

2007 OCT 25 PM RESOLUTION No. _____ C.M.S.

INTRODUCED BY COUNCILMEMBERS BRUNNER AND BROOKS

**A RESOLUTION REGARDING SUBPRIME LENDING AND FORECLOSURES AND
RECOMMENDING POLICIES TO ADDRESS FORECLOSURES IN OAKLAND**

WHEREAS, The subprime lending industry grew rapidly in Oakland during the recent housing boom and was a source of mortgage financing for a significant number of Oakland homeowners; and

WHEREAS, Some of these lenders aggressively market high-cost home loans with the knowledge that borrowers may be unable to repay, and engage in other unfair credit practices; and

WHEREAS, These subprime loans have led to an increase in foreclosures, hurting families and disrupting the stability of neighborhoods and communities; and

WHEREAS, Many families have not had an opportunity to modify their loans to make them affordable. As the California Reinvestment Commission has shown in a recent report, despite claims from lenders that they work with borrowers to restructure loans, the most common consequence of missed payments on subprime loans is foreclosure; and

WHEREAS, Less than half of all borrowers at risk of foreclosure ever contact their lender or any credit or mortgage counseling organization; and

WHEREAS, The immediately most effective way to stem the tide of foreclosures due to subprime loans is to convert adjustable rate mortgages to affordable fixed-rate loans; and

WHEREAS, Although mortgage providers may be unable to restructure loans due to overly-aggressive investors who resist reduced profits, any solution to the subprime mortgage crisis must focus financial assistance on individual mortgage holders and not be a "bail out" for banks and other lenders; and

WHEREAS, Many efforts are currently underway in Washington to address this issue on the Federal level, including, but not limited to, the important reforms presented in Congresswoman Maxine Waters' Expanding America Homeownership Act of 2007 (HR 1852); now

THEREFORE BE IT RESOLVED, that the Oakland City Council hereby supports HR 1852, and directs the Clerk of the City Council to transmit this resolution to our Congressional representatives; and

BE IT FURTHER RESOLVED that the Oakland City Council urge, in written communication, that all subprime lenders doing business in Oakland work with Oakland mortgage holders to restructure loans to affordable, fixed-rate products; and

BE IT FURTHER RESOLVED that the Oakland City Council directs City staff to compile foreclosure information for the City of Oakland and report monthly to City Council about the number of foreclosures, lenders involved, any efforts made by lenders to restructure loans to make them more affordable, complaints received from borrowers, and any information provided by community organizations; and

BE IT FURTHER RESOLVED, that the Oakland City Council hereby directs staff to investigate the following policies and to return to the Council with recommendations for implementation in Oakland:

1. A program in which the City of Oakland will be informed of any new foreclosure petition filed in the City and have staff perform proactive outreach to those borrowers to assist them with information and counseling; and
2. Efforts to ensure that all Oakland tenants currently renting properties at risk of foreclosure be proactively informed of their specific rights under State and local tenant protection regulations; and
3. A program that will offer one-time loans to Oaklanders to prevent default; and
4. A program that would avoid neighborhood blight by requiring lenders who are foreclosing on properties in Oakland to retain a property management firm to manage any vacant properties during the foreclosure process; and
5. Determine how the City can work with the County of Alameda to purchase foreclosed homes before they go to auction, and to clear any outstanding lien obligations on those properties, to create affordable homeownership opportunities; and

and

BE IT FURTHER RESOLVED, that the Oakland City Council hereby communicates its intention to do no business with banks or other financial institutions which, in its judgment, do not openly and responsibly deal with the legitimate financial problems faced by their borrowers; and

BE IF FURTHER RESOLVED, that the Oakland City Council formally endorses the Oakland Fair Lending Coalition; and

BE IF FURTHER RESOLVED that the Oakland City Council calls for a convening of banks and other lenders in Oakland and community organizations to discuss further steps to prevent foreclosures and to avoid, or mitigate, the negative effects of concentrations of vacant and/or undermaintained properties in the City of Oakland.

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, KERNIGHAN AND
PRESIDENT DE LA FUENTE

NOES-
ABSENT-
ABSTENTION-

ATTEST:

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