

Massachusetts Alliance Against Predatory Lending

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FACT SHEET

Three Important Foreclosure Bills To Help Homeowners And Tenants Stay In Their Homes

Temporary Moratorium on Foreclosures (Senate B#2663/House B #4733)

This bill provides for a *temporary 6 month moratorium on foreclosures involving sub-prime mortgages* that are presumptively unfair. It keeps homeowners from losing their homes while more comprehensive solutions are effected on either the federal or state level. Foreclosures are reaching epidemic proportions:

- Massachusetts foreclosures increased 186% in January 2008 from the same period in 2007.
- Almost 8,000 foreclosure petitions were filed January 2008 alone – up from 29,607 in all of 2007.

Foreclosures not only devastate the borrowers who lose their homes, but also entire communities. They lead to lower property values, abandoned homes, less tax revenue, higher crime rates and the general destabilization of our neighborhoods.

The moratorium will apply to sub-prime loans which unfairly lure borrowers with low introductory rates that increase dramatically; loans approved without documentation as to a borrower's ability to repay; loans for 100% of house's value; interest only loans; loans that carry substantial pre-payment penalties; and loans that have high points, fees or interest in violation of the Massachusetts predatory loan law.

In 1991, *the Massachusetts Legislature passed a similar moratorium* to help victims of home improvement loan scams. New York and New Jersey are among states now considering foreclosure moratoriums.

Requiring Just Cause for Eviction in Foreclosed Properties (Senate B#2664/House B#4734)

This bill would enable tenants who are current paying their rent to stay in their homes for a reasonable period of time after foreclosure. Lenders who foreclose will not be able to evict residents from those properties unless they can show good reason. If the foreclosing lender does not have just cause to evict, the occupants can remain while paying rent and abiding by the standard rules of tenancies. Foreclosed properties currently average 4-5 months on the market. Our municipalities are scrambling to address significant numbers of vacant and unsupervised properties. Buildings left vacant for months are targets for catastrophes such as burst pipes and fire, vandalism, and disrepair due to neglect.

This bill will *keep people in their homes and help to stabilize neighborhoods* during the current crisis.

Require Judicial Foreclosures: Right To A Day in Court (Senate B#2662/House B#4735)

This amendment to the foreclosure law will enable Massachusetts to join with 29 other states (including New York, Connecticut, South Carolina, and Kentucky) in *requiring that a court approve foreclosures*. 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, bureaucratic mazes, unable to find anyone with authority to renegotiate their loan.¹

¹Members of MAAPL: Action for Boston Community Development (ABCD), 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 107, Charles Hamilton Houston Institute For Race & Justice, Chelsea Collaborative, Chinese Progressive Association, City Life/Vida Urbana, Community Economic Development Ctr of S.E.MA, Community Labor United, Dorchester People for Peace, ESAC, Fair Housing Center of Greater Boston, Greater Boston Legal Services, Greater Four Corners Action Coalition, Greater Boston Legal Services, Green Rainbow Party, Harvard Legal Aid Bureau, Homeowners Options For MA Elders (HOME), Jewish Alliance for Law and Social Action, Lawrence Community Works, Mass Law Reform Institute, Massachusetts Community Action Network, Massachusetts Coalition for the Homeless, NAACP N.E. Area Council, National Consumer Law Center, National Community Reinvestment Coalition, Painters District Council 35, Southbridge Community Connections, Survivors Inc. Tri-County Community Action Program, United Auto Workers Mass CAP, United For a Fair Economy, Union of Minority Neighborhoods, Volunteer Lawyers Project