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ALARCÓN INTRODUCES MOTION TO RECEIVE REPORT ON FEASIBILITY OF LACERS MEMBERS BORROWING AGAINST RETIREMENT CONTRIBUTIONS TO PREVENT FORECLOSURE

Alarcon also introduces resolution in support of the S.A.F.E. Mortgage Licensing Act (S. 2595) to establish national mortgage licensing and oversight standards

Los Angeles, CA – In a time when the residents of the City of Los Angeles are being hit hard by the foreclosure crisis and thousands of Angelenos are at risk of losing their homes, Councilmember Alarcón introduced a motion today instructing the Personnel Department, the Los Angeles City Employees Retirement System (LACERS) and the City Administrative Officer to report on the feasibility of establishing a hardship program to enable the members of LACERS to borrow against retirement contributions to prevent the foreclosure of their homes.

“The foreclosure crisis is having a profound impact on the residents of Los Angeles and undermines the safety of communities, and it is vital that we find new and creative ways to preserve homeownership and prevent the foreclosure,” said Councilmember Alarcón. “This is not going to save everyone’s home, but LACERS and personal retirement accounts could provide the support needed to keep certain families in their homes, protecting one of their most valuable assets and their economic safety-net – their home.”

In addition to the LACERS motion, Councilmember Alarcon also introduced a resolution in support of the federal S.A.F.E. Mortgage Licensing Act, authored by Senator Dianne Feinstein, which will establish national licensing and oversight standards and also will create a public database that would allow homebuyers to verify whether a broker or lender is professionally licensed.

California is ground zero for foreclosures, ranking second in the nation in foreclosures at 2.6 times the national average, with one filing for every 192 households. The Los Angeles and Long Beach area had 32,177 filings in the first quarter of 2008, the highest foreclosure rate among the nation’s five largest metro areas. Los Angeles is particularly hard hit because of the high cost of housing. Most homeowners do not qualify for federally-backed loans, causing homebuyers to take riskier adjustable rate mortgages or allowing for predatory lenders to target these buyers.

Councilmember Alarcón a series of motions and resolutions in response to the foreclosure crisis, including calling for the jumbo loan limit to be raised in high-cost areas like Los Angeles, increasing funding for loan counseling services and supporting state and federal legislation that deals with issues of foreclosure. Last August Councilmember Alarcón held an emergency hearing on foreclosures and, based on the testimony from that hearing, he introduced three resolutions – local, state and federal – many of the provisions which can now be seen in the current state and federal measures.