

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Michelle M. DuBois

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act to establish a resolution trust fund for receipt of reasonable mortgage payments.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
<i>Michelle M. DuBois</i>	<i>10th Plymouth</i>
<i>Marcos A. Devers</i>	<i>16th Essex</i>
<i>Ellen Story</i>	<i>3rd Hampshire</i>
<i>Stephen L. DiNatale</i>	<i>3rd Worcester</i>
<i>Michael D. Brady</i>	<i>9th Plymouth</i>
<i>Benjamin Swan</i>	<i>11th Hampden</i>

HOUSE No.

[Pin Slip]

The Commonwealth of Massachusetts

**In the One Hundred and Eighty-Ninth General Court
(2015-2016)**

An Act to establish a resolution trust fund for receipt of reasonable mortgage payments.

Whereas, Because the change in practices of the financial industry towards predatory lending has led to significant decapitalization of Massachusetts as a state, particular communities and Massachusetts residents as consumers of predatory mortgage loan products, it is in the interest of the Commonwealth to establish a means for homeowners to make payments in accordance with a non-predatory loan into a Fund or Funds within the state of Massachusetts to help rebuild our economies and the neighborhoods affected by these predatory loans and by the concomitant widespread foreclosures. The deferred operation of this act would tend to defeat its purpose, which is forthwith to protect citizens of the Commonwealth and Municipalities impacted by the mortgage foreclosure crisis, therefore it is hereby declared to be an emergency law, necessary for the immediate preservation of the public convenience.

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.

2 Community Economic Development Assistance Corporation shall establish a trust into
3 which funds can be paid. It shall administer these funds for the benefit of rehabilitation of
4 communities, regions or neighborhoods hardest hit by foreclosures. This trust shall be able to
5 receive funds from the general fund or targeted funding streams through Massachusetts state
6 government. This trust shall receive all funds so designated through the courts or through a legal

7 settlement requiring the provision of a payee or mortgagee for any Massachusetts mortgagor to
8 replace a mortgagee who cannot substantiate their legal claim or a similarly situated mortgagor
9 with a mortgage where there is determined to be no appropriate responsible mortgagee for that
10 mortgage. Mortgages so transferred to payment to the trust will be monitored for their
11 compliance with traditional prime lending characteristics including, but not limited to a principal
12 of not more than 80% of the value of the present day value of the home, prime lending rates,
13 fixed payment schedules, standard underwriting criteria, no prepayment penalties, or high cost
14 balloons.

15 Section 2.

16 (a) The trust fund shall be administered by a director appointed by and administered
17 through Community Economic Development Assistance Corporation according to criteria
18 established under CDC's until the annual income of the trust reaches a \$300,000 per year. Once
19 that threshold has been reached an annual hearing will be held by Community Economic
20 Development Assistance Corporation for input from the public regarding the use of these funds
21 as long as it is in compliance with criteria named above. Such hearing will be widely publicized
22 through community agencies and the members of the general court as well as the media.

23 (b) Once the funds entering the trust have reached a threshold \$100,000 in any particular
24 county within the state, Community Economic Development Assistance Corporation will hold a
25 hearing within the county for public input into the distribution of the funds within that county.
26 Such hearing will be widely publicized through community agencies and the members of the
27 general court as well as the media in the region in which the hearing is to be held.

28 (c) Once the annual income to the trust from a city or a cluster of up to five towns have
29 reached an annual income threshold of \$100,000 a local hearing will be held. The region so
30 identified may establish a local trust fund. Said Trust Fund will be established in accordance with
31 the requirements defined in General Laws Chapter 40H section 2A subsection (a).

32 Section 3.

33 The director of the state trust fund shall file an annual report on December 15 with the
34 Speaker of the House of Representatives, the President of the Senate, the Chairs of the House
35 and Senate Committee on Ways and Means, the Chairs of the Joint Committee on Housing, and
36 the Chairs on the Joint Committee on Community Development and Small Business, Chairs of
37 the Joint Committee on Insurance and Financial Services providing an accounting of the funds,
38 the usage of those funds, a description of the projects funding and their impact on affordable
39 housing and community development within the region identified for the funds expended.

40 Section 4.

41 This act shall take effect upon its passage.