FILED ON: 1/14/2009

HOUSE No. 3822 [LOCAL APPROVAL RECEIVED.]

The Commonwealth of Massachusetts

PRESENTED BY:

James J. O'Day

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 passage of the accompanying bill:

An Act imposing a moratorium on the foreclosure of predatory sub-prime mortgages in the city of Worcester .

PETITION OF:

NAME:	DISTRICT/ADDRESS:
James J. O'Day	14th Worcester District
Robert P. Spellane	13th Worcester
Vincent A. Pedone	15th Worcester
John P. Fresolo	16th Worcester
Iohn I Binienda	17th Worcester

Michael O. Moore

Second Worcester

The Commonwealth of Alassachusetts

In	the	Year	Two	Thousand	and	Nine

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 contrary, no foreclosure
- 2 sale pursuant to a power of sale in any mortgage deed of real estate located in the city of Worcester,
- 3 having a dwelling house with accommodations for four or less separate households and occupied in whole
- 4 or in part by an obligor on the mortgage debt, shall be conducted in the city of Worcester for a period of
- 5 one hundred and eighty (180) days after the effective date of this act, on any mortgage note from a sub-
- 6 prime lender which is presumptively unfair by virtue of having any of the following:
- 7 (a) an adjustable rate loan with an introductory period of three years or less; (b) a debt-to-income ratio in
- 8 excess of 50 percent under the fully indexed rate; (c) the loan was approved on a "stated income" basis
- 9 with no regard to a borrowers ability to repay; (d) the loan-to-value ratio is 100 percent, or the loan carries
- 10 substantial pre-payment penalties or pre-payment penalties that extend beyond the introductory period; (e)
- interest only loans; (f) high points, fees or interest in violation of the Predatory Home Loan Practices Act,
- 12 G.L. c. 183C §2.
- SECTION 2. No interest or fees shall accrue during the 180-day moratorium period. No eviction
- 14 proceedings shall be initiated against tenants in any foreclosed property during the 180-day moratorium
- 15 period, except if the property is sold to a bona fide purchaser or for cause originating prior to the
- 16 foreclosure.
- 17 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
- 21 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
- 25 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
- 29 penalties, and other fees and costs so that qualified homeowners can obtain affordable mortgages that will
- allow them to stay in their homes.
- 31 SECTION 6. This act shall take effect upon passage.