State of Rhode Island and Providence Plantations
State House
Providence, Rhode Island 02903-1196
401-222-2080

Donald L. Carcieri
Governor

November 9, 2009

TO THE HONORABLE, THE PRESIDENT OF THE SENATE:

In accordance with the provisions of Section 14, Article IX of the Constitution of the State of Rhode Island and Section 43-1-4 of the Rhode Island General Laws, I transmit, with my disapproval, 2009 S 1002, Substitute A, "An Act Relating to Property-- Mortgage Foreclosure and Sale."

This bill would require lenders to give borrowers at least seventy-five (75) days notice before commencing a foreclosure proceeding. It would also mandate that borrowers be made aware of free mortgage counseling services available to them.

It's often the case that well-intentioned legislation has unintended consequences. That may or may not be true in this case, but what is not debatable is that the General Assembly had the opportunity, but failed, to pass legislation that afforded protections not only to those facing foreclosure, but to tenants affected by foreclosure and to persons who may one day want to buy a home and therefore need access to banks and credit unions for the purposes of providing a loan.

Cities and towns throughout Rhode Island are debating or enacting ordinances of dubious legality in an attempt to curtail the ability of lenders to foreclose on homes where owners have ceased making mortgage loan payments. Such ordinances may be popular, but could push some lenders out of the local marketplace entirely. Banks and credit unions are unlikely to lend in Rhode Island if city and town councils force them to comply with as many as thirty-nine (39) different, and ever changing, sets of rules.

A family trying to sell their home or a family hoping to buy a home are both ill-served by this legislation. It represents a piecemeal approach to a complicated problem and makes Rhode Island a less attractive lending environment. The General Assembly should have passed legislation to provide the same protections to tenants and those facing foreclosure as contained herein, while also including language that gives some certainty to lenders by establishing a uniform approach to this problem.

For these reasons, I disapprove of this legislation and respectfully urge your support of this veto.

Sincerely,

Donald L. Carcieri
Govenor