



**MEMORANDUM**

Agenda Item No. 11(A)(22)

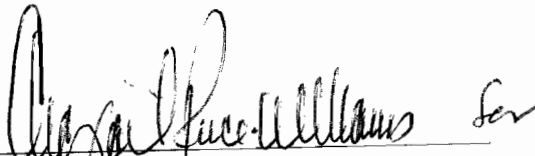
**TO:** Honorable Chairman Dennis C. Moss  
and Members, Board of County Commissioners

**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.

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

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County Attorney

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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  
Veto \_\_\_\_\_  
Override \_\_\_\_\_

Agenda Item No. 11(A)(22)  
2-17-09

RESOLUTION NO. \_\_\_\_\_

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 \_\_\_\_\_, who moved its adoption. The motion was seconded by Commissioner \_\_\_\_\_ and upon being put to a vote, the vote was as follows:

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

The Chairperson thereupon declared the resolution duly passed and adopted this 17<sup>th</sup> 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: \_\_\_\_\_  
Deputy Clerk

Approved by County Attorney as  
to form and legal sufficiency.



Jess M. McCarty