



Legislation Text

File #: 151204, **Version:** 1

151204
SUBSTITUTE 1
141900, 150721
ALD. MURPHY AND WADE
200-22.6 rp
200-33-46.5 rp

A substitute ordinance relating to the registration of residential mortgage loans in default. This ordinance repeals all code provisions relating to the City's registration of residential loans-in-default program, scheduled to become effective January 1, 2016.

Whereas, Common Council File Number 141900, passed on June 23, 2015, established a residential mortgage loans-in-default registry to become effective on January 1, 2016, to provide opportunities for homeowners at risk of mortgage loan foreclosure to connect with agencies and not-for-profit organizations to help them negotiate repayment plans and loan modifications with their lending institutions or mortgage servicers to bring their loans into compliance in order to avoid mortgage foreclosure and to retain home ownership; and

Whereas, The ordinance created by this file was intended to be temporary, and included a sunset clause ending the program after 3 years on January 1, 2019, unless reauthorized by the Common Council; and

Whereas, Since passage of this file, the City entered into an agreement with Nationstar Mortgage, and expects to negotiate similar agreements with other major mortgage servicers like Ocwen Financial Corporation, which call for servicers to have face-to-face meetings with borrowers in default to arrange repayment plans and loan modifications to help these borrowers bring their mortgages into compliance so they can avoid foreclosure and retain home ownership; and

Whereas, Even without City agreements with servicers, servicers like Nationstar and Ocwen have been participating in borrower outreach efforts to promote loan modification and foreclosure avoidance; and

Whereas, The City has also met with Fannie Mae since passage of this file, and believes Fannie Mae's mortgage servicing guidelines, which require, among other things, foreclosure-prevention strategies, borrower outreach, and consideration of loan workout options prior to and during foreclosure, can be an effective tool to help borrowers in default avoid foreclosure and retain home ownership; and

Whereas, The City will continue meeting with Fannie Mae, and will also meet with Freddie Mac and the Federal Housing Authority (FHA), as stipulated in the City's agreement with Nationstar, regarding opportunities to help borrowers in default on mortgages avoid foreclosure; and

Whereas, The voluntary agreement with Nationstar Mortgage, and anticipated agreements with other

major mortgage loan servicers, along with provisions of Fannie Mae's loan servicing guidelines obviate any current need for the City to implement and maintain the residential mortgage loans-in-default registry; now, therefore

The Mayor and Common Council of the City of Milwaukee do ordain as follows:

Part 1. Section 200-22.6 of the code is repealed.

Part 2. Section 200-33-46.5 of the code is repealed.

LRB
APPROVED AS TO FORM

Legislative Reference Bureau

Date: _____

Attorney

IT IS OUR OPINION THAT THE ORDINANCE
IS LEGAL AND ENFORCEABLE

Office of the City Attorney

Date: _____

LRB#161744-2
Aaron Cadle
December 3, 2015