

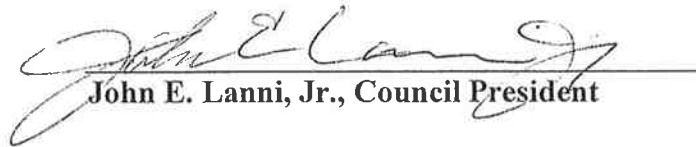
THE CITY OF CRANSTON

**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)

\*As amended Ordinance September 17, 2009  
\*AS AMENDED CITY COUNCIL 10/26/2009  
No. 2009-60

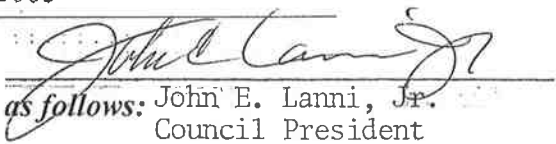
*Passed:*  
October 26, 2009

  
John E. Lanni, Jr., Council President

*Approved:*  
Mayor's Objections filed November 5, 2009

Allan W. Fung, Mayor

Repassed: November 23, 2009

*It is ordained by the City Council of the City of Cranston as follows:*   
John E. Lanni, Jr.  
Council President

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.

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

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

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 52 The Parties shall mean the homeowner/mortgagor and the lender/mortgagee.

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

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

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

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

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

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

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

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 90 (c) Following the filing of such notice, the Parties shall participate in a  
 91 mandatory loan/mortgage conciliation conference at a location mutually

92 convenient to the parties. Telephone participation by the  
93 lender/mortgagee is acceptable.

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95 (d) Said conciliation conference shall be scheduled at a time and place to be  
96 determined by the conciliation conference coordinator, but not later than  
97 twenty-one (21) days following the mailing of the notice of intent to  
98 foreclose. The Parties will be noticed by certified and first class mail.

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100 (e) Prior to the scheduled conciliation conference, the homeowner/mortgagor  
101 will be assigned a loan counselor to be provided by a HUD-approved  
102 independent counseling agency.

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104 (f) The homeowner/mortgagor shall cooperate in all respects with the housing  
105 counseling agency, providing all necessary financial and employment  
106 information. The homeowner/mortgagor shall complete any and all loan  
107 resolution proposals and applications as appropriate.

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109 (g) The conciliation conference will require the exchange of information  
110 provided as required by subsection (f) to the representative of the  
111 lender/mortgagee.

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113 (h) If after two attempts by the conciliation conference coordinator to contact  
114 the homeowner/mortgagor, the homeowner/mortgagor fails to respond to  
115 the conference coordinator's request to appear for the conciliation  
116 conference, or the homeowner/mortgagor fails to cooperate in any  
117 respect with the requirements outline in this Ordinance, the requirements  
118 of the Ordinance will be deemed to be satisfied upon verification by the  
119 HUD-approved independent counseling agency that the required notice  
120 was sent; and if so, a certificate will be issued immediately by the HUD-  
121 approved independent counseling agency authorizing the  
122 lender/mortgagee to proceed with the foreclosure action including  
123 recording the foreclosure deed.

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125 (i) If, it is determined after a good faith effort made by the  
126 lender/mortgagee at the conciliation conference with the  
127 homeowner/mortgagor, that the Parties, cannot come to an agreement to  
128 re-negotiate the terms of the loan in an effort to avoid foreclosure, such  
129 good faith effort on behalf of the lender/mortgagee shall be deemed to  
130 satisfy the requirements of this Ordinance. A certificate certifying such  
131 good faith effort will be issued immediately by the HUD-approved  
132 independent counseling agency authorizing the lender/mortgagee to  
133 proceed with the foreclosure action to include recording the deed. Such a  
134 certification will be the form of a document to be filed along with all  
135 other relevant documents with the Recorder of Deeds.

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(j) Upon the demand of the lender/mortgagee at any time following completion of the conciliation conference, if the lender/mortgagee is not invoking subsection (h), the HUD-approved independent counseling agency will immediately certify that the provisions of this Ordinance have been met.

(k) The Parties shall complete the process required by this Ordinance within a period of ~~\*sixty (60)~~ **forty-five (45)** days from the initial notice provided in (a).

(l) Cases involving premises which are not owner-occupied or which are not residential are not subject to the mandatory loan/mortgage conciliation conference and may proceed directly to foreclosure and recordation of the deed concerning such property, presuming compliance with Chapter 8.50.010(B).

(m) Notwithstanding the foregoing, any lender/mortgagee which is headquartered within the State of Rhode Island and which services its own mortgages shall be deemed to be in compliance with the requirements of this section if:

(1) the lender/mortgagee provides homeowners a forbearance relief requirements applicable to FHA-Insured Mortgages, as set forth in Chapter 8 of the HUD Handbook 4.330.1 Rev. 5, Administration of Insured Home Mortgages, as the same may be amended from time to time; and

(2) the deed offered by a lender/mortgagee to be filed with the Recorder of Deeds as a result of a mortgage foreclosure action contains a certification that the provisions of this sub-section have been satisfied.

**(E) Penalties.**

No deed offered by a lender/mortgagor to be filed with the Recorder of Deeds shall be accepted and/or recorded in the Land Evidence Records of the City if it is determined that the lender/mortgagor has failed in any respect with the requirements and provisions of this Ordinance.

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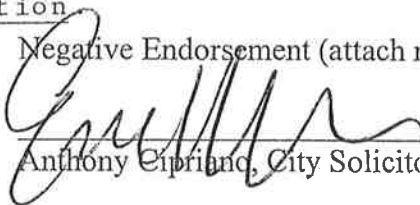
SECTION 2. This Ordinance shall take effect ~~upon its final adoption~~ \*30 days following its final adoption

Positive Endorsement

Negative Endorsement (attach reasons)

\_\_\_\_\_  
Anthony Cipriano, City Solicitor    Date

\_\_\_\_\_  
Anthony Cipriano, City Solicitor    Date

 10/15/09

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)

\*AS AMENDED CITY COUNCIL 10/26/2009

No. 2009-61

*Passed:*  
October 26, 2009

  
John E. Lanni, Jr., Council President

*Approved:*

Mayor's Objections filed November 5, 2009

Repassed: November 23, 2009  
Allan W. Fung, Mayor

  
John E. Lanni, Jr.  
Council President

*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:

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- (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.

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**( 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.~~ \*30 days following its final adoption.

Positive Endorsement

Negative Endorsement (attach reasons)

\_\_\_\_\_  
Anthony Cipriano, City Solicitor      Date

 10/15/09  
Anthony Cipriano, City Solicitor      Date

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

Referred to Ordinance Committee September 17, 2009