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From: Graham Williams [GWilliams@mortgageresolutionpartners.com]
Sent: Friday, May 17, 2013 11:35 AM
To: patrick_lynch@ci.richmond.ca.us Lynch; Bill Lindsay
Subject: Corrected slides
Attachments: Richmond corrected slides.pptx

Bill and Patrick,

In auditing the presentation sent to you I found a calculation error that drove incorrect numbers in three slides. These slides have been corrected and they are attached. Please replace the incorrect pages in the books that I sent you. We apologize for any inconvenience caused.

We are waiting to hear from you regarding a convenient time to discuss next steps.

Yours,

Graham Williams
Partner & CEO
Mortgage Resolution Partners
423 Washington Street, Suite 200
San Francisco, CA 94111
(o) 415.423.0016
(m) 415.971.1771

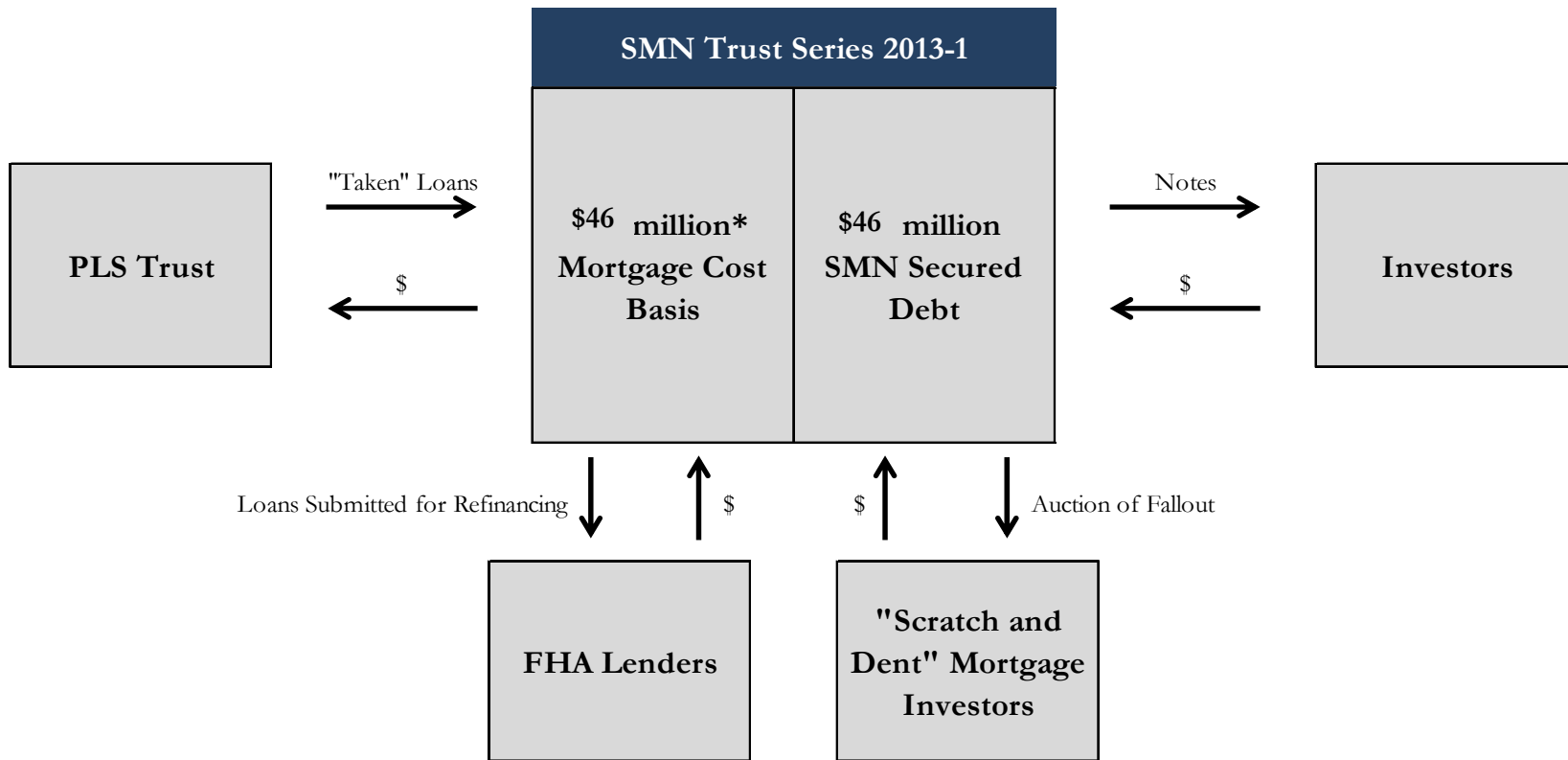
Preventing Foreclosures in Richmond, California

Actions to Date and Recommended Next Step

- In April of 2013 the City engaged Mortgage Resolution Partners MRP to act as its advisor to assist the City in exploring potential solutions to the mortgage crisis; to assist the City by negotiating on the City's behalf with entities which will provide the necessary funding to the City in order to allow the City to acquire loans; and to assist the City in negotiating contracts with third parties including owners of loans, attorneys, lenders, data companies, other government agencies and others as necessary to implement a program or programs to benefit the City's residents.
- MRP has identified 1,681 families in the City's jurisdiction that are burdened with underwater mortgages held in private label mortgage backed securities (PLS).
- MRP has identified public purposes for preventing foreclosures in the City
- H.U.D. informs us that principal reductions of underwater PLS mortgages will prevent foreclosures that impose costs on the city, families, lenders and neighboring property owners.
- MRP has analyzed benefits to each of the 1,681 borrowers should they be included in the principal reduction program.
- MRP has designed a program of principal reduction- Community Action to Restore Equity and Stability
- MRP has arranged the \$46 million of financing that is required to implement the *initial* CARES program in Richmond, CA. More funding is available to Richmond when needed.
- MRP is seeking permission to enter into negotiations on behalf of the City with mortgage servicers that represent trustees that administer the securitization trusts in which underwater PLS mortgages in Richmond are held. The hoped for conclusion of these negotiations would be that the loans are sold to the city, allowing the CARES program to be executed.

Preventing Foreclosures in Richmond, California

Secured Mortgage Notes Structural Diagram, Richmond, CA



* Maximum 80% of home value; excludes transaction costs and credit support amount, if any

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Cash Flows For Initial Purchases of Underwater PLS in Richmond, CA

Funding Amount Analysis - Richmond, CA		Base Case - Richmond, CA	
Underwater PLS Loans	1681	Loans purchased via consensual purchase	274
Loans not current	-419	Average home Value	\$ 211,533
Current loans with seconds	-531	Aggregate home value	\$ 57,986,526
Loans presented to servicers for purchase	<u>731</u>	Net Acquisition Price (80%)	\$ 46,389,221
Loans presented to servicers for purchase	731	Pull Through Population	
Servicer consent rate	50%	Loans (% pull through)	80% 219
Consensual loan pool	<u>365.5</u>	Net Proceeds (% Home Value)	95% \$ 44,069,759
Consensual loan pool	365.5	Proceeds to City Reserve (% of net proceeds)	5% \$ (2,203,488)
FHA qualifying loans	75%	Basis	\$ (37,111,376)
Loans purchased via consensual purchase	<u>274</u>	Profit	\$ 4,754,895
Loans purchased via consensual purchase	274	Fallout Population	
Average home Value	\$211,533	Loans (% fall out)	20% 55
Aggregate home value	<u>\$57,986,526</u>	Net Proceeds (% Home Value)	75% \$ 8,697,979
Aggregate home value	\$57,986,526	City Reserve Recapture	\$ 579,865
Estimated FMV of mortgage	80%	Basis	\$ 9,277,844
Estimated funding amount	<u>\$46,389,221</u>	Profit	0
		Funder's Profit	
		Pull Through Population	\$ 4,754,895
		Fallout Population	\$ -
		P&I on Entire Population	\$ 510,281.43
		Estimated Transaction Fees (1%)	\$ (463,892.21)
		Total Profit	\$ 4,801,284
		Funders Return on Capital	10%
		Paid to City	\$ 1,623,623
		City's Proceed per Resolution	\$ 7,404