S. 1379 LETTERS OF SUPPORT

S1379
law
foreclosure

COMMONWEALTH OF MASSACHUSETTS
MASSACHUSETTS SENATE
STATE HOUSE, ROOM 213A, BOSTON 02133

SENATOR JAMES B. ELDRIDGE
MIDDLESEX & WORCESTER DISTRICT

TEL: (617) 722-1120
FAX: (617) 722-1089
James.Eldridge@state.ma.us
www.SenatorEldridge.com

DISTRICT OFFICE
255 MAIN STREET, WALKER BUILDING, ROOM 106
MARLBOROUGH, MA 01752
TEL: (508) 786-3040

COMMITTEES:
CHAIR, MUNICIPALITIES & REGIONAL GOVERNMENT

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COMMUNITY DEVELOPMENT & SMALL BUSINESS
HOUSING
ELDER AFFAIRS

January 22, 2010

Representative Kevin G. Honan, House Chair
Joint Committee on Housing
State House, Room 38
Boston, MA 02133

RE: **S. 1379**, *An Act Relative to Stabilizing Communities*

Dear Chairman Honan:

I am writing in support of **S.1379** *An Act Relative to Stabilizing Communities* and ask that you report this bill favorably out of committee. I know that you are the lead sponsor of the House version of this bill, which I have co-sponsored in the Senate, and I look forward to working alongside you and the rest of the Joint Committee on Housing as we progress toward its passage.

Throughout my district, and across Massachusetts, one of the most sobering and evident impacts of the current economic climate has been the significant increase in foreclosed and distressed properties. From January through November of 2009, the rate of foreclosure petitions was up 28.2 percent over the same span in 2008. As we work toward a solution to this serious problem, thousands of homeowners across the Commonwealth are left in limbo while lenders struggle to assemble the foreclosure paperwork.

This important bill, which carries no cost, will help save resources by sparing communities the costs and safety hazards associated with foreclosed properties. Further, it will promote housing stability by reducing unnecessary evictions. This bill has the support of numerous Mayors, other leaders, housing authorities and housing advocates throughout the Commonwealth.

The current foreclosure crisis has had a particularly unfortunate effect on multifamily properties and their surrounding areas. The all-too-common practice by lending institutions is to evict all tenants of a foreclosed property, even when those tenants are in good standing and have always paid their rent. This practice hurts the Commonwealth through its costliness and by clogging our courts. And, it is a blight to our communities, leaving buildings empty and subject to vandalism and

deterioration. This bill prohibits evicting tenants in good standing until there is a contract to sell the property, thereby stabilizing neighborhoods and preventing displacement that leads to economic hardship or homelessness.

In addition to providing much-deserved relief to tenants in good standing, this bill offers new tools for municipalities to stabilize neighborhoods with foreclosed properties. Nonprofit housing agencies play a vital role in returning foreclosed properties to productive use, especially in distressed neighborhoods where there are few willing buyers. To that end, this bill includes a local option for municipalities to provide property tax exemptions to nonprofit agencies that acquire dilapidated, foreclosed properties and rehabilitate them for use as affordable rental housing or affordable homeownership. Further, it provides another local option to require owners of foreclosed or abandoned property to post the responsible property manager's contact information so the community-members and town officials can hold the owner responsible for the building's management.

Finally, this bill creates a 150 day right to cure a delinquency, which will provide homeowners with adequate time to discuss a reasonable workout and avoid foreclosure. The current 90 day right to cure has left many homeowners struggling to reach servicers to discuss loan workouts in the time allotted.

I appreciate all of the excellent work you have done on this issue, as well as the efforts of the rest of the Joint Committee on Housing. This legislation makes thorough, intelligent additions and revisions to the Commonwealth's laws regarding foreclosures. It will assist and protect thousands of people and their families, and it will do so without cost. With foreclosures on the rise across the state, it is crucial that we act quickly to see this bill advance favorably from committee and brought to the floor of the House and Senate for a full vote.

Thank you for your consideration and I ask that this bill be reported out favorably. If I can be of any assistance regarding this legislation please do not hesitate to contact my office.

Best Wishes,

Jamie Eldridge
State Senator
Middlesex & Worcester

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES
STATE HOUSE, BOSTON 02133-1020

LINDA DEAN CAMPBELL
STATE REPRESENTATIVE
15TH ESSEX DISTRICT
METHUEN

Committees on:
Veterans and Federal Affairs (Vice-Chair)
Public Safety
Global Warming and Climate Change

ROOM 175, STATE HOUSE
TEL. (617) 722-2877
FAX: (617) 722-9278

October 14, 2009

Honorable Robert DeLeo, Speaker
State House, Room 356
Boston, MA 02133

Dear Mr. Speaker,

I am writing to make you aware of legislation I filed a few months ago that may now be timely in partially addressing the continuing foreclosure crisis. The legislation imposes a transfer fee (given the impact that foreclosure is having on our cities and towns, it should be re-titled as an "impact fee") upon lending institutions that foreclose upon residential properties within the Commonwealth.

In revisiting this legislation, I have spoken with experts at the Federal Reserve Bank in Boston; the Massachusetts Department of Community Development and Housing; and CHAPA. Most of these entities rely on data supplied by the Warren Group. All agreed that the foreclosure problem will continue to be a serious problem for at least the next six months to a year primarily because of the decline in home values and continued unemployment. Massachusetts is particularly hard hit in sub-prime mortgages due to the decline in home values and now conventional loans are being added to the extensive number of foreclosed properties.

The primary purpose of this legislation is to impose upon lenders the financial incentive of fee avoidance, to slow the foreclosure process. This will allow homeowners to remain in their homes, to the extent possible, until the employment and economic picture in the Commonwealth improves and housing prices begin to stabilize. In revisiting this legislation, I recommend that it include a sunset provision after two years.

A secondary purpose of this legislation is to provide financial assistance to our cities and towns, derived from entities that are based outside of the Commonwealth. Please see the attachment that lists the financial institutions that this legislation would principally impact. The consistency is remarkable; they are all large national or international financial institutions who for the most part operate outside of the Commonwealth. You will also recognize these institutions as the

businesses that have recently received billions of dollars in bailout funding from American taxpayers.

Benefits of this legislation:

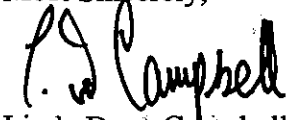
The cost of implementation is minimal: the fee is assessed at the time of foreclosure and passed directly to the city or town in which the foreclosed property is located.

The measure is self-regulating and fair in several important ways:

> It will assist all cities and towns in a way that is proportional to the impact that foreclosures are having upon them.
>
> The measure will generate vital revenues while the economic picture remains bleak and will cease to generate significant revenue when the general economic picture and the Commonwealth's other revenue collection improve.
>
> While this legislation is timely in terms of providing general assistance to cities and towns, it targets very serious problems that impact the very fabric of community life. The social impact of foreclosures is felt far and wide – in law enforcement; in assistance given to those who lose their home; in declining neighborhood property values; and much more.
>
> These are extraordinary times and, while this legislation can only provide limited relief to those individuals and communities hardest hit by foreclosure, it is about the only venue in which any relief can currently be extended. This measure will be almost entirely cost free to the taxpayers of the Commonwealth. With the sunset provision, there is nothing to lose and much to be gained from this initiative.
>
> The public support for this legislation will be substantial. While some homeowners put themselves into financial difficulty by taking out mortgages they could not afford, the majority of homeowners were impacted by the irresponsible business practices of our largest financial institutions.

If you need any additional information please do not hesitate to contact me.

Most Sincerely,



Linda Dean Campbell
State Representative
15th Essex District – Methuen

Enclosures

cc.

Honorable Peter Koutoujian, Chair
Joint Committee on Financial Services
State House, Room 54

Honorable Kevin Honan, Chair
Joint Committee on Housing
State House, Room 38

Honorable Jay Kaufman, Chair
Joint Committee on Revenue
State House, Room 34

Honorable Linda Dorcena Forry, Chair
Joint Committee on Community Development and Small Business
State House, Room 26

H1232
fav

The Commonwealth of Massachusetts
HOUSE OF REPRESENTATIVES
STATE HOUSE, BOSTON 02133-1020

GERALDO ALICEA
STATE REPRESENTATIVE
6TH WORCESTER DISTRICT
ROOM 33, STATE HOUSE

TEL. (617) 722-2060
DISTRICT TEL. (508) 434-0235
FAX: (617) 722-2849

Committees:
Public Safety & Homeland Security
Health Care Finance
Education

May 19, 2009

Senator Susan C. Tucker, Senate Chair
Representative Kevin G. Honan, House Chair
Members of the Joint Committee on Housing

Dear Chairwoman Tucker, Chairman Honan and Distinguished Committee Members:

I am writing today in support of ***House Bill 1232, An Act to Protect Tenants in Foreclosed Properties from Eviction,*** a bill that I have co-sponsored. I respectfully request that the committee review and report favorably on this matter.

During the first 11 months of 2008, 11,486 foreclosure deeds on single and multifamily properties were filed across the state, which represent a 67% increase from 2007. During these unprecedented economic times that number is increasing exponentially, and I feel that the legislature should be doing everything in its power to protect these struggling citizens and help them to remain in their homes. As the current law stands, when a lending institution forecloses on residential properties, it quickly moves to evict the occupants and does not need to have any justification to do so. This bill would mandate that institutional foreclosing lenders would not be able to evict tenants in foreclosed property unless they have just cause. Ultimately, this bill would help to deter unnecessary evictions and help to stabilize vulnerable communities during the current economic and foreclosure crisis.

This legislation would provide important protections for struggling individuals and families throughout the Commonwealth. For this reason, I respectfully request that the committee report favorably on this matter. If you have any questions, please feel free to contact my office. I thank you in advance for your time and consideration.

Sincerely,

Geraldo Alicea

fav
H1232

The Commonwealth of Massachusetts
House of Representatives
State House, Boston 02133-1054

JOHN J. BINIENDA
REPRESENTATIVE
17TH WORCESTER DISTRICT
41 CIRCUIT AVENUE EAST
WORCESTER, MA 01603
(508) 753-5962

CHAIRMAN
COMMITTEE ON RULES
ROOM 166, STATE HOUSE
TEL. (617) 722-2692
FAX (617) 722-2822
E-Mail:
Rep.JohnBinienda@hou.state.ma.us

May 18, 2009

The Honorable Kevin G. Honan, House Chair
The Honorable Susan C. Tucker, Senate Chair
Joint Committee on Housing

Dear Representative Honan, Senator Tucker, and Honorable Members:

I am writing to you in adamant support of **H.B. 1232**, *An Act to Protect Tenants in Foreclosed Properties from Eviction,* sponsored by Rep. Malia and scheduled to go before the committee tomorrow, Tuesday, May 19, 2009. I do not typically offer testimony for legislation that I have not personally authored, but feel compelled to do so in this case in order to voice my support for what I, along with nearly 80 of my colleagues, feel is a smart, effective, and logical piece of legislation that works to address the ongoing foreclosure crisis in the state.

The crux of **H.B. 1232** is to protect tenants from unnecessary evictions should their landlord foreclose on the property. Passage of this legislation would have no effect on a foreclosing lender's ability to evict a tenant if binding purchase or sale agreements authorize them to do so, and would not impede the eviction of a tenant who does not pay their rent, engages in criminal activity, or in general fails to meet standard tenancy obligations. There were roughly 11.5 thousand foreclosure deeds on single and multi-family homes filed through November of 2008 that have the potential of displacing 15,000 households across the state. There were 21,000 foreclosure petitions filed in Massachusetts last year, and studies project that Massachusetts could see 29,000 petitions in 2009, a number that if realized could result in the displacement of another 41,000 households. According to www.foreclosurema.com, 554 new foreclosures were filed in the previous week ending May 15 alone. And particularly troubling in light of state's fiscal crisis, the state could be losing an average of $1.13 billion in economic activity every 14 days due to foreclosed properties according to Congressional estimates.

As state revenues plummet, unemployment rises, and an increased amount of low- and moderate income families turn to the state's overburdened shelter system, it is imperative that individuals who otherwise meet their obligations as tenants are not forced to seek new housing because their landlords were not able to meet their obligations as homeowners. This bill provides commonsense protections for the state's tenant population, whose displacement will serve only to exacerbate the toll that the ongoing foreclosure crisis will take on the Commonwealth.

Thank you for your time and attention to this letter and I hope that this bill is reported out favorably.

Sincerely,

JOHN J. BINIENDA, CHAIRMAN
House Committee on Rules
State Representative
17th Worcester District

JJB/jm

H1232
fav

The Commonwealth of Massachusetts
HOUSE OF REPRESENTATIVES
STATE HOUSE, BOSTON 02133-1054

WILLIAM N. BROWNSBERGER
REPRESENTATIVE
24TH MIDDLESEX DISTRICT
ROOM 276, STATE HOUSE

TEL. (617) 722-2800, x 7115
CELL: (617) 771-8274
E-Mail: willbrownsberger@gmail.com

Committees:
Global Warming and Climate Change (Vice-Chair)
Public Service
Bonding, Capital Expenditures and State Assets

TO: Committee on Housing

FROM: *Representative William N. Brownsberger*

RE: H1232, An Act to protect tenants in foreclosed properties from evictions

DATE: May 19,2009

I am writing in support of H1232, An Act to protect tenants in foreclosed properties from evictions.

Currently when a financial institution forecloses on a residential property, it moves quickly to evict all the occupants. This legislation would protect residents/tenants by mandating that when a property is foreclosed the residents/tenants can only be evicted with just cause (so long as the institutional lenders are in ownership of the property).

Passage of H1232 would deter unnecessary evictions and help stabilize communities. I urge the Committee to report this bill favorably.

H1232
fav

The Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES
STATE HOUSE, BOSTON 02133-1054

MARK FALZONE
STATE REPRESENTATIVE
9TH ESSEX DISTRICT
REPRESENTING THE PEOPLE OF
LYNN, LYNNFIELD, SAUGUS AND WAKEFIELD

ROOM 527A, STATE HOUSE
TEL. (617) 722-2020
FAX: (617) 722-2186
Rep.MarkFalzone@hou.state.ma.us

COMMITTEES
Veterans and Federal Affairs
Election Laws
Tourism, Arts and Cultural Development

May 18, 2009

The Honorable Kevin G. Honan, Chairman
Joint Committee on Housing
State House, Room 38
Boston, MA 02133

The Honorable Susan C. Tucker, Chairman
Joint Committee on Housing
State House, Room 424
Boston, MA 02133

Dear Chairman Honan and Chairman Tucker:

I am submitting written testimony through you to the members of the Joint Committee on Housing pursuant to the hearing on May 19, 2009. As a sponsor of this legislation, I am writing in support of expeditious and positive action on House Bill 1232, *An Act to Protect Tenants in Foreclosed Properties from Evictions.* I am confident that its passage will benefit Massachusetts residents by preventing homelessness and unemployment and promoting stability in our neighborhoods during these dire economic times.

In Massachusetts we have seen a 62% increase in the number of foreclosures between 2007 and 2008. That number is alarming by itself, but it is only the beginning. Of the 12,000 properties that went into foreclosure last year, over half were multifamily homes. Unlike homeowners, tenants in houses like these can be made homeless with little or no warning, even if they have paid their rent. Despite their good standing, there are no protections for renters facing foreclosure. Tenants may not even be aware of a problem until they receive an eviction notice, far too late to plan or prepare for a change. Finding and affording new housing has become increasingly difficult in the worsening economy, and eviction can spiral quickly into homelessness, joblessness and worse.

Especially when considering the deteriorating condition of the Commonwealth's economy, it is imperative now more than ever before that we do everything we can to limit the number of evicted tenants to a minimum and keep these families from homelessness. If you turn on the television, you will hear economists talk about the financial crisis in terms of "capital" and "solvency," in terms of big banks and big investors. The media wonder aloud whether the collapse of the housing bubble and the growing wave of foreclosures was just a necessary correction in an over-inflated market. Only recently have stories about Americans living in tents, like refugees from a war, given the foreclosure crisis a human face. H. 1232 will prevent landlords from evicting their tenants without just cause, and it will allow tenants to pay rent and stay in their homes. This keeps buildings from being left vacant for extended periods of time and allows tenants time to find alternative housing arrangements. This is an important step towards stabilizing our communities in the current economic crisis.

It is time that tenants are protected from predatory lending practices, and this bill is a large step in that direction. As a supporter and sponsor of this bill, I strongly encourage you to do all that you can to ensure that this legislation is given a favorable report by your committee so that it may receive a fair and affirmative judgment from the full legislature. Thank you for giving your time and serious consideration to this important matter.

Sincerely yours,

Mark Falzone

H1232
fav

The Commonwealth of Massachusetts
House of Representatives
State House, Boston 02133-1054

JAY R. KAUFMAN
STATE REPRESENTATIVE
LEXINGTON - ARLINGTON - WOBURN

CHAIRMAN
COMMITTEE ON REVENUE

THE STATE HOUSE, ROOM 34
TEL. (617) 722-2320
FAX. (617) 722-2415
Rep.JayKaufman@hou.state.ma.us
www.JayKaufman.com

Date: May 19, 2009

To: Cynthia Stone Creem, Senate Chair, Joint Committee on the Judiciary
Eugene L. O'Flaherty, House Chair, Joint Committee on the Judiciary

From: Jay R. Kaufman, House Chair, Joint Committee on Revenue

I am writing in support of House Bill 1232, An Act Requiring Just Cause for Eviction in Foreclosed Properties, which would ensure that tenants would not be penalized for the mistakes or hardships of their landlords by allowing them to remain in their residences if they have followed the terms of their lease. It is beneficial to these tenants, the neighborhoods they live in, and the Massachusetts economy in general for these buildings to remain occupied.

This bill would deter unnecessary evictions and stabilize communities during the current foreclosure crisis, but laws allowing evictions for other reasons such as criminal behavior or failure to pay rent would still apply. Tens of thousands of tenants are currently in danger of being evicted, and this responsible piece of legislation can prevent many of these unfortunate evictions from occurring.

If you have any questions regarding my support for this bill, please do not hesitate to contact me or my office.

H1232
fav

The Commonwealth of Massachusetts
House of Representatives
State House, Boston 02133-1054

WILLIAM LANTIGUA
REPRESENTING
THE 16TH ESSEX DISTRICT AND
THE GREAT CITY OF LAWRENCE

ROOM 489, STATE HOUSE
TEL. (617) 722-2810
FAX (617) 722-2813
Rep.WilliamLantigua@hou.state.ma.us

Committees on
Elder Affairs
Ways and Means

Massachusetts Black Legislative Caucus
Chair

May 19, 2009

The Honorable Susan C. Tucker, Senate Chair
The Honorable Kevin G. Honan, House Chair
Joint Committee on Housing
State House, Room 424
Boston, MA 02133

Dear Senator Tucker, Representative Honan, and Honorable Members of the Committee:

I am writing to express my strong support for **House Bill 1232, An Act to Protect Tenants in Foreclosed Properties from Evictions.** This legislation, filed by Rep. Liz Malia, is intended to prevent institutional foreclosing lenders from evicting tenants without just cause. It would allow tenants and occupants to remain in foreclosed properties unless they are determined to have violated the terms of their lease or rental agreement (such violations include failure to pay rent, causing a nuisance or damage to property, using the unit for illegal purposes, and/or refusing a foreclosing owner access to unit for repairs or improvements). This bill would apply only to institutional lenders, and not to subsequent buyers who purchase the property at a foreclosure sale or thereafter. As an emergency law, it would automatically expire on December 31, 2013.

This bill would deter unnecessary evictions and stabilize communities by keeping buildings occupied after foreclosures. Recent figures show that foreclosed homes sit empty for an average of four to six months if tenants are evicted, increasing the risk of vandalism, fire, and property depreciation. The bill is modeled after similar laws enacted in New Jersey, New Hampshire, Connecticut, and New Jersey. I respectfully ask that H 1232 be reported favorably from the Joint Committee on Housing.

Please do not hesitate to contact my office if you have any questions or concerns regarding this bill. Thank you for your time and consideration.

Sincerely,

William Lantigua
State Representative

The Commonwealth of Massachusetts
HOUSE OF REPRESENTATIVES
STATE HOUSE, BOSTON 02133-1054

H1232
Fav

FRANK I. SMIZIK
15TH NORFOLK DISTRICT
ROOM 274, STATE HOUSE

TEL. (617) 722-2676
E-MAIL. Rep.FrankSmizik@hou.state.ma.us

CHAIRMAN
House Committee on:
Global Warming and Climate Change

Testimony of Representative Frank I. Smizik
Before the Joint Committee on Housing
In support of House Bill 1232
AN ACT TO PROTECT TENANTS
FROM EVICTION IN FORECLOSED PROPERTIES

May 19, 2009

What is the problem:

Under current law, the foreclosing owner does not need to have any justification to evict – simply wanting the resident out is sufficient. The human cost of these mass evictions is heavy, as former renters who have paid rent and satisfied their tenancy obligations, and former homeowners who are willing to do so, turn to homeless shelters, find it harder to rent elsewhere, and suffer all the destabilizing effects of forced dislocation. These evictions also harm neighborhood stability and home value, causing the neighborhood to be in decline.

In the first 11 months of 2008, 21,000 foreclosure petitions were filed across the state, which could result in as many as 30,000 households being evicted. Massachusetts will face $2.8 billion lost in property values (half of which is in properties not directly involved in the foreclosure cycle) and $58.9 billion lost in household wealth in Massachusetts alone by end of 2009.

What this bill does:

This bill would deter unnecessary evictions and stabilize communities during the current foreclosure crisis. Under this bill, institutional foreclosing lenders would not be able to evict tenants (of all types) in foreclosed property unless they had a good reason to do so. This bill would only apply to institutional lenders and not to subsequent buyers who purchase foreclosed properties at the foreclosure sale or after. Also, this bill is time limited – it would expire on December 31, 2013.

A foreclosing lender could evict a tenant, including a tenant-at-sufferance (former homeowner), in certain circumstances such as: 1) a binding purchase and sale agreement with a prospective owner-occupant that requires that portions or all of the property be vacant, 2) non-payment of

agreed-upon rent, 3) criminal behavior, or 4) refusing access to the owner, and similar violations of standard tenancy obligations

Why this bill is important:

In November 2007 the Legislature passed Chapter 206 of the Acts of 2007 to stem the tidal wave of residential foreclosures hitting the state. Chapter 206 was aimed primarily at preventing future predatory lending schemes and funding pre-foreclosure assistance for owners. Chapter 206 also included two provisions clarifying that tenancies survive foreclosure, meaning that the foreclosing owners become landlords of remaining tenants. While these requirements have proven helpful for those renters lucky enough to have legal representation in foreclosure evictions, they do not *sufficiently* address the mass evictions that are still going on. This bill builds upon and fills in gaps left by the tenant provisions in Chapter 206.

Therefore, I urge this Committee to give this important bill a favorable report.

H1232
fav

The Commonwealth of Massachusetts
House of Representatives
State House, Boston 02133-1054

REP. ELLEN STORY
3RD HAMPSHIRE DISTRICT
AMHERST • GRANBY

FLOOR DIVISION CHAIR

16 EMERSON COURT
AMHERST, MA 01002
TEL. (413) 256-6300

ROOM 277, STATE HOUSE
TEL. (617) 722-2012
FAX (617) 570-6577

Rep.EllenStory@hou.state.ma.us

May 19, 2009

The Honorable Representative Kevin G. Honan
Chairmain, Joint Committee on Housing
State House, Room 38
Boston, MA 02133

Dear Mr. Chairman:

I write to you to provide testimony to the Committee on Housing, pursuant to today's public hearing. I support House bill 1232, *An Act to protect tenants in foreclosed properties from evictions.*

Thank you for signaling your personal support for H 1232 by co-sponsoring it. As you know, we passed a good law in November 2007 to begin to address the foreclosure crisis. That law, Chapter 206 of the Acts of 2007, prevents future predatory lending schemes, funds foreclosure assistance for owners fighting to keep up with their payments, and clarifying that tenancies survive foreclosure. This was a good first step to address the challenges presented by the wave of foreclosures that has begun in our state. Now, more work is necessary.

Time is of the essence. Our state economy will lose more than one billion dollars every two weeks that we do not continue to address the foreclosure crisis.

This bill is a good next step. H 1232 deters unnecessary evictions and stabilizes neighborhoods by ensuring that paying tenants are not evicted from a foreclosed property until the foreclosing institution has arranged a new buyer for the property. Making this bill law would ensure that foreclosure proceedings do not leave good tenants homeless, or good buildings vacant. It will help protect property values, and will keep more money flowing through the economy.

I am hopeful that the Committee will give House bill 1232 a favorable recommendation, so that we can move forward with this common-sense proposal.

Yours sincerely,

Ellen Story
3rd Hampshire District

H1232
fav

Commonwealth of Massachusetts

HOUSE OF REPRESENTATIVES
STATE HOUSE, BOSTON, MA 02133-1054

BARBARA L'ITALIEN
REPRESENTATIVE
18TH ESSEX DISTRICT
ANDOVER - BOXFORD - GEORGETOWN
HAVERHILL - METHUEN - NORTH ANDOVER

STATE HOUSE, ROOM 238
TEL: (617) 722-2380
Rep.BarbaraL'Italien@hou.state.ma.us

Committee:
Ways and Means, Vice-Chair

DISTRICT OFFICE
TEL: (978) 409-1818

May 19, 2009

The Honorable Sue Tucker
Senate Chair
Joint Committee on Housing
State House Room 424
Boston MA 02133

Dear Senator Tucker,

I am writing in support of **House Bill 1232: relative to protecting tenants in foreclosed properties from evictions.** Current law allows a foreclosure owner to evict the tenants of a property without any justification leaving tenants stranded and searching for shelter, often without significant warning.

Institutional foreclosing lenders will not be able to evict tenants in foreclosed property unless they have good reason to do so, for reasons such as: Non-payment of agreed-upon rent, criminal behavior, and refusing access to the owner, and similar violations of standard tenancy obligations. This bill would only apply to institutional lenders and not to subsequent buyers who purchase foreclosed properties at the foreclosure sale or after. The bill would also expire in 2013, when it is anticipated that the foreclosure crisis will be concluding.

I respectfully request that this bill be considered during the next executive session and reported out favorably this bill is essential to protecting those who cannot and will not be able to find housing and will be forced into a shelter, or worse left to the streets. . Should you have any further questions or comments, please do not hesitate to contact me.

Very truly yours,

Barbara L'Italien

Barbara L'Italien

Cc: Representative Honan

H1232
fav

THE COMMONWEALTH OF MASSACHUSETTS
HOUSE OF REPRESENTATIVES

REPRESENTATIVE LIZ MALIA
11th SUFFOLK DISTRICT - BOSTON
STATE HOUSE, ROOM 33
BOSTON, MA 02133-1054
TEL. (617) 722-2060
FAX (617) 722-2849
E-MAIL Rep.LizMalia@hou.state.ma.us

COMMITTEES:
MENTAL HEALTH & SUBSTANCE ABUSE
(CHAIR)
STAFF:
ROSIE HUNTER – Staff Director
MILICENT JOHNSON – Legislative Aide

May 19, 2009

Joint Committee on Housing
Room 38
State House
Boston, MA 02133

Dear Chairman Honan, Chairwoman Tucker, and Honorable Members of the Committee:

Thank you for considering my testimony in strong support of House bill 1232, An Act to protect tenants in foreclosed properties from evictions. This legislation takes important steps to redress the ongoing foreclosure crisis.

In 2008, 12,430 residential properties were foreclosed on. Of these, about 3,300 two and three unit properties experienced foreclosure.

Currently, when lending institutions foreclose on residential properties, including multi-unit buildings, they generally move to evict all the occupants – the former owner and the renters. Having these thousands of evictions across the state has serious negative consequences for all our communities. Foreclosure evictions are contributing to the recent rise in homelessness. Abandoned properties fall into disrepair, making it harder to resell the properties to new permanent owners. Empty properties lower the property values of the surrounding homes. They serve as likely locations for drug dealing and other criminal activity. And they are a fiscal and organizational burden on local governments.

H1232 would redress this situation and limit such evictions by providing that, when a foreclosing lender or mortgage servicer forecloses on a residential property it could only evict the occupants with "just cause." As soon as the property is sold to a new permanent owner this requirement would cease to apply. Furthermore the legislation is written to sunset on December 31, 2013. What counts as "just cause" is generally clear and straightforward: non-payment of rent, using the unit for illegal purposes, refusing the owner access to the unit, creating a nuisance to other building occupants or causing substantial damage to the unit, violating the tenets of the lease, or refusing to extend or renew the lease.

I am deeply concerned about the effects foreclosures are having on our neighborhoods, but am hopeful that this bill would go a long way to mitigate the wide-ranging negative impacts of foreclosures. If you have any questions or concerns about this legislation I would certainly appreciate the opportunity to discuss them with you.

Sincerely,

Liz Malia

LIZ MALIA
11TH SUFFOLK DISTRICT

H1232
fav

The Commonwealth of Massachusetts
House of Representatives
State House, Boston, MA 02133-1054

JAMES J. O'DAY
REPRESENTATIVE
14TH WORCESTER DISTRICT

COMMITTEES:
MUNICIPALITIES & REGIONAL GOVERNMENT
PERSONNEL & ADMINISTRATION

ROOM 39, STATE HOUSE
TEL. (617) 722-2014
FAX. (617) 626-0884

May 19, 2009

Senate Chairwoman Susan C. Tucker
Joint Committee on Housing
State House, Room 424

House Chairman Kevin G. Honan
Joint Committee on Housing
State House, Room 38

Dear Senate Chairwoman Tucker, House Chairman Honan and members of the Committee,

I regret that I will not be able to join you at the Committee hearing today, but would like to provide you with some brief testimony in support H. 1232 *An Act to Protect Tenants from Eviction in Foreclosed Properties.*

One of the key protections afforded to tenants in this bill is a protection against institutional foreclosing lenders who, under this proposed law, would not be able to evict tenants in foreclosed property unless they had a good reason to do so. Under current law, the foreclosing owner is not required to give any justification of eviction. If a "just cause" for eviction were put into place, tenants would better be able to protect themselves in the case of a foreclosure situation and would be better to reestablish residencies down the road.

I have filed a similar bill as a Home Rule Petition for the City of Worcester, a city which has faced a massive amount of foreclosures. Both bills aim to address the human cost of the foreclosure crisis and to protect those tenants who could face a similar fate as more foreclosures are on the rise across the state. For example, in the first 11 months of 2008, 21,000 foreclosure petitions were filed across the state. Dislocation results in destabilizing effects for the individuals and families involved. As legislators, it is our job to serve and protect the citizens of this Commonwealth, especially those who are most vulnerable. I look forward to working with you all, as members of the Committee, to see this legislation through this session.

It is my hope that this legislation is given a favorable report. Thank you for taking my support of this legislation into consideration. If I can provide any additional information, please do not hesitate to contact me.

Respectfully,

James O'Day

James J. O'Day
State Representative

Richard Phipps
1509 Blue Hill Ave.
Boston, MA 02126
(617) 296-7730 (Cell) 963-4897

January 14, 2009

Re: Proposed Solution to Foreclosure Crisis

Dear Sir/Madam:

We are dealing with a real time crisis, which require real time solutions.

Borrowers who bought properties at inflated prices should not have to be penalized while the institution gets relief or insurance indemnification.

Counseling is helpful and is a part of the solution, but in its current application it seems to create frustration, chaos, uncertainty, and adds greater loss due to delays and few real solutions.

Solutions require immediate moratorium for all foreclosures of residential owner occupied properties.

This proposed program is primarily intended for owner occupied one to four family residential units. However, it may be extended to other one to four family units, as appropriate.

There is a shared responsibility on all fronts for our current position. All parties have suffered significant losses. Measurable financial and social losses will continue unless a cure is effected. Fact is citizens must pay rent or mortgage to live. Our communities are more stable if its residents are paying mortgages.

In this proposal all values are intended to be based on current appraisals and all loans are intended to be based on total household income. If the income in the household cannot support a mortgage, the homeowner would be unable to retain the property.

Herein you will find measureable steps to cure our foreclosure issues:

1. Suspend all foreclosures for 90 to 180 days.
2. Subject all mortgage lending institutions to the same emergency Legislation or executive order.
3. Subject investors doing business with federally insured institutions to the same Legislative process and Executive orders.
4. Separate all mortgages into 2 major groups, i.e. conventional/prime and unconventional/ sub-prime.
5. Separate mortgages, prioritizing owner occupied vs investment properties.
6. Eliminate the 90-day mortgage loan default rule, so homeowners may get relief sooner or take advantage of other relief options.
7. Set standards and time lines that all mortgage lenders must comply with. i.e. thresholds for recovery, appraisal standardization.
8. Reduce the principal mortgage 20 percent of the current appraised value.
9. Discharge the 20 percent second mortgage on 80/20 loans.
10. Write down or discharge balances on all home equity line of credit in excess of the appraised value when combined with the principal balance of the 1st mortgage.

11. Remove credit consideration during the mortgage resolution process for existing homeowners.
12. Increase back-end ratios up to 50 percent to accommodate the heavy debt load that most homeowners carry.
13. Allow primary borrower to add others with verifiable monthly income to the mortgage to increase household income as necessary to afford the proposed monthly mortgage payment without considering the secondary borrowers credit.

13. Programmatically insure that households will pay no more than 33-35 percent on their monthly mortgage.

14. In the event that the homeowner owes more than the property is worth, there should be a re-appraisal of the property and a write down of the mortgage to the appraised value by as much as 30 percent if necessary to make it affordable for the homeowner.

The alternative is foreclosure and an investor buys the property for 50-60 percent of the appraised value and rent or sell it back to the owner, who the becomes a tenant without any vested interest.

15. Modify all adjustable rate mortgages under this program to fixed rates for the life of the loan. Three to five year rate adjustments provide temporary relief. However, with declining incomes, and property values, a more practical and permanent solution is necessary.

16. Remove the threat of foreclosure to any owner occupied residential property through any linked transaction, if such a link is cloaked in a commercial mortgage.

17. Institute an "American Dream Recovery Program" for dispossessed homeowners, through a Housing Counseling Program Initiative, which is already developed. This requires creating public awareness for homeowners who were adversely affected to enter an educational program driven to guide them back to homeownership through credit worthiness and income readiness over a 15 to 18 month period from the date of their foreclosure.

Additional Options for consideration

1. Conditional forced mortgage reduction
2. Re-evaluation of properties at current fair market value with payments based on the same.
3. Modify contracts to afford the homeowner to pay 1/3 of the mortgagor's income, if the same meets fair market value.
4. Reverse the severe developing poverty cycle. The wealthy individually and collectively buy foreclosed bundles at approximately 50% of fair market value and then rent to those displaced by foreclosure.
5. Cram down the mortgages to 75 to 80 percent so the home owner, can individually or collectively with family, pool resources to maintain their adjusted monthly mortgage payment.

6. Allow delinquent / default mortgagors to establish credit worthiness by making 4-6 consecutive timely payments at the adjusted amount, based on appraised property value and income

Most homeowners given a reasonable opportunity and choice will opt to save and keep their homes.

Traditional Solutions: Forbearance, Loan Modification, Sale, Short sale, Deed in Lieu, and Foreclosure have not worked entirely.

There is much more to this proposal, I will be happy to discuss the details with you, if this overview is

of interest to you and seem to be a practical and reasonable approach to the problem we face.

Very truly yours,

Richard C. Phipps

HOUSE DOCKET, NO. 1006 FILED ON: 1/12/2009

HOUSE . . . . . No. 1310

The Commonwealth of Massachusetts

PRESENTED BY:

Linda Dean Campbell

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 transfer fee on mortgage foreclosures.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Linda Dean Campbell	15th Essex
William Lantigua	16th Essex
Denise Provost	27th Middlesex
Paul McMurtry	11th Norfolk
William N. Brownsberger	24th Middlesex
Jennifer M. Callahan	18th Worcester

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT IMPOSING A TRANSFER FEE ON MORTGAGE FORECLOSURES.

Whereas, The deferred operation for this act would tend to defeat its purpose, which is forthwith to make , 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. Section 27 of chapter 183 of the General Laws, as appearing in the 2006 Official Edition, is hereby amended by striking out the last sentence and inserting in place thereof the following paragraphs:-

There is hereby imposed a transfer fee upon any mortgagee receiving proceeds pursuant to the foregoing. Said fee shall not be considered a cost or expense to be reduced from the surplus above. The fee shall be paid to the court issuing the final decree or recording or registering certificate of entry. The court shall then be responsible for disbursing such fee to the general fund of the city or town where the foreclosed premises were sited.

The fee to be assessed as follows:

(i) For a single family residential property the fee imposed shall be 3% of the remaining principal of the loan [**or $3,000.00, whichever amount is greater**].

(ii) For multi-family residential properties the fee shall be 6% of the remaining principal of the loan[**or $6,000.00, whichever amount is greater;**] however, that fee shall be reduced to 4% [**or $4,000.00, whichever amount is greater,**] upon presentation to the court of leases with all existing tenants of the units for a term of not less than 1 year.

(iii) The provisions of this transfer fee shall be applicable to properties that are zoned residential, or mixed residential and commercial, and agricultural which have a place of residence on the land.

Other than the court, the treasurer of the city or town of foreclosure, or the holder of the mortgage shall be bound to see to the application of the money arising from such sale.