

1 STATE OF OKLAHOMA

2 1st Session of the 55th Legislature (2015)

3 SENATE
4 RESOLUTION 2

By: Pittman

5
6 AS INTRODUCED

7 A Resolution recognizing the use of eminent domain
8 laws by certain municipalities to restructure
9 mortgage loan foreclosures; encouraging all
10 policymakers to examine impact of such action on
11 diverse communities; supporting programs to prevent
12 foreclosures; and directing distribution.

13 WHEREAS, the Oklahoma State Senate recognizes the historic
14 challenges that people of color have experienced in mortgage
15 lending; and

16 WHEREAS, the housing crash of 2008 has led to a reduction in
17 available mortgage credit, exacerbating the challenges of aspiring
18 minority homeowners; and

19 WHEREAS, some municipalities have taken it upon themselves to
20 partner with a commercial entity and use eminent domain laws to
21 restructure mortgage obligations; and

22 WHEREAS, eminent domain laws are typically used to allow the
23 state to take private property for public use and are a vital tool
24 for community development; and

1 WHEREAS, there is currently no precedent in the Oklahoma Supreme
2 Court or the U.S. Supreme Court that allows a government to seize
3 private property and redistribute it to others for the general
4 purpose of improving conditions, potentially leaving municipalities
5 engaged in these eminent domain programs vulnerable to legal action;
6 and

7 WHEREAS, the Federal Housing Finance Administration (FHFA) has
8 indicated it could order Fannie Mae and Freddie Mac to cease doing
9 business in areas employing eminent domain to restructure mortgage
10 loan contracts; and

11 WHEREAS, the President of the United States and the Governor of
12 this state and their individual administrations have remained
13 largely quiet on this issue, allowing courts to determine legality;
14 and

15 WHEREAS, municipalities having the ability to restructure loans
16 to avoid foreclosure could provide an economic benefit to the
17 community as well as the homeowner; and

18 WHEREAS, restructuring such mortgages could have a positive
19 impact on diverse communities in particular, which have suffered
20 most from foreclosures; and

21 WHEREAS, person of color still find mortgage credit more
22 difficult to come by, and have disproportionately had to rely on FHA
23 loans to achieve the "American Dream" of home ownership; and

24

1 WHEREAS, eminent domain programs could increase lender risk and
2 could have negative effects on loan availability for aspiring
3 homeowners and on housing prices in neighborhoods.

4 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE OF THE 1ST SESSION
5 OF THE 55TH OKLAHOMA LEGISLATURE:

6 THAT the Oklahoma State Senate encourages policymakers at all
7 levels to recognize the potential dangers to minority communities in
8 using eminent domain laws to seize mortgages.

9 THAT policymakers at all levels are encouraged to examine and
10 take appropriate action, if necessary, based on the court's decision
11 of its legality, on the use of eminent domain laws for the
12 restructuring of mortgages because of potentially disproportionate
13 adverse effects on aspiring homebuyers in communities with high
14 foreclosure rates.

15 THAT if the use of eminent domain is determined to be legal, the
16 Oklahoma State Senate urges municipalities to work with the Federal
17 Housing Administration and lenders to ensure mortgage options in the
18 locality remain stable and obtainable for others in the community.

19 THAT the Oklahoma State Senate supports and commends government
20 and lender programs that seek to prevent foreclosures; calls for
21 continued support of those efforts and assurance that lenders will
22 be equipped and staffed adequately to reach out to borrowers before
23 situations turn critical, allowing for mediation where necessary,
24

1 and promoting financial literacy that will help prevent aspiring
2 homeowners from entering situations they cannot manage.

3 THAT a copy of this resolution be distributed to the President
4 of the United States, the elected congressional officials
5 representing Oklahoma in both the U.S. House of Representatives and
6 U.S. Senate, the Governor the State of Oklahoma, and the Oklahoma
7 Municipal League.

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