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MEMORANDUM

TO: Special Committee on Abandoned and Foreclosed Homes

FROM: Gregg Hagopian

DATE: February 29, 2016

RE: Washington D.C., February 2016, FHFA

Though contacts with the National Community Stabilization Trust (“NCST”) (including discussions about its national REO and note-donation program and co-presenting with NCST in Detroit in May 2015) and collaboration with the Center for Community Progress (“CCP”) (including training at the CCP-sponsored program at Harvard), NCST and CCP set up meetings in Washington D.C. that I attended February 21-23, 2016. NCST and CCP are aware of (i) Milwaukee’s proposals for new rules to the Consumer Financial Protection Bureau (“CFPB”) regarding foreclosure issues; (ii) the CFPB’s encouragement to follow up with Fannie Mae, Freddie Mac, and the Federal Housing Financing Agency (“FHFA”); (iii) Milwaukee’s review of Fannie Mae foreclosure guidelines and our letter to Fannie Mae urging better compliance with the guidelines by Fannie Mae servicers and law firms; and (iv) Milwaukee’s work with the Wisconsin Attorney General and lenders regarding the National Mortgage Settlement Consent Orders.

NCST representatives and I met with the national Mortgage Bankers Association. At the MBA meeting, we discussed Fannie and Freddie guidelines, and the recently released National Conference of Commissioners of Uniform State Laws (“ULC”) proposal for nationwide standardized mortgage-foreclosure law (the “Uniform Foreclosure Procedures Act”). The MBA and the ULC are suggesting uniform judicial determination, in judicial foreclosure states like Wisconsin, of “abandonment” for parcels in foreclosure (similar to current Wis. Stat. 846.102). FHFA’s general counsel is also interested in this. The MBA and ULC proposals also call for states to preempt local government laws relating to foreclosure. Ordinances like Milwaukee’s current MCO 200-22.5 (Residential Properties Pending Foreclosure) (our mortgage-foreclosure registry) would be preempted.

CCP and NCST representatives, the Delaware Deputy Attorney General and I met with FHFA. The Delaware A.G. and I indicated that, while Fannie and Freddie guidelines are very good, as are general compliance rates, there are still instances of noncompliance. In certain cases, without good cause (like bankruptcy, loan modification, probate, or military deployment), some foreclosures are not being registered locally, some continue to stall in the courts, and some of the delays occur in situations involving abandoned parcels thus exasperating the zombie foreclosure problem. FHFA was asked to provide a single point of contact within Fannie and Freddie for local governments to communicate with regarding guideline noncompliance, and to provide a method for local governments to cross-check with Fannie and Freddie those mortgages subject to Fannie and Freddie guidelines. While Fannie and Freddie control a large percentage of the mortgage loans in Milwaukee, currently, it is very difficult to ascertain from available public records, which loans are owned and controlled by Fannie and Freddie. We did recently revise Milwaukee's mortgage-foreclosure ordinance to require identity of the note owner and we did recently revise the registry to require disclosure of GSE (Government Service Enterprise) ownership, including Fannie, Freddie, FHA, HUD and others. However, if the plaintiff/lenders don't register the foreclosure, absent FHFA cooperation, we will not know if the loan is a Fannie or Freddie loan.

NCST and I also met with the Center for American Progress ("CAP"). CAP wishes to collaborate with NCST, CCP and us. We will discuss FHFA response. We are already discussing response to the ULC and MBA proposals to preempt local law and the need for local government to have information that local registries provide.

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