

The Plan

Homeowners Bill of Rights

The “Homeowners’ Bill of Rights” helps homeowners stay in their homes and out of foreclosure, stops deceptive loans, and protects neighborhood home values.

- **Ban Predatory Mortgage Lending.** Buying a home is one of the most complicated and important decisions a family will face. Homeowners are often inundated with complicated loans and vulnerable to being preyed upon by predatory lenders. That is why, as governor, Brian Moran will protect homebuyers by banning “loan flipping,” whereby lenders trick homeowners into repeatedly refinancing their homes charging fees for refinancing into equal or worse loan terms. He will also crack down on excessive fees that cannot be justified on economic grounds. Lenders can and should be able to make a profit from providing mortgages to consumers, but they should not be allowed to prey on and take advantage of Virginia’s hardworking families.
- **Ban Negative Amortizing Mortgages.** Virginia should join the 25 states that have banned negative amortizing mortgages. These deceptive mortgages begin the foreclosure process as soon as they are signed. Under these mortgages, homeowners begin having the equity stripped from their homes the minute they purchase it. Once the equity is stripped from their home, the lender can then begin the foreclosure process. These mortgages are bad for our families and our communities, and when Brian Moran is governor, he will put them out of business.
- **Strengthen Duties of Mortgage Brokers and Lenders.** Brian Moran will fight to establish a fiduciary duty for mortgage brokers and a good faith and fair-dealing standard of care for lenders to act in the best interest of the consumer. This will ensure that mortgage brokers and lenders look out for their customers instead of sticking them with mortgages they know they can’t afford.
- **Prohibit Pushing Families into Bad Mortgages.** (Anti-Steering provision) Brian Moran will fight to prohibit any mortgage lender or broker that is required to be licensed under the Mortgage Lender and Broker Act from making a mortgage loan to, or negotiating, placing or finding a mortgage loan for, a borrower if it is more expensive than any other mortgage loan with identical terms that the lender or broker markets or offers and for which the borrower

qualifies. These types of steering scams take advantage of innocent Virginians and Brian Moran will put an end to them.

- **Educate Borrowers.** Brian Moran will require that no lender make a subprime loan at a variable or adjustable interest rate unless the borrower explicitly states in writing that he or she wants this type of loan, understands that their rate may change, and is referred to state resources and programs.
- **Borrower Default Protection.** Brian Moran will fight to get homeowners delinquent on their mortgage payments a 90 day period to catch up on payments before lenders can foreclose on them, tripling the existing law. This would also provide a new homeowner's right to cure any default by paying all sums that would have been due in the absence of default and performing any other obligation that the borrower would have been bound to perform in the absence of the default or acceleration.
- **Create a Foreclosure Prevention Program.** As Governor, Brian Moran will create a Home Foreclosure Prevention Program to work to create innovative ways to prevent foreclosures and keep Virginia's families in their homes. This will include creating a foreclosure prevention hotline and build on Governor Kaine's foreclosure prevention website to coordinate all of the resources available to Virginia's struggling homeowners. . Colorado launched a foreclosure prevention hotline in 2006 to help people get foreclosure counseling, and four out of five callers who received counseling avoided foreclosure.¹ Virginia can and should do things like this to help homeowners and their families.
- **Provide Homeowners with the Information They Need.** Brian Moran will require mortgage servicers to send a notice to homeowners at least 45 days before foreclosure, notifying them of why their loan is in default, how much is owed, options available other than foreclosure and how the homeowner can seek help. This is important because no family should lose its home because they do not have enough information or know how to seek help.
- **Protect Neighborhoods.** Virginia should require legal owners to maintain vacant residential properties purchased at a foreclosure sale, or acquired by that owner through foreclosure. Foreclosures harm those who lose their homes and entire neighborhoods. Our first priority is to prevent foreclosure and keep families in their homes. However, when this is not possible, foreclosed properties mustn't be left vacant and uncared for. This creates blight in neighborhoods and lowers property values for everyone else's homes. Brian Moran will require that purchasers of vacant foreclosed homes keep them up to protect other families in the neighborhood and prevent their home values from declining unnecessarily. It would also empower localities to create foreclosure sale registries to track who

¹ "Defaulting on the Dream: States Respond to America's Foreclosure Crisis," *The Pew Charitable Trust*. April 2008.
[http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Fact_Sheets/State_policy/Virginia\(1\).pdf](http://www.pewtrusts.org/uploadedFiles/wwwpewtrustsorg/Fact_Sheets/State_policy/Virginia(1).pdf)

owns foreclosed homes and to ensure enforcement and accountability for our communities.

- **Stand up for Renters.** Brian Moran understands that too often renters are often the victim of foreclosure, too. When a rental property is foreclosed upon, renters are often caught unaware. Renters deserve a reasonable amount of time before they have to find a new home. That's why Brian Moran will protect renters by requiring 60 days notice upon foreclosure so that they have adequate time to find another place to live.
- **Protect Seniors.** Brian Moran will protect senior citizens from financial scams, such as those involving reverse mortgages, by strengthening penalties for those who prey on our most vulnerable citizens. He will work with advocacy groups and lenders to protect seniors from con artists that prey on seniors.
- **Protect Homeownership for Virginia's Military Families.** Virginia should go the extra mile to protect homeownership for our military families. That is why, as governor, Brian Moran will freeze the foreclosure process for military families until 90 days after they returned from their deployment.