

Now, explains Foster, the options will be listed clearly in the initial letter - although time is still critical under the new law. The homeowner has 30 days after receiving the letter to request the meeting or their bank can proceed with foreclosure.

An attorney or a housing counselor can represent homeowners at the meeting or in mediation. The housing counselors must be approved by either HUD or the Washington Housing Finance Commission.

Foster thinks the new law will help more people avoid foreclosure. He says plenty need it.

"I haven't seen any slowdown. I still get probably at least one call a week from either a potential new client, a client referral or a friend referral - someone facing either potential foreclosure or their house is 'underwater' - and they want to know what their options are."

The Washington Department of Commerce offers information about the new law online at www.commerce.wa.gov.