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**MASSACHUSETTS DIVISION OF BANKS PROPOSES NEW
STANDARDS FOR MORTGAGE SERVICING**

New Regulations Require Loss Mitigation Options to Avoid Foreclosure

BOSTON--The Patrick-Murray Administration's Division of Banks today announced it has proposed enhanced regulations to address unfair servicing practices by requiring mortgage servicers to explore loss mitigation options to avoid foreclosure.

Under the new rules, third-party mortgage servicers will be prohibited from initiating a foreclosure when an application for a loan modification is in process. The regulations were filed earlier this week with the Secretary of State's Office and the Division will take public comment on them at a hearing later this month.

The regulations are proposed in coordination with the foreclosure prevention law signed by Governor Deval Patrick in August which requires creditors to take reasonable steps to avoid foreclosure for certain mortgage loans. If the value of modifying the loan outweighs the likely value of foreclosure, a creditor must modify certain loans.

Under the regulations, if a mortgage loan goes into foreclosure, a servicer must ensure that the creditor has the right to foreclose and that any foreclosure-related documents are properly prepared and executed based on personal knowledge.

"These enhanced rules continue the Commonwealth's national leadership on consumer protection, foreclosure prevention, and debt collection oversight," said Barbara Anthony, Undersecretary of the Office of Consumer Affairs and Business Regulation.

Third-party loan servicers will have to provide a single point of contact for the borrower, follow detailed loan modification procedures, and communicate with borrowers in a timely manner under the new regulations.

"These new regulations include many of the provisions of the Attorneys General mortgage settlement with the five largest national mortgage servicers and will provide additional protections for all Massachusetts homeowners," said David Cotney, Massachusetts Commissioner of Banks.

The proposed regulations also amend the definition of "debt collector" to include active debt buyers who purchase loans in default and then directly collect that debt. In addition, the debt



collection regulation has been updated to recognize current communication technologies such as cell phone and text messaging.

The Division of Banks will hold a public hearing during which it will accept oral testimony and written comments regarding the proposed amendments.

The hearing is scheduled for **Thursday, Nov. 29, at 10:30 a.m., at 1000 Washington St., 1st Floor, Boston.**

Written comments may be submitted to the Massachusetts Division of Banks, 1000 Washington St., 10th Floor, Boston, MA 02118-6400, or at dob.comments@state.ma.us. All comments to the Division must be submitted by 5 p.m. on Thursday, Dec. 6.

Additional announcements relative to the hearing and subsequent rulemaking schedule will be posted on the Division's [website www.mass.gov/dob](http://www.mass.gov/dob).

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