HOUSE DOCKET, NO. 1668 FILED ON: 1/17/2013

# HOUSE . . . . . No. 898

The Commonwealth of Massachusetts

PRESENTED BY:

***Geoff Diehl***

*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:

An Act providing for homeowner consolidation and relief. .

PETITION OF:

| NAME: | DISTRICT/ADDRESS: |
|---|---|
| *Geoff Diehl* | *7th Plymouth* |
| *Nicholas A. Boldyga* | *3rd Hampden* |
| *Ryan C. Fattman* | *18th Worcester* |
| *Robert L. Hedlund* | *Plymouth and Norfolk* |

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# HOUSE . . . . . No. 898

By Mr. Diehl of Whitman, a petition (accompanied by bill, House, No. 898) of Geoff Diehl and others for legislation to provide mortgage consolidation and relief. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. *1183* OF 2011-2012.]

## The Commonwealth of Massachusetts

**In the Year Two Thousand Thirteen**

An Act providing for homeowner consolidation and relief. .

*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. Declaration of Public Necessity

A large and significant number of Commonwealth residents have and will be subject to hardship because, despite non-delinquency of their current loan obligations, they are and will be unable to consolidate and refinance their existing loans and debts due in part to a loss of income, a depreciation in the value of their real estate, and current refinancing exposure criteria during this period of economic crisis. Unless a mechanism is enacted to allow these homeowners to lower their monthly payments, foreclosure shall be inevitable for some of these homeowners and consumer spending and aggregate demand shall be greatly diminished.

It is found that to aid in remedying these conditions, it is in the public good that non-delinquent residential homeowners be afforded a loan product that will allow them to consolidate and refinance their current debt, allow them relief from higher monthly payments, avoid foreclosure, and increase consumer spending and/or savings.

It is hereby found that current lending conditions will not allow homeowners who have suffered loss of income and/or depreciation in the value of their real estate to refinance under conventional bank criteria, which had been further exacerbated by so-called refinancing exposure criteria such as closing credit card accounts and assumptions about credit, including existing lines of credit.

It is further found that the current scattered approach to loan modifications encourages non-delinquent homeowners to become selectively delinquent in order to qualify for existing programs and to file affidavits of hardship which are either self-serving and/or demeaning.

It is further found that homeowners should be protected from predatory lending practices that take advantage of the inability of homeowners to consolidate and refinance their existing loans and debts.

It is further found that by giving the Massachusetts Home Mortgage Finance Agency (hereinafter referred to as the "MHMFA") further power to provide non-delinquent homeowner relief, including but not limited to low or moderate income homeowners, that the Commonwealth will be able to provide its citizens with a means to once again afford their homes and avoid foreclosure.

It is hereby further found that the authority and powers conferred under this Act and the expenditure of public monies pursuant thereto constitute a serving of a valid public purpose and that the enactment of the provisions hereinafter set forth is in the public interest and is hereby so declared to be such as a matter of determination by the General Court.

Section 2. Loan Documents and Authorization

In addition to its powers, duties and responsibilities under chapter 708 of the acts of 1966, the MHMFA shall create a loan product consisting of a Note and Mortgage in a form prepared or approved by the MHMFA for the purpose of refinancing and consolidating outstanding homeowner debt for homeowners whose current loans are non-delinquent but who, in the opinion of the MHMFA or its participating mortgage lenders in accordance with this Act, cannot obtain conventional refinancing due to loss of income, loss of the appraised value of their real property or other refinancing exposure criteria.

Section 3. Homeowner Defined

Homeowner – an individual owner or joint owner of a one to four family residence used for the individual owner's or joint owner's primary residential home.

Section 4. Interest Rate

The MHMFA shall set the interest rate of the Note of said loan product at four (4.00%) percent per annum, with the exception of veterans and citizens age sixty-five (65) or older, who will be eligible for an interest rate of three and one-half (3.50%) percent per annum.

Section 5. Term of Note and Mortgage

The term of said Note secured by a Mortgage shall be for a term of either fifteen (15), twenty (20), twenty-five (25) or thirty (30) years at the option of the Borrower.

51 Section 6. Further MHMFA Authorizations and Powers

52 The MHMFA, in addition to its powers set forth in chapter 708 of the acts of 1966, shall
53 have the power under this Special Law to administer and oversee the program set forth herein.
54 The MHMFA is hereby authorized to do all things necessary or convenient to carry out the
55 purposes and exercise the powers expressly given and granted in this Act. The MHMFA shall
56 have the ability to sell, guarantee, purchase, contract, and enter into advance commitments to
57 purchase and take assignments from mortgage lenders of the loan product established by this Act
58 and to exercise all the powers to enter into agreements or transactions with mortgage lenders,
59 federal or state agencies, the borrowing of money, the making of notes and the issuance of bonds
60 and securing such bonds by the pledge of revenues, mortgages and notes of others as more
61 particularly set forth in "General Grant of Powers" under section 4 of chapter 708 of the acts of
62 1966. Notwithstanding the foregoing, the MHMFA for the purposes of this Act is not limited to
63 low and moderate income homeowners but rather all homeowners who would be eligible for this
64 program.