



# The United States Conference of Mayors

1620 Eye Street, N.W. • Washington, D.C. 20006  
Phone (202) 293-7330 • Fax (202) 293-2352  
E-mail: [info@usmayors.org](mailto:info@usmayors.org) URL: [usmayors.org](http://usmayors.org)

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Contact:  
Elena Temple (US Conference of Mayors)  
202-861-6719/[etemple@usmayors.org](mailto:etemple@usmayors.org)

Scott Levenson (ACORN)  
212-239-7323/[scottl@theadvancegroup.com](mailto:scottl@theadvancegroup.com)

## **U.S. CONFERENCE OF MAYORS, ACORN AND MAYORS DIAZ, NUTTER, BLOOMBERG, VILLARAIGOSA AND DELLUMS URGE STRONGER STATE LAWS REQUIRING MANDATORY SETTLEMENT CONFERENCES PRIOR TO HOME FORECLOSURE**

Washington, D.C. – U.S. Conference of Mayors President Miami Mayor Manny Diaz and ACORN CEO Bertha Lewis today joined leaders from major cities across the country to urge states to enact stronger laws requiring mandatory settlement conferences between lenders and borrowers prior to foreclosure sales. The parties advocated for measures similar to those that have already been enacted in Philadelphia, where lenders and borrowers are required to attempt to negotiate a mutually agreeable refinancing or modification of the mortgage that results in a borrower staying in his or her home. Mayor Diaz and Bertha Lewis of ACORN were joined on a conference call by Philadelphia Mayor Michael A. Nutter, New York City Mayor Michael R. Bloomberg, Los Angeles Mayor Antonio Villaraigosa, and Oakland City Administrator Dan Lindheim on behalf of Oakland Mayor Ronald V. Dellums.

“Foreclosure is destroying our homes, our families and our communities,” said Miami Mayor Manny Diaz, President of the USCM. “Predatory lending practices have left our City neighborhoods with a foreclosure epidemic, and we must take action to protect our neighborhoods from further blight caused by tens of thousands of foreclosures.”

“ACORN is proud to stand with America's leading mayors in fighting to help families succeed in their homes and help communities cope with Wall Street's terrible mess,” said ACORN CEO Bertha Lewis. “Innovative local programs like the Philadelphia model of mandatory mediation were won through old-fashioned community organizing by neighborhoods frustrated with the lack of progress from industry or the federal government. The leadership of mayors is needed now more than ever to stop the foreclosure crisis and get the economy back on track, the very work ACORN is doing every day.”

Cities across the country are looking for innovative and effective ways of stemming the tide of foreclosures. The model pioneered by Philadelphia has been particularly effective. According to estimates from the City of Philadelphia and ACORN, 50-80 percent of households eligible for mandatory settlement appear at their conference. To date 1,200 households, or 35 percent of those who showed up, have reached a settlement and a further 1,500 households are in negotiation.

Several States, including New York, have passed laws that require some form of settlement conferences or mediations, but they have had limited degrees of success. The U.S. Conference of

Mayors and ACORN are promoting laws that include a set of principles to make settlement conferences more effective. These include:

- Requiring mandatory settlement conferences or mediations for all foreclosures of one-to-four family owner-occupied dwellings;
- Proactively notifying the borrower of his or her right to a settlement conference and provide a referral to housing counseling agencies or a hotline;
- Requiring both parties to engage in good faith settlement negotiations, ensuring that the foreclosure litigation may not proceed until the settlement conference procedures have been exhausted;
- Establishing clear penalties should the lender (or designee) fail to appear at a scheduled conference or appear at the conference appearance without full authority to enter into a settlement or loan modification agreement. Penalties could include default, non-suit or dismissal of the foreclosure action with prejudice.
- Allowing every borrower the option of representation at the conference.
- A clear statement that the goal of the settlement conference is to restructure the loan so that it is affordable to the borrower and will allow the owner to retain ownership; and
- Allowing the settlement conference to use as a guideline the federal Making Home Affordable Modification Program.

"Through outreach and bringing lenders and homeowners to the table we have helped over 1,200 individuals and families in Philadelphia stay in their homes," said Philadelphia Mayor Nutter.

"Mayors from cities across America are committed to working together to address this issue of national importance."

"In New York, current State law gives homeowners the opportunity to negotiate modified loans in settlement conferences with lenders, but the reality is that fewer than half of borrowers take advantage of it," said Mayor Bloomberg. "We need a stronger law that gives representatives of lenders in settlement meetings the power to modify loans, and that ensures that foreclosures can't proceed until such conferences are concluded."

"Our nation's cities have been on the front line of the foreclosure crisis from the start, but our cities have also developed some of the most creative solutions to this problem," said Los Angeles Mayor Villaraigosa. "Mediation gives the borrower a chance to negotiate with the bank as an equal and to find a solution that avoids foreclosure. This benefits the borrower, the bank, and our communities."

"Oakland has been hard hit by the foreclosure crisis," said Oakland Mayor Dellums. "We have worked in partnership with ACORN and other groups to develop local and statewide solutions to the foreclosure crisis and mandatory mediation appears to be another effective tool that could result in a win-win solution for borrowers and lenders. I look forward to working with Mayor Antonio Villaraigosa to call for State legislative solutions and also on a coordinated approach to local strategies that can be implemented now."

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