

2016 -- H 7281

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LC003704
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2016

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A N A C T

RELATING TO PROPERTY - MORTGAGE AND FORECLOSURE SALE

Introduced By: Representatives Edwards, Slater, Casey, Naughton, and Hull

Date Introduced: January 21, 2016

Referred To: House Judiciary

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 34-27 of the General Laws entitled "Mortgage Foreclosure and
2 Sale" is hereby amended by adding thereto the following section:

3 **34-27-8. Maintenance of vacant residential property.** – (a) A mortgagee that serves a
4 notice of intention to foreclose on a mortgage on residential property in this state pursuant to this
5 chapter, shall serve the municipal clerk of the city or town in which the property is located with a
6 copy of the notice at the same time that the mortgagee serves the notice on the mortgagor of the
7 property. The mortgagee shall designate and continuously maintain an agent, who is a resident of
8 this state, upon whom service may be made of any process, notice, or demand required or
9 permitted by law to be served, including, but not limited to, notice of minimum housing code
10 violations. The notice shall include the full name and contact information of the agent who is
11 authorized to accept service on behalf of the mortgagee with the copy of the notice served on the
12 municipal clerk.

13 (b) If the residential property becomes vacant at any time after the mortgagee files the
14 notice of intention to foreclose, but prior to vesting of title in any third party, and the municipality
15 determines that the property is in violation of any applicable state or local housing code, the
16 municipality may notify the mortgagee of the violation, by providing a copy of the notice to the
17 agent located within the state who is authorized to accept service on behalf of the mortgagee, and
18 may require the mortgagee to correct the violation.

19 (c) A municipality that requires a mortgagee to correct a violation pursuant to this section

1 shall include a description of the conditions that gave rise to the violation with the notice of
2 violation and shall provide a period of not less than thirty (30) days from the mortgagee's receipt
3 of the notice for the mortgagee to remedy the violation. If the mortgagee fails to remedy the
4 violation within that time period, the municipality may impose penalties allowed for the violation
5 of municipal ordinances.

6 (d) A mortgagee in violation of subsection (a) of this section shall be subject to a fine of
7 up to one thousand dollars (\$1,000) per day in violation payable to the municipality.

8 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would require mortgagees, upon filing notice of intent to foreclose against a
2 mortgagor, to file a copy of that notice with the city or town municipal clerk, and appoint an
3 agent for service of process within the state. Further, the act would require a mortgagee who
4 initiates a foreclosure proceeding against a residential property located in the municipality, to
5 maintain the property in accordance with state and local housing codes if the property becomes
6 vacant during the foreclosure proceeding.

7 This act would take effect upon passage.

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