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DEC 16 2011

HOUSING, COMM & ECON. DEVELOP.

MOTION

In 2011, the foreclosure crisis has still not abated. Since 2007, approximately 46,000 properties have been subject to foreclosure. Nearly 10,400 properties were subject to foreclosure in 2010 and approximately 7,600 properties were subject to foreclosure during the first nine months of 2011.

The City of Los Angeles has aggressively pursued the rights of homeowners. The City Council passed the nation's first foreclosure eviction moratorium, the anti-foreclosure blight ordinance, and the homeowner fraud protection ordinance, but we must do more and find new approaches to provide relief to distressed homeowners.

Springfield, Massachusetts, and the State of Florida implemented a mandatory mediation program which mandates that all homestead foreclosure actions be sent to mediation before a final judgment is issued. Orange County, California, offers the same program but it is not yet mandatory. These programs offer homeowners threatened with foreclosures the opportunity to have a meeting with their lenders and receive counseling from an impartial, trained mediator. The mediator does not enforce a decision or provide legal advice, but helps guide the individuals and explain alternatives to reach a fair, negotiated solution. These mediation meetings can conclude with a settlement that is attractive to the lender and keeps the homeowner in their house.

This program has shown that it is economical for the government to implement and can prevent fraudulent and unnecessary foreclosures. The City of Los Angeles should implement new approaches to help troubled homeowners and implement a similar type of mediation program to help settle disputes.

I THEREFORE MOVE that the Housing Department, City Attorney, and Chief Legislative Analyst report back on the feasibility of implementing a mandatory mortgage modification mediation program.

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