

(b)(6)@wellsfargo.com

From: (b)(6)@wellsfargo.com
Sent: 10 May 2013 08:35:14 -0500
To: Pollard, Alfred
Subject: FW: CA Eminent Domain Coalition Letters
Attachments: Joint Letter to El Monte City Council.pdf, ATT00001.htm, Joint Letter to La Puente City Council.pdf, ATT00002.htm, Joint Letter to Orange Cove City Council.pdf, ATT00003.htm, Joint Letter to Pomona Council.pdf, ATT00004.htm, Joint Letter to San Joaquin City Council.pdf, ATT00005.htm
Hi Alfred,

I wanted to send you the latest from SIFMA. You may already have these, but I wanted you to be aware. Have a great weekend. See you Monday morning.

Thanks,

Serena

From: Killian, Chris [mailto:(b)(6)@sifma.org]
Sent: Friday, May 10, 2013 9:32 AM
To: Cameron, Tim; Killian, Chris; Chamberlain, Kim
Subject: CA Eminent Domain Coalition Letters

To: Eminent Domain Member WG

CC: AMG/SSG Securitization Investor Committee; Originator Executive Committee; Dealer Legal Advisory Committee; Dealer Executive Committee; SSG Steering Committee; SSG Gov Reps

As you may know, there are now 6 municipalities that have reportedly entered into an Advisory Services Agreement with MRP. They are all in California and include: El Monte, La Puente, San Joaquin, Orange Grove, Richmond, and Pomona.

Sifma organized and sent the attached coalition letters last night to the cities of El Monte, La Puente, Orange Cove, San Joaquin, and Pomona. We previously sent letters to Richmond, and visited local officials there last week (in addition to North Las Vegas, NV, which is also considering the plan).

Of note, at a city council workshop in North Las Vegas last week, MRP's Steve Gluckstern stated that "We are now working with [those municipalities with signed advisory agreements] in identifying loans and making offers in the next 90 days." He further stated that "by the end of the summer, there will be people purchasing mortgages."

We cannot confirm that this statement is truthful, but we believe members should consider their options in case it is.

We will continue to advocate on this issue at local, state and federal levels. Please let us know of any questions.

Have a good weekend. Regards,

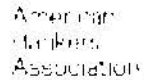
-Chris

Mobile: (b)(6)

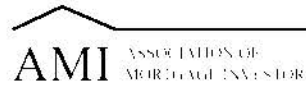
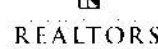
Begin forwarded message:

sifma

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Financial Security for Life



THE FINANCIAL SERVICES ROUNDTABLE

May 9, 2013

Via Electronic and Overnight Delivery

The Honorable Andre Quintero
The Honorable Norma Macias
The Honorable Juventino "J" Gomez
The Honorable Victoria Martinez
The Honorable Bart Patel
City of El Monte
City Hall East
11333 Valley Boulevard
El Monte, CA 91731-3293

RE: Use of Eminent Domain to Acquire Underwater Mortgages

Dear Mayor Quintero, Mayor Pro Tem Macias and Council Members Gomez, Martinez, and Patel:

The twenty-two organizations listed below recently learned that the City of El Monte has entered into an Advisory Services Agreement with Mortgage Resolution Partners (MRP) and that this agreement envisions using the City's eminent domain power to acquire certain underwater mortgage loans held by private-label mortgage-backed securities.

We are writing to make you aware of our serious concerns with this proposal. We understand that the timing is not ideal, and we apologize for not bringing these concerns to your attention earlier. We, however, understand that the Agreement does not obligate the City to use eminent domain. We are therefore hopeful that you will weigh our concerns before making any final decisions.

We believe that the MRP proposal raises very serious legal and constitutional issues. No jurisdiction has ever used eminent domain to acquire underwater mortgages in securitized pools. Such a novel use of the eminent domain powers is unprecedented and would, in our view, not survive the multiple legal challenges that would ensue.

Under the 5th Amendment of the U.S. Constitution and California law, eminent domain powers can only be exercised when the proposed taking is for a public use or benefit and when just compensation has been provided to the former owner of the property. The MRP proposal does not satisfy either requirement. The proposal begins by targeting the small percentage of El Monte loans that are in private-label mortgage backed securities and then narrows this group further to focus primarily on those who are current on their existing mortgages, have good credit, and ideally don't have existing home equity loans or other liens on the property. While the small group of people that satisfy these criteria would initially appear to be helped, this help comes at the substantial expense of the entire El Monte community and other potential mortgage borrowers across the country.

In addition, the proposal on its face substantially undervalues the existing owners' holdings. In our view, fair compensation has not been provided when the amount paid is well below the face value of the taken note and when it does not reflect the diminution in the value of the overall investment. In an example frequently cited by MRP, the mortgage that they pay investors \$160,000 for is refinanced shortly thereafter for \$190,000 with much of the additional \$30,000 going to MRP and its funders. The plan does not provide just compensation.

Furthermore, the mortgage note is typically held by the PLS trustee who is often domiciled outside the State of California. A City's eminent domain authority does not extend beyond the City's borders; it certainly doesn't apply outside the state. We therefore believe that entities that seek to use eminent domain in this highly unusual way will face years of costly litigation brought by multiple litigants who, because of fiduciary and other obligations, are forced to sue to protect the assets of their investors. For these and other reasons, El Monte may be tied up in costly litigation for years.

In addition to the legal issues, the use of eminent domain will also be immensely destructive to U.S. mortgage markets in general and to specific communities using eminent domain, in particular. If the sanctity of the contractual relationship between a borrower and a creditor is undermined by eminent domain, both lenders and investors will be reluctant to provide future funding. The result will be a significant contraction of credit availability, particularly in eminent domain communities. It will be much harder to get a loan, and any loan that is granted will likely come with much stronger credit scores, higher interest rates and larger down payments. This in turn could actually serve to further depress housing values in the City.

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part to avoid a risk to safe and sound operations at its regulated entities and to avoid taxpayer expense.”

We recognize the City’s intention to assist homeowners who are facing financial difficulties. We, however, believe that using the power of eminent domain to abrogate a contractual agreement between borrower and creditor would have far greater and lasting negative effects on existing and future El Monte homeowners and on small Main Street investors from El Monte and elsewhere who have these investments in their pension plans and other savings vehicles.

We thank you for your time and consideration. Please do not hesitate to contact any of our organizations for more information or further discussion.

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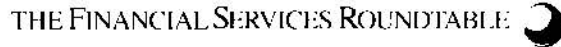
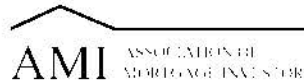
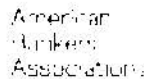
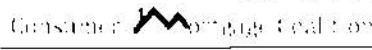
Securities Industry and Financial Markets Association
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American Securitization Forum
Association of California Life and Health Insurance Companies
Association of Financial Guaranty Insurers
Association of Mortgage Investors
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California Association of Realtors
California Bankers Association
California Escrow Association
California Land Title Association
California Mortgage Association
California Mortgage Bankers Association
Citrus Valley Association of Realtors
Consumer Mortgage Coalition
Investment Company Institute
Mortgage Bankers Association
National Association of Home Builders
The Financial Services Roundtable
The Housing Policy Council of The Financial Services Roundtable

Cc: Jesus Gomez, Acting City Manager
Ricardo Olivarez, City Attorney

sifma



Invested in America



May 9, 2013

Via Electronic and Overnight Delivery

The Honorable Charlie Klinakis
The Honorable Violeta Lewis
The Honorable David Argudo
The Honorable Dan Holloway
The Honorable Vince House
City of La Puente
City of La Puente Administrative Offices
15900 E. Main Street
La Puente, CA 91744-4719

RE: Use of Eminent Domain to Acquire Underwater Mortgages

Dear Mayor Klinakis, Mayor Pro Tem Lewis and Council Members Argudo, Holloway, and House:

The twenty-two organizations listed below recently learned that the City of La Puente has entered into an Advisory Services Agreement with Mortgage Resolution Partners (MRP) and that this agreement envisions using the City's eminent domain power to acquire certain underwater mortgage loans held by private-label mortgage-backed securities.

We are writing to make you aware of our serious concerns with this proposal. We understand that the timing is not ideal, and we apologize for not bringing these concerns to your attention earlier. We, however, understand that the Agreement does not obligate the City to use eminent domain. We are therefore hopeful that you will weigh our concerns before making any final decisions.

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In addition, the proposal on its face substantially undervalues the existing owners' holdings. In our view, fair compensation has not been provided when the amount paid is well below the face value of the taken note and when it does not reflect the diminution in the value of the overall investment. In an example frequently cited by MRP, the mortgage that they pay investors \$160,000 for is refinanced shortly thereafter for \$190,000 with much of the additional \$30,000 going to MRP and its funders. The plan does not provide just compensation.

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We recognize the City's intention to assist homeowners who are facing financial difficulties. We, however, believe that using the power of eminent domain to abrogate a contractual agreement between borrower and creditor would have far greater and lasting negative effects on existing and future La Puente homeowners and on small Main Street investors from La Puente and elsewhere who have these investments in their pension plans and other savings vehicles.

We thank you for your time and consideration. Please do not hesitate to contact any of our organizations for more information or further discussion.

Sincerely,

Securities Industry and Financial Markets Association
American Bankers Association
American Council of Life Insurers
American Land Title Association
American Securitization Forum
Association of California Life and Health Insurance Companies
Association of Financial Guaranty Insurers
Association of Mortgage Investors
California Association of Mortgage Professionals
California Association of Realtors
California Bankers Association
California Escrow Association
California Land Title Association
California Mortgage Association
California Mortgage Bankers Association
Citrus Valley Association of Realtors
Consumer Mortgage Coalition
Investment Company Institute
Mortgage Bankers Association
National Association of Home Builders
The Financial Services Roundtable
The Housing Policy Council of The Financial Services Roundtable

Cc: Bret M. Plumlee, City Manager
James Casso, City Attorney

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Invested in America



Consumer Mortgage Coalition



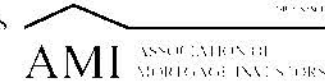
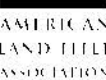
National Association of Home Builders

Financial Security For Life

REALTOR

California Land Title Association

HOUSING POLICY COUNCIL



THE FINANCIAL SERVICES ROUNDTABLE



May 9, 2013

Via Electronic and Overnight Delivery

The Honorable Gabriel Jimenez
The Honorable Victor P. Lopez
The Honorable Bertha Del Bosque
The Honorable Diana Guerra Silva
The Honorable Ralph Pardo
City of Orange Cove
City Council Chambers
633 Sixth Street
Orange Cove, CA 93646

RE: Use of Eminent Domain to Acquire Underwater Mortgages

Dear Mayor Jimenez, Mayor Pro Tem Lopez and Council Members Del Bosque, Guerra Silva and Pardo:

The twenty-two organizations listed below recently learned that the City of Orange Cove has entered into an Advisory Services Agreement with Mortgage Resolution Partners (MRP) and that this agreement envisions using the City's eminent domain power to acquire certain underwater mortgage loans held by private-label mortgage-backed securities.

We are writing to make you aware of our serious concerns with this proposal. We understand that the timing is not ideal, and we apologize for not bringing these concerns to your attention earlier. We, however, understand that the Agreement does not obligate the City to use eminent domain. We are therefore hopeful that you will weigh our concerns before making any final decisions.

We believe that the MRP proposal raises very serious legal and constitutional issues. No jurisdiction has ever used eminent domain to acquire underwater mortgages in securitized pools. Such a novel use of the eminent domain powers is unprecedented and would, in our view, not survive the multiple legal challenges that would ensue.

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In addition, the proposal on its face substantially undervalues the existing owners' holdings. In our view, fair compensation has not been provided when the amount paid is well below the face value of the taken note and when it does not reflect the diminution in the value of the overall investment. In an example frequently cited by MRP, the mortgage that they pay investors \$160,000 for is refinanced shortly thereafter for \$190,000 with much of the additional \$30,000 going to MRP and its funders. The plan does not provide just compensation.

Furthermore, the mortgage note is typically held by the PLS trustee who is often domiciled outside the State of California. A City's eminent domain authority does not extend beyond the City's borders; it certainly doesn't apply outside the state. We therefore believe that entities that seek to use eminent domain in this highly unusual way will face years of costly litigation brought by multiple litigants who, because of fiduciary and other obligations, are forced to sue to protect the assets of their investors. For these and other reasons, Orange Cove may be tied up in costly litigation for years.

In addition to the legal issues, the use of eminent domain will also be immensely destructive to U.S. mortgage markets in general and to specific communities using eminent domain, in particular. If the sanctity of the contractual relationship between a borrower and a creditor is undermined by eminent domain, both lenders and investors will be reluctant to provide future funding. The result will be a significant contraction of credit availability, particularly in eminent domain communities. It will be much harder to get a loan, and any loan that is granted will likely come with much stronger credit scores, higher interest rates and larger down payments. This in turn could actually serve to further depress housing values in the City.

We also want to make you aware of who invests in private label mortgage-backed securities and who is therefore harmed if these mortgages are taken by eminent domain. More than a third of the approximately \$1.3 trillion currently held in PLS is held in pension plans, annuities and other insurance products, and mutual funds. Thus, the PLS losses are suffered not by large institutions but by every day savers and investors who have these investments in their pension and 401k plans, their college savings plans and their individual investment portfolios. Fannie Mae, Freddie Mac and the Federal Home Loan Banks also own hundreds of billions of dollars of PLS. The Federal Housing Finance Agency (FHFA), which is the conservator of Fannie Mae and Freddie Mac and the

regulator of Federal Home Loan Banks, has expressly stated that "action may be necessary on its part to avoid a risk to safe and sound operations at its regulated entities and to avoid taxpayer expense."

We recognize the City's intention to assist homeowners who are facing financial difficulties. We, however, believe that using the power of eminent domain to abrogate a contractual agreement between borrower and creditor would have far greater and lasting negative effects on existing and future Orange Cove homeowners and on small Main Street investors from Orange Cove and elsewhere who have these investments in their pension plans and other savings vehicles.

We thank you for your time and consideration. Please do not hesitate to contact any of our organizations for more information or further discussion.

Sincerely,

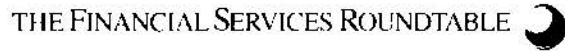
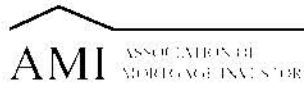
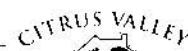
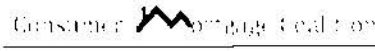
Securities Industry and Financial Markets Association
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American Securitization Forum
Association of California Life and Health Insurance Companies
Association of Financial Guaranty Insurers
Association of Mortgage Investors
Building Industry Association of Fresno/Madera Counties, Inc.
California Association of Mortgage Professionals
California Association of Realtors
California Bankers Association
California Escrow Association
California Land Title Association
California Mortgage Association
California Mortgage Bankers Association
Consumer Mortgage Coalition
Investment Company Institute
Mortgage Bankers Association
National Association of Home Builders
The Financial Services Roundtable
The Housing Policy Council of The Financial Services Roundtable

Cc: Samuel A. Escobar, City Manager
Hilda Cantu Montoy, City Attorney

sifma



Invested in America



May 9, 2013

Via Electronic and Overnight Delivery

The Honorable Elliott Rothman
The Honorable John Nolte
The Honorable Freddie Rodriguez
The Honorable Cristina Carrizosa
The Honorable Paula Lantz
The Honorable Ginna E. Escobar
The Honorable Debra Martin
City of Pomona
City Hall
505 South Garey Avenue
Pomona, CA 91766

RE: Use of Eminent Domain to Acquire Underwater Mortgages

Dear Mayor Rothman and Council Members Nolte, Rodriguez, Carrizosa, Lantz, Escobar, and Martin:

The twenty-two organizations listed below recently learned that the City of Pomona has entered into an Advisory Services Agreement with Mortgage Resolution Partners (MRP) and that this agreement envisions using the City's eminent domain power to acquire certain underwater mortgage loans held by private-label mortgage-backed securities.

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Citrus Valley Association of Realtors
Consumer Mortgage Coalition
Investment Company Institute
Mortgage Bankers Association
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The Financial Services Roundtable
The Housing Policy Council of The Financial Services Roundtable

Cc: Linda Lowry, City Manager
Arnold M. Alvarez-Glasman, City Attorney

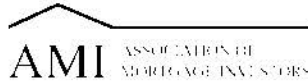
sifma



Invested in America



Consumer Mortgage Lending



MORTGAGE PROFESSIONALS

May 9, 2013

Via Electronic and Overnight Delivery

The Honorable Amarpreet Dhaliwal
The Honorable Julia Hernandez
The Honorable Abel Lua
The Honorable Mary Helen Reynaga
The Honorable Betty R. Vallejo
City of San Joaquin
City Council
21900 Colorado Avenue
San Joaquin, CA 93660

RE: Use of Eminent Domain to Acquire Underwater Mortgages

Dear Mayor Dhaliwal, Mayor Pro Tem Hernandez and Council Members Lua, Reynaga, and Vallejo:

The twenty-two organizations listed below recently learned that the City of San Joaquin has entered into an Advisory Services Agreement with Mortgage Resolution Partners (MRP) and that this agreement envisions using the City's eminent domain power to acquire certain underwater mortgage loans held by private-label mortgage-backed securities.

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In addition, the proposal on its face substantially undervalues the existing owners' holdings. In our view, fair compensation has not been provided when the amount paid is well below the face value of the taken note and when it does not reflect the diminution in the value of the overall investment. In an example frequently cited by MRP, the mortgage that they pay investors \$160,000 for is refinanced shortly thereafter for \$190,000 with much of the additional \$30,000 going to MRP and its funders. The plan does not provide just compensation.

Furthermore, the mortgage note is typically held by the PLS trustee who is often domiciled outside the State of California. A City's eminent domain authority does not extend beyond the City's borders; it certainly doesn't apply outside the state. We therefore believe that entities that seek to use eminent domain in this highly unusual way will face years of costly litigation brought by multiple litigants who, because of fiduciary and other obligations, are forced to sue to protect the assets of their investors. For these and other reasons, San Joaquin may be tied up in costly litigation for years.

In addition to the legal issues, the use of eminent domain will also be immensely destructive to U.S. mortgage markets in general and to specific communities using eminent domain, in particular. If the sanctity of the contractual relationship between a borrower and a creditor is undermined by eminent domain, both lenders and investors will be reluctant to provide future funding. The result will be a significant contraction of credit availability, particularly in eminent domain communities. It will be much harder to get a loan, and any loan that is granted will likely come with much stronger credit scores, higher interest rates and larger down payments. This in turn could actually serve to further depress housing values in the City.

We also want to make you aware of who invests in private label mortgage-backed securities and who is therefore harmed if these mortgages are taken by eminent domain. More than a third of the approximately \$1.3 trillion currently held in PLS is held in pension plans, annuities and other insurance products, and mutual funds. Thus, the PLS losses are suffered not by large institutions but by every day savers and investors who have these investments in their pension and 401k plans, their college savings plans and their individual investment portfolios. Fannie Mae, Freddie Mac and the Federal Home Loan Banks also own hundreds of billions of dollars of PLS. The Federal Housing Finance Agency (FHFA), which is the conservator of Fannie Mae and Freddie Mac and the regulator of Federal Home Loan Banks, has expressly stated that "action may be necessary on its

part to avoid a risk to safe and sound operations at its regulated entities and to avoid taxpayer expense.”

We recognize the City’s intention to assist homeowners who are facing financial difficulties. We, however, believe that using the power of eminent domain to abrogate a contractual agreement between borrower and creditor would have far greater and lasting negative effects on existing and future San Joaquin homeowners and on small Main Street investors from San Joaquin and elsewhere who have these investments in their pension plans and other savings vehicles.

We thank you for your time and consideration. Please do not hesitate to contact any of our organizations for more information or further discussion.

Sincerely,

Securities Industry and Financial Markets Association
American Bankers Association
American Council of Life Insurers
American Land Title Association
American Securitization Forum
Association of California Life and Health Insurance Companies
Association of Financial Guaranty Insurers
Association of Mortgage Investors
Building Industry Association of Fresno/Madera Counties, Inc.
California Association of Mortgage Professionals
California Association of Realtors
California Bankers Association
California Escrow Association
California Land Title Association
California Mortgage Association
California Mortgage Bankers Association
Consumer Mortgage Coalition
Investment Company Institute
Mortgage Bankers Association
National Association of Home Builders
The Financial Services Roundtable
The Housing Policy Council of The Financial Services Roundtable

Cc: Cruz W. Ramos, City Manager
Hilda Cantu Montoy, City Attorney