
Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. 82053 C.M.S.

RESOLUTION IN SUPPORT OF AB 260 (LIEU), A BILL TO REFORM MORTGAGE LENDING PRACTICES BY PLACING RESTRICTIONS ON SUBPRIME LOANS, PROHIBITING VARIOUS PRACTICES BY LENDERS AND BROKERS, AND AUTHORIZING STATE REGULATORY AGENCIES TO SUSPEND OR REVOKE LICENSES OF LENDERS AND MORTGAGE BROKERS THAT VIOLATE LENDING LAWS

WHEREAS, the City of Oakland has experienced a high rate of home mortgage foreclosures, and

WHEREAS, a major factor to the collapse in the housing market and subsequent economic downturn has been massive increases in mortgage payment defaults, mostly on subprime loans; and

WHEREAS, one area of focus has been problems relating to incentives and practices by lenders and brokers in the subprime loan markets including payment structures by lenders that provide incentives to brokers to steer customers to loans with higher interest yields and larger prepayment penalties; and

WHEREAS, the result of these incentives is that brokers' interests are often not in the best interest of the borrowers they are supposed to represent; and

WHEREAS, reforms are needed to curb abuses in the industry; and

WHEREAS, Assemblyman Ted Lieu has introduced Assembly Bill 260 that would place restrictions on subprime loans, prohibit various practices by lenders and brokers, and authorize state regulatory agencies to suspend or revoke licenses of real estate lenders and mortgage brokers that violate lending laws; now, therefore be it

RESOLVED: That the City Council of the City of Oakland hereby supports AB 260 (Lieu), a bill that will address key deficiencies in the subprime mortgage market by changing incentives for lenders and brokers to offer high-cost loan products, regulate high cost loan products issued in California, increase regulatory oversight, and make explicit the fiduciary duty of mortgage brokers to the borrowers they represent; and be it

FURTHER RESOLVED: That the City Council hereby authorizes and directs the City Administrator, and/or his designee, to work actively for the passage of AB 260.

IN COUNCIL, OAKLAND, CALIFORNIA, JUN 2 2009, 2009


PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, ~~REID~~, AND PRESIDENT BRUNNER - 7

NOES - 0

ABSENT - Reid - 1

ABSTENTION - 0

ATTEST: 
LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California