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| asset management group

March 13, 2013

The Honorable Gayle McLaughlin
City of Richmond
Mayor's Office
450 Civic Center Plaza
Richmond, CA 94804

Dear Mayor McLaughlin:

I write in regards to discussions the Richmond City Council has recently undertaken pertaining to a plan developed by Mortgage Resolution Partners (MRP) that has been purported to be a solution to issues associated with foreclosures and underwater homeowners.

I have been closely following issues involving the use of eminent domain to seize mortgage loans, including the plans set forth by MRP. Mortgage Resolution Partners may profess that their plans have no cost, but this is incorrect. Before going too far down the eminent domain path, 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)¹, represents 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

¹ The Securities Industry and Financial Markets Association (SIFMA) brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA's mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>.

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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 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

Attachment