

# Massachusetts Alliance Against Predatory Lending

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## AN ACT TO ESTABLISH A RESOLUTION TRUST FUND FOR RECEIPT OF REASONABLE MORTGAGE PAYMENTS: FACT SHEET

**House Docket 1462, Main Sponsor:** Representative Michelle DuBois

### What Does This Bill Do?

This bill will direct the Community Economic Development Assistance Corporation (CEDAC) to establish and administer a Trust Fund for the benefit of regions, communities, and neighborhoods hardest hit by foreclosures.

In addition to any monies from Massachusetts state government sources, the Trust Fund will be authorized to accept mortgage payments from borrowers when a court finds that a supposed mortgagee cannot substantiate its claimed right to receive them. Mortgages transferred to the Trust Fund will be modified to come into legal compliance with such traditional prime lending characteristics as principal of no more than 80% of the present day value, and no prepayment penalties. The bill will take effect immediately upon enactment.

**Other Bills Filed include:** *An Act for a Foreclosure Review Session of Superior Court, An Act to Ensure Reliable Land Title to Bolster Local Home Ownership and Business Creation*

### How Will the Resolution Trust Fund Work?

The Trust Fund will be administered through CEDAC, by a director whom CEDAC appoints. When the income reaches \$300,000 per year, CEDAC will hold an annual public hearing, well-advertised through community agencies, the media, and the General Court, concerning how to use this income in accordance with the criteria specified above.

CEDAC will hold similar local, annual hearings when annual Trust Fund income attributable to a given (1) county reaches at least \$100,000, and (2) city or cluster of up to five towns reaches at least \$100,000. Such a city or cluster could also establish its own regional Trust Fund in compliance with statutory requirements.

The Trust Fund director will provide an annual accounting of the funds; their use; and their effect on affordable housing and community development within each relevant area to the Senate President; Speaker of the House' and Chairs of the Joint Committees on Ways and Means, Housing, Community Development and Small Business, and Insurance and Financial Services.

### Why Do We Need This Legislation?

At present, when no mortgagee can substantiate a right to receive a borrower's mortgage payments, courts have nowhere to direct the borrower to pay *and even sometimes order the homeowner to keep paying the non-mortgagee*. Like the federal Resolution Trust Corporation that took over and liquidated the assets of failed financial institutions during the savings & loan crisis of the late 1980s and early 1990s, our homeowners need a resolution of a legal party to affordably pay when there is no such identifiable legal entity and retain their homes.

**Will this Bill cost or save the Commonwealth money?** No, unless the General Court appropriates money, but the Resolution Trust Fund is a vehicle to help rebuild our Commonwealth by creating a way for the thousands of responsible homeowner-borrowers who may well find there is no longer a legal mortgagee for their loan to pay and pay their mortgage payments into our state economy and our hardest hit communities.

[maaplinfo@yahoo.com](mailto:maaplinfo@yahoo.com)

[www.MAAPL.info](http://www.MAAPL.info)

Legislative Contact: Grace Ross, 617-291-5591

**MAAPL MEMBERS/SUPPORTING ORGANIZATIONS:** *Action for Boston Community Development, Inc., Action for Regional Equity, Alliance of Providers of Legal Services to Individuals Facing Foreclosure, ARISE for Social Justice, Arlington Community Trabajando, Boston Tenants Coalition, Brazilian Women's Group, Brockton Interfaith Community, Carpenters Local 40, Carpenters Local 107, Charles Hamilton Houston Institute For Race & Justice, Chelsea Collaborative, Chinese Progressive Association, City Life/Vida Urbana, Coalition for Social Justice, Community Economic Development Ctr of S.E. MA, Community Labor United, Democratic Socialists of America, Dorchester People for Peace, Era Key Realty Services, ESAC, Fair Housing Center of Greater Boston, Greater Boston Legal Services, Greater Four Corners Action Coalition, Green-Rainbow Party of MA, Harvard Legal Aid Bureau, Homeowner Options for MA Elders, Jewish Alliance for Law and Social Action, Lawrence Community Works, Lawyers' Committee for Civil Rights Under Law, Lynn United for Change, Legal Assistance Corporation of Central Mass, Mass Advocates for Children, Mass AFL-CIO, Mass Coalition for the Homeless, Mass Community Action Network, Massachusetts Fair Housing Center, Mass Jobs With Justice, Mass Law Reform Institute, Mass Welfare Rights Union, Merrimack Valley Labor Council, NAACP N.E. Area Council, National Community Reinvestment Coalition, National Consumer Law Center, National Lawyers Guild, Neighbor-to-Neighbor, Neighborhood Legal Services, New England United for Justice, North Shore Labor Council, Oiste?, Organization for a New Equality, Painters District Council 35, Pleasant St. Neighborhood Network Center, Southbridge Community Connections, Springfield No One Leaves Coalition, Survivors Inc., Northeast Region, Union of Minority Neighborhoods, United Auto Workers Mass CAP, United Food & Commercial Workers 1445, United For a Fair Economy, United Steel Workers Local 5696, Volunteer Lawyers Project, Worcester Anti-Foreclosure Team*