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**GOVERNOR PATRICK SIGNS FORECLOSURE PREVENTION LAW TO
EXPAND PROTECTIONS FOR HOMEOWNERS**

BOSTON – Friday, August 3, 2012 – Governor Deval Patrick today signed “An Act Preventing Unlawful and Unnecessary Foreclosures.” The new law expands important consumer protections and continues the Commonwealth’s national leadership on foreclosure prevention.

“This legislation establishes strong consumer protections for borrowers that are unparalleled in other states,” said Governor Patrick. “Foremost among these protections is the requirement for creditors to take reasonable steps to avoid foreclosure for certain mortgage loans. Creditors now must determine whether the value of modifying the loan outweighs the likely value of foreclosure and, if so, the creditor must make the loan modification. This provision ensures that borrowers will be given every reasonable opportunity to remain in their homes.”

The provisions of the new law also mandate that lenders prove loan ownership prior to taking foreclosure action. The law includes new protections that prohibit lenders from misrepresentation, unfair costs and imposition of fees for services not performed.

“This new law will put Massachusetts in a strong position to rebound from the housing market decline and recover from the foreclosure crisis,” said Attorney General Martha Coakley. “This bill establishes first-in-the-nation standards which promote reasonable loan modifications, keep people in their homes, prevent abandoned properties in our communities, and don’t require banks to sacrifice the bottom line. We thank Governor Patrick, Speaker DeLeo, Senate President Murray, Chairman Costello, Chairman Petrucci and the Legislature for their leadership on this important issue.”

“As I noted when the bill emerged from the committee, we have worked extremely hard over the course of the session, and throughout the conference committee process, to produce a meaningful, reasonable approach to address the outstanding foreclosure crisis,” said Senator Anthony Petrucci, Senate Chair of the Joint Committee on Financial Services. “I applaud Governor Patrick for signing this bill into law and I am hopeful that this new law will help families and our communities for years to come.”

“Even as our economy has begun to recover, we have seen a rise in the number of foreclosure in the Massachusetts. This law will provide homeowners a real opportunity to receive loan modifications and keep them in their homes,” said Representative Michael A. Costello, House Chair of the Joint Committee on Financial Services. “It is a reasonable approach, and it is a novel approach that provides an interface with loan modification specialists in the Office of the Attorney General. It will provide homeowners some of the strongest foreclosure protections in the country. This new law will save families and strengthen our communities.”

Additionally, looking ahead to future remedies, the law creates a task force to study foreclosure mediation and other alternatives for homeowners, which will include the Attorney General as the Chair of the Task Force, legislative leaders, a representative of the Massachusetts Bankers Association, and three appointees made by the Governor.

“We have found that when a lender and homeowner sit down face-to-face to review a mortgage, that is when things can best happen to keep a family in its home,” said Barbara Anthony, Undersecretary of Consumer Affairs and Business Regulation. “Mediation could be a valuable tool for homeowners and lenders going forward.”

Also today, Governor Patrick directed the Division of Banks to create regulations that will enhance mortgage loan servicing standards to regulate third-party loan services. These regulations will require lenders to consider all available loss-mitigation options before proceeding to foreclosure, similar to standards created in a recent national mortgage servicer settlement with five national servicers.

Since 2008, the Patrick-Murray Administration’s comprehensive response to the foreclosure crisis has included a number of initiatives designed to keep families in their homes, including workshops in cities hit hardest by foreclosures. The 14 workshops

have given nearly 4,000 homeowners the opportunity to meet one-on-one with lenders and consider potential workout options. Additionally, through legislation signed by Governor Patrick in 2007, the Division of Banks has used its ability to negotiate stays of foreclosure to help nearly 2,500 homeowners. The 2007 legislation created a right-to-cure period, extended to 150 days through legislation in 2010, which gives homeowners approximately five months to find a solution to a pending foreclosure before the lender can complete the process.

The other focus of the Administration's response to foreclosures is stabilizing neighborhoods hardest hit by foreclosures. More than \$100 million in state and federal resources have been devoted to these areas since 2008, resulting in the acquisition, rehabilitation and redevelopment of over 1,100 units of housing in 24 communities.

SUPPORTIVE STATEMENTS:

"We applaud the Governor, the Attorney General, and both houses of the Legislature for crafting groundbreaking legislation that helps homeowners in trouble avoid foreclosure and remain in their homes," said Elyse Cherry, Chief Executive Office of Boston Community Capital. "The principled leadership of our elected officials, together with the energetic efforts of housing advocates, have produced a bill that will help stabilize our neighborhoods and communities and represents a critical step in assisting Massachusetts families hard hit by the foreclosure crisis."

"I thank Governor Patrick for his leadership on this issue. Preventing foreclosures is one of the most important steps the Commonwealth can take to speed the economic recovery for middle-class families," said Sean Caron, Director of Public Policy at Citizens' Housing and Planning Association. "Averting unnecessary home losses means more stable property values and fewer Massachusetts families with ruined credit and no roof over their head."

"Foreclosure prevention agencies such as The Neighborhood of Affordable Housing (NOAH) are grateful to Governor Patrick, the Legislature, and Attorney General Coakley for creating measures that will protect at-risk homeowners from unnecessary and expensive foreclosures," said Philip Giffie, Executive Director of NOAH. "The signing of this Act is really great news as it will help many deserving families. The Act to Prevent Unlawful and Unnecessary Foreclosures enables realistic and fair resolutions for both private owners and lenders alike. It does not disrupt the private market. It is not a give-away for families. It just gives families a fair shot at paying their mortgage under current lower interest rate conditions in a market that has dropped significantly for five years. Taxes will be paid. Neighborhoods remain intact. Lenders retain their rights and get their monthly payments. Overall, it's a great example of win-win. Thank you, Governor Patrick."

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