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GOVERNOR PATRICK CALLS FOR FIRST IN NATION STANDARDS FOR LENDERS RESPONSE TO BORROWERS FACING FORECLOSURE

New Regulation, Monitoring Lender Loan Modification Sets National Standard in Addressing Foreclosure Crisis

BOSTON— Friday, May 30, 2008— In order to increase the pace of lenders responding to homeowners hardest hit by the foreclosure crisis, Governor Deval Patrick has asked the Division of Banks (DOB) to begin evaluating all state licensed mortgage lenders on the basis of the speed and number of loan modifications they complete for delinquent borrowers seeking help.

This first in the nation action enhances one of the key provisions of the Commonwealth's new foreclosure prevention law, signed by the Governor in November of 2007, which made Massachusetts the only state in the country to extend its already aggressive CRA type requirements to non-bank mortgage lenders. Under CRA, mortgage lenders' records of helping to meet the mortgage credit needs of the areas within which they do business are evaluated through public examinations and ratings. Today's action would further extend CRA to include this evaluation through proposed regulation and the pace at which all state licensed mortgage lenders address the needs of the borrowers and modify loans will be assessed and made public.

"More can be and must be done to help those homeowners who are most at risk of losing their homes," said Governor Patrick. "It is important that all lenders do their part by being responsive to those who face the threat of foreclosure. Today's action is intended to hold lenders responsible for the quality of their response and push for the most successful and immediate solution that will allow borrowers to remain in their homes."

In an effort to increase the pace of loan modifications and prevent foreclosures, the administration will also bring together lenders and homeowners for face-to-face meetings at regional workshops in communities that have been hard hit by the national rise in mortgage foreclosures. The following lenders will participate in the workshops: Bank of America, CitiBank, JP Morgan Chase, Countrywide Financial, GMAC Mortgage, Option One, Washington Mutual and Wells Fargo. Representatives from these lenders will conduct individual sessions with homeowners and can approve loan modifications and debt restructuring plans that result in more affordable monthly payments for borrowers. These day-long workshops are designed to increase the pace of loan modifications and prevent foreclosures. The workshops are planned in Springfield and Brockton in June, with plans for others in the works for July in other hard hit areas throughout the state.

"Too frequently we hear that a homeowner in crisis or housing counselors have difficulty getting in direct contact with lenders and servicers. This is not acceptable," said Dan Crane, Undersecretary of Consumer Affairs and Business Regulation. "These workshops are designed to remove roadblocks to the loan modifications and other potential

solutions that will keep people in their homes over the long-term. Bringing lenders and homeowners together is a critical component of our efforts to preserve homeownership and stabilize neighborhoods across Massachusetts.”

These efforts further underscore the Administration’s comprehensive and standard-setting response to the rising tide of foreclosure. A recent report from the Pew Charitable Trusts examined how states have responded to the national crisis. The study cited Massachusetts’ new 90-day right to cure a mortgage default and other initiatives, ranking Massachusetts in the top tier of states that have launched comprehensive foreclosure prevention plans.

“Massachusetts, through the leadership of the Patrick-Murray Administration, has proven itself to be one of the most aggressive states on the issue of foreclosure prevention”, said John Taylor, President and CEO of the National Community Reinvestment Coalition. “Governor Patrick is doing on a state level what must be done nationally to address the rising tide of foreclosures in this country.”

Since 2007, the Patrick-Murray Administration and the Legislature have enacted the following measures to keep people in their homes and stabilize Massachusetts neighborhoods:

- **Borrower Outreach and Education**

- NeighborWorks HOPE hotline connected more than 3,500 Massachusetts homeowners to counselors in 2007
- Letters sent to nearly 50,000 borrowers in communities hardest hit by foreclosure urging recipients to call the NeighborWorks hotline and utilize MassHousing’s HomeSaver refinancing program
- Created web site of foreclosure resources, www.mass.gov/foreclosure

- **Lender Negotiations**

- Encourage lenders to adhere to set of “best practices” when dealing with troubled borrowers
- Secured more than 700 voluntary stays through the Division of Banks for homeowners facing imminent foreclosure
- Called on lenders to utilize new 90-day right to cure a mortgage default to increase the pace of loan modifications and avoid unnecessary foreclosures

- **Neighborhood Stabilization**

- Initiated pilot Neighborhood Stabilization programs in six cities with high rates of foreclosure
- Awarded \$2 million in grants for 11 regional foreclosure education centers, foreclosure prevention efforts and first-time homebuyer counseling
- Sent letter to with Congressman Frank calling on lenders not to evict tenants living in foreclosed buildings; support for legislation prohibiting eviction without just cause

- Developed MassHousing HomeSaver refinancing product
\$20 million acquisition program in development to allow for-profit and non-profit developers to purchase and rehab foreclosed properties in distressed communities

- **Stronger Regulatory Supervision**

- Foreclosure notices are now filed with the Division of Banks. The Division will maintain a database to track foreclosures and the lenders and brokers whose loans lead to foreclosure. The Division will also monitor who is responsible for maintaining vacant foreclosed property.
- The Division of Banks has begun licensing all mortgage loan originators, not just the companies that employ loan originators.

For a schedule of the regional workshops and foreclosure assistance please visit www.mass.gov/foreclosure, the website the Patrick-Murray Administration created to connect homeowners and tenants facing foreclosure to local, state and national programs that can provide relief.

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