

# **Massachusetts Alliance Against Predatory Lending**

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## **June 30th, Homeowners and advocates cry “Homeowners not Bankowners”, testify to actual solutions to the resurging Foreclosure Crisis**

June 30<sup>th</sup>, 2015, Statehouse – homeowners from communities across Massachusetts descended upon the statehouse to testify in support of three key foreclosure-related bills – “These bills represent a new offensive in the fight to end foreclosures even as foreclosure activity in Massachusetts surges again threatening to rival the worst years of this continuing crisis, 2010 and 2011,” explained Grace Ross of the Mass Alliance Against Predatory Lending, “ 1<sup>st</sup> quarter of this year foreclosure activity was up 77.3% over the 1<sup>st</sup> quarter a year ago, but now we know how to fix what is broken.”

Mildred Collins, a homeowner in Worcester, spoke of the urgency of state action in the first of two Hearings, today; this one at 10am in Room b-1: “DOR levied our bank account. DOR is threatening to take away my driver’s license and my husband’s. It even put a lien on our home. This makes no sense, because DOR says that the bank owns our home, not us. The Court says we own the home BUT cannot order the bank to give our deed back.”

Collins lost her family home to an illegal foreclosure. The Tax Relief of Mortgage Debt Act (S1464/H2607) will stop the state from demanding thousands of dollars in income taxes on nonexistent profits – harming tens of thousands of Massachusetts households already harmed by foreclosure. Mildred explains, “If you get a loan modification, or as in our case, your home is sold at auction for less than it’s worth, our state considers that forgiven debt a profit, when in fact you receive no money, no income to be taxed! The IRS does not tax this phantom money, nor should Massachusetts!”

“We were unable to get answers,” said Julie Carroca. “We were unsure of where to even send our payments or who was handling our mortgage.” The Carroca’s situation is the norm in the recent lending era but working with Lynn United and Lynn’s new mediation program, the Carrocas were able to communicate directly with representatives of their servicer for the first time. Within a short time they got a trial modification. “Now we can sleep at night,” said John Carroca. “We feel like there is hope.”

The Carrocas were referring to the positive experience and successful outcomes of Lynn’s municipal pre-foreclosure mediation program – the first in Massachusetts; otherwise they too would be part of the uptick in foreclosures. The first statewide program passed during the foreclosure crisis in Connecticut is now seeing 91% of homeowners facing possible foreclosures who participate are avoiding foreclosure, some three-quarters are staying in their home with affordable payment plans.

“These aren’t just houses, these are people’s homes,” noted Julie Carroca. Homeowners and their supporters came to tell the legislature why Massachusetts needs to clear its

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flooding pipeline at the percentages CT is seeing now – both through an Act Preventing Unnecessary Foreclosures (S482/H888) and an Act Clarifying Municipal Authority, (S41) which would allow municipal programs like Lynn’s mediation program to continue despite court challenges. These two bills were the first to be heard at the 11am Joint Financial Services hearing in Rm. A-2.

David Evans of Murphy & King and a certified neutral arbitrator and mediator, presiding over more than 350 cases, testified that "Nothing is more effective and efficient than face-to-face mediation when the details are complicated and the human element is critical for resolution. This bill requires the banks to provide an authorized representative, and ensures that the figures and paperwork on both sides is completed. The inevitable result is that both sides save time and money. I am not at all surprised Connecticut is seeing a 91% success in implementing alternatives to foreclosure. Massachusetts borrowers deserve this opportunity too!"

Municipal leaders, such as Worcester’s City Solicitor David came to testify to the successful protection of over 800 properties during and after foreclosure for the 5 years since the City passed its cash surety program in Dec. of 2009. “We have been able to afford to keep these residences up to code while still occupied or once vacant,” he explained – in a program that has protected the homes and their neighborhoods while successfully returning any remaining surety money to banks once the properties were re-sold.

Rose Webster-Smith, organizer at Springfield No One Leaves, where working together with their Springfield City Councilors, hundreds of residents got both a cash surety and mediation enacted. “Cities like Springfield have been impacted by bank foreclosures at incredibly higher rates than surrounding municipalities - we must have the ability to ensure that our response to this incredible crisis adequately addresses the impact the crisis has had on our families and our communities,”

"Passing this bill will solidify the right of municipalities to have a primary role in the issues that most affect their residents. These ordinances helped us address this uniquely 21st housing crisis with innovative solutions; there is no substitute." Amaad Rivera, former Springfield City Councilor and Lead sponsor for foreclosure-related Springfield Ordinances.

To speak with homeowners, specialists or lawyers regarding this legislation or for further information, please contact MAAPL at 508-630-1686 or [maaplinfo@yahoo.com](mailto:maaplinfo@yahoo.com),

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