



Legislation Text

File #: RES 13-205, **Version:** 1

Supporting legislative efforts to address the foreclosure crisis.

WHEREAS, the city of St. Paul and communities across the country have been devastated by foreclosures, leaving many neighborhoods with neglected and abandoned housing and declining property values, affecting urban as well as suburban areas and homeowners as well as renters; and,

WHEREAS, foreclosures continue to disrupt the lives of St. Paul residents, particularly harming children who fall behind when their education is interrupted by forced relocation; and,

WHEREAS, many homeowners experience foreclosure when finding an alternative solution would be in the best interest of both the homeowners and the mortgage holders, as well as neighborhoods and local government; and,

WHEREAS, foreclosures result in decreased revenue for cities and counties through lower property values, delayed and uncollected taxes, and unpaid services; and,

WHEREAS, foreclosures especially impact local government by leaving homes vacant and unsecured, meaning additional costs for police calls, fire suppression, building inspections, property securing and boarding, foreclosure prevention counseling, garbage removal, demolition, and administration; and,

WHEREAS, experts estimate that each foreclosed home costs local governments between \$5,000 and \$35,000 to maintain, depending on the degree of damage and its impact on the neighborhood; and,
WHEREAS, the Minnesota State Legislature passed a foreclosure mediation bill in 2009 that was then vetoed by the Governor; and,
WHEREAS, there have been over 12,000 sheriff's sales in Ramsey County since 2009; and,
WHEREAS, creating jobs and covering the state's budget shortfall are among the top priorities of this year's legislative session, and addressing the ongoing foreclosure crisis is critical to achieving these priorities; and,

WHEREAS, granting individuals a private right of action with possible damages is a stronger mechanism than relying solely on public agencies to enforce consumer protection legislation;

NOW THEREFORE, BE IT RESOLVED that in the 2013 legislative session the City of Saint Paul shall support legislative efforts to:

- Implement a foreclosure mediation program to facilitate mutually beneficial alternatives to foreclosure;
- Ban "dual tracking" - the practice of mortgage companies pursuing foreclosure while a homeowner is seeking a loan modification;
- Require that mortgage companies assign struggling homeowners a single point of contact, who knows about the homeowner's loan, has access to decision makers, and will handle the flow of documentation between the homeowner and the mortgage company;
- Allow homeowners a private right of action to sue their banks for wrongful foreclosure or violating the legislation; and
- Protect tenants of foreclosed properties from being unfairly evicted.

