

RESOLUTION NO.

WHEREAS, the National Mortgage Settlement is a result of state and federal investigations finding that the country's five largest mortgage servicers violated the law by engaging in a number of servicing abuses and improperly foreclosing on thousands of borrowers around the country; and

WHEREAS, the settlement totaled \$25 billion and includes a mix of direct payments by the servicers and credits for a range of servicing activities including credits for loan modification, foreclosure prevention activities for homeowners still in their homes, direct payments to borrowers who were unfairly foreclosed upon, financial assistance for current homeowners to refinance underwater mortgages, and funding to enhance the Federal Housing Administration (FHA) capital reserve fund; and

WHEREAS, additionally every state in the country has been allocated a portion of the settlement with the state of Texas receiving \$135 million; and

WHEREAS, the State Payment Settlement Amounts section of the settlement states:

“To the extent practicable, such funds shall be used for purposes

- intended to avoid preventable foreclosures,
- to ameliorate the effects of the foreclosure crisis,
- to enhance law enforcement efforts to prevent and prosecute financial fraud, or unfair or deceptive acts or practices and
- to compensate the States for costs resulting from the alleged unlawful conduct

of the Defendants.

Such permissible purposes for allocation of the funds include, but are not limited to,

- supplementing the amounts paid to state homeowners under the Borrower Payment Fund,
- funding for housing counselors,
- state and local foreclosure assistance hotlines,
- state and local foreclosure mediation programs,
- legal assistance,
- housing remediation and anti-blight projects,
- funding for training and staffing of financial fraud or
- consumer protection enforcement efforts, and civil penalties”; and

WHEREAS, the State of Texas has interpreted this language as a non-binding statement of intent, and has placed \$125 million of the total \$135 million cash payment in the State’s General Revenue account rather than directly dedicating it to housing and housing-related activities; and

WHEREAS, placing the money in General Revenue requires the Texas Legislature to act to fulfill the purposes of the settlement; and

WHEREAS, the settlement money came from acts that made housing fail for Texans, and should go to making housing work for Texans; and

WHEREAS, over fifty organizations in Texas have signed on to the statement “We support using funds from the National Mortgage Settlement for housing and housing-related activities.” **NOW THEREFORE**,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

That the Austin City Council supports and endorses the State of Texas using funds from the National Mortgage Settlement for housing and housing-related activities.

ADOPTED: _____, 2013

ATTEST: _____

Jannette S. Goodall
City Clerk