



Department of Administration
Intergovernmental Relations Division

Tom Barrett
Mayor

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Date: October 17, 2007

To: Members of the Common Council

From: Jennifer Gonda, Sr. Legislative Fiscal Manager

RE: State legislation to require licensure and certification of property appraisers.

We are providing this report as directed in Common Council File 070561, a substitute resolution supporting introduction and passage of state legislation to require licensure and certification of property appraisers. The intent of this communication is to update you on the status of this legislation and related efforts being undertaken by the Intergovernmental Relations Division.

My research indicates that at the city's request, this legislation was originally drafted by former State Senator Gwen Moore in 2001. It was never introduced although there were several public legislative and state agency discussions about the issue. It was redrafted by then State Representative Lena Taylor in 2003. Again, the draft legislation was never introduced and has not been pursued since that time.

Pursuant to the resolution, I have been working over the past two months to re-initiate this legislation. As you are aware, the primary focus of our state legislature at this time is the ongoing state budget stalemate. This has caused serious delays in the consideration of all other legislative initiatives and is a challenging environment for our office to obtain commitments on this and other legislative initiatives.

This week, I received a commitment from Senator Jeff Plale to redraft and pursue the legislation on the city's behalf. I have provided him with the necessary background materials for drafting purposes. Fortunately, we already have the previous bill draft (see attached) and many supporting materials to use as a starting point. This will save quite a bit of time, but the draft still needs considerable time and effort to ensure the legislation accomplishes the Common Council's intent. I am also working with Senator Plale to identify an appropriate co-author to spearhead the effort in the Assembly.

In the meantime, I will be working to build a wider basis of support for the proposed change. We will work to partner with numerous organizations, including members of HUD's Predatory Lending/Foreclosure Prevention Taskforce. This Task Force includes members from local community organizations, education institutions, our federal legislative delegation, city and state officials. The Wisconsin Association of Assessing Officers, the League of Wisconsin Municipalities and the Alliance of Cities are other natural allies.

The HUD Task Force's Legislative Subcommittee is also working to identify other areas of legislation that will address problems related to foreclosures. Specifically, the following two bills are being proposed by Senator Jim Sullivan and Representative Jon Richards:

1. Homeowner's Protection Act – legislation aimed at curbing foreclosure rescue fraud scams. The bill draft is circulating for co-sponsorship and a press conference announcing the proposed legislation was held on Tuesday, October 9th.
2. Mortgage Broker Legislation – legislation to strengthen regulations on mortgage brokers to safeguard consumers from high-risk loans. This detailed piece of legislation is modeled after an act passed by the Minnesota legislature and is currently in drafting.

Other legislative ideas under consideration by the subcommittee:

1. Limitations on Prepayment Penalties – legislation in the 2005-07 session changed WI law to allow for prepayment penalties. Since the penalties often make refinancing out of reach for consumers in ARM loans, we are looking at whether to repeal this provision.
2. Protections for Renters Living in Foreclosed Properties – in some cases, renters have been left in foreclosed homes no longer being maintained by the owner or bank. We are reviewing policies in other states where minimum exterior building maintenance standards are being required of whoever ends up holding the title to the property.
3. WHEDA Refinancing Product – We've recently been informed that WHEDA has decided not to pursue this product due to limited success in other states.

In addition to this specific legislation, Marty Collins and I are working with the HUD Task Force to ensure the city's efforts to curb predatory lending and its ripple effects are well coordinated with other efforts in the community. We have found that the more we dig into the causes and effects of foreclosures, the more complex the issue becomes. The problem is multi-faceted and needs to be tackled from many different directions, legislative and otherwise. Fortunately, there is a large and dedicated group of individuals working together to find solutions.

Some other related activities:

- Approached the League of WI Municipalities and the WI Alliance of Cities about coordinating an educational effort regarding the effects of residential property foreclosures with local officials statewide.
- Sent letter on behalf of Mayor Barrett to the Federal Reserve Board asking for stronger protections against abusive lending per their authority under the Home Ownership and Equity Protection Act (HOEPA). See attached.
- Requested that the Social Development Commission become involved in the critical community outreach/education efforts being spearheaded by FHC and WI UEDA as part of their financial literacy programs and Money Smart Week.
- Attended 10/9 press conference announcing the Homeowner Protection Act being introduced by Rep. Richards and Sen. Sullivan (Ald. Davis was also in attendance.)
- The Fair Housing Council is running a hotline for consumers facing foreclosure, which the City stuffed into its recent Water bills. The STOPP (Strategies to Overcome Predatory Practices) Hotline is (414) 278-9190.

Please feel free to contact me at Ext. 3492 with any questions or concerns about this or other legislative efforts the Intergovernmental Relations Division is pursuing on your behalf.