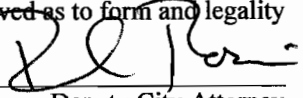


FILED
OFFICE OF THE CITY CLERK
OAKLAND

2012 JUN 28 PM 4:33

Approved as to form and legality

By: 
Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION NO. 83988 C.M.S.

Introduced by Councilmembers Brunner and Kaplan

RESOLUTION DIRECTING THE CITY ADMINISTRATOR TO INCLUDE SPECIFIC INFORMATION IN THE ANNUAL LINKED BANKING SURVEY, TO REQUIRE SURVEY COMPLETION TO DETERMINE "ELIGIBLE DEPOSITORIES", TO PROVIDE A TRANSPARENT COMPARATIVE ANALYSIS OF BANK PERFORMANCE TO COUNCIL BY MARCH 31, 2013, AND TO RETURN TO COUNCIL WITH RECOMMENDATIONS FOR POSSIBLE CHANGES TO UPDATE THE LINKED BANKING ORDINANCE

WHEREAS, the practices and products of financial institutions have a measurable impact on the City's tax base, quality of life and overall economic viability and competitiveness; and

WHEREAS, the role of financial institutions in the foreclosure crisis and recession has created renewed interest in and support for policies to hold banks responsible to the communities they serve; and

WHEREAS, the City of Oakland has been a leader in progressive banking policies, passing the Linked Banking Ordinance in 1993 and amending it in 1998; and

WHEREAS, the Linked Banking Ordinance is a tool that allows the City to leverage its banking relationships and deposits to ensure that banks are deploying capital in a way that is responsive to the needs of local residents; and

WHEREAS, the City currently conducts annual surveys of banks interested in doing business with the City in order to assess whether each bank is providing a sufficient amount of residential and business loans in Oakland; and

WHEREAS, the City of Oakland has been hard hit by the foreclosure crisis; according to a report by the Alameda County Public Health Department and Causa Justa, between 2006 and 2009, about one in four mortgages began to enter into foreclosure in Oakland; and

WHEREAS, a report by the California Reinvestment Coalition and the Alliance of Californians for Community Empowerment estimated that between 2008-2012, the total cost of foreclosures to local government in Oakland, including loss of property taxes, increased public safety and code inspection costs was \$224 million; and

WHEREAS, the most recent survey requested but did not require information on loan modifications; and

WHEREAS, in the most recent survey, only 5 of the 10 responding banks provided information on loan modifications, however 8 of the 10 were deemed Eligible Depositories; and

WHEREAS, in the most recent survey, information was only gathered on Small Business Administration loans which can apply to businesses with receipts exceeding \$20 million; and

WHEREAS, most Oakland businesses fall below the SBA thresholds, which is why the City uses 30% of SBA standards to determine a “small local business enterprise” for contracting purposes; and

WHEREAS, geographic data on foreclosures, loan modifications and small business lending can be of assistance to the City’s housing policy and economic development efforts respectively; and

WHEREAS, there are many models of responsible banking ordinances nationwide that could inform an update of the City’s Linked Banking Ordinance; and

WHEREAS, numerous jurisdictions across the country, including Cleveland, Pittsburgh, Los Angeles, and New York have responsible banking ordinances that require data from banks, including data on foreclosures and small business lending , and provide the public with analysis and evaluation of the banks’ responses; and

WHEREAS, the most recent report on the Linked Banking surveys included no comparative analysis of banks’ performance; and

WHEREAS, the City’s current needs for information and services from banks has changed since the passage of the Linked Banking Ordinance and the survey should be updated accordingly; and

WHEREAS, the existing Linked Banking Ordinance gives the City Administrator the authority to determine what information is required in order to assess whether a bank is an Eligible Depository; and

WHEREAS, the City is expected to issue a new Request for Proposals for banking services in Spring of 2013, and any banks to be considered must be deemed "Eligible Depositories" under the Linked Banking Ordinance; now therefore be it

RESOLVED: That the City Council hereby directs the City Administrator to:

- 1) include specific information addressing foreclosure loans, small business lending, real estate owned properties and payday loan products as outlined in Exhibit A, as well as other information staff deems relevant, in the annual linked banking survey,
- 2) require survey completion as a prerequisite to deeming a bank an "Eligible Depository",
- 3) provide a transparent comparative analysis of bank performance in a report to Council by March 31, 2013, and
- 4) return to Council with recommendations for possible changes to update the Linked Banking Ordinance.

IN COUNCIL, OAKLAND, CALIFORNIA, JUL 17 2012, 20

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, ~~BRUNNER~~, DE LA FUENTE, ~~KAPLAN~~, KERNIGHAN, NADEL, SCHAAF, and PRESIDENT REID - 6

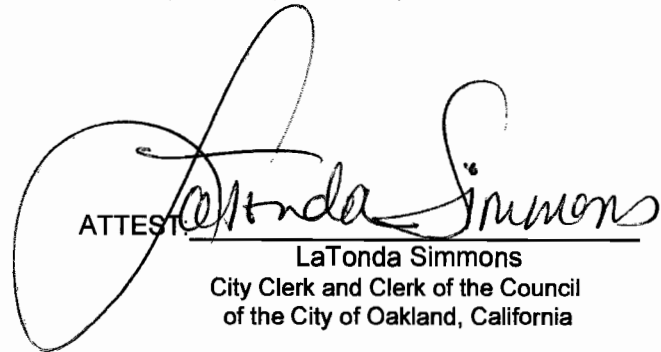
NOES - 0

ABSENT - Brunner - 1

ABSTENTION - 0

Excused - Kaplan - 1

ATTEST



LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

EXHIBIT A: Additional Survey Questions

Loan Modification Activity (by zip code for the previous year)

This includes both loans originated and loans serviced by the Responding Bank.

- 1) How many home loans were made?
- 2) How many loans were serviced by the bank or any affiliate? (Please list affiliates)
- 3) How many properties received foreclosure notices?
- 4) How many borrowers applied for a loan modification (for originated and serviced loans)?
- 5) Of those who applied, how many loans were modified?
- 6) Please provide the percentage of modifications that:
 - a. Resulted in lower monthly payments
 - b. Reduced interest rates
 - c. Reduced principal
 - d. Deferred payments
 - e. Increased principal
 - f. Resulted in a permanent modification

Small Business Lending (by zip code for the previous year)

- 1) How many loans were made to Oakland businesses with revenue of \$1 million or less?
- 2) How many Oakland businesses with revenue of \$1 million or less applied for loans?
- 3) How many of these loans were less than \$50,000?
- 4) How many of these loans were between \$50,000 and \$150,000?
- 5) How many of these loans were less than \$150,000?
- 6) How many loans were made to minority-owned, women-owned and /or disabled-owned businesses in Oakland?
- 7) How much has the Responding bank invested in small business lending in Oakland either through direct loans or through a Community Development Financial Institution (CDFI)?

Pay Day Lending

- 1) List names and locations of any payday lending companies in Oakland, which are affiliated with the bank.
- 2) Does the Responding Bank offer a payday or deferred deposit or cash advance product and if so, what is the APR?
- 3) Does the Responding Bank extend lines of credit to, or otherwise finance payday lenders?