Bill Would Alter Foreclosure Notices

By Andy Meek

The judiciary committees in the House and Senate of the Tennessee General Assembly are scheduled to vote on companion bills Tuesday that would give homeowners less advance warning before their homes are foreclosed.

By allowing lenders to reduce the number of foreclosure notices they publish in newspapers from three to one, the legislation would either do little more than reduce fees collected on the back end from homeowners or hasten what consumer advocates say is an already too-speedy foreclosure process in Tennessee, depending on who you ask.

“I think this boils down to two real issues,” said one of the House bill’s sponsors, state Rep. Jimmy Matlock, R-Lenoir, in a recent committee hearing. “No. 1, revenue. But the revenue we’re talking about here is the press. Newspaper revenue. That’s the revenue they’re so concerned about.

“Secondly, is personal responsibility. I cannot imagine getting a bill for something I know that I bought, be it a home, a car, a cell phone, and not be receiving notifications and being prepared to pay those bills each and every time it’s due.”

His implication was that more than one notice is unnecessary.

In a recent posting on the blog he maintains, state Sen. Stacey Campfield, R-Knoxville, wrote that the only winner in not allowing the bill to go forward would be newspaper owners.

Consumer advocates on the opposite side of the issue, however, think the bill carries unintended costs that undermine the move to speed up Tennessee’s foreclosure process, which is already one of the fastest in the nation.

“Our problem with something like this is we are a non-judicial foreclosure state, so people don’t have to be taken to court,” said Sapna Raj, managing attorney of the Memphis Fair Housing Center, which is part of Memphis Area Legal Services. “All they get is a notice in the mail or someone tells them there’s a notice in the paper.

“The public notice requirement actually slows the process down a little bit so there is time for a homeowner to try to work something out. When you shorten that timeframe, it just means more people are going to get foreclosed on faster – and lose their homes.”

Prolonging the process is one of the few remedies available to homeowners who either aren’t aware of the default and need to catch up or are aware and want to work something out. That’s because Tennessee is one of 27 states where lenders don’t have to file a lawsuit to initiate the foreclosure process.

Some supporters of the legislation have argued more than one foreclosure notice in Tennessee is unnecessary. Publishing the notices three times, though, mirrors the practice in Tennessee’s state and local governments of holding three separate votes on bills and ordinances.

Benefits of doing so include everything from giving legislators who may need to be absent for one of