

SENATE No. 2394

The Commonwealth of Massachusetts

In the Year Two Thousand Ten

An Act to stabilize neighborhoods.

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. The second paragraph of subclause (e) of Clause Third of section 5 of
2 chapter 59 of the General Laws, as appearing in the 2008 Official Edition, is hereby amended by
3 adding the following sentence:-

4 In any city or town that accepts this paragraph, any real estate owned by or held in trust
5 for a charitable organization for the purpose of creating community housing, as defined in
6 section 2 of chapter 44B, and that was purchased from an entity that acquired the property
7 pursuant to section 14 of chapter 244 shall be exempt until such real estate is leased, rented, or
8 otherwise disposed of, but not for more than 7 years after such purchase.

9 SECTION 2. Chapter 167E of the General Laws is hereby amended by inserting after
10 section 7 the following section:-

11 Section 7A. (a) As used in this section the following words shall, unless the context
12 clearly requires otherwise, have the following meanings:

13 “Mortgagor”, an applicant for a reverse mortgage who: (1) has a gross income of less
14 than 50 per cent of the area median income, as periodically determined by the United States
15 Department of Housing and Urban Development and (2) possesses assets, excluding a primary
16 residence, valued at less than \$120,000.

17 “Reverse Mortgage”, a nonrecourse consumer credit obligation in which: (1) a mortgage,
18 deed of trust, or equivalent consensual security interest securing 1 or more advances is created in
19 the consumer’s principal dwelling located in the commonwealth; and (2) any principal, interest
20 or shared appreciation or equity is due and payable, other than in the case of default, only after:
21 (i) the consumer dies; (ii) the dwelling is transferred; or (iii) the consumer ceases to occupy the
22 dwelling as a principal dwelling.

23 (b) No mortgagee who makes a reverse mortgage loan to a mortgagor shall make a
24 reverse mortgage loan unless: (i) the mortgagor affirmatively opts in writing for the reverse
25 mortgage and; (ii) at or before the closing of any reverse mortgage loan the mortgagee has
26 received written certification from a counselor with a third-party organization that the mortgagor
27 has received counseling in person on the appropriateness of the loan transaction from the third
28 party organization and has completed an approved counseling program offered by the third party
29 organization; provided, however, that the third party organization shall have been approved by
30 the executive office of elder affairs for purposes of such counseling. A mortgagee’s failure to
31 receive (i) a written statement from the mortgagor affirmatively opting for the reverse mortgage,
32 or (ii) certification from a counselor approved by the executive office of elder affairs, or both,
33 shall render the terms of the reverse mortgage unenforceable. The commissioner shall adopt
34 regulations to administer and implement this section, and to further define the terms used in this
35 section.

36 SECTION 3. Chapter 171 of the General Laws is hereby amended by inserting after
37 section 65C the following section:-

38 Section 65C½. (a) As used in this section the following words shall, unless the context
39 clearly requires otherwise, have the following meanings:

40 “Mortgagor”, an applicant for a reverse mortgage who: (1) has a gross income of less
41 than 50 per cent of the area median income, as periodically determined by the United States
42 Department of Housing and Urban Development and (2) possesses assets, excluding a primary
43 residence, valued at less than \$120,000.

44 “Reverse Mortgage”, a nonrecourse consumer credit obligation in which: (1) a mortgage,
45 deed of trust, or equivalent consensual security interest securing 1 or more advances is created in
46 the consumer’s principal dwelling located in the commonwealth; and (2) any principal, interest
47 or shared appreciation or equity is due and payable, other than in the case of default, only after:
48 (i) the consumer dies; (ii) the dwelling is transferred; or (iii) the consumer ceases to occupy the
49 dwelling as a principal dwelling.

50 (b) No mortgagee who makes a reverse mortgage loan to a mortgagor shall make
51 a reverse mortgage loan unless: (i) the mortgagor affirmatively opts in writing for the reverse
52 mortgage and; (ii) at or before the closing of any reverse mortgage loan the mortgagee has
53 received written certification from a counselor with a third-party organization that the mortgagor
54 has received counseling in person on the appropriateness of the loan transaction from the third
55 party organization and has completed an approved counseling program offered by the third party
56 organization; provided, however, that the third party organization shall have been approved by
57 the executive office of elder affairs for purposes of such counseling. A mortgagee’s failure to

58 receive (i) a written statement from the mortgagor affirmatively opting for the reverse mortgage,
59 or (ii) certification from a counselor approved by the executive office of elder affairs, or both,
60 shall render the terms of the reverse mortgage unenforceable. The commissioner shall adopt
61 regulations to administer and implement this section, and to further define the terms used in this
62 section.

63 SECTION 4. Chapter 183 is hereby amended by striking out section 67 and inserting in
64 place thereof the following:-

65 Section 67. No mortgagee shall make a reverse mortgage loan on residential property
66 except in accordance with the provisions of sections 7 and 7A of chapter 167E. For the purposes
67 of this section, the term “residential property” shall mean a 1-to-4 family dwelling owned and
68 occupied in whole or in part by the mortgagor and located in the commonwealth.

69 SECTION 5. Section 13A of chapter 186 of the General Laws, as appearing in the 2008
70 Official Edition, is hereby amended by inserting after the word “law”, in line 6, the following
71 words:- and the foreclosing entity shall assume the lease and rental subsidy contract with the
72 rental subsidy administrator.

73 SECTION 6. The General Laws are hereby amended by inserting after chapter 186 the
74 following chapter:-

75 CHAPTER 186A.

76 TENANT PROTECTIONS IN FORECLOSED PROPERTIES

77 Section 1. As used in this chapter, the following words shall, unless the context clearly
78 requires otherwise, have the following meanings:-

79 "Entity", an organization, including, without limitation, a business organization, a
80 corporation, partnership, trust, limited liability corporation, limited liability partnership, joint
81 venture, sole proprietorship, or any other category of organization, and any employee, agent,
82 servant or other representative of such entity.

83 "Eviction", any action, without limitation, by a foreclosing owner of a housing
84 accommodation which is intended to actually or constructively evict a tenant or otherwise
85 compel a tenant to vacate such housing accommodation.

86 "Foreclosing owner", a person or an entity that holds title, in any capacity, directly or
87 indirectly, whether in its own name, as trustee, as beneficiary, or in any other manner, to a
88 housing accommodation that has been foreclosed upon, and either: (1) held or owned a mortgage
89 or other security interest in the housing accommodation at any point prior to the foreclosure of
90 the housing accommodation or is the subsidiary, parent, trustee, or agent of, or otherwise is
91 related to, any entity which held or owned the mortgage or other security interest in the housing
92 accommodation at any time prior to the foreclosure of the housing accommodation; or (2) is an
93 institutional mortgagee that acquired or held title to the housing accommodation within 3 years
94 of the filing of a foreclosure deed on the housing accommodation.

95 "Foreclosure", an action to terminate a mortgagor's interest in property, instituted by the
96 mortgagee, either to gain title or to force a sale in order to satisfy the unpaid debt secured by the
97 property; provided, however, that foreclosure shall include, but not be limited to, foreclosure by
98 auction, by bill in equity, by entry and continuation of possession for 3 years, or by sale under
99 the power of sale in a mortgage as described in chapter 244.

100 “Housing accommodation”, a building or structure, or part thereof or land appurtenant
101 thereto or any other real or personal property used, rented or offered for rent for living or
102 dwelling purposes, together with all services connected with the use or occupancy of such
103 property.

104 “Just Cause”, a situation in which one or more of the conditions in clauses (a) to (f),
105 inclusive, exists; provided, however, that just cause shall not exist unless the foreclosing owner,
106 within 30 days of the foreclosure: (i) posts in a prominent location in the building in which the
107 rental housing unit is located a written notice (1) stating the name, address and telephone number
108 of the foreclosing owner, the building manager, or other representative of the foreclosing owner
109 responsible for the management of such building, (2) stating the address to which rent and use
110 and occupancy charges shall be sent, and (3) disclosing the tenant’s right to a court hearing prior
111 to eviction; (ii) delivers such written notice to each tenant of the housing accommodation by
112 delivering the notice by hand to each residential unit and by sending a copy of the notice by first
113 class mail to each residential unit; and (iii) delivers such written notice to the inspectional
114 services department, or its equivalent, for the city or town in which the rental housing unit is
115 located:

116 (a) the tenant has failed to pay the rent in the amount in effect prior to the foreclosure, or
117 has failed to pay the use and occupancy charges in effect prior to the foreclosure, to the
118 foreclosing owner the property after foreclosure, but only if the foreclosing owner has notified
119 the tenant in writing of the amount of rent or use and occupancy charge that was to be paid and
120 to whom it was to be paid;

121 (b) the tenant has violated an obligation or covenant of the tenancy or occupancy other
122 than the obligation to surrender possession upon proper notice, and has failed to cure such
123 violation within a reasonable time after having received written notice thereof from the
124 foreclosing owner;

125 (c) the tenant is committing or permitting to exist a nuisance in, or is causing substantial
126 damage to, the unit, or is creating a substantial interference with the quiet enjoyment of other
127 occupants;

128 (d) the tenant is convicted of a crime an element of which involved using the unit or
129 permitting the unit to be used for any illegal purpose;

130 (e) the tenant who had a written lease or other rental agreement which terminated on or
131 after the effective date of this chapter, has refused, after written request or demand by the
132 foreclosing owner, to execute a written extension or renewal thereof: (i) for a further term of like
133 duration and (ii) for the same rent as was in effect prior to the foreclosure; provided, however,
134 that the terms of the extension or renewal are not inconsistent with the provisions of this chapter;
135 or

136 (f) the tenant has refused the foreclosing owner reasonable access to the unit:

137 (i) for the purpose of making necessary repairs or improvement required by state or
138 federal law, or pursuant to a by-law or ordinance;

139 (ii) for the purpose of inspection as permitted or required by agreement or by state or
140 federal law; or

141 (iii) for the purpose of showing the rental housing unit to a prospective purchaser or
142 mortgagee.

143 “Tenant” a person who at the time of foreclosure is entitled to occupy a housing
144 accommodation pursuant to a written lease or tenancy at will; provided, however, that tenant
145 shall not include a person who: (i) moves into a unit within a housing accommodation owned by
146 the foreclosing owner after the filing of the foreclosure deed; or (ii) occupies the unit without the
147 express written permission of the owner.

148 “Unit” or “residential unit”, the room or group of rooms within a housing accommodation
149 which is used

150 or intended for use as a residence by one household.

151 Section 2. Notwithstanding any general or special law to the contrary, a foreclosing
152 owner shall not evict a tenant except (i) for just cause, or (ii) if there is a binding purchase and
153 sale agreement for a bona fide third party to purchase the housing accommodation from a
154 foreclosing owner.

155 Section 3. Any foreclosing owner that evicts a tenant in violation of any provisions of
156 this chapter shall be punished by a fine of not less than \$10,000. Each eviction in violation of this
157 chapter shall constitute a separate offense. The district courts, superior courts and housing courts
158 shall have jurisdiction over an action arising from any violation of this chapter, and shall have
159 jurisdiction in equity to restrain any such violation. It shall be a defense to eviction that the
160 foreclosing owner attempted to evict a tenant in violation of any provision of this chapter.

161 In the event that a foreclosing owner disagrees with the amount of rent or use and
162 occupancy rates that the tenant-at-will or lessee pays to the foreclosing owner, the foreclosing
163 owner may bring a claim in district courts, superior courts or housing court to claim that the rent
164 is unreasonable and to ask the court to set a new use and occupancy rate. The rent agreed to by
165 the foreclosed upon owner and the lessee, as evidenced by an executed lease or proof of rental
166 payment to the foreclosed-upon owner, shall have a presumption of reasonableness.

167 SECTION 7. Chapter 244 of the General Laws, as appearing in the 2008 Official
168 Edition, is hereby amended by striking out Section 35A and inserting in place thereof the
169 following section:-

170 Section 35A. (a). As used in this section, the following words shall, unless the context
171 clearly requires otherwise, have the following meanings:

172 “Borrower”, a mortgagor of a mortgage loan.

173 “Borrower’s representative”, an employee or contractor of a non-profit organization
174 certified by HUD, an employee or contractor of a foreclosure education center pursuant to
175 section 16 of chapter 206 of the acts of 2007, or an employee or contractor of a counseling
176 agency receiving a Collaborative Seal of Approval from the Massachusetts Homeownership
177 Collaborative administered by the Citizens’ Housing and Planning Association.

178 “Creditor”, any person or entity that holds or controls, partially, wholly, indirectly,
179 directly, or in a nominee capacity, a mortgage loan securing a residential property, including,
180 without limitation, an originator, holder, investor, assignee, successor, trust, trustee, nominee
181 holder, Mortgage Electronic Registration System, or mortgage servicer. This definition shall
182 also include any servant, employee, or agent of a creditor.

183 "Creditor's Representative", a person who has the authority to negotiate the terms of and
184 modify a mortgage loan.

185 "Modified mortgage loan", a mortgage modified from its original terms, including but not
186 limited to a loan modified pursuant to 1 of the following: (i) the Home Affordable Modification
187 Program; (ii) the Federal Deposit Insurance Corporation's Loan Modification Program; (iii) any
188 modification program the lender uses that is based on accepted principles and the safety and
189 soundness of the institution and recognized by the Division of Banks or any other instrumentality
190 of the commonwealth; or (iv) the Federal Housing Agency (FHA); (v) or similar federal
191 refinance plan.

192 "Mortgage loan", a loan to a natural person made primarily for personal, family or
193 household purposes secured wholly or partially by a mortgage on residential property.

194 "Net Present Value", The present net value of a residential property based on a
195 calculation using 1 of the following: (i) the federal Home Affordable Modification Program Base
196 Net Present Value Model, (ii) the FDIC Loan Modification Program or (iii) a program
197 administered by the Massachusetts Housing Finance Agency that compares the expected
198 economic outcome of a loan with or without a loan modification.

199 "Residential property", real property located in the commonwealth having thereon a
200 dwelling house with accommodations for 4 or less separate households and occupied, or to be
201 occupied, in whole or in part by the obligor on the mortgage debt; provided, however, that
202 residential property shall be limited to the principal residence of a person; provided, further, that
203 residential property shall not include an investment property or residence other than a primary
204 residence.

205 (b) Any mortgagor of residential property shall have a 150-day right to cure a default of
206 a required payment as provided in the residential mortgage or note secured by the residential
207 property by full payment of all amounts that are due without acceleration of the maturity of the
208 unpaid balance of the mortgage; provided, however, that if a creditor certifies (i) that it has
209 engaged in a good faith effort to negotiate and agree upon a commercially reasonable alternative
210 to foreclosure as described in subsection (c); (ii) that its good faith effort has involved at least 1
211 meeting between a creditor's representative with authority to agree to a settlement and the
212 borrower and the borrower's attorney or borrower's representative; and (iii) after such meeting
213 the borrower and the creditor were not successful in resolving their dispute, then the creditor may
214 begin foreclosure proceedings after a right to cure period lasting 90 days. A borrower who fails
215 to respond within 60 days to any mailed communications offering to negotiate and agree upon
216 commercially reasonable alternative to foreclosure sent via certified and first class mail from the
217 lender forfeits the right to a 150-day right to cure period and shall be subject to a right to cure
218 period lasting said 90 days. Nothing in this section shall prohibit the borrower from affirmatively
219 selecting a 150-day right to cure period instead of meeting with the creditor to negotiate and
220 agree upon a commercially reasonable alternative to foreclosure. The right to cure a default of a
221 required payment shall be granted once during any 3 year period, regardless of mortgage holder.

222 (c) For purposes of this section, a determination that a creditor has made a good faith
223 effort to negotiate and agree upon a commercially reasonable alternative to foreclosure shall
224 mean that the creditor has considered: (i) an assessment of the borrower's current circumstances,
225 including, without limitation, the borrower's current income, debts and obligations; (ii) the net
226 present value of receiving payments pursuant to a modified mortgage loan as compared to the
227 anticipated net recovery following foreclosure; and (iii) the interests of the creditor including,

228 without limitation, the interest of investors and, if the creditor has received funds from the
229 federal government or from the commonwealth, the interest of taxpayers; provided, however,
230 that nothing in this subsection shall be construed as prohibiting a creditor from considering other
231 factors; provided, further, that the creditor must provide by first class and certified mail to
232 borrower documentation of good faith effort 10 days prior to meeting, telephone conversation or
233 meeting pursuant to section (b).

234 (d) A borrower who receives a loan modification offer from the creditor resulting from
235 the lender's good faith effort to negotiate and agree upon a commercially reasonable alternative
236 to foreclosure shall respond within 30 days of receipt. A borrower shall be presumed to have
237 responded if the borrower provides: (i) confirmation of a facsimile transmission to the creditor;
238 (ii) proof of delivery through the United States Postal Service or similar carrier; or (iii) record of
239 telephone call to the creditor captured on a telephone bill or PIN register. Failure to respond to
240 the creditor's offer within 30 days of receipt of a loan modification offer results in the borrower
241 forfeiting a 150-day right to cure period and shall be subject to a right to cure period lasting 90
242 days.

243 (e) Nothing in this subsection shall prevent a creditor from offering or accepting
244 alternatives to foreclosure, such as a short sale or deed-in-lieu of foreclosure, if the borrower
245 requests such alternatives, rejects a loan modification offered pursuant to this subsection or does
246 not qualify for a loan modification pursuant to this subsection.

247 (f) Prior to the conclusion of the right to cure period the creditor must certify compliance
248 with this section in an affidavit listing the time and place of the meeting, parties participating,
249 relief offered to the borrower, and a summary of the creditors' net present value analysis and

250 applicable inputs of the analysis and certify modification or any option offered complies with
251 current federal law or policy. A creditor shall provide a copy of the affidavit to the homeowner
252 and also file a copy of the affidavit with the land court in advance of initiating any foreclosure .

253 (g) The mortgagee, or anyone holding thereunder, shall not accelerate maturity of the
254 unpaid balance of such mortgage obligation or otherwise enforce the mortgage because of a
255 default consisting of the mortgagor's failure to make any such payment in subsection (b) by any
256 method authorized by this chapter or any other law until at least 150 days after the date a written
257 notice is given by the mortgagee to the mortgagor.

258 Said notice shall be deemed to be delivered to the mortgagor: (i) when delivered by hand
259 to the mortgagor or (ii) when sent by first class mail and certified mail to the mortgagor at the
260 mortgagor's address last known to the mortgagee or anyone holding thereunder.

261 (h) The notice required in subsection (f) shall inform the mortgagor of the
262 following:--

263 (1) the nature of the default claimed on such mortgage of residential real property and of
264 the mortgagor's right to cure the default by paying the sum of money required to cure the default;

265 (2) the date by which the mortgagor shall cure the default to avoid acceleration, a
266 foreclosure or other action to seize the home, which date shall not be less than 150 days after
267 service of the notice and the name, address and local or toll free telephone number of a person to
268 whom the payment or tender shall be made;

269 (3) that, if the mortgagor does not cure the default by the date specified, the mortgagee,
270 or anyone holding thereunder, may take steps to terminate the mortgagor's ownership in the
271 property by a foreclosure proceeding or other action to seize the home;

272 (4) the name and address of the mortgagee, or anyone holding thereunder, and the
273 telephone number of a representative of the mortgagee whom the mortgagor may contact if the
274 mortgagor disagrees with the mortgagee's assertion that a default has occurred or the correctness
275 of the mortgagee's calculation of the amount required to cure the default;

276 (5) the name of any current and former mortgage broker or mortgage loan originator for
277 such mortgage or note securing the residential property;

278 (6) that the mortgagor may be eligible for assistance from the Massachusetts Housing
279 Finance Agency and the division of banks and the local or toll free telephone numbers the
280 mortgagor may call to request this assistance;

281 (7) the mortgagor may sell the property prior to the foreclosure sale and use the proceeds
282 to pay off the mortgage;

283 (8) the mortgagor may redeem the property by paying the total amount due, prior to the
284 foreclosure sale;

285 (9) that the mortgagor may be evicted from the home after a foreclosure sale;

286 (10) the mortgagor may request from the mortgagee a negotiated agreement to repay the
287 mortgage on terms that are different from or alternative to the original terms of the mortgage,
288 and may request a copy of the mortgage, note, disclosure statement, and payment records; and

289 (11) an advisory provision for non-English speakers stating, “This is an important notice
290 concerning your right to live in your home. Have it translated at once.”; provided, however, that
291 the division of banks shall adopt rules and regulations regarding the translation of such advisory
292 provisions.

293 (h) To cure a default prior to acceleration under this section, a mortgagor shall not
294 be required to pay any charge, fee, or penalty attributable to the exercise of the right to cure a
295 default. The mortgagor shall pay late fees as allowed pursuant to section 59 of chapter 183 and
296 per-diem interest to cure such default. The mortgagor shall not be liable for any attorneys' fees
297 relating to the mortgagor's default that are incurred by the mortgagee or anyone holding
298 thereunder prior to or during the period set forth in the notice required by this section. The
299 mortgagee, or anyone holding thereunder, may also provide for reinstatement of the note after
300 the 150-day notice to cure has ended.

301 (i) A copy of the notice required by this section and an affidavit demonstrating
302 compliance with this section shall be filed by the mortgagee, or anyone holding thereunder, in
303 any action or proceeding to foreclose on such residential real property.

304 (j) A copy of the notice required by this section shall also be filed by the
305 mortgagee, or anyone holding thereunder, with the commissioner of the division of banks.
306 Additionally, if the residential property securing the mortgage loan is sold at a foreclosure sale,
307 the mortgagee, or anyone holding thereunder, shall notify the commissioner of the division of
308 banks, in writing, of the date of the foreclosure sale and the purchase price obtained at the sale.

309 SECTION 8. Chapter 244 of the General Laws is hereby amended by striking out section
310 35A and inserting in place thereof the following section:-

311 Section 35A. (a) Any mortgagor of residential real property located in the commonwealth
312 consisting of a dwelling house with accommodations for 4 or less separate households and
313 occupied in whole or in part by the mortgagor, shall have a 90-day right to cure a default of a
314 required payment as provided in such residential mortgage or note secured by such residential
315 real property by full payment of all amounts that are due without acceleration of the maturity of
316 the unpaid balance of such mortgage. The right to cure a default of a required payment shall be
317 granted once during any 5 year period, regardless of the mortgage holder.

318 (b) The mortgagee, or anyone holding thereunder, shall not accelerate maturity of
319 the unpaid balance of such mortgage obligation or otherwise enforce the mortgage because of a
320 default consisting of the mortgagor's failure to make any such payment in subsection (a) by any
321 method authorized by this chapter or any other law until at least 90 days after the date a written
322 notice is given by the mortgagee to the mortgagor.

323 Said notice shall be deemed to be delivered to the mortgagor: (i) when delivered by hand
324 to the mortgagor or (ii) when sent by first class mail and certified mail to the mortgagor at the
325 mortgagor's address last known to the mortgagee or anyone holding thereunder.

326 (c) The notice required in subsection (b) shall inform the mortgagor of the
327 following:--

328 (1) the nature of the default claimed on such mortgage of residential real property and of
329 the mortgagor's right to cure the default by paying the sum of money required to cure the default;

330 (2) the date by which the mortgagor shall cure the default to avoid acceleration, a
331 foreclosure or other action to seize the home, which date shall not be less than 90 days after

332 service of the notice and the name, address and local or toll free telephone number of a person to
333 whom the payment or tender shall be made;

334 (3) that, if the mortgagor does not cure the default by the date specified, the mortgagee,
335 or anyone holding thereunder, may take steps to terminate the mortgagor's ownership in the
336 property by a foreclosure proceeding or other action to seize the home;

337 (4) the name and address of the mortgagee, or anyone holding thereunder, and the
338 telephone number of a representative of the mortgagee whom the mortgagor may contact if the
339 mortgagor disagrees with the mortgagee's assertion that a default has occurred or the correctness
340 of the mortgagee's calculation of the amount required to cure the default;

341 (5) the name of any current and former mortgage broker or mortgage loan originator for
342 such mortgage or note securing the residential property;

343 (6) that the mortgagor may be eligible for assistance from the Massachusetts Housing
344 Finance Agency and the division of banks and the local or toll free telephone numbers the
345 mortgagor may call to request this assistance;

346 (7) the mortgagor may sell the property prior to the foreclosure sale and use the proceeds
347 to pay off the mortgage;

348 (8) the mortgagor may redeem the property by paying the total amount due, prior to the
349 foreclosure sale;

350 (9) that the mortgagor may be evicted from the home after a foreclosure sale;

351 (10) the mortgagor may request from the mortgagee a negotiated agreement to repay the
352 mortgage on terms that are different from or alternative to the original terms of the mortgage,
353 and may request a copy of the mortgage, note, disclosure statement, and payment records; and

354 (11) an advisory provision for non-English speakers stating, “This is an important notice
355 concerning your right to live in your home. Have it translated at once.”; provided, however, that
356 the division of banks shall adopt rules and regulations regarding the translation of such advisory
357 provisions.

358 (d) To cure a default prior to acceleration under this section, a mortgagor shall not be
359 required to pay any charge, fee, or penalty attributable to the exercise of the right to cure a
360 default. The mortgagor shall pay late fees as allowed pursuant to section 59 of chapter 183 and
361 per-diem interest to cure such default. The mortgagor shall not be liable for any attorneys' fees
362 relating to the mortgagor's default that are incurred by the mortgagee or anyone holding
363 thereunder prior to or during the period set forth in the notice required by this section. The
364 mortgagee, or anyone holding thereunder, may also provide for reinstatement of the note after
365 the 90 day notice to cure has ended.

366 (e) A copy of the notice required by this section and an affidavit demonstrating
367 compliance with this section shall be filed by the mortgagee, or anyone holding thereunder, in
368 any action or proceeding to foreclose on such residential real property.

369 (f) A copy of the notice required by this section shall also be filed by the
370 mortgagee, or anyone holding thereunder, with the commissioner of the division of banks.
371 Additionally, if the residential property securing the mortgage loan is sold at a foreclosure sale,

372 the mortgagee, or anyone holding thereunder, shall notify the commissioner of the division of
373 banks, in writing, of the date of the foreclosure sale and the purchase price obtained at the sale.

374 SECTION 9. Section 33 of chapter 266 of the General Laws, as appearing in the 2008
375 Official Edition, is hereby amended by striking out, in lines 5 to 10, inclusive, the words “(2)
376 whoever, with intent to defraud, by a false statement in writing respecting the financial
377 condition, or means or ability to pay, of himself or of any other person, obtains credit from any
378 bank or trust company or any banking institution or any retail seller of goods or services
379 accustomed to give credit in any form whatsoever shall be guilty of larceny” and inserting in
380 place thereof the following words:- (2) whoever, with intent to defraud, by a false statement in
381 writing respecting the financial condition, or means or ability to pay, of himself or of any other
382 person, obtains for himself or for any other person credit from any bank or trust company or any
383 banking institution or any mortgage lender, as defined in section 1 of chapter 255E or any retail
384 seller of goods or services accustomed to give credit in any form whatsoever shall be guilty of
385 larceny.

386 SECTION 10. Said chapter 266 is hereby further amended by striking out section 34, as
387 so appearing, and inserting in place thereof the following section:--

388 Section 34. Whoever, with intent to defraud and by a false pretence, induces another to
389 part with property of any kind or with any of the benefits described in sections 33 and 33A shall
390 be guilty of larceny.

391 SECTION 11. Chapter 266 of the General Laws is amended by inserting after Section 35
392 the following section:-

393 Section 35A. (a) As used in this section, the following words shall have the following
394 meanings, unless the context otherwise requires:--

395 “Funds”, shall include, but not be limited to, a commission, fee, yield spread premium or
396 compensation in any form.

397 “Material omission”, the omission or concealment of a material fact necessary in order to
398 prevent a statement from being misleading, in the light of the circumstances under which the
399 statement is made.

400 “Mortgage lending process”, the process through which a person seeks or obtains a
401 residential mortgage loan including, but not limited to, solicitation, application, or origination,
402 negotiation of terms, third-party provider services, underwriting, signing and closing, and
403 funding of the loan; provided, however, that documents involved in the mortgage lending
404 process shall include, but not be limited to: uniform residential loan applications or other loan
405 applications; appraisal reports; HUD-1 settlement statements; supporting personal documentation
406 for loan applications such as W-2 forms, verification of income and employment, bank
407 statements, tax returns and payroll stubs; and any required disclosures.

408 “Pattern of residential mortgage fraud”, the violation of subsection (b) in connection with
409 3 or more residential properties.

410 “Person”, a natural person, corporation, company, limited liability company, partnership,
411 real estate trust, association or any other entity.

412 “Residential mortgage loan”, a loan or agreement to extend credit made to a person,
413 which loan is secured by a mortgage, security interest, deed to secure debt, deed of trust, or other

414 document representing a security interest or lien upon any interest in a 1- to-4 family residential
415 property located in the commonwealth, including the renewal or refinancing of any such loan.

416 (b) Whoever intentionally:

417 (1) makes or causes to be made any material statement that is false or any statement that
418 contains a material omission, knowing the same to be false or to contain a material omission,
419 during or in connection with the mortgage lending process, with the intent that such statement be
420 relied upon by a mortgage lender, borrower or any other party to the mortgage lending process;

421 (2) uses, or facilitates the use of, any material statement that is false or any statement that
422 contains a material omission, knowing the same to be false or to contain a material omission,
423 during or in connection with the mortgage lending process, with the intent that such statement be
424 relied upon by a mortgage lender, borrower or any other party to the mortgage lending process;

425 (3) receives any proceeds or any other funds in connection with a residential mortgage
426 closing, knowing such proceeds or funds were obtained in violation of clause (1) or (2); or

427 (4) files or causes to be filed with a registrar of deeds any document that contains a
428 material statement that is false or a material omission, knowing such document to contain a
429 material statement that is false or a material omission, shall be punished by imprisonment in the
430 state prison for not more than 5 years or by imprisonment in the house of correction for not more
431 than 2 ½ years or by a fine of not more than \$10,000 in the case of a natural person or not more
432 than \$100,000 in the case of any other person, or by both such fine and imprisonment.

433 Any person who engages in a pattern of residential mortgage fraud shall be punished by
434 imprisonment in the state prison for not more than 15 years or by a fine of not more than

435 \$50,000, in the case of a natural person, or not more than \$500,000 in the case of any other
436 person, or by both such fine and imprisonment.

437 (c) Any violation of this section may be prosecuted and punished in any of the following:

438 (1) the county in which the residential property for which a mortgage loan is being sought
439 is located;

440 (2) the county in which any act was performed in furtherance of the violation;

441 (3) the county in which any person alleged to have violated this section had control or
442 possession of any proceeds of, or other funds received as a result of the violation;

443 (4) the county in which a closing on the mortgage loan occurred; or

444 (5) the county in which a document containing a deliberate misstatement,
445 misrepresentation or omission is filed with a registrar of deeds.

446 (d) If a defendant is charged with a violation of this section as a result of conduct or an
447 omission by an employee or agent of the defendant the court may consider the following
448 mitigating factors:

449 (1) the defendant had, at the time of the violation, and continues to have, a written policy
450 that includes:

451 (i) a prohibition against conduct that violates this section by employees and agents of the
452 defendant;

453 (ii) penalties or discipline for violation of the policy;

454 (iii) a process for educating employees and agents concerning the policy and
455 consequences of a violation; and

456 (iv) a requirement for a criminal history check before employing an employee or
457 engaging an agent and a requirement that the defendant will not employ or engage an individual
458 who has been convicted of a crime involving fraud;

459 (2) the defendant demonstrates that it enforces the written policy described in clause (1);
460 and

461 (3) prior to the violation of this section the defendant provided a copy of the written
462 policy described in clause (1), including a description of the consequences for violating the
463 policy, to the employee or agent who committed the violation.

464 (e) It shall be a rebuttable presumption that a borrower in the residential mortgage
465 lending process did not make a false material statement or a material omission. Two or more
466 separate incidents or occurrences of fraud shall be sufficient to overcome this rebuttable
467 presumption.

468 SECTION 12: Notwithstanding any general or special law to the contrary, the attorney
469 general shall establish a 2-year pilot program to implement a “Massachusetts abandoned property
470 registry”, hereinafter referred to as MAP. Such registry shall require all property owners,
471 including lenders, trustees, and service companies, to properly register and maintain vacant or
472 foreclosing properties located in the commonwealth.

473 The attorney general shall have enforcement authority of the pilot program, including, but
474 not limited to, the authority to impose civil assessments. The attorney general shall adopt rules
475 and regulations governing the implementation and administration of the MAP pilot program.

476 SECTION 13. The attorney general shall adopt the rules and regulations required in
477 section 12 not later than 120 days after the effective date of this act.

478 SECTION 14. Sections 2, 3, 4 and 5 shall take effect within 90 days of passage of this
479 act.

480 SECTION 15. Section 8 shall take effect on January 1, 2016.