

Exhibit B

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Nevada city rejects eminent domain plan for mortgages

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By [Jim Christie](#)

SAN FRANCISCO (Reuters) - The city council in North Las Vegas, Nevada, on Wednesday rejected a plan to use eminent domain if necessary to help refinance "underwater" mortgages, an idea the mortgage industry opposes at a time when property markets are recovering.

The council voted 5-0 against the plan proposed by Mortgage Resolution Partners (MRP) for a partnership with North Las Vegas to buy the mortgages or seize them through eminent domain, a move critics said would unsettle the market for private-label mortgage-backed securities and push mortgage interest rates up.

City Councilman Wade Wagner questioned the San Francisco investor group's proposed use of eminent domain for acquiring delinquent and performing underwater loans. A mortgage is under water when its unpaid balance is more than the market value of its property, a common problem in Nevada's third-largest city.

"They want the performing mortgages they assume will default two, three, four years down the road. That's a mighty big assumption with property values climbing," Wagner told Reuters.

Eminent domain allows governments to seize private property for a public purpose.

MRP's plan for North Las Vegas was similar to its plan for Richmond, California, another city hit hard by the mortgage crisis. But Richmond may back MRP's plan, which has prompted a lawsuit by investors holding mortgages targeted by it. In Richmond's case, eminent domain would be invoked in an effort to ward off blight, targeting more than 600 mortgages to prevent borrowers from defaulting on them, according to its leaders.

MRP has proposed that eminent domain can be used if holders of underwater mortgages do not sell them to cities at a discount pegged to their properties' current value. Then the loans can be refinanced and made less costly for their borrowers, MRP says.

In a report for North Las Vegas, MRP said the city risks 2,500 foreclosures from underwater mortgages in private-label mortgage securities and offered to help acquire and refinance loans from a group of more than 3,900 mortgages.

MRP says it aims to help housing markets, but critics point out it could earn \$4,500 for each mortgage its refinances.

Earlier this year, San Bernardino County, California, and the cities of Fontana and Ontario, declined a tie-up with MRP after lobbying by financial institutions and local businesses.

A rebound in the housing market also helped block MRP in San Bernardino County, said Paul Herrera, an official with the Inland Valleys Association of Realtors: "That really destroyed the argument that the housing market could only recover with drastic action."

The median sales price for a home in California's Inland Empire - San Bernardino and Riverside counties - rose 31 percent to \$262,000 at the end of the three-month period ended in June from the same period a year earlier, Herrera said.

Home prices in North Las Vegas are also up. The median sales price for all residential properties in the city rose 23 percent to \$142,500 from May through July from the same period a year earlier, according to online real estate marketplace Trulia.

In Richmond, investors holding mortgages targeted by the city are pressing a lawsuit through trustees Wells Fargo & Co and Deutsche Bank AG to block the city from implementing MRP's plan, which they say would make an illegal application of eminent domain.

The plan has also drawn fire from the Federal Housing Finance Agency, which has warned it would direct Fannie Mae and Freddie Mac to "limit, restrict or cease business activities" where eminent domain is used to seize mortgages.

(Editing by [Ken Wills](#))

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