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## **Council Vote Today to On Policy to Address Foreclosure Crisis**

*SAN JOSE, CALIF.* – City Council will vote today on a revision to the City’s investment policy to add a financial institution’s commitment to foreclosure mitigation as one of several criteria used when evaluating which financial institutions the City of San José will use for short term investments.

The recommendation proposed by Mayor Chuck Reed and Councilmembers Sam Liccardo and Madison Nguyen requires foreclosure mitigation to be considered only after the primary objectives of safety, liquidity and yield, however, to the extent that competing financial institutions offer investment vehicles that are similar, their level of participation in the federal Home Affordability Modification Program (HAMP) will be used as a criteria.

In October, California posted the nation's second highest state foreclosure rate according to data released by RealtyTrac. In San José, just over 9,000 homes are in foreclosure. Although federal mitigation programs have emerged, substantial gaps still leave many San José residents without relief. The problem may only worsen as the number of “resets” of adjustable mortgages peaks. The Center for Responsible Lending projects that as many as nine million foreclosures will occur from 2009 to 2012.

“Foreclosures have had a negative impact on many of San José’s most fragile neighborhoods. In some cases, abandoned foreclosed homes have created blight and been an attractive nuisance for vandalism and crime,” said Mayor Chuck Reed. “We appreciate the efforts that responsible lenders are making to work with families and to ensure that foreclosures don’t have a negative impact on the community as a whole. This investment policy change recognizes such contributions.”

The policy revision will leverage the City’s role as a consumer of banking services to encourage participation in HAMP program, with particular focus on the refinancing of mortgages of struggling San José homeowners.

“Rising unemployment, weak home prices, and impending mortgage rate resets still threaten to cast families out of their homes. These unique circumstances call for unconventional approaches like the policy before Council today,” said Councilmember Liccardo.

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