

THE COMMONWEALTH OF MASSACHUSETTS
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May 12, 2015

The Honorable William Brownsberger, Chair
Joint Committee on the Judiciary
State House, Room
Boston, MA 02133

The Honorable John Fernandes, Chair
Joint Committee on the Judiciary
State House, Room
Boston, MA 02133

Re: S.B. 807/H.B. 1579, *An Act to Prevent Unnecessary Vacancies in Foreclosed Homes*

Dear Chairmen Brownsberger and Fernandes:

I am writing to express my office's support for S.B. 807/H.B. 1579, *An Act to Prevent Unnecessary Vacancies in Foreclosed Homes*, filed by Senator Jamie Eldridge and Representative Jeffrey Sánchez. The bill would extend important protections to homeowners, and help communities struggling with high rates of foreclosure. If enacted, the bill would allow a former homeowner to stay in his or her home under a rental agreement after a foreclosure, thereby reducing the number of post-foreclosure vacancies and minimizing neighborhood blight.

In 2010, the Legislature passed G.L. c. 186A to protect tenants living in foreclosed homes from eviction. See Chapter 258 of the Acts of 2010, § 6, *An Act Relative to Mortgage Foreclosures*. Under c. 186A, the foreclosing owner of a property must offer an occupying tenant the opportunity to continue to rent the premises. Chapter 186A further prohibits the foreclosing owner from evicting the tenant, so long as the tenant pays the posted rent and complies with other requirements, until the property is sold to a bona fide third-party purchaser.

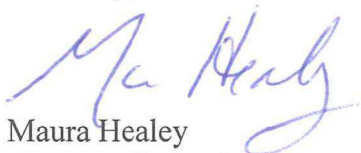
S.B. 807/H.B. 1579 would extend the tenant rental protections afforded by Chapter 186A to a former mortgagor who remains in the home following a foreclosure. The bill would require the foreclosing owner to offer a former mortgagor the opportunity to rent the premises at an agreed-upon amount or for fair market rent (as defined by the U.S. Department of Housing and Urban

Development). The former mortgagor could not be evicted until the property is sold, so long as the former mortgagor pays the appropriate rent and complies with other requirements.

This bill is an important step in reducing the negative impacts of foreclosures. As the Foreclosure Impacts Task Force observed in its 2014 report,¹ Massachusetts residents incur some of the nation's highest housing costs, and the foreclosure process exerts a measurable negative impact on neighboring property values.² The Task Force found that it is feasible for large financial institutions to institute post-foreclosure rental programs for former mortgagors.³ Accordingly, we should do everything we can to minimize instances of post-foreclosure displacement and vacancies. Allowing former homeowners to remain in their homes while paying fair market rent will help stabilize individuals, families, and communities, as well as ensure that foreclosing entities are fairly compensated.

Thank you for your consideration of this important legislation. If you have any questions, please do not hesitate to contact Benjamin Meshoulam, Senior Policy Advisor, at (617) 963-2601.

Sincerely,



Maura Healey
Attorney General

cc: Senator Jamie Eldridge
Representative Jeffrey Sánchez

¹ The Foreclosure Impacts Task Force was created pursuant to Chapter 194 of the Acts of 2012, § 4, and included members of the Legislature, the banking industry, and legal services. The Task Force was chaired by a designee of the Attorney General. Among the Task Force's charges was studying "ways in which the commonwealth can encourage the prevention of unnecessary vacancies following foreclosures[, including] but not be limited to, the feasibility of allowing a foreclosed homeowner to continue to occupy the foreclosed property . . ." A copy of the Task Force's final report is attached.

² See Final Report of the Foreclosure Impacts Task Force, 7-8, June 2014 (<http://www.mass.gov/ago/news-and-updates/initiatives/addressing-the-foreclosure-crisis/foreclosure-impacts-task-force/final-fitf-report.pdf>) (last viewed May 11, 2015).

³ See *id.* at 10-11.