

# HOUSE . . . . . No. 3822

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## The Commonwealth of Massachusetts

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In the Year Two Thousand Nine  
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An Act imposing a moratorium on the foreclosure of predatory sub-prime mortgages in the city of Worcester ..

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1           SECTION 1. Notwithstanding the provisions of any general or special law to the  
2   contrary, no foreclosure sale pursuant to a power of sale in any mortgage deed of real estate  
3   located in the city of Worcester, having a dwelling house with accommodations for four or less  
4   separate households and occupied in whole or in part by an obligor on the mortgage debt, shall  
5   be conducted in the city of Worcester for a period of one hundred and eighty (180) days after the  
6   effective date of this act, on any mortgage note from a sub-prime lender which is presumptively  
7   unfair by virtue of having any of the following:

8           (a) an adjustable rate loan with an introductory period of three years or less; (b) a debt-to-  
9   income ratio in excess of 50 percent under the fully indexed rate; (c) the loan was approved on a  
10   “stated income” basis with no regard to a borrowers ability to repay; (d) the loan-to-value ratio is  
11   100 percent, or the loan carries substantial pre-payment penalties or pre-payment penalties that  
12   extend beyond the introductory period; (e) interest only loans; (f) high points, fees or interest in  
13   violation of the Predatory Home Loan Practices Act, G.L. c. 183C §2.

SECTION 2. No interest or fees shall accrue during the 180-day moratorium period. No eviction proceedings shall be initiated against tenants in any foreclosed property during the 180-day moratorium period, except if the property is sold to a bona fide purchaser or for cause originating prior to the foreclosure.

SECTION 3. During said 180-day period, neither the registry of deeds for the Worcester district, nor any assistant recorder of the land court, shall accept for recording or filing for registration any foreclosure deed involving real estate located in the city of Worcester which was obtained pursuant to a foreclosure sale conducted under a power of sale. For the purposes of this section, the term “foreclosure sale” refers to the conclusion of a sale at public auction pursuant to the provisions of chapter 244 of the General Laws.

SECTION 4. During the 180-day moratorium period, the city manager of the city of Worcester shall develop and draft, with community input, legislation to be put before the legislature with the approval of the city council, mandating judicial review of all mortgage foreclosures in city of Worcester.

SECTION 5. During the 180-day moratorium period, mortgage holders are encouraged to work with borrowers who have any of the loan terms described above, to modify the terms of their mortgages, including, if necessary, reducing the principal, lowering the interest rate, eliminating pre-payment penalties, and other fees and costs so that qualified homeowners can obtain affordable mortgages that will allow them to stay in their homes.

SECTION 6. This act shall take effect upon passage.