

## Easter, Stacy

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**From:** Dorfman, Richard <(b)(6)@sifma.org>  
**Sent:** Monday, March 25, 2013 12:24 PM  
**To:** Pollard, Alfred  
**Subject:** Mortgage Resolution Partners - Mortgage Loan Condemnations Under Power of Eminent Domain

Dear Alfred,

I regret approaching you yet again on the captioned subject. However, because of the necessity of municipal execution of any such plan it is ever more clear that a federal solution would be the only way to quell this menacing concept.

In the case of the FHFA that would mean disallowing the Enterprises to acquire, guarantee, securitize or otherwise transact in any loan presented to the Enterprises for such purposes if any such loan at any point in its existence has been subject to condemnation and seizure. The same disallowance should also apply to any and all FHLBs, there to include acceptance as collateral for advances.

Acting Director Demarco has previously issued a written comment, widely circulated, expressing material concern about such condemnation and seizure schemes, and he further noted that he would be prepared to take such further action in this matter as should be necessary. It is now necessary.

The FHFA is fully versed on this matter, in no small part because of SIFMA's unrelenting opposition in order to protect the whole mortgage loan and MBS markets from the disastrous effects of even a credible threat of any such scheme being affected. The threat or reality of such use of the power of eminent domain would introduce a new class of investment risk that would defy modeled prediction or projection, leading to gross market instability. The Global Head of Research of a deeply respected US institutional investor has observed to me that the mortgage loan seizure action here discussed would destroy the relevant markets.

In the context of a nascent and fragile national recovery of residential real estate activity, such roiling of the markets would be catastrophic. Beyond that, as all the parties that are fixtures in the US housing and housing finance industries are working with greatest energy to assist elements of government to resolve the future of housing and housing finance in the national interest, the resources that SIFMA and other interested parties must apply to defeating the eminent domain plan are great in extent and cost. It is untimely and unwise for SIFMA and others to endure these efforts and costs, especially when industry resources, by all reason, should be working with absolute focus on such matters as the resolution of the Enterprises and all the many pieces of unfinished business under Dodd Frank.

I am asking that you address the immediate appearance of the eminent advocates in Brockton, Massachusetts. SIFMA, as always, is active there to help defend against the eminent domain plan. Councilor Tom Brophy, the immediate past President of the City Council, is a key participant in the Eminent Domain Working Group in Brockton. Councilor Brophy wants to speak with you by telephone pertinent to the matters I have raised. He has asked us to help organize that call, and I am accordingly asking you to agree to

Speak by telephone with Councilor Brophy. Please agree to do so, and we will make the arrangements.

I hope that Acting Director Demarco and his counterparts at the FHA and Ginnie Mae will soon act to quell this devious and tedious issue so we all can get on with the critical business of revitalizing housing and housing finance in our country.

Sincerely

Richard

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