

# EXHIBIT H



# AGENDA REPORT

**CITY MANAGER**

**DATE:** April 2, 2013  
**TO:** Mayor McLaughlin and Members of the City Council  
**FROM:** Bill Lindsay, City Manager  
**SUBJECT:** PROPOSED ADVISORY SERVICES CONTRACT WITH MORTGAGE PARTNERS, LLC

**STATEMENT OF THE ISSUE:**

Staff is requesting that the City Council approve an advisory agreement (Agreement) with Mortgage Resolution Partners, LLC to provide assistance in identifying and arranging acquisition financing for private label securities mortgages for the purpose of achieving mortgage principal reduction. This program is designed to assist property owners that are underwater on their mortgages to retain their homes.

**RECOMMENDED ACTION:**

APPROVE an Advisory Services Agreement with Mortgage Resolution Partners, LLC to assist the City of Richmond in reducing the impact of the mortgage crisis, by advising on the acquisition of mortgage loans through the use of eminent domain, in order to restructure or refinance the loans and thereby preserving home ownership, restoring homeowner equity and stabilizing the communities' housing market and economy by allowing many homeowners to remain in their homes.

**FINANCIAL IMPACT OF RECOMMENDATION:**

MRP receives the sum of \$4,500 per loan for each loan ultimately acquired by the City or otherwise resolved in a manner which results in the restructuring or refinancing of a loan through a program implemented by the City. The fee is paid only through the programs implemented by the City and shall not be paid directly by the City, and is not responsible for any cost or expense arising out of the advisory agreement or any program or programs the City implements.

## **DISCUSSION:**

The City of Richmond is experiencing an historic home mortgage crisis that has caused many homeowners to lose significant portions of their disposable income, and to become unable to make timely mortgage payments on their homes. This has resulted in unprecedented rates of default and foreclosure, loss of homeowner equity, loss of family wealth, and, in some cases, loss of shelter for some families. The home mortgage crisis has resulted in other adverse impacts within the City such as job losses, reductions in income, consumer demand, and investment, a spiraling reduction in property values, a reduction in property and payroll tax revenues, vandalism, abandoned homes and a general decline in the economy and the quality of life for residents. Restructuring or refinancing mortgage loans can benefit the City's residents by preserving home ownership; restoring homeowner equity; and likely also increasing income, property values, consumer demand, investment, and property and payroll tax revenue.

Mortgage Resolution Partners (MRP) is a community advisory firm that advises public agencies on ways to assist the agency in reducing the impact of the mortgage crisis with its communities including, if necessary, by acquiring mortgage loans through the use of eminent domain, in order to restructure or refinance the loans and thereby preserving home ownership, restoring homeowner equity and stabilizing the communities' housing market and economy by allowing many homeowners to remain in their homes.

Staff is recommending that the Council approve an Agreement with 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.

Specific services that are included in the Agreement are:

- Advise the City on various alternatives in order to provide assistance to its residents who are burdened with mortgage loans including assessing the possibility and benefits of the formation of a joint powers authority;
- Identify and negotiate with companies acceptable to the City to lend funds to the City on a fully secured, non-recourse basis if such funds are required in order to provide the necessary relief;
- Provide extensive legal research on all aspects of the acquisition and refinancing of mortgage loans including each of the legal steps necessary to implement the necessary programs;
- Identify and negotiate with law firms acceptable to the City to work to implement the programs which the City elects to implement;

- Negotiate with other local, state and federal governments and agencies as necessary to implement programs chosen by the City;
- Negotiate on behalf of the City with the holders of mortgage loans secured by property owned by residents of the City (and with trustees, servicers, investors and other parties having a relationship with the holders of the loans);
- Work with the City to identify mortgage loans to target based upon the City's criteria;
- Work with the City to establish education and communication programs to address residents' questions about a program or programs the City implements.

Under the proposed Agreement, MRP would receive the sum of \$4,500 per loan for each loan ultimately acquired by the City or otherwise resolved in a manner which results in the restructuring or refinancing of a loan through a program implemented by the City. This advisory fee would be paid only through the programs implemented by the City and shall not be paid directly by the City. The City would not be responsible for any cost or expense arising out of or related to this Agreement or any program or programs the City implements.

The Agreement also provides that MRP indemnify the City from any and all claims arising out of the Agreement, the programs or tasks implemented pursuant to the Agreement, any failure to comply with any applicable law, and any default or breach by MRP in the performance of obligations under the Agreement.

**DOCUMENTS ATTACHED:**

1. Advisory Services Agreement
2. Program Description