



# NEWS The United States Conference of Mayors

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## **The Nation's Mayors Take Action on Subprime Mortgage Foreclosures**

### *Mayors Press Federal Reserve to Apply Remedies to the Growing Crises*

Washington, D.C. – The United States Conference of Mayors, under the leadership of Conference President Trenton Mayor Douglas H. Palmer, is calling on the Federal Reserve Board to use its authority under the Home Ownership and Equity Protection Act (HOEPA) to protect homeowners from abusive practices which often result in mortgage foreclosures.

In the letter sent today to the Board of the Federal Reserve, the Mayors are asking the Reserve to apply strict limits to prepayment penalties, which should not apply after the expiration of teaser rates in ARM prime and subprime loans; require escrows for all loans; establish clear protections and procedures for presentation of income support documentation; requires underwriting at the maximum possible rate or rates above the fully indexed rate to create protection from unaffordable loans.

“The mayors of America understand the negative impact that these practices have had on everyday citizens. We cannot wait to the next wave of bad news to intervene on behalf of working people. The abusive lending has to stop,” said the President Palmer.

During the Annual Meeting in Los Angeles June 22-26, the Conference sought specific ways to address the issue and adopted policy calling for legislative and regulatory measures. It is estimated that \$1.4 trillion in adjustable rate mortgages (ARMs) will reset and climb higher at the end of this year and in 2008, affecting close to two million families that will face financial problems and/or foreclosure as a result of that.

The Conference of Mayors is also working with Congress on legislation to protect homeownership. “This crisis must be addressed immediately. America should work for all Americans. As mayors we will fight to keep ‘The American Dream’ within reach of every citizen,” commented Oakland Mayor Ron Dellums, Chair of the Conference’s Housing Committee.

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*The U.S. Conference of Mayors is the official nonpartisan organization of cities with populations of 30,000 or more. There are 1,139 such cities in the country today, each represented in the Conference by its chief elected official, the Mayor.*