

**OFFICIAL FILE COPY
CLERK OF THE BOARD
OF COUNTY COMMISSIONERS
MIAMI-DADE COUNTY, FLORIDA**



MEMORANDUM

Agenda Item No. 11(A)(22)

TO: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners


DATE: February 17, 2009

FROM: R. A. Cuevas, Jr.
County Attorney

SUBJECT: Resolution urging the U.S. Congress
and the Florida Legislature
proactively to address the next
possible mortgage crisis by requiring
banks that receive federal bailout
funds to restructure option adjustable
rate mortgages and other
unconventional mortgages that were
used during the recent real estate
boom.

Resolution No. R-137-09

The accompanying resolution was prepared and placed on the agenda at the request of Prime Sponsor Commissioner Joe A. Martinez, and Co-Sponsors Vice-Chairman Jose "Pepe" Diaz, Commissioner Carlos A. Gimenez, and Commissioner Rebeca Sosa.



R. A. Cuevas, Jr.
County Attorney


RAC/cp



MEMORANDUM
(Revised)

TO: Honorable Chairman Dennis C. Moss
and Members, Board of County Commissioners

DATE: February 17, 2009

FROM: 
R. A. Cuevas, Jr.
County Attorney

SUBJECT: Agenda Item No. 11(A)(22)

Please note any items checked.

- "4-Day Rule" ("3-Day Rule" for committees) applicable if raised
- 6 weeks required between first reading and public hearing
- 4 weeks notification to municipal officials required prior to public hearing
- Decreases revenues or increases expenditures without balancing budget
- Budget required
- Statement of fiscal impact required
- Bid waiver requiring County Mayor's written recommendation
- Ordinance creating a new board requires detailed County Manager's report for public hearing
- Housekeeping item (no policy decision required)
- No committee review

Approved _____ Mayor

Agenda Item No. 11(A)(22)

Veto _____

2-17-09

Override _____

RESOLUTION NO. R-137-09

RESOLUTION URGING THE U.S. CONGRESS AND THE FLORIDA LEGISLATURE PROACTIVELY TO ADDRESS THE NEXT POSSIBLE MORTGAGE CRISIS BY REQUIRING BANKS THAT RECEIVE FEDERAL BAILOUT FUNDS TO RESTRUCTURE OPTION ADJUSTABLE RATE MORTGAGES AND OTHER UNCONVENTIONAL MORTGAGES THAT WERE USED DURING THE RECENT REAL ESTATE BOOM

WHEREAS, in recent years, lenders lured borrowers to take out loans with option adjustable rate mortgages (Option ARMs) that had low initial “teaser” interest rates, sometimes as low as one percent (1%), but after two to five years, the rates reset to a market interest rate, resulting in substantially higher monthly payments that were in some cases double the introductory rate; and

WHEREAS, banks also issued Alternative A-paper loans (Alt A loans) to homeowners with credit ratings that were better than the riskiest subprime loans, but still did not qualify as prime loans; and

WHEREAS, Option ARMs, Alt A loans, and other unconventional mortgages were frequently used during the recent real estate boom; and

WHEREAS, many homeowners bought homes using unconventional mortgages that were outside their price ranges, and when the interests rates reset to market interest rates in the next few years, some homeowners may not be able to afford their monthly mortgage payments; and

WHEREAS, when these interest rates reset, we could see another mortgage crisis and another wave of mortgage foreclosures, in addition to the prior wave of foreclosures caused by sub-prime mortgages and the economic downturn; and

WHEREAS, the federal government already has given billions of dollars to banks through bailout programs to shore up the U.S. economy, and more federal bailout funds are likely on the way; and

WHEREAS, the first round of funds the federal government gave to banks came with few requirements for how those funds should be used; and

WHEREAS, in exchange for providing banks additional federal funds, the federal government should require banks to restructure Option ARM, Alt-A and other unconventional loans; and

WHEREAS, banks should also be required to waive or reduce closing costs to homeowners that have unconventional mortgages in order to access government bailout funds; and

WHEREAS, state government can also play a role in moving banks toward restructuring Option ARM, Alt-A and other unconventional loans,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that this Board:

Section 1. Urges the U.S. Congress and the Florida Legislature proactively to address the next upcoming mortgage crisis by requiring banks that receive bailout funds to restructure option adjustable rate mortgages and other unconventional mortgages that were used during the recent real estate boom.

Section 2. Directs the Clerk of the Board to transmit a certified copy of this resolution to the members of the Florida Congressional Delegation, the Governor, Senate President, House Speaker, Chair and Members of the Miami-Dade State Legislative Delegation, and the U.S. Secretary of the Treasury.

Section 3. Directs the County's federal and state lobbyists to advocate for the passage of the legislation set forth in Section 1 above, and directs the Office of Intergovernmental Affairs to include this item in the 2009 Federal and State Legislative Packages.

The Prime Sponsor of the foregoing resolution is Commissioner Joe A. Martinez, and the Co-Sponsors are Vice-Chairman Jose "Pepe" Diaz, Commissioner Carlos A. Gimenez, and Commissioner Rebeca Sosa. It was offered by Commissioner Jose "Pepe" Diaz, who moved its adoption. The motion was seconded by Commissioner Rebeca Sosa and upon being put to a vote, the vote was as follows:

	Dennis C. Moss, Chairman	aye	
	Jose "Pepe" Diaz, Vice-Chairman	aye	
Bruno A. Barreiro	aye	Audrey M. Edmonson	aye
Carlos A. Gimenez	aye	Sally A. Heyman	aye
Barbara J. Jordan	aye	Joe A. Martinez	aye
Dorrin D. Rolle	aye	Natacha Seijas	aye
Katy Sorenson	aye	Rebeca Sosa	aye
Sen. Javier D. Souto	absent		

The Chairperson thereupon declared the resolution duly passed and adopted this 17th day of February, 2009. This resolution shall become effective ten (10) days after the date of its adoption unless vetoed by the Mayor, and if vetoed, shall become effective only upon an override by this Board.



MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

By: Kay Sullivan
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

Jess M. McCarty