



ML Strategies Alert

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Massachusetts State Senate Advances Foreclosure Legislation

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The Massachusetts Senate last week passed [Senate Bill 2298](#), "An Act to Prevent Unlawful and Unnecessary Foreclosures." The Senate vote came just weeks after the House of Representatives passed similar legislation, (see [MLS Alert on House Foreclosure Legislation](#)) and sets in motion a negotiating process between the two chambers to come up with a consensus bill before the end of the legislative session on July 31, 2012.

The House and Senate bills are largely similar, with the goal of reducing foreclosures by forcing mortgage lenders to analyze a number of factors on individual loans before entering foreclosure proceedings on residential homeowners. Under both the House and Senate bills, banks would be required to prove through a formula that foreclosing on a mortgage would benefit the bank more than modifying the loan.

Among the differences between the two bills is an amendment adopted by the Senate that would mandate a mediation process between a borrower and lender before foreclosure proceedings could begin. The amendment, sponsored by Sen. Karen Spilka, delegates responsibility for the mediation program to the Massachusetts Office of Public Collaboration at UMass-Boston. Critics of the amendment contended that it would add an unnecessary step in the process, costing lenders additional time and money, but Sen. Spilka successfully pitched the measure as "a tool to try to get the parties to the table to resolve the renegotiation process."

If differences between the two bills cannot be resolved between the two chambers informally, the legislation will move to a conference committee for formal negotiations. With the governor, Attorney General, and both the House and Senate in favor of some form of this legislation, a compromise is expected to be worked out prior to the July 31, 2012 deadline.

ML Strategies will continue to keep you updated on the legislation's progress.

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