

**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
John J. Binienda	17th Worcester
Michael O. Moore	Second Worcester

# The Commonwealth of Massachusetts

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)  
11 interest only loans; (f) high points, fees or interest in violation of the Predatory Home Loan Practices Act,  
12 G.L. c. 183C §2.

13 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  
18 assistant recorder of the land court, shall accept for recording or filing for registration any foreclosure  
19 deed involving real estate located in the city of Worcester which was obtained pursuant to a foreclosure  
20 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  
22 Laws.

23 SECTION 4. During the 180-day moratorium period, the city manager of the city of Worcester shall  
24 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.

26 SECTION 5. During the 180-day moratorium period, mortgage holders are encouraged to work with  
27 borrowers who have any of the loan terms described above, to modify the terms of their mortgages,  
28 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  
30 allow them to stay in their homes.

31 SECTION 6. This act shall take effect upon passage.