



Global Finance ADVISORY ■

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The End of the Threat to Use Eminent Domain to Take Underwater Home Mortgages?

Last November's SoCal Real Estate Finance Forum highlighted various municipalities' threatened use of their power of eminent domain to "take" the mortgage loans of selected underwater homeowners. That movement was principally promoted by the private, for-profit company Mortgage Resolution Partners (MRP). While these efforts caused considerable angst to loan trustees and owners of the loans—threatened with a forced sale at well below actual value—it appears that MRP's lack of success in advancing any of these municipal efforts beyond the preliminary stages has resulted in the departure of senior MRP executives. *Inside Mortgage Finance News (IMF)* reports that Graham Williams, MRP's CEO, has left the San Francisco-based private equity company. IMF reports that another top MRP executive may have left as well. MRP has been attempting to convince cities hit hard by the mortgage crises to use eminent domain for several years, but so far has been unsuccessful.

At the SoCal Finance Forum, attorney and industry experts discussed this mortgage-taking proposal, and noted the many legal obstacles that such a program would need to overcome. However, perhaps most apt was one panelist's prediction that, even without the legal issues, the illogical economics and ineffectiveness of the program as proposed by MRP was simply "too dumb to actually be implemented."

*This advisory was written by **Kurt Osenbaugh**.*