

Rhode Island Legislation Would Give Renters Foreclosure Notice

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By Lynn Arditi, The Providence Journal, R.I.

Jan. 12--Rhode Island General Treasurer Frank T. Caprio and state housing officials yesterday announced their support for legislation designed to protect the growing number of renters in the state who are being forced out of their homes because their landlords did not pay their mortgages.

The legislation would require lenders to inform renters of "pending foreclosures" and notify them, in writing, at least 60 days prior to eviction.

There is currently no requirement in state law that tenants be notified before a foreclosure; the law states only that tenants are given "reasonable notice" prior to being evicted. What is deemed "reasonable," lawyers say, can range from as little as three days to 30 days or longer.

The legislation, which is being drafted, Caprio said, "will provide basic protections to those who have done nothing wrong and are simply trying to find a decent place to live."

Caprio cited a story in last week's Providence Sunday Journal that told of the Simmons family who moved into a rental house in East Providence and a month later heard from a neighbor that their property was in foreclosure. The landlord got into trouble with subprime loans and stopped paying the mortgage. By then, the family had already paid their landlord more than \$5,000 for three months' rent and security deposit.

Rhode Island Housing reports that 386 multifamily houses in the state were advertised for foreclosure auction from September through December of last year. Each multifamily house can be occupied by two to five families, typically renters.

"The subprime crisis exposed a culture of recklessness and cutthroat business practices on Wall Street," Caprio, a board member of Rhode Island Housing, said in a statement. "We have to prevent that culture from ruining the core of our communities and make sure no one is left without adequate housing because of landlords who are cutting it close with their investments and trying to keep money coming in the door."

Richard Godfrey, executive director of Rhode Island Housing, said in the statement that as foreclosures continue to rise, "it is more important than ever before that, together with our partners, we do everything in our power to help Rhode Islanders who are finding themselves troubled by this national epidemic."

The foreclosure "epidemic" has spread from the inner cities to the suburbs, from triple-deckers to suburban colonials and ranches. The largest concentration, however, continues to be in the urban areas. In Providence alone, Mayor David N. Cicilline's office reports that lenders last year took possession of 745 houses through foreclosure, according to deeds filed at Providence City Hall.

As the law now stands, "there is absolutely no legal requirement that the tenants be notified about anything" until the lender or owner moves to evict them, said Robert M. Sabel, litigation director at Rhode Island Legal Services in Newport.

EXHIBIT B-3- MORTGAGE LENDING
Meeting Date: 01-28-08
Document consists of 2 pages.
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In Rhode Island, no tenant can be evicted without a court order, Sabel said, but often tenants "don't know their rights." State law entitles tenants in foreclosure cases to receive a 20-day summons to appear in court for an eviction hearing. They must respond to the notice. If they do not respond or fail to appear in court, however, a "default judgment" can be entered in favor of the owner.

While some tenants are allowed to live in their rentals for a month or even several months after a bank takes possession, Sabel said, that is no guarantee of security. The legislation proposed would ensure that tenants get enough advance notice to find a new home.

"The sooner they know something bad is going to happen," Sabel said, the sooner "they can start looking."

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