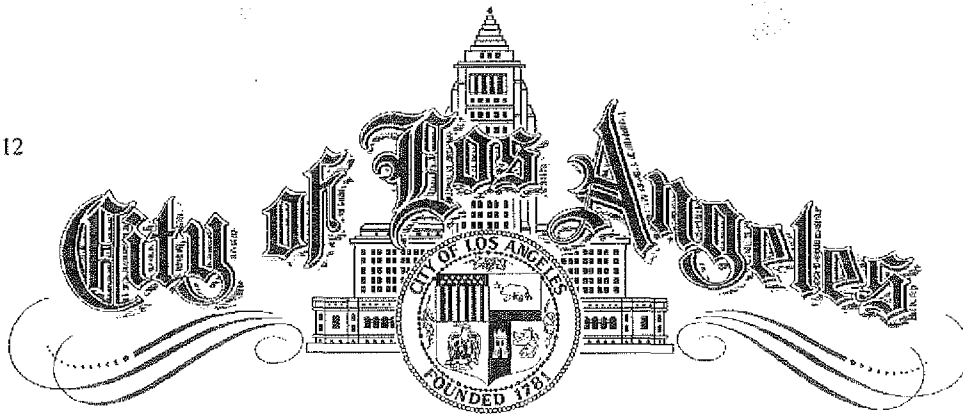


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CARMEN A. TRUTANICH
City Attorney

REPORT NO. R 1 2 - 0 3 0 9

SEP 20 2012

REPORT RE:

**DRAFT ORDINANCE TO AMEND SECTION 164.04 OF THE LOS ANGELES
MUNICIPAL CODE TO ELIMINATE THE ABILITY FOR LENDERS, BENEFICIARIES
OR TRUSTEES TO OPT OUT OF THE REGISTRATION REQUIREMENT OF THE
FORECLOSURE REGISTRY PROGRAM**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Council File No. 12-0647

Honorable Members:

Pursuant to your request, we have prepared and now transmit for your consideration the enclosed draft ordinance, approved as to form and legality. The ordinance would amend Section 164.04 of the Los Angeles Municipal Code (LAMC) to eliminate the ability of lenders, beneficiaries or trustees to opt out of the registration requirement of the Foreclosure Registry Program (Program) (LAMC 164.00, *et. seq.*) if they register with the Mortgage Electronic Registration System (MERS).

Background and Summary of Ordinance Provisions:

Managed by the Los Angeles Housing Department (LAHD), the Program serves as a mechanism to protect residential neighborhoods from blight caused by the lack of adequate maintenance and security resulting from the foreclosure crisis. Any lender, beneficiary or trustee who holds, or has an interest in, a deed of trust on a property in foreclosure must register the property with LAHD and remit an annual fee of \$155.00.

This registration information is used to ensure that properties comply with Code requirements and identifies a direct contact should property issues arise.

Under the current Program, the registration requirement is satisfied and the \$155.00 fee is waived if the lender, beneficiary or trustee registers the property with MERS, a tool created by the mortgage banking industry in order to provide an electronic system to streamline the mortgage process. However, LAHD has found that the data reporting and search capabilities of MERS do not integrate well with the data collected by LAHD through the foreclosure registry, rendering MERS to be an ineffective resource for the Program.

Therefore, in order to provide LAHD with the best data possible in order to prevent blight as a result of foreclosed properties, your Honorable Body adopted a motion to request the preparation of an ordinance to amend the Program to remove the ability of lenders, beneficiaries or trustees to opt out of the registration requirement of the Program if they register with MERS.

Council Rule 38

Pursuant to Council Rule 38, a copy of the draft ordinance was provided to LAHD with a request that they transmit any comments they have directly to Council.

CEQA Clearance

Continued administrative activities, such as a general procedure which makes or creates a government funding mechanism or other fiscal activities which do not involve any commitment to any specific project that may result in a potentially significant environmental impact, are not subject to the California Environmental Quality Act (CEQA). See State CEQA Guideline 15378(b)(2), (4) and (5).

This Ordinance amends LAMC Section 164.04 by deleting the MERS registration as a means of complying with the existing Program, and does not commit the City to any specific project that may result in a potentially significant environmental effect. It therefore appears the Ordinance is not subject to CEQA.

If you concur, we recommend that you make this exemption determination before adopting the Ordinance. After adopting the Ordinance, we recommend that you direct LAHD staff to file a CEQA Notice of Exemption form with the County Clerk's Office.

Recommended Actions

1. Determine the adoption of the Ordinance is exempt from CEQA environmental review under State CEQA Guideline 15378(b)(2), (4) and (5); and

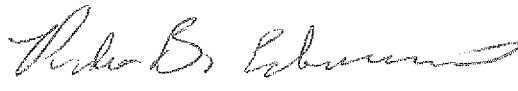
2. Direct LAHD staff to file a CEQA Notice of Exemption form with the County Clerk's Office after the Ordinance is adopted by the City Council; and

3. Adopt the enclosed ordinance.

If you have any questions regarding this matter, please contact Deputy City Attorney Mei-Mei Cheng at (213) 978-0055. She or another member of this Office will be present when you consider this matter to answer any questions you may have.

Very truly yours,

CARMEN A. TRUTANICH, City Attorney

By 

PEDRO B. ECHEVERRIA
Chief Assistant City Attorney

PBE: MMC:pj
Transmittal

ORDINANCE NO. _____

An ordinance amending Section 164.04 of Article 4 of Chapter XVI of the Los Angeles Municipal Code to eliminate the exemption from the registration requirements of the Foreclosure Registry Program for lenders, beneficiaries or trustees who register foreclosed property with the Mortgage Electronic Registration System (MERS).

**THE PEOPLE OF THE CITY OF LOS ANGELES
DO ORDAIN AS FOLLOWS:**

Section 1. The fifth full paragraph of Section 164.04 of Article 4 of Chapter XVI of the Los Angeles Municipal Code is repealed in its entirety.

Sec. 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of _____.

JUNE LAGMAY, City Clerk

By _____ Deputy

Approved _____

Mayor

Approved as to Form and Legality

CARMEN A. TRUTANICH, City Attorney

By _____
MEI MEI CHENG
Deputy City Attorney

Date 7.20.12

File No.: CF 12-0647