

From: DeMarco, Edward
Sent: Tuesday, July 10, 2012 3:32 PM
To: Pollard, Alfred; Ugoletti, Mario
Subject: FW: San Bernardino County

FYI

From: Dorfman, Richard [mailto:(b)(6)@sifma.org]
Sent: Tuesday, July 10, 2012 2:00 PM
To: DeMarco, Edward
Subject: San Bernardino County

Dear Edward:

This is a continuing update on matters in San Bernardino County, CA, or possible other jurisdictions, contemplating the use of the U.S. Constitutional authority of eminent domain to support and execute possible condemnation and taking of residential home loans and associated mortgages, both in securitized and non-securitized form, from a potential broad range of financial institutions. Clearly, such possible actions could lead to gigantic losses-on-sale at such financial institutions.

As you know, SIFMA has previously and continues to advocate for the absolute abandonment of the described approach, as we believe it is unconstitutional, unethical, dysfunctional, and portends ruinous consequences to a range of US financial institutions. SIFMA has also requested that Freddie Mac, Fannie Mae, and Ginnie Mae adopt amendments to their seller-servicer programs that would effectively prohibit the purchase, guarantee, or resecuritization of any mortgage loan submitted, to each or all of them, that has been acquired through a takings process.

In order to update you on SIFMA activities on this matter, please note that this morning, SIFMA executive management was authorized by the appropriate members' committee to draft language to amend the TBA market rules for good delivery, as administered by SIFMA, to reflect, from the effective date of such amendment, that residential mortgage loans acquired from investing institutions through a takings process will be ineligible as good delivery into a TBA contract now and into the future.

Please also note, that on behalf of its vast membership of financial institutions, SIFMA has retained distinguished legal counsel to access, advise, and execute on matters of law, as may be pertinent and necessary to defeat the kinds of transactions described in this note.

I will continue to update you on this matter as we move forward. Meanwhile, I urge each of you to engage promptly in whatever actions would be necessary to exclude from acquisition-guarantee and/or securitization by Freddie Mac, Fannie Mae, and Ginnie Mae, residential mortgage loans having the characteristics described above.

Sincerely,

Richard

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