

THE CITY OF WARWICK  
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

CHAPTER 10  
BUSINESSES

ARTICLE V  
FORECLOSURE OF OWNER-OCCUPIED HOMES

No..... Date.....

Approved.....Mayor

Be it ordained by the City of Warwick:

Section I. Chapter 10 of the Code of Ordinances of the City of Warwick is hereby amended to add the following Article V:

**Sec. 10-36. Definitions.**

The City shall mean the City of Warwick.

Residential premises/property shall mean real property that is owner-occupied as an owner's principal residence, located within the City of Warwick, that is either a single-family dwelling 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 residence. Property deemed abandoned or under order for demolition as a result of fire or other calamity by the City's Minimum Housing Division is not considered owner-occupied for the purpose of this ordinance.

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 Warwick, and for whom such residential real property is a principal residence.

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

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

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.

**Sec. 10-37. Statement of Policy.**

It is hereby declared that residential mortgage foreclosure actions, caused in part by so-called sub-prime mortgage lending and predatory lending practices, as well as rising interest rates, unemployment and underemployment, have negatively impacted a substantial number of homeowners in the City, creating a foreclosure crisis which endangers the economic stability of the City and the health and safety of its citizens, as the increasing numbers of foreclosures lead to

1 increases in unoccupied and unattended buildings in the City and give impetus to the continuation,  
2 extension and aggravation of urban blight and decay. More importantly, foreclosures cause the  
3 unnecessary and unwanted displacement of a considerable number of homeowners and tenants who  
4 desire to live and work in the City.

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7 **Sec. 10-38. Purpose.**

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9 The City's purpose in Sections 10-36 through 10-40, inclusive, is to protect the public health,  
10 safety and welfare by providing early, HUD-approved independent counseling agency-supervised  
11 intervention in residential owner-occupied mortgage foreclosure cases which will assure timely  
12 determination of eligibility under various federal, state and local programs established to facilitate  
13 loan work-out and other solutions to permit residential homeowners, where possible, to retain their  
14 properties and permit lenders to move forward to auction/sale of the properties and recordation of a  
15 foreclosure deed upon conclusion of the process.

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18 **Sec. 10-39. Filing/Recording of Foreclosure Deed.**

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20 Except as may be provided in this ordinance, from and after the effective date of this  
21 Ordinance, no deed offered by a lender/mortgagee to be filed with the Recorder of Deeds as a result  
22 of a mortgage foreclosure action shall be accepted and/or recorded in the Land Evidence Records of  
23 the City until and unless the following events have occurred:

- 24 (a) The lender/mortgagee shall provide written notice to the City of its intent to  
25 foreclose on the subject residential property at the same time it issues notice to the  
26 homeowner/mortgagor of the foreclosure action. Such notice must include plat  
27 and lot information.
- 28 (b) Said notice shall be filed by the lender/mortgagee with the Recorder of Deeds.
- 29 (c) Following the filing of such notice, the Parties shall participate in a mandatory  
30 loan/mortgage conciliation conference at a location mutually convenient to the  
31 parties. Telephone participation by the lender/mortgagee is acceptable.
- 32 (d) Said conciliation conference shall be scheduled at a time and place to be determined  
33 by the conciliation conference coordinator, but not later than thirty (30) days  
34 following the mailing of the notice of intent to foreclosure. The Parties will be  
35 noticed by certified and first class mail.
- 36 (e) Prior to the scheduled conciliation conference, the homeowner/mortgagor will be  
37 assigned a loan counselor to be provided by a HUD-approved independent  
38 counseling agency.
- 39 (f) The homeowner/mortgagor shall cooperate in all respects with the housing  
40 counseling agency, providing all necessary financial and employment  
41 information. The homeowner/mortgagor shall complete any and all loan  
42 resolution proposals and applications as appropriate.
- 43 (g) The conciliation conference will require the exchange of information provided as  
44 required by subsection (f) to the representative of the lender/mortgagee.
- 45 (h) If after the two attempts by the conciliation conference coordinator to contact the  
46 homeowner/mortgagor, the homeowner/mortgagor fails to respond to the  
47 conference coordinator's request to appear for the conciliation conference, or the  
48 homeowner/mortgagor fails to cooperate in any respect with the requirements  
49 outlined in this Ordinance, the requirements of the Ordinance will be deemed to  
50 be satisfied upon verification by the HUD-approved independent counseling  
51 agency that the required notice was sent; and if so, a certificate will be issued  
52 immediately by the HUD-approved independent counseling agency authorizing  
53 the lender/mortgagee to proceed with the foreclosure action including recording  
54 the foreclosure deed.
- 55 (i) If, it is determined after a good faith effort made by the lender/mortgagee at the  
56 conciliation conference with the homeowner/mortgagor, that the Parties cannot  
57 come to an agreement to re-negotiate the terms of the loan in an effort to avoid  
58 foreclosure, such good faith effort on behalf of the lender/mortgagee shall be  
59 deemed to satisfy the requirements of this Ordinance. A certificate certifying such  
60 good faith effort will be issued immediately by the HUD-approved independent

1 counseling agency authorizing the lender/mortgagee to proceed with the  
2 foreclosure action, including recording the deed. Such a certification will be the  
3 form of a document to be filed along with all other relevant documents with the  
4 Recorder of Deeds.

- 5 (j) Upon the demand of the lender/mortgagee at any time following completion of the  
6 conciliation conference, if the lender/mortgage is not invoking subsection (h), the  
7 HUD-approved independent counseling agency will immediately certify that the  
8 provisions of this Ordinance have been met.
- 9 (k) The Parties shall complete the process required by this Ordinance within a period of  
10 sixty (60) days from the initial notice provided in (a).
- 11 (l) Cases involving premises which are not owner-occupied or which are not residential  
12 are not subject to the mandatory loan/mortgage conciliation conference and may  
13 proceed directly to foreclosure and recordation of the deed concerning such  
14 property.
- 15 (m) Notwithstanding the foregoing, any lender/mortgagee which is headquartered within  
16 the State of Rhode Island and which services its own mortgages shall be deemed  
17 to be in compliance with the requirements of this section if:
- 18 (1) The lender/mortgagee provided homeowners a forbearance relief program  
19 that is consistent with the forbearance relief requirements applicable to FHA-  
20 Insured Mortgages, as set forth in Chapter 8 of the HUD Handbook 4330.1 Rev.  
21 5, Administration of Insured Home Mortgages, as the same may be amended  
22 from time to time; and
- 23 (2) The deed offered by a lender/mortgagee to be filed with the Recorder of  
24 Deeds as a result of a mortgage foreclosure action contains a certification that the  
25 provisions of this sub-section have been satisfied.

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28 **Sec. 10-40. Penalties.**

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30 No deed offered by a lender/mortgagor to be filed with the Recorder of Deeds shall  
31 be accepted and/or recorded in the Land Evidence Records of the City if it is determined that  
32 the lender/mortgagor has failed in any respect with the requirements and provisions of this  
33 Ordinance. In the event that a foreclosure has taken place without affording the homeowner  
34 of the relief afforded by this Ordinance, the Recorder of Deeds shall assess a penalty of two  
35 thousand dollars (\$2,000.00) in addition to any other penalties and fees that may be assessed  
36 prior to recording the foreclosure deed. The rights of the homeowner to any redress afforded  
37 under the law are not abridged by this section.

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40 Section II. This Ordinance shall take effect upon passage and publication as prescribed by law.

SPONSORED BY: COUNCILWOMAN TAYLOR

COMMITTEE: ORDINANCE