

Massachusetts Alliance Against Predatory Lending

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SUMMARY FACT SHEET

The foreclosure crisis is increasing with more petitions and foreclosures reaching our entire state including rural and high income suburban areas: this expands negative impacts on families, communities and our economy overall. RealtyTrac says “2011 is going to be the peak.” Secretary of State Galvin said, “We’re not going to get the real estate industry moving again ‘til we clean up this vast bubble of real estate out there in foreclosure.” Tens of thousands of our households have lost their homes. Our state economy and budget have been severely damaged, with an estimated loss of *\$4 billion per month to our state economy from 2007-2009*. Violent crime increases 2.33% for every percentage rise in an area’s foreclosures. Property values losses approach 1/3 in some counties. In several zip codes, over 50% of those who borrowed in the last decade are underwater.

Mandatory Mediation with Judicial Review:

Lead Sponsors: Reps. Pedone, O’Day, Mahoney; Senator Chandler: **HB1355/SB673**

This Bill requires banks to mediate in good faith with homeowners to identify alternative resolutions before starting foreclosure. The Massachusetts Foreclosure Mediation Program (MFMP), overseen by the Attorney General will train neutral, third-party mediators in foreclosure alternatives and ensure all borrowers can opt into mediation before foreclosure begins and access judicial review if a mutually acceptable agreement cannot be reached. In jurisdictions with mandatory mediation, roughly half of homeowners opt to mediate. In over 50% of third-party mediations, an agreement is reached to keep the homeowner in their home.

Preventing Unnecessary Vacancies in Foreclosed Homes:

Lead Sponsors: Representative Sanchez, Senator Eldridge: **HB493/SB767**

The majority of the damage from foreclosure to our residents, neighborhoods, housing values, and our state’s economy is caused by forced vacating of properties post-foreclosure – creating homelessness, tearing the fabric of communities and numerous impacts of vacant properties. This Bill allows former homeowners and their families, if they fulfill the responsibilities of tenancy, to remain in their homes and pay fair market rent after foreclosure until a non-bank owner executes a purchase and sale agreement.

Judicial Clarification of Ownership in Evictions:

Lead Sponsors: Representative Malia, Senator Clark: **HB2240/SB684**

By law, only the owner of a piece of property can evict a tenant. This bill amends eviction law to allow consideration by Housing and District Courts of whether a mortgage was “lawfully foreclosed” in order to ensure that a lender who purchased at foreclosure sale and seeks to evict has clear ownership of the property. Without a day in court pre-foreclosure, the first time most issues of legal ownership by the banks appear in Massachusetts courts is during the eviction process. This bill will ensure court decisions that protect legitimate tenancy and clarify whether banks can legitimately claim title to the property.

Judicial Foreclosure- Right To A Day in Court:

Lead Sponsors: Representative Smizik, Senator Kennedy: **HB503/SB809**

This bill requires lenders to use judicial foreclosure for one to four unit, owner-occupied properties. All defenses will be available to homeowners. Judgments will only be entered with regards to the borrower and the lender. Unlike 23 other states that require judicial foreclosure, Massachusetts has depended on a strict honor system with foreclosing lenders, not only does this make it hard for home-owners to raise legitimate claims but in numerous recent public statements large lenders have admitted to wrong-doing in processing legal paperwork *but have explicitly committed to less corrective actions in states where there is no judicial oversight.*

MAAPL MEMBERS/SUPPORTING ORGANIZATIONS: Action for Boston Community Development, Inc., Action for Regional Equity, Alliance of Providers of Legal Services to Individuals Facing Foreclosure, ARISE for Social Justice, Arlington Community Trabajando, Boston Tenants Coalition, Brazilian Women’s Group, Brockton Interfaith Community, 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, Lynn United for Change, Legal Assistance Corporation of Central Mass, 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-Nighbor, Neighborhood Legal Services, New England United for Justice, No One Leaves – Springfield, North Shore Labor Council, Oiste?, Organization for a New Equality, Painters District Council 35, Pleasant St. Neighborhood Network Center, Southbridge Community Connections, Springfield No One Leaves Coalition, 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, Worcester Anti-Foreclosure Team.

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