



**Statement of the Massachusetts Bankers Association
in Opposition to
S 1031, An Act to Amend the Foreclosure Statute to Require Judicial Foreclosure
Joint Committee on the Judiciary
Tuesday, April 8, 2025
1:00PM**

On behalf of our more than 120 commercial, savings and cooperative banks and federal savings institution members with more than 72,000 employees located throughout the Commonwealth and New England, the Massachusetts Bankers Association (MBA) appreciates the opportunity to provide you with our views on S 1031, legislation to establish a judicial foreclosure system in Massachusetts.

This bill would allow every borrower in Massachusetts to contest a pending foreclosure before a judge, adding considerable cost and burden to local banks. Since even before the not-so-distant public health pandemic, our member banks have offered forbearance programs for borrowers facing financial difficulties and to this day, continue to work with their customers on loan modifications and other initiatives to allow borrowers to remain in their homes.

Further, as you know, the Commonwealth provided unprecedented amounts of assistance to at-risk homeowners and renters throughout the COVID-19 public health emergency and years after, with our members lending their support, attention, and expertise along the way.

Comments on S 1031

S 1031 gives judges broad authority to modify the underlying mortgage or “grant any other appropriate relief”. This is a significant increase in judicial power in Massachusetts and will create uncertainty both for banks that hold mortgages in their portfolios as well as those loans that are sold into the secondary market. Additionally, since this new judicial foreclosure system would apply to all homeowners – not just borrowers with hardships – the bill appears to grant the courts authority to rewrite loans even if the borrower has the income to support the current payment. A mortgage is a contract between two parties – the lender and the borrower. We urge the Committee to exercise caution before moving forward with legislation that allows judges to modify that contract unilaterally.

We are also concerned that a new judicial review requirement, without any additional funding or staffing resources, will overwhelm the court system, which would slow the process even further for lenders with legitimate rights to foreclose. While banks always view foreclosure as a last resort, our members must be able to protect their assets and security interest in these properties. Ultimately, the increased costs and delays that judicial foreclosure will create will be borne by borrowers in the form of higher interest rates and higher fees on all loans in the Commonwealth.

The legislature has rejected similar judicial review proposals in each of the last several legislative sessions. We would again urge the Committee to give this bill an unfavorable report.