

# Senate Passes Bill to Prevent Mortgage Foreclosures



Attorney General Martha Coakley filed the original bill to help prevent unnecessary and unlawful foreclosures.

Yesterday, the Massachusetts State Senate, in its latest effort to establish greater protections for homeowners, passed legislation preventing unnecessary and unlawful foreclosures, reducing the number of abandoned properties across the Commonwealth and helping to remove one of the biggest remaining barriers to our ongoing economic recovery.

“The foreclosure crisis has hurt many people and has taken a toll on our communities,” Senate President Therese Murray (Plymouth) said. “In many cases there just hasn’t been a concerted effort to treat people fairly, make these loans work and keep people in their homes. There’s a way to do this, and this bill is strong step forward. Senator (Anthony) Petruccelli, Senator (Karen) Spilka and the Attorney General have worked hard on this legislation and deserve a lot of credit for advancing a solution to this crisis.”

“The devastating impact of the foreclosure crisis is still

being felt in our communities. While our overall economic outlook is improving, recovery in the housing market has continued to be a slow process. Under no circumstance should the burden of this recovery be carried strictly on the backs of homeowners," said Senator Mark Montigny (New Bedford), a supporter of the bill. "It is our sincerest hope that this bill will serve a dual-purpose, first holding banks accountable for their predatory tactics used in the past, and secondly to provide some much needed relief to our communities that are working tirelessly to drive this recovery."

"The Senate today has taken another critical step in our effort to assist struggling homeowners in Massachusetts and ensure that Massachusetts fully recovers from the foreclosure crisis," said Attorney General Martha Coakley, who filed the original bill. "These first-in-the-nation standards will promote reasonable loan modifications that keep people in their homes without requiring banks to sacrifice the bottom line. We thank Senate President Murray, Chairman Petrucci and Senator Spilka for their leadership on this important issue and we look forward to continuing to work with the Legislature to prevent unnecessary foreclosures and help move our economy forward."

The bill requires banks and other lenders to offer loan modifications to borrowers in certain circumstances to avoid foreclosures. The modified loans would allow borrowers to stay in their homes, lenders to avoid foreclosure costs and potential market losses, and neighborhoods to avoid the problem of abandoned properties and vacant lots. The bill compliments the work of loan modification specialists in the Attorney General's Office who assist borrowers in their negotiations with lenders.

The legislation also includes a provision that gives borrowers the right to go into mediation with lenders prior to foreclosure proceedings to work out renegotiated loan terms through a neutral third-party