

2009 -- S 0250

LC00560

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2009

A N A C T

RELATING TO PROPERTY

Introduced By: Senators C Levesque, Metts, Pichardo, Perry, and Crowley

Date Introduced: February 11, 2009

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 34 of the General Laws entitled "Property" is hereby amended by
2 adding thereto the following chapter:

3 CHAPTER 27.3

4 TEMPORARY MORATORIUM ON FORECLOSURES

5 **34-27.3-1. Short title.** – This chapter shall be known and may be cited as "The
6 Temporary moratorium on Foreclosures Act".

7 **34-27.3-2. Legislative Findings/Emergency declaration.** – The general assembly
8 hereby finds that it is necessary for the immediate preservation of the public interests that this act
9 be declared an emergency law. The deferred operation of this act would tend to defeat its purpose,
10 which is to protect the citizens of the state of Rhode Island involved in the mortgage foreclosure
11 crisis.

12 **34-27.3-3. General provisions.** – (a) Notwithstanding the provisions of any general or
13 special law to the contrary, no foreclosure sale pursuant to a power of sale in any mortgage deed
14 of real estate located in the state, having a dwelling house with accommodations for four (4) or
15 less separate households and occupied in whole or in part by an obligor on the mortgage debt,
16 shall be conducted in the state for a period of one hundred and eighty (180) days after the
17 effective date of this section, on any mortgage note from a sub-prime lender which is
18 presumptively unfair by virtue of having any of the following: (1) An adjustable rate loan with an
19 introductory period of three (3) years or less; (2) A debt-to-income ratio in excess of fifty percent

1 (50%) under the fully indexed rate; (3) The loan was approved on a "stated income" basis with no
2 regard to a borrower's ability to repay; (4) The loan-to-ratio is one hundred percent (100%) or the
3 loan carries substantial pre-payment penalties or pre-payment penalties that extend beyond the
4 introductory period; (5) Interest only loans; (6) High points, fees or interest in violation of chapter
5 34-25.2 of the general laws.

6 (b) No interest or fees shall accrue during the one hundred eighty (180) day moratorium
7 period. No eviction proceedings shall be initiated against tenants in any foreclosed property
8 during the one hundred eighty (180) day moratorium period, except if the property is sold to a
9 bona fide purchaser or for a cause originating prior to the foreclosure.

10 (c) No register of deeds or assistant recorder of the land court shall accept for recording
11 or filing for registration any foreclosure deed pursuant to a foreclosure sale conducted under a
12 power of sale, during said one hundred and eighty (180) day period. For the purposes of this
13 section, the term "foreclosure sale" refers to the conclusion of a sale at public auction pursuant to
14 the provisions of chapter 27 of title 34.

15 (d) During the one hundred and eighty (180) day moratorium period, a commission shall
16 be established to develop and draft, with community input, legislation to be put before the
17 legislature, mandating judicial review of all mortgage foreclosures in Rhode Island. The
18 commission shall include one representative or designee each from the office of the governor, the
19 office of the attorney general, the office of the secretary of state, the office of the state treasurer,
20 the president of the senate and the speaker of the house of representatives.

21 (e) During the one hundred and eighty (180) day moratorium period, mortgage holders
22 are encouraged to work with borrowers who have any of the loan terms described above, to
23 modify the terms of their mortgages, including, if necessary, reducing the principal, lowering the
24 interest rate, eliminating pre-payment penalties, and other fees and costs so that qualified
25 homeowners can obtain affordable mortgages that will allow them to stay in their homes.

26 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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- 1 This act would impose an immediate 180 day moratorium on foreclosures and actions for
- 2 evictions of tenants of foreclosed property.
- 3 This act would take effect upon passage.

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