

1 [Urging Governor Brown and the California State Legislature to Restore \$331,044,084 to the
2 National Mortgage Special Deposit Fund]

3 **Resolution urging Governor Jerry Brown and the California State Legislature to comply**
4 **with the Sacramento County Superior Court’s decision that found they illegally diverted**
5 **\$331,044,084 from the National Mortgage Special Deposit Fund; and to meet with the**
6 **plaintiffs in the lawsuit to discuss the schedule for restoring these funds and tailoring**
7 **programs for the funds to help struggling homeowners keep their homes.**

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

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

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

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

21 WHEREAS, The California State Legislature created the National Mortgage Special
22 Deposit Fund (NMSDF) with funds from the settlement that were to be used to assist
23 California homeowners affected by the foreclosure crisis; and

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1 WHEREAS, The NMSDF was intended to help people who had lost their homes and
2 those who were facing foreclosure through programs such as refinancing loans at lower
3 interest rates, writing down principal, and restoring credit scores; and

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

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

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

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

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

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

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

3 FURTHER RESOLVED, That the Board of Supervisors directs the Clerk of the Board
4 to transmit copies of this resolution to Governor Brown and San Francisco's representatives in
5 the State Legislature.

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