



THE CITY OF SPRINGFIELD, MASSACHUSETTS

MAYOR DOMENIC J. SARNO

HOME OF THE NATIONAL BASKETBALL HALL OF FAME

May 13, 2008

Representative Sean Curran
Room 473B
State House
Boston, MA 02133

Dear Representative Curran:

I am writing to indicate my support for three bills concerning foreclosure that are scheduled for hearing before the judiciary committee on May 13, 2008: Senate bill 2662, An Act to Require Judicial Foreclosure, Senate bill 2663, An Act Relative to a Temporary Moratorium on Foreclosures, and Senate bill 2664, An Act Requiring Just Cause for Eviction and Foreclosed Properties.

A September 2007 study conducted by the Massachusetts Housing Partnership indicates that Springfield's rate of foreclosure filings is 3.7 times higher than the statewide median. In 2007, there were 493 foreclosures in Springfield, and 1,985 foreclosure filings. There is strong evidence that the numbers will continue to rise in 2008: actual foreclosures in Springfield doubled from 122 in the first quarter of 2007 to 245 in the first three months of 2008.

Springfield's high rate of foreclosure is related to the fact that Springfield has an unusually high rate of sub-prime loans, many of which likely fall into the category of predatory because they involve deceitful, fraudulent or unfair credit practices. Low-income and minority neighborhoods are especially vulnerable to abusive lending practices because sub-prime lending tends to be concentrated in these neighborhoods. Michael J. Farrell, president of Northeast Financial Group in Wilbraham, which assists Springfield homeowners facing foreclosure, was quoted in May 23, 2007 *Republican* article as finding "an abundance of fraud in the origination documents", including phony

income numbers and out-of-town appraisers overvaluing properties to enable bigger loans.


Foreclosure causes extraordinary stress and financial loss for homeowners and their families. High rates of foreclosure also have a destabilizing effect on neighborhoods. When large numbers of homes are foreclosed upon, vacancies increase and property values decline. Vacant properties are magnets for criminal activity and arson.

Senate bills 2662, 2663 and 2664 are critical tools in addressing the foreclosure crisis. Senate bill 2662 would require judicial foreclosure for properties with one to four units, enabling homeowners to raise defenses to foreclosure, including defenses relating to predatory lending practices. Senate bill 2663 would place a six-month moratorium from the effective date of the law on foreclosure of sub-prime mortgages with certain predatory or unfair characteristics. Together, these two bills create breathing room for our community while we create a broader response to foreclosure and predatory lending and create the possibility for justice for homeowners in the foreclosure process.

Senate bill 2664 requires that, for a period of three years following enactment, institutional lenders who foreclose must have just cause to evict tenants residing in a property following foreclosure. This bill prevents institutional lenders from evicting tenants for the sole purpose of having an empty property to sell, and by doing so, prevents the deterioration of neighborhoods as properties sit vacant.

The current foreclosure crisis has the potential to further destabilize Springfield. These three bills are important tools for protecting homeowners, tenants and neighborhoods. Please support these important bills.

Sincerely,


Domenic J. Sarno
Mayor

Thanks for
your continued
dedicated efforts
towards our Springfield.
