

1 [Resolution for the development of legislation prohibiting predatory lending practices.]

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3 **Resolution requesting the City Attorney and other applicable departments to facilitate**
4 **the development of legislation regulating home mortgage lending practices in order to**
5 **prevent predatory lending and other fraudulent credit practices occurring within the**
6 **City and County of San Francisco.**

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8 WHEREAS, Many San Franciscans, particularly poor, elderly, and minority
9 communities have expressed concern and apprehension regarding home lenders who
10 aggressively market high-cost home loans in their neighborhoods, and engage in other unfair
11 or fraudulent credit practices with the potential to destroy the financial resources and equity
12 invested in homes of families and communities; and,

13 WHEREAS, These practices are commonly referred to as "predatory lending"; and,

14 WHEREAS, The HUD/Treasury Task Force on Predatory Lending, in its report Curbing
15 Predatory Home Mortgage Lending (the "HUD/Treasury report"), has documented and
16 analyzed the problem of predatory lending in home mortgage lending, revealing that
17 predatory lenders focus at the neighborhood level; and,

18 WHEREAS, Predatory lending practices, according to the HUD/Treasury Task report
19 include, among other things: continual refinancing of a loan without any tangible benefit to the
20 borrower, excessive prepayment penalties, financing single premium credit insurance,
21 encouraging failure of payment by the borrower on his or her other debts, non-compliance
22 with federal requirements regarding disclosure of loan terms and loan settlement, creating a
23 loan that knowingly exceeds the borrowers ability to repay, financing excessive points and
24 fees, requiring advance payments, charging fees to modify a loan or defer payments,

1 permitting acceleration of a loan at lender's discretion, and increasing the interest rate upon
2 default; and,

3 WHEREAS, Predatory lending can have significant adverse effects on the economic
4 vitality of San Francisco communities, creating conditions of urban blight, the loss of
5 affordable housing, displacement of families and communities, reduction of property values,
6 and an increased burden on City services; and,

7 WHEREAS, Regulation of home mortgage lending practices by the City to thwart
8 predatory lending and harmful credit practices, through the interdiction on certain lending
9 practices and regulation of high-cost home loans, is in the public interest and is essential to
10 preserve the safety, health, welfare, well being and prosperity of the residents of San
11 Francisco; and,

12 WHEREAS, The HUD/Treasury Task Force on Predatory Lending has concluded that
13 "foreclosed homes are often a primary source of neighborhood instability in terms of
14 depressed property values and increased crime"; and,

15 WHEREAS, Existing laws and regulations do not sufficiently address the issue of
16 predatory lending in San Francisco due to a lack of regulation on common predatory lending
17 practices, oversight of predatory lenders, and solutions or enforcement stipulations are weak
18 or nonexistent; now, therefore, be it

19 RESOLVED, That the expressed desire of the Board of Supervisors is as follows:

20 Section 1. The City Attorney and other applicable departments shall, with due
21 diligence and in a timely manner, facilitate the development of legislation regulating home
22 mortgage lending practices to prevent predatory lending.

23 Section 2. Evaluate the feasibility of implementing legislation prohibiting predatory
24 lending and other fraudulent credit practices.

1 Section 3. Identify for implementation systems for the regulation of predatory lending
2 practices that have an established record of success.

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City and County of San Francisco

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San Francisco, CA 94102-4689

Tails
Resolution

File Number: 011458

Date Passed:

Resolution requesting the City Attorney and other applicable departments to facilitate the development of legislation regulating home mortgage lending practices in order to prevent predatory lending and other fraudulent credit practices occurring within the City and County of San Francisco.

August 13, 2001 Board of Supervisors — ADOPTED

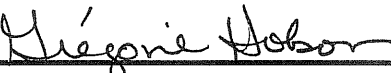
Ayes: 10 - Ammiano, Daly, Gonzalez, Leno, Maxwell, McGoldrick, Newsom, Peskin, Sandoval, Yee
Absent: 1 - Hall

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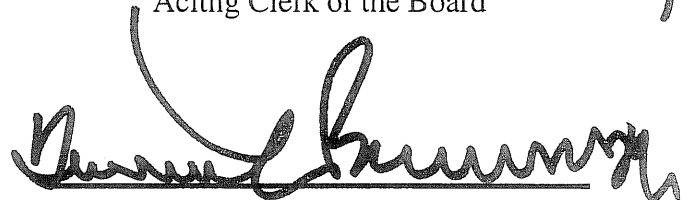
I hereby certify that the foregoing Resolution was ADOPTED on August 13, 2001 by the Board of Supervisors of the City and County of San Francisco.

AUG 24 2001

Date Approved



Gregoire Hobson
Acting Clerk of the Board



Mayor Willie L. Brown Jr.