

COMMUNICATION IS KE  
Escalate **PROBLEMATIC ISSUES** thro  
Counsel, *not Staff*  
Provide **PROPOSED SOLUTIONS**  
along with Problematic Issues

# **intersect**

servicing + **foreclosure**

i n t e r s e c t

**BREAKOUT SESSION 1**  
**Post-Foreclosure Track**

**MANDALAY EAST**

**Time 9:30 - 10:30AM**

## Post-Foreclosure Track

Although every state has experienced sharp declines in foreclosure and eviction volumes, many of the homes that are in the process are those that have the most serious condition problems. Vacant and abandoned homes attract more than default, as Mayors and municipalities through their code enforcement divisions, and Legislatures and Judges seek remedies to blight and are taking a more pro-active role in dealing with problem homes. This session will discuss these “fast-track” issues, as well as ways to ameliorate risk and also protect the value of these homes and the image of services attempting to deal with these properties.

INTERSECT | PRESENTERS

Moderator



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# PROPERTY CONDITION CHALLENGES



Strategies for avoidance of NOV (Notices of code violations)

- Value of regular property maintenance
- Identifying vacant properties for possible fast track
- Leveraging close relationships with code enforcement officials/municipal legal department

# STRATEGIZING COMPLIANCE WITH NOV

- Provide Compliance with NOV
- Prioritizing repairs
  - a. Negotiating minimum levels of repair





# INHERENT RISKS ASSOCIATED WITH PRE-FORECLOSURE REPAIRS

- Mortgagee in possession/other mortgagee rights
- Assumption of liability v. mere maintenance
- Tenant occupied properties
- Legislative requirements

# HAZARDOUS CONDITIONS

- Hazardous waste/meth exposures
- Demolitions/Stopping or starting/public safety concerns



# FAST TRACK FORECLOSURE OF ZOMBIE

- Legislative fixes
  - a. Indiana model/New York model
  - b. Pending legislation
  - c. Municipalities from all over are aggressively pursuing blight in the wake of all the publicity behind “zombie foreclosures.”
    - Many ordinances – NY – PA – CT
- NY – Asset Control Area Renewal Agreement with HUD – allows municipality to acquire foreclosed homes for rehab.

Community Restoration Fund – State purchases distressed mortgages in the hopes to keep homeowner’s in the home.
- PA – HB653 and 657 – Allows for expedited foreclosures to combat urban blight (property certified vacant by municipality)
- CT – 7-148aa- Blight Lien prior like RE taxes. 7-148gg-notice must be sent to lien holder or priority does not exist.





# EVICTIONS

- Disposal of Personal Property:
  - Mona Lisa Defense
  - Use Marshal for ejectments for removal of property
  - Rules for Abandonment of Property
  - Access only by Court order – reluctant to give access except in emergency situations
    - No heat
    - Burst Pipes
    - Health and Safety

# EVICTIONS

- Respecting Tenants Rights:
  - PTFA – Protecting Tenants from Foreclosure Act
    - Resurrected when Trump signed into law Economic Growth Regulatory Relief and Consumer Protection Act amending Dodd Frank Act. Some states continued the PTFA (CT).
      - Relates to federally related mortgage loan
      - Bona fide tenant – occupant not mortgagor or family member-lease entered into prior to vesting
      - Tenancy was arm's length
      - Rent is not substantially less than FMV
      - 90-day notice
      - Tenants must pay rent during 90-day period
      - If lease – could stay for lease term



# EVICTIONS

- Relocation Assistance:
  - Be careful of cash for keys – CFK must be equal in amount or value of the greater of the of the security deposit with interest, two months rent or \$2,000.00 whichever is greater (47a-20f)



# CONCLUSION – Q&A

- What should you do when there is a property that may be a problem?
  - Communication with municipality;
  - Stay pleadings of blight foreclosure while active foreclosure;
  - Stay imposition of daily fine for “reasonable time”
  - Work in concert with municipality towards resolution – get PD involved to avoid trespass
  
- Relationships with local counsel and municipality can be one’s strongest ally in these situations because there is strict interpretation of the statute being imposed.



INTERSECT SERVICING + FORECLOSURE

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**BREAK TIME +**  
**THANK YOU**

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