



December 19, 2012

The Honorable Thomas Brophy
Brockton City Council
City Hall
45 School Street
Brockton, MA 02301

Dear President Brophy:

I attended the December 17, 2012 meeting of the City Council's Finance Committee, where mortgage and foreclosure issues were a topic of discussion. A number of speakers were invited, and many broadly supported the idea of exploring the use of eminent domain to seize mortgage loans from their holders and rework the loans for borrowers. I am concerned that this discussion was one-sided, and did not address the impact of these plans on the municipality and mortgage borrowers in the community. I would encourage you to have further discussions to better understand the full scope and potential harmful impacts of these programs on your residents.

My organization, the Securities Industry and Financial Markets Association (SIFMA), has been closely following issues involving the use of eminent domain to seize mortgage loans. We represent the interests of hundreds of investors and other financial market participants, who may be directly targeted by the proponents of these plans. The investors we represent manage the retirement and other savings of millions of every day working citizens; they invest for municipal pension plans, state employees, teachers, and all other working savers. We believe that these savings should not be diminished so that private sector third parties can profit from schemes to seize the property of others.

We are also significantly concerned that the plans that have been put forth have serious legal defects, will be subject to challenge, and will require expensive and time consuming litigation. In this regard, I have attached a memorandum that was prepared for us by a noted constitutional scholar at the law firm O'Melveny and Myers when the eminent domain issue was first raised in San Bernardino County, California earlier this year.

Finally, we also believe that the execution of these plans to use eminent domain will result in a serious contraction of credit availability, as lenders and secondary market sources of funding react with defensive, very stringent underwriting criteria. This could make it much more difficult for people in your community to obtain new mortgages or to refinance existing mortgages.

I would be pleased to discuss these issues with you further, at greater length. We believe that there are better approaches to dealing with these problems, and we encourage you to engage in a dialogue with



all interested parties, including those who originate and fund mortgage lending, to ensure that the right path is chosen. Please do not hesitate to contact me at 212-313-1389 or tcameron@sifma.org.

Sincerely,

A handwritten signature in black ink, appearing to be "TC", with a long horizontal flourish extending to the right.

Timothy Cameron, Esq.
Managing Director, Asset Management Group
SIFMA

Cc: Mayor Linda M. Balzotti
President-Elect Timothy Cruise
Councilor Jass Stewart

Attachment