

City of Philadelphia



Council of the City of Philadelphia
Office of the Chief Clerk
Room 402, City Hall
Philadelphia

(Resolution No. 070210)

RESOLUTION

Calling on the Pennsylvania General Assembly to enact the legislation proposed by the Pennsylvania Department of Banking with its Mortgage Foreclosure Advisory Committee for the protection of the citizens of Philadelphia from predatory home loans that strip away hard-earned home equity, trap borrowers in excessive interest rates and frequently cause families to lose their homes.

WHEREAS, In light of the admitted violations of banking standards and the legal problems of New Century Mortgage Corporation and Home 123 Corporation, which are both subsidiaries of New Century Financial Corporation, which is also currently the subject of significant media attention and under investigation by the U.S. Securities and Exchange Commission; and

WHEREAS, A significant number of citizens of Philadelphia have obtained mortgages from New Century Financial Corporation, this latest trouble in the sub-prime mortgage industry could risk these citizens's loss of their homes; and

WHEREAS, The City of Philadelphia is experiencing an increasing number of home foreclosures- ranging in recent years to 700-1000 a month. These foreclosures and in addition to being devastating to families also effect property values and burden already burdened social services; and

WHEREAS, In the past decade the mortgage loan business has significantly increased in complexity and competitiveness which resulted in borrowers' inability to understand the loan products offered to them or the process of obtaining a loan. Those misunderstandings all too often result in these borrowers making poor financial decisions that may result in loss of there homes; and

City of Philadelphia

RESOLUTION NO. 070210 continued

WHEREAS, The Pennsylvania Department of Banking with its Mortgage Foreclosure Advisory Committee, which includes community leaders and banking industry representatives, have developed a package of bills and regulations which would define the improper conduct of those in the mortgage loan business and protect the consumers of these type loans; and

WHEREAS, In 2006 the Pennsylvania Department of Banking published a draft policy statement to define dishonest, fraudulent, unfair, unethical and illegal practices under the Mortgage Bankers and Brokers and Consumer Equity Protection Act. This would establish standards that those in the mortgage loan business must comply with and that the Department can examine to determine compliance; and

WHEREAS, The proposed amendments to the Mortgage Bankers and Brokers and Consumer Equity Protection Act and Secondary Mortgage Loan Act create a new licensing category for all individuals who deal directly with the consumer by soliciting, accepting or offering to accept mortgage loan applications or negotiating loan terms. The licensing procedure requires pre-licensing education and testing. It also requires that the consumers' ability to pay back the loan be a significant consideration in approval of these loans; and

WHEREAS, The proposed amendments and regulations to the Loan Interest and Protection Law while increasing the applicable monetary cap prohibits prepayment penalties. Amendments of the Banking Code of 1933 allow the public release of information regarding enforcement actions against mortgage bankers and brokers; and

WHEREAS, The proposed amendment to the Real Estate Appraiser Certification Act increases the fines and penalties that can be imposed on those responsible for the inflated appraisals that have a significant contributing factor to foreclosures. The proposed amendments to the Pennsylvania Housing Finance Agency include disclosure of foreclosures to be monitored on a statewide basis; and

WHEREAS, This Council is committed to working with the Pennsylvania General Assembly to insure that the citizens of Philadelphia to not fall victim to circumstances of predatory lending; now therefore

RESOLVED, THAT THE COUNCIL OF THE CITY OF PHILADELPHIA, Calls upon the Pennsylvania General Assembly to enact the legislation proposed by the Pennsylvania Department of Banking for the protection of citizens from predatory home loans that strip away hard-earned home equity, trap borrowers in excessive interest rates and frequently cause families to lose their homes.

FURTHER RESOLVED, That Council calls upon the members of the Philadelphia Delegation of the Pennsylvania General Assembly to do all that they can to enact this legislation forthwith.

City of Philadelphia

RESOLUTION NO. 070210 continued

City of Philadelphia

RESOLUTION NO. 070210 continued

CERTIFICATION: This is a true and correct copy of the original Resolution, Adopted by the Council of the City of Philadelphia on the twenty-second of March, 2007.

Anna C. Verna
PRESIDENT OF THE COUNCIL

Patricia Rafferty
CHIEF CLERK OF THE COUNCIL

Introduced by: Councilmember Tasco

Sponsored by: Councilmembers Tasco, Kenney, Rizzo, Greenlee, DiCicco, Council President Verna, Councilmembers Miller, Blackwell, Goode, Savage, Clarke, Krajewski, Reynolds Brown, Kelly, Ramos and Campbell