[Urging Governor Brown and the California State Legislature to Restore $331,044,084 to the National Mortgage SpecialDeposit Fund]

Resolution urging Governor Jerry Brown and the California State Legislature to comply with the Sacramento County Superior Court’s decision that found they illegally diverted $331,044,084 from the National Mortgage Special Deposit Fund; and to meet with the plaintiffs in the lawsuit to discuss the schedule for restoring these funds and tailoring programs for the funds to help struggling homeowners keep their homes.

WHEREAS, The Controller’s February 2015 report, “Assisting Homeowners with Troubled Mortgages,” found that there were 3,002 mortgages in San Francisco that were underwater or near-underwater, and that 746 of these mortgages had predatory features that increased their risk of default; and

WHEREAS, The Controller’s report found that nearly half of these at-risk mortgages concentrated in the south and southeastern neighborhoods of the City such as the Ingleside, Excelsior, Crocker-Amazon, Bayview Hunters Point, Visitacion Valley, and Sunnydale; and

WHEREAS, In 2012, lawsuits filed by state attorneys general forced the banks to the bargaining table regarding their inappropriate handling of foreclosures; and

WHEREAS, California Attorney General Kamala Harris entered a national multistate settlement with the country’s five largest loan services, known as the National Mortgage Settlement; and

WHEREAS, The California State Legislature created the National Mortgage Special Deposit Fund (NMSDF) with funds from the settlement that were to be used to assist California homeowners affected by the foreclosure crisis; and
WHEREAS, The NMSDF was intended to help people who had lost their homes and those who were facing foreclosure through programs such as refinancing loans at lower interest rates, writing down principal, and restoring credit scores; and

WHEREAS, The Budget Act of 2012, approved by the State Legislature and signed by Governor Jerry Brown, diverted approximately $350 million from the NMSDF to the State's General Fund for other purposes; and

WHEREAS, On March 14, 2014, the National Asian American Coalition, COR Community Development Corporation, and National Hispanic Christian Leadership Conference filed a lawsuit challenging this diversion of funds from the NMSDF; and

WHEREAS, The lawsuit argued that the diversion of funds was inconsistent with Government code Section 12531 that requires the funds be used in a manner consistent with the National Mortgage Settlement; and

WHEREAS, On June 12, 2015, the Sacramento County Superior Court Judge Timothy M. Frawley ruled in favor of the National Asian American Coalition that the state unlawfully diverted $331,044,084 from the NMSDF to the General Fund and enjoined the State to restore those funds to the NMSDF as soon as reasonably possible; and

WHEREAS, Judge Frawley reserved jurisdiction to compel the state to restore the diverted funds; now, therefore, be it

RESOLVED, That the Board of Supervisors of the City and County of San Francisco urges Governor Jerry Brown and the California State Legislature to comply with the Sacramento County Superior Court's decision and restore the $331,044,084 to the National Mortgage Special Deposit Fund; and, be it

FURTHER RESOLVED, That the Board of Supervisors urges Governor Brown and the State Legislature to meet with the plaintiffs in the lawsuit to discuss the schedule for restoring
the funds and tailoring programs for the funds to help struggling homeowners keep their homes; and, be it

FURTHER RESOLVED, That the Board of Supervisors directs the Clerk of the Board to transmit copies of this resolution to Governor Brown and San Francisco’s representatives in the State Legislature.
Resolution urging Governor Jerry Brown and the California State Legislature to comply with the Sacramento County Superior Court's decision that found they illegally diverted $331,044,084 from the National Mortgage Special Deposit Fund; and to meet with the plaintiffs in the lawsuit to discuss the schedule for restoring these funds and tailoring programs for the funds to help struggling homeowners keep their homes.

July 28, 2015 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Christensen, Cohen, Farrell, Kim, Mar, Tang, Wiener and Yee

I hereby certify that the foregoing Resolution was ADOPTED on 7/28/2015 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without his approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

Angela Calvillo
Clerk of the Board