

COMMUNICATION

TO: LOS ANGELES CITY COUNCIL

FILE NO. 12-0647

**FROM: COUNCILMEMBER ED REYES, VICE CHAIR
HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE**

EXEMPTION, COMMUNICATION FROM VICE CHAIR, HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE and ORDINANCE relative to amending the Los Angeles Municipal Code to eliminate the exemption from the registration requirement of the Foreclosure Registry Program for lenders, beneficiaries or trustees who register foreclosed property with the Mortgage Electronic Registration System (MERS).

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. FIND that the adoption of the ORDINANCE is exempt from the California Environmental Quality Act (CEQA) environmental review under State CEQA guideline 15378(b)(2), (4), and (5).
2. INSTRUCT the Los Angeles Housing Department to file a CEQA Notice of Exemption form with the County Clerk's Office after the Ordinance is adopted by the City Council.
3. PRESENT and ADOPT the accompanying 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).

Fiscal Impact Statement: Neither the City Administrative Officer nor the Chief Legislative Analyst has completed a financial analysis of this report.

Community Impact Statement: None submitted.

SUMMARY

At a regular meeting held on November 14, 2012, the Vice Chair of the Housing, Community and Economic Development Committee considered a report from the City Attorney and Ordinance dated September 20, 2012 relative to amending the Los Angeles Municipal Code to eliminate the exemption from the registration requirement of the Foreclosure Registry Program for lenders, beneficiaries or trustees who register foreclosed property with the Mortgage Electronic Registration System (MERS).

Representatives of the City Attorney and the Los Angeles Housing Department (LAHD) appeared before the Committee Vice Chair to discuss the proposed Ordinance and respond to related questions. The representative of the LAHD reported that currently, mortgage holders of foreclosed properties may register with MERS in lieu of the LAHD's Foreclosure Registry Program. MERS was created by lending institutions and was supposed to provide public access to its data and as well as reports regarding foreclosed properties, however this has not materialized. As a result, the LAHD and Los Angeles Department of Building and Safety (LADBS) are unable to obtain accurate and current information regarding contacts for foreclosed properties when there are complaints from tenants regarding to whom to pay rent or complaints from the community regarding habitability and code issues for those properties.

The City Attorney drafted the accompanying Ordinance to eliminate the opt-out provision for mortgage holders that register with MERS, and instead require all properties upon notice of default to be registered with the LAHD's Foreclosure Registry Program. This will enable the

LAHD and the LADBS, as well as the public, to have a current point of contact for foreclosed properties.

The Committee Vice Chair inquired whether there was a way for the LAHD to determine if there are issues regarding the titles of foreclosed properties reported to the Foreclosure Registry Program that might be ambiguous due to predatory lending or other issues, and whether the LAHD was relying solely on the title information provided by the bank or lending institution. The Vice Chair added that in his district this was a concern and that constituents, as well as other Councilmembers with similar issues in their districts, would like to be provided with referrals for resources and services. The LAHD advised that clarity of titles to foreclosed properties is a legal issue outside of its purview. However, there are resources available for tenants and landlords through the LAHD's Rent Escrow Account Program (REAP) and there are also federal resources for homeowners. The Vice Chair requested that the LAHD compile a list of those resources and report back.

After providing an opportunity for public comment, the Committee Vice Chair recommended that Council approve the recommendations in the City Attorney report and adopt the accompanying Ordinance. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

COUNCILMEMBER ED REYES, VICE CHAIR
HOUSING, COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
CARDENAS:	ABSENT
REYES:	YES
WESSON:	ABSENT
ALARCON:	ABSENT
PERRY:	ABSENT

REW
11/14/12
[12-0647_rpt_hced_11-14-12.doc](#)

Not Official Until Council Acts