

2015 -- H 5613

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LC001204
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2015

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A N A C T

RELATING TO PROPERTY -- MORTGAGE FORECLOSURE AND SALE

Introduced By: Representatives O'Grady, Diaz, Carson, Regunberg, and Marshall

Date Introduced: February 25, 2015

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. Requirement of affidavit from certain tax exempt entities. – (a) Definitions.**

4 -- The following definitions apply in the interpretation of the provisions of this section unless the
5 context requires another meaning:

6 (1) "Mortgage loan" means a loan to a natural person made primarily for personal, family
7 or household purposes secured wholly or partially by a mortgage on residential property.

8 (2) "Residential property" means real property on which there is a dwelling house with
9 accommodations for no more than four (4) dwelling units and occupied, or to be occupied, in
10 whole or in part, by the obligor on the mortgage debt; provided, however, that residential property
11 shall be limited to the principal residence of a person; provided, further, that residential property
12 shall not include an investment property or residence other than a primary residence; and
13 provided, further, that residential property shall not include residential property taken in whole or
14 in part as collateral for a commercial loan.

15 (b) In all circumstances in which an offer to purchase either a mortgage loan or
16 residential property is made by an entity with a tax-exempt filing status under section 501(c)(3) of
17 the Internal Revenue Code, or an entity controlled by an entity with such tax exempt filing status,
18 no mortgagee shall require as a condition of sale or transfer to any such entity any affidavit,
19 statement, agreement or addendum limiting ownership or occupancy of the residential property in

1 question and, if obtained, such affidavit, statement, agreement or addendum shall not provide a
2 basis to avoid a sale or transfer nor shall it be enforceable against such acquiring entity or any real
3 estate broker, mortgagor or settlement agent named in such affidavit, statement or addendum.

4 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 provide that no mortgagee shall require an entity with tax-exempt status
2 under 501 (c)(3) of the Internal Revenue Code to file an affidavit, statement, agreement or
3 addendum limiting ownership or occupancy of residential property when offering to purchase a
4 mortgage loan on residential property.

5 This act would take effect upon passage.

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