

Massachusetts Alliance Against Predatory Lending

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AN ACT RELATIVE TO THE IMPROVEMENT IN THE PROCESS FOR COLLECTING DELINQUENT PROPERTY TAXES: FACTSHEET

S1722, Main Sponsor: Senator Mark Montigny
H2549, Main Sponsor: Representative John Mahoney

This bill provides greater flexibility to municipalities in collecting tax arrearages; it provides for clear, uniform notices to taxpayers with delinquencies. Together these and other measures in this bill will make it possible for more homeowners to become current in their property taxes and stay in their homes. It will save municipalities more money.

What does this bill do?

- Reduces recording fees for municipalities. (Addition to Mass. Gen. Laws Ann. 60 § 2)
- Requires third parties that purchase tax titles to be licensed as debt collectors. (Addition to Mass. Gen. Laws Ann. 60 §§ 2C (1) and 52)
- Requires that third parties who purchase tax titles send clear uniform notices established by the Attorney General to homeowners by constable. (Added to Mass. Gen. Laws Ann. 60 §§ 2C, 16, 52, 53.)
- Provides a redemption period for up to one year if the tax title is sold to a third party and subsequently foreclosed upon. (Added to Mass. Gen. Laws Ann. 60 §§ 2C, 52 and 64.)
- Requires that third parties who purchase tax titles and subsequently foreclosure upon residential property return any surplus from the foreclosure auction, after taxes and expenses and a capped reasonable profit to municipality and the homeowner. (Added to Mass. Gen. Laws Ann. 60 § 2C.)
- Removes the penalty of arrest for tax delinquency. (Mass. Gen. Laws Ann. 60 § 16)
- Provides greater flexibility in repayment plans and allows municipalities to waive interest for elders and persons with disabilities. (Mass. Gen. Laws Ann. 60 § 62A)
- Provides a longer period for municipalities to file for tax foreclosure. (Mass. Gen. Laws Ann. 60 § 65)

Why does the Commonwealth need this Bill?

With the foreclosure crisis, Municipalities were hit with a new wave of unpaid property taxes. The Commonwealth needs updated laws (the tax taking law is from 1875) to facilitate collection of property taxes owed while providing basic consumer protections and protecting homeownership to the largest extent possible. Many homeowners found that what used to be a relatively informal & flexible process for catching up became swift and—with the choice by some municipalities to sell large amount of debt collection rights to third parties—confusing; they have unexpectedly and irretrievably lost their redemptions rights. Nor was the transfer of their payment obligation to third parties made clear, communicated with clear proof authority by the purchasers. There is little accountability to proper procedures, regular consumer protections or charges by unlicensed third parties and little oversight. While the parties who invested in the property were the homeowner and the municipality, now windfall profits go to those who buy tax titles with almost no legal rules, standard requirements or protections; this bill makes sure most of the proceeds from any auction will have to return to the homeowner and municipality. The inconsistent compliance with recordations in our Registries have also lead to many new clouds on titles.

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*

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