HOUSE DOCKET, NO. 1462 FILED ON: 1/18/2017

HOUSE . . . . . No. 3676

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:	DATE ADDED:
Michelle M. DuBois	*10th Plymouth*	*1/18/2017*
Bud Williams	*11th Hampden*	*1/18/2017*
Frank I. Smizik	*15th Norfolk*	*1/18/2017*
Denise Provost	*27th Middlesex*	*1/18/2017*
Mike Connolly	*26th Middlesex*	*1/18/2017*
Jason M. Lewis	*Fifth Middlesex*	*1/18/2017*
Patricia D. Jehlen	*Second Middlesex*	*1/18/2017*
Dylan Fernandes	*Barnstable, Dukes and Nantucket*	*1/18/2017*
Angelo J. Puppolo, Jr.	*12th Hampden*	*3/28/2017*
Chris Walsh	*6th Middlesex*	*1/18/2017*

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By Ms. DuBois of Brockton, a petition (accompanied by bill, House, No. 3676) of Michelle M. DuBois and others for legislation to establish a trust fund to protect citizens of the Commonwealth and municipalities impacted by the mortgage foreclosure crisis. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. *835* OF 2015-2016.]

The Commonwealth of Massachusetts

In the One Hundred and Ninetieth General Court
(2017-2018)

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

Whereas, The deferred operation of this act would tend to defeat its purpose, which is to forthwith provide for a certain fund. Therefore it is hereby declared to be an emergency law, 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:

SECTION 1. The General Court hereby declares and finds that because the change in practices of the financial industry towards predatory lending has led to significant decapitalization of the commonwealth, of affected communities and Massachusetts residents as consumers of predatory mortgage loan products and problems in chain of title of mortgages of real property, it is in the interest of the commonwealth to establish a publicly owned and administered fund authorized to receive monies, including residential mortgage payments where the mortgagee cannot be ascertained, and to discharge related functions that will help to rebuild

our economy and municipal tax base, especially in the neighborhoods most affected by predatory lending and concomitant foreclosure.

SECTION 2. Chapter 40H of the General Laws, as appearing in the 2014 Official Edition, is hereby amended by inserting after section 4 the following section:

Section 4A. (a) CEDAC shall establish a Resolution Trust Fund, hereinafter "the Fund", that is hereby authorized to receive monies including those appropriated from the general fund; targeted funding streams through Massachusetts state government; and monies that a court or an agency in receipt of settlement funds designates for payment into the Fund. The Fund will be established in accordance with the requirements defined subsection (a) of section 2A.

(b) The court or other entity transferring a mortgage to the Fund shall modify it, if necessary, for compliance with traditional prime lending characteristics including, but not limited to, a principal of not more than 80 per cent of the present day value of the home, prime lending rates, fixed payment schedules, standard underwriting criteria, no prepayment penalties, and no balloon payments. If any mortgage transferred to the Fund nonetheless is or might be predatory, the Fund shall immediately request a determination of traditional prime lending characteristics for that mortgage from the division of banks or another appropriate state agency and modify mortgage characteristics accordingly.

(c) When a mortgage is transferred to the Fund, the Fund shall record, at its own cost, within 20 days, in the registry of deeds where the property lies a certified copy of the document evidencing the transfer.

(d) The Fund shall, within 30 days of the transfer, notify each mortgagor of a transferred mortgage of the modified mortgage loan characteristics, including present principal, interest rate,

monthly payment, amortization schedule, escrowing of taxes and insurance, and payment requirements and contact information.

(e) If a homeowner whose mortgage has been transferred to the Fund becomes delinquent, the Fund shall make every effort to assist the family to stay in its home. If the homeowner nonetheless defaults, and cure is not feasible, the Fund may foreclose by sale. In the case of foreclosure by sale the proceeds of sale shall, after subtracting legally required distribution of proceeds and costs of foreclosure and sale including recordation costs, be credited to the Fund.

(f) When a mortgagor pays off a mortgage transferred to the Fund, the Fund shall provide a discharge of the mortgage, and record this at its expense within 30 days of payoff in the registry of deeds where the property lies.

(g) CEDAC shall appoint a director to administer the Fund through the corporation and under criteria that it shall establish promptly by regulation pursuant to this section.

(h) CEDAC shall ensure that the Fund is invested prudently.

(i) At the close of each fiscal year, the Fund shall determine the number of Eaton affidavits filed with each registry of deeds in the previous 5 calendar years.

(j) When the Fund totals for a county equal $200,000 or greater, the CEDAC, in consultation with community agencies in the county, shall hold a hearing within that county for public input into the distribution of the funds within that county and the purposes, including affordable housing, for which they will be expended. Preference shall be given to regions or neighborhoods with the highest proportions of Eaton affidavits filed in the relevant registry of

deeds during the previous 5 years. The hearing shall be widely publicized through community agencies and members of the general court as well as by means of the media in the region in which the hearing is to be held.

(k) CEDAC shall establish a point system based upon public input and shall announce a request for proposals, review and distribute the funds accordingly.

(l) Once the revenue to the Fund from a city or a cluster of up to 5 towns has reached an income threshold of $100,000 in a year, a local hearing will be held upon request and funds distributed similarly to subsection (c) and (d). The Fund will be established in accordance with the requirements defined in subsection (a) of section 2A.

(m) The director of the Fund shall file an annual report on December 15 with the speaker of the house of representatives, the president of the senate, the chairs of the house and senate committee on ways and means, the chairs of the joint committee on housing, and the chairs on the joint committee on community development and small business, chairs of the joint committee on insurance and financial services providing an accounting of the funds, including their regional distribution, the usage of those funds, a description of the respective projects' funding, and their impact on affordable housing and community development.