

THE CITY OF CRANSTON

**ORDINANCE OF THE CITY COUNCIL**

IN AMENDMENT OF TITLE 8 OF THE CODE OF THE CITY OF CRANSTON, 2005,  
ENTITLED "HEALTH AND SAFETY"

(Foreclosure Requirements for Owner Occupied Residential Properties)

No.

*Passed:*

\_\_\_\_\_  
Terence Livingston, Acting Council President

*Approved:*

\_\_\_\_\_  
Allan W. Fung, Mayor

*It is ordained by the City Council of the City of Cranston as follows:*

SECTION 1. Title 8 of the Code of the City of Cranston, 2005, is hereby amended by adding thereto the following new Chapter 8.49 entitled "Foreclosure Requirements", :

**Section 8.49. 010 Foreclosure Requirements for Owner Occupied Residential Properties.**

(A) **Definitions:**

*The City* shall mean the City of Cranston.

*Residential premises/property* shall mean real property that is owner-occupied as an owner's principal resident, located within the City of Cranston and County of Providence, that is either a single-family or a structure containing not more than four residential units, and shall also include a residential condominium unit or a residential co-op unit occupied by an owner as an owner's principal resident.

*Loan/mortgage conciliation conference coordinator* shall mean an individual employed by a HUD-approved independent counseling agency to facilitate the discussion between the homeowner/mortgagor and the lender/mortgagee.

Loan/mortgage conciliation conference shall mean the formal discussion and negotiation taking place at the call of the loan/mortgage conciliation conference coordinator between the homeowner/mortgagor and the lender/mortgagee.

*Homeowner* shall mean an individual who owns and resides in residential real property located in the City of Cranston and County of Providence, and for whom such residential real property is a principal resident.

47            *Lender* shall mean an entity which has advanced funds secured by a mortgage on  
48 residential premises, and recorded in the Land Evidence Records of the City.

49            *The Parties* shall mean the homeowner/mortgagor and the lender/mortgagee.  
50

51            *Rules and regulations* shall mean any rules adopted by the City necessary for the  
52 proper enforcement of this Ordinance to interpret and secure its intent.  
53

54            **(B) Statement of Policy.** It is hereby declared that residential mortgage  
55 foreclosure actions, caused in part by so-called sub-prime mortgage lending and  
56 predatory lending practices as well as rising interest rates, unemployment and  
57 underemployment, have negatively impacted a substantial number of homeowners in the  
58 City, creating a foreclosure crisis which endangers the economic stability of the City and  
59 health and safety of its citizens, as the increasing numbers of foreclosures lead to  
60 increases in unoccupied and unattended buildings in the City and give impetus to the  
61 continuation, extension and aggravation of urban blight and decay. More importantly,  
62 foreclosures cause the unnecessary and unwanted displacement of a considerable number  
63 of homeowners and tenants who desire to live and work in the City.  
64

65            **(C) Purpose.** The City purpose in Chapter 8.49, is to protect the public health,  
66 safety and welfare by providing early, HUD-approved independent counseling agency  
67 supervised intervention in residential owner-occupied mortgage foreclosure cases which  
68 will assure timely determination of eligibility under various federal, state and local  
69 programs established to facilitate loan work-out and other solutions to permit residential  
70 homeowners, where possible, to retain their properties and permit lenders to move  
71 forward to auction/sale of the properties and recordation of a foreclosure deed upon  
72 conclusion of the process.  
73

74            **(D) Filing/Recording of Foreclosure Deed.**

75            From and after the effective date of this Ordinance, no deed offered by a  
76 lender/mortgagee to be filed with the Recorder of Deeds as a result of a mortgage  
77 foreclosure action shall be accepted and/or recorded in the Land Evidence Records of the  
78 City until and unless the following events have occurred:  
79

80            (a)     The lender/mortgagee shall provide written notice to the City of its intent  
81            to foreclose on the subject residential property at the same time it issues  
82            notice to the homeowner/mortgagor of the foreclosure action. Such notice  
83            must include plat and lot information.  
84

85            (b)     Said notice shall be filed by the lender/mortgagee with the Recorder of  
86            Deeds.  
87

88            (c)     Following the filing of such notice, the Parties shall participate in a  
89            mandatory loan/mortgage conciliation conference at a location mutually  
90            convenient to the parties. Telephone participation by the  
91            lender/mortgagee is acceptable.  
92

- 93 (d) Said conciliation conference shall be scheduled at a time and place to be  
94 determined by the conciliation conference coordinator, but not later than  
95 twenty-one (21) days following the mailing of the notice of intent to  
96 foreclose. The Parties will be noticed by certified and first class mail.  
97
- 98 (e) Prior to the scheduled conciliation conference, the homeowner/mortgagor  
99 will be assigned a loan counselor to be provided by a HUD-approved  
100 independent counseling agency.  
101
- 102 (f) The homeowner/mortgagor shall cooperate in all respects with the housing  
103 counseling agency, providing all necessary financial and employment  
104 information. The homeowner/mortgagor shall complete any and all loan  
105 resolution proposals and applications as appropriate.  
106
- 107 (g) The conciliation conference will require the exchange of information  
108 provided as required by subsection (f) to the representative of the  
109 lender/mortgagee.  
110
- 111 (h) If after two attempts by the conciliation conference coordinator to contact  
112 the homeowner/mortgagor, the homeowner/mortgagor fails to respond to  
113 the conference coordinator's request to appear for the conciliation  
114 conference, or the homeowner/mortgagor fails to cooperate in any  
115 respect with the requirements outlined in this Ordinance, the requirements  
116 of the Ordinance will be deemed to be satisfied upon verification by the  
117 HUD-approved independent counseling agency that the required notice  
118 was sent; and if so, a certificate will be issued immediately by the HUD-  
119 approved independent counseling agency authorizing the  
120 lender/mortgagee to proceed with the foreclosure action including  
121 recording the foreclosure deed.  
122
- 123 (i) If, it is determined after a good faith effort made by the  
124 lender/mortgagee at the conciliation conference with the  
125 homeowner/mortgagor, that the Parties, cannot come to an agreement to  
126 re-negotiate the terms of the loan in an effort to avoid foreclosure, such  
127 good faith effort on behalf of the lender/mortgagee shall be deemed to  
128 satisfy the requirements of this Ordinance. A certificate certifying such  
129 good faith effort will be issued immediately by the HUD-approved  
130 independent counseling agency authorizing the lender/mortgagee to  
131 proceed with the foreclosure action to include recording the deed. Such a  
132 certification will be in the form of a document to be filed along with all  
133 other relevant documents with the Recorder of Deeds.  
134  
135  
136  
137  
138

- 139  
140 (j) Upon the demand of the lender/mortgagee at any time following  
141 completion of the conciliation conference, if the lender/mortgagee is not  
142 invoking subsection (h), the HUD-approved independent counseling  
143 agency will immediately certify that the provisions of this Ordinance have  
144 been met.  
145
- 146 (k) The Parties shall complete the process required by this Ordinance within a  
147 period of ~~sixty (60)~~  
148 **(45)** days from the initial notice provided in (a).  
149
- 149 (l) Cases involving premises which are not owner-occupied or which are not  
150 residential are not subject to the mandatory loan/mortgage conciliation  
151 conference and may proceed directly to foreclosure and recordation of the  
152 deed concerning such property, presuming compliance with Chapter  
153 8.50.010(B).  
154
- 154 (m) Notwithstanding the foregoing, any lender/mortgagee which is  
155 headquartered within the State of Rhode Island and which services its own  
156 mortgages shall be deemed to be in compliance with the requirements of  
157 this section if:  
158
- 159 (1) the lender/mortgagee provides homeowners a forbearance  
160 relief requirements applicable to FHA-Insured Mortgages, as set  
161 forth in Chapter 8 of the HUD Handbook 4.330.1 Rev. 5,  
162 Administration of Insured Home Mortgages, as the same may be  
163 amended from time to time; and  
164
- 165 (2) the deed offered by a lender/mortgagee to be filed with the  
166 Recorder of Deeds as a result of a mortgage foreclosure action  
167 contains a certification that the provisions of this sub-section have  
168 been satisfied.  
169

170 **(E) Penalties.**

171 No deed offered by a lender/mortgagor to be filed with the Recorder of Deeds  
172 shall be accepted and/or recorded in the Land Evidence Records of the City if it is  
173 determined that the lender/mortgagor has failed in any respect with the requirements and  
174 provisions of this Ordinance.  
175  
176  
177  
178  
179  
180  
181  
182  
183  
184

185  
186  
187  
188  
189  
190  
191  
192  
193  
194  
195  
196  
197  
198  
199  
200

SECTION 2. This Ordinance shall take effect upon its final adoption.

Positive Endorsement		Negative Endorsement (attach reasons)	
_____	_____	_____	_____
Anthony Cipriano, City Solicitor	Date	Anthony Cipriano, City Solicitor	Date

Sponsored by Councilmen Aceto, Lupino, Pelletier, Santamaria and Archetto

Referred to Ordinance Committee September 17, 2009

THE CITY OF CRANSTON

**ORDINANCE OF THE CITY COUNCIL**

**IN AMENDMENT OF TITLE 8 OF THE CODE OF THE CITY OF CRANSTON, 2005,  
ENTITLED "HEALTH AND SAFETY"  
(Foreclosure Requirements for Rental Properties)**

*No.*

*Passed:*

Terence Livingston, Acting Council President

*Approved:*

Allan W. Fung, Mayor

*It is ordained by the City Council of the City of Cranston as follows:*

SECTION 1. Title 8 of the Code of the City of Cranston, 2005, is hereby amended by adding thereto the following new Chapter 8.50 entitled "Foreclosure Requirements", :

**Section 8.50. 010 Foreclosure Requirements for Rental Properties.**

(A) **Definitions:** *A bona fide tenant* shall mean a person who has entered into a written or oral rental agreement with a homeowner or landlord (mortgagor) with respect to a dwelling unit of a mortgaged residential premises no less than thirty (30) days prior to the foreclosure of the mortgagor’s interest. Neither the mortgagor nor any member of his or her immediate family is a “bona fide tenant”. The protections afforded a bona fide tenant exist regardless whether the residential premises is or is not owner-occupied.

*The City* shall mean the City of Cranston.

*Rules and regulations* shall mean any rules adopted by the City necessary for the proper enforcement of this Ordinance to interpret and secure its intent.

**(B) Notice to Bona Fide Tenants.**

Effective upon passage of this Ordinance, no bona fide tenant legally occupying a rental residential property within the City shall be forced to vacate that property in the event of a mortgage foreclosure action upon that property unless and until the following series of actions are taken:

- 47  
48  
49  
50  
51  
52  
53  
54  
55  
56  
57  
58  
59  
60  
61  
62  
63  
64  
65  
66  
67  
68  
69  
70  
71  
72  
73  
74  
75  
76  
77  
78  
79  
80  
81  
82  
83  
84  
85  
86  
87  
88  
89  
90  
91  
92
- (a) Where any dwelling unit of a foreclosed mortgaged estate is occupied by a bona fide tenant, and where the foreclosed mortgagor had provided essential services including, without limitation, heat, running water, hot water, electric, sewer or gas to such tenant, any successor in interest to be foreclosed mortgagor shall continue to provide the same essential services under the same terms and conditions to the tenant.
  - (b) A successor in interest to a mortgagor shall provide notice to each bona fide tenant, as defined in Paragraph A by mailing an envelope addressed to “Resident of Property Previously Subject to Foreclosure Sale” and by posting, in the same manner required for posting the notice of sale on the property to be sold, a written notice in both English and Spanish stating the name and address of the successor in interest, and/or managing agent so that the tenant may know to whom the ongoing rental payments should be made.
  - (c) Where any dwelling unit of a foreclosed mortgaged estate is occupied by a bona fide tenant of the foreclosed mortgagor, the bona fide tenant assumes a month to month periodic tenancy governed by the provisions of Chapter 18, Title 34 of the Rhode Island General Laws, except in those instances in which the bona fide tenant has entered into a written rental agreement with a homeowner or landlord (mortgagor) with respect to a dwelling unit of a mortgaged residential premises. In such instances tenancy is assumed for the duration specified in the written agreement.
  - (d) The lender/mortgagee shall provide notice to each bona fide tenant, as defined in Paragraph A, by mailing an envelope addressed to “Resident of Property Subject to Foreclosure Sale” and by posting, in the same manner required for posting the notice of sale on the property to be sold, at the same time notice is provided to the mortgagor, a written notice in both English and Spanish: (i) stating that the real estate is to be sold in foreclosure, which may affect the tenant’s right to continue to live in the property; (ii) stating the date, time and place of sale; (iii) providing the address and telephone number of R. I. Legal Services, and (iv) provide the name, address and telephone number of HUD-approved counseling agencies in Rhode Island. Failure of the lender/mortgagor to provide notice as provided herein shall not affect the validity of the foreclosure; however, no successor in interest to the mortgagor shall be permitted to initiate an action for possession of the premises against such bona fide tenant until notice as required herein, in addition to the notice required in subsection (d), is provided.

93  
94  
95  
96  
97  
98  
99  
100  
101  
102  
103  
104  
105  
106  
107  
108  
109  
110  
111  
112  
113  
114

**( C ) Penalties.**  
Any failure of a lender/mortgagee or successor in interest to a mortgagor to  
comply with the terms of this Ordinance will be penalized by a fine of not less than  
\$1,000.00 per offense.

SECTION 2. This Ordinance shall take effect upon its final adoption.

Positive Endorsement	Negative Endorsement (attach reasons)
<hr/>	<hr/>
Anthony Cipriano, City Solicitor    Date	Anthony Cipriano, City Solicitor    Date

Sponsored by Councilmen Aceto, Lupino, Pelletier, Santamaria and Archetto

Referred to Ordinance Committee September 17, 2009