

Massachusetts Alliance Against Predatory Lending

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SUMMARY FACT SHEET

Tenant Protections in Foreclosed Properties:

Lead Sponsors: Representative Malia, Senator Chandler: **HB1232/SB1609**

This bill will enable paying tenants to stay in their homes when a lender takes back a property through foreclosure. Lender-landlords will not be able to evict tenants (tenants, tenants-at-will, tenants-at-sufferance) who pay rent and abide by the standard rules of tenancies until they have a new owner-occupant buyer who as a condition of purchase requires units to be vacated. Foreclosed properties currently average almost 12 months on the market before re-sale. Our municipalities are burdened to cope with numerous vacant and unsupervised properties, degrading neighborhoods and damaging property values. Buildings left vacant for months are targets for catastrophes such as burst pipes fire, vandalism, and disrepair due to neglect. **This bill will keep people in their homes and help to stabilize neighborhoods during the current crisis.**

Judicial Foreclosures- Right To A Day in Court:

Lead Sponsors: Representative Smizik, Senator Morrissey: **HB1729/SB1778**

This amendment to the foreclosure law will enable Massachusetts to join with most other states (including New York, Connecticut, South Carolina, and Kentucky) in *requiring that a court approve foreclosures for owner-occupants of 1 to 4 family homes*. Currently, even if a lender violates the law or makes an error in the amount owed, borrowers have no right to have a judge rule on whether a foreclosure is warranted. Massachusetts, a leader in protections for tenants, should provide *equal judicial process for homeowners* in danger of losing their homes. Many borrowers got mortgages through now defunct brokers. They must deal with large, out of state companies and hopeless bureaucracies, unable to find anyone authorized or willing to renegotiate their loan.

Temporary Moratorium on Foreclosures:

Lead Sponsors: Representative Lantigua, Senator Montigny: **HB1510/SB1751**

This bill provides a *6-month moratorium on foreclosures of sub-prime and other "creative" mortgages* that are presumptively unfair. It keeps homeowners from losing their homes and mandates good faith negotiations by lenders while more comprehensive solutions are affected on either the federal or state level. Foreclosures not only devastate borrowers who lose their homes but entire communities. They lead to lower property values, abandoned homes, less tax revenue, higher crime rates and general destabilization of our neighborhoods. The moratorium will apply to loans which unfairly lured borrowers with low introductory rates that increase dramatically; with principles at 97% or more of house's value; with substantial pre-payment penalties; that are interest only; or with high points, fees or interest in violation of existing predatory loan law. In 1991, *the Massachusetts Legislature passed a moratorium* to help victims of home improvement loan scams. New York and New Jersey are among states now considering foreclosure moratoriums.

Massachusetts Foreclosure Mediation Program:

Lead Sponsor: Representative Pedone: **HB4003**

This amendment would provide that the mortgagor be offered the opportunity to participate in a court-supervised Foreclosure Mediation Program. In that program the mortgagor will have the opportunity to negotiate an agreement with the mortgagee. A foreclosure shall only be allowed to be initiated if a good faith effort has been made by the lender to review the borrower's financial situation and if feasible provide a loan modification or other option to assist the borrower. Such mediation programs have dramatically decreased foreclosures and lowered court case loads and costs in Philadelphia and a few other areas.

MAAPL MEMBERS/SUPPORTING ORGANIZATIONS: *Action for Boston Community Development, Inc., Association for Community Organizing for Reform Now (ACORN), Action for Regional Equity, ARISE for Social Justice, Arlington Community Trabajando, Boston Tenants Coalition, Brazilian Women's Group, Carpenters Local 40, Carpenters Local 107, Charles Hamilton Houston Institute For Race & Justice, Chelsea Collaborative, Chinese Progressive Association, City Life/Vida Urbana, Coalition for Social Justice, Community Economic Development Ctr of S.E. MA, Community Labor United, Democratic Socialists of America, Dorchester People for Peace, Era Key Realty Services, ESAC, Fair Housing Center of Greater Boston, Greater Boston Legal Services, Greater Four Corners Action Coalition, Green-Rainbow Party of MA, Harvard Legal Aid Bureau, Homeowner Options for MA Elders, Jewish Alliance for Law and Social Action, Lawrence Community Works, Lawyers' Committee for Civil Rights Under Law, Mass Advocates for Children, Mass AFL-CIO, Mass Coalition for the Homeless, Mass Community Action Network, Massachusetts Fair Housing Center, Mass Jobs With Justice, Mass Law Reform Institute, Mass Welfare Rights Union, Merrimack Valley Labor Council, NAACP N.E. Area Council, National Community Reinvestment Coalition, National Consumer Law Center, National Lawyers Guild, Neighbor-to-Neighbor, Neighborhood Legal Services, North Shore Labor Council, ¿Oiste?, Organization for a New Equality, Painters District Council 35, Pleasant St. Neighborhood Network Center, Southbridge Community Connections, Survivors Inc., Tri-City Community Action Program, UE Northeast Region, Union of Minority Neighborhoods, United Auto Workers Mass CAP, United Food & Commercial Workers 1445, United For a Fair Economy, United Steel Workers Local 5696, Volunteer Lawyers Project.*

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