
HOUSE BILL No. 1487

DIGEST OF INTRODUCED BILL

Citations Affected: IC 32-29-7-3.5.

Synopsis: Foreclosure prevention. Requires a court, in a mortgage foreclosure action with respect to an occupied dwelling, to consider evidence concerning the effect of the foreclosure. Requires the court to withhold entry of judgment in a foreclosure action for 180 days if the court finds: (1) entry of a judgment of foreclosure will have a negative effect on the occupant or neighborhood, or may lead to the house becoming vacant; and (2) there is a reasonable possibility that withholding entry of judgment in a foreclosure action will reduce the negative effects.

Effective: July 1, 2013.

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January 22, 2013, read first time and referred to Committee on Judiciary.

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First Regular Session 118th General Assembly (2013)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2012 Regular Session of the General Assembly.

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HOUSE BILL No. 1487



A BILL FOR AN ACT to amend the Indiana Code concerning property.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 32-29-7-3.5 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 3 1, 2013]: **Sec. 3.5. (a) This section applies only to a mortgage**
- 4 **foreclosure action filed with respect to a dwelling occupied by the**
- 5 **mortgagor.**
- 6 **(b) Before entering a judgment in favor of the plaintiff in a**
- 7 **mortgage foreclosure action, the court shall, upon motion by the**
- 8 **defendant or upon the court's own motion, consider evidence**
- 9 **concerning:**
- 10 **(1) the effect of foreclosure on the mortgagor;**
- 11 **(2) the effect of foreclosure on the neighborhood;**
- 12 **(3) efforts the mortgagor has taken to avoid foreclosure;**
- 13 **(4) the effect of foreclosure on the mortgagee;**
- 14 **(5) the mortgagee's plan for the property;**
- 15 **(6) whether the property will be vacant or abandoned after**
- 16 **the foreclosure; and**
- 17 **(7) any other effects that the foreclosure is likely to cause.**



1 The court may consider evidence from the mortgagor, the
 2 mortgagee, the Indiana housing and community development
 3 authority (created by IC 5-20-1-3), a mortgage foreclosure
 4 counselor (as described in IC 5-20-6-2), the representative of a
 5 neighborhood homeowners or development group, and any other
 6 person with relevant knowledge and experience.

7 (c) If the court finds that:

8 (1) entry of a judgment of foreclosure:

9 (A) will, more likely than not, have a negative effect on the
 10 mortgagor or the neighborhood; or

11 (B) will, more likely than not, cause the property to become
 12 vacant or abandoned; and

13 (2) there is a reasonable possibility that withholding entry of
 14 a judgment of foreclosure may mitigate the negative effects
 15 described in subdivision (1);

16 the court shall withhold entry of the judgment of foreclosure for
 17 not more than one hundred eighty (180) days.

18 (d) If, during the period in which the judgment of foreclosure is
 19 withheld, the property is sold to another person, the court shall
 20 dismiss the foreclosure action.

21 (e) If, at the conclusion of the period during which the judgment
 22 is withheld, the property has not been sold, the court shall enter the
 23 judgment of foreclosure. However, the court may, for good cause
 24 shown, extend the period during which judgment is withheld by not
 25 more than ninety (90) days.

26 (f) A withheld judgment under this section does not affect:

27 (1) the debt owed by the mortgagor;

28 (2) the accrual of interest during the period in which the
 29 judgment is withheld;

30 (3) the mortgage lien; or

31 (4) any other applicable contractual provisions.

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