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OAKLAND CITY COUNCIL

RESOLUTION No. 81379 C. M. S.

INTRODUCED BY COUNCILMEMBER _____

RESOLUTION TO SUPPORT, IF AMENDED, AB 1830 (LIEU) TO REFORM MORTGAGE LENDING PRACTICES FOR HIGH-COST, SUBPRIME AND NONTRADITIONAL LOANS

WHEREAS, the City of Oakland has experienced a very high rate of home mortgage foreclosures, particularly for subprime and non-traditional loans; and

WHEREAS, many of the foreclosures have involved high-cost, subprime and nontraditional loans; and

WHEREAS, in many instances these loans contained such provisions as prepayment penalties or negative amortization; and

WHEREAS, in many instances these loans were made on the basis of stated (undocumented) borrower income or were made to borrowers who could not afford the fully adjusted payments on those loans; and

WHEREAS, in many instances mortgage brokers received compensation, including yield spread premiums, that created incentives to place borrowers into loans that were more expensive than other loan types for which they would have qualified; and

WHEREAS, elimination or regulation of these practices would reduce the likelihood that borrowers of such loans will default on their payments; and

WHEREAS, Assemblyperson Ted Lieu has introduced Assembly Bill 1830, which as originally introduced would have placed limitations on the allowable terms for high-cost, subprime and nontraditional loans, and would have prohibited mortgage brokers from receiving compensation for placing borrowers in loans that are more expensive than other loan types for which they are qualified; and

WHEREAS, the bill has subsequently been amended to narrow the scope of its provisions; now, therefore, be it

RESOLVED: That the City Council of the City of Oakland hereby supports AB 1830 (Lieu) if amended to substantially restore provisions that will provide greater regulation of loan terms and lending practices for high-cost, subprime and nontraditional mortgages; and be it

FURTHER RESOLVED: That the City Council hereby authorizes and directs the City Administrator, and/or her designee, to work actively for the passage of AB 1830, if amended as indicted above.

IN COUNCIL, OAKLAND, CALIFORNIA, JUN 17, 2008, 2008

PASSED BY THE FOLLOWING VOTE:


AYES - BRUNNER, BROOKS, CHANG, KERNIGHAN, NADEL, QUAN, REID, AND
PRESIDENT DE LA FUENTE - 8

NOES - 0

ABSENT - 0

ABSTENTION - 0

ATTEST:


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