



Las Vegas REALTORS[®] Stop Plan to Use Eminent Domain to Capitalize on Plight of Homeowners with Underwater Mortgages – October 2013

To call it ‘short-sighted’ would be putting it mildly. The City Council of North Las Vegas had nearly been seduced by a private firm into using its power of eminent domain to capitalize on the plight of homeowners with underwater mortgages. “The plan was just plain penny-wise-pound-foolish -- and likely illegal -- and the previous mayor and city council had fallen for it,” says Sean Fellows, Government Affairs Director of the 11,000-member Greater Las Vegas Association of REALTORS[®] (GLVAR).

The controversial proposal was aggressively combated by the REALTORS[®], who led a grassroots coalition of 22 local, state, and national partners, and was finally vanquished by Mayor John Lee, in his first month in office.

The dubious plan of Mortgage Resolution Partners (MRP) involved convincing municipalities like North Las Vegas that had been hit especially hard by the housing crisis to use their power of eminent domain to foreclose on houses and then sell them back to the original owners. Under the plan, MRP would make \$4,500 per transaction, plus a split of a 30 percent devaluation of the property. The firm planned to use North Las Vegas as a foothold, progressing on to other vulnerable jurisdictions in the state. Federal housing regulators, lenders and other experts argued that the proposed use of eminent domain to seize mortgages would harm the housing market throughout southern Nevada just as it is starting to recover. “It was not just bad economics,” explains Fellows, “as a legal precedent, its adverse affects would have had strong ramifications across the entire nation.”

It all started back in February of this year, when MRP approached the North Las Vegas City Council with what Fellows calls its ‘get-rich-quick’ scheme. At its first public airing at a city council meeting in March, the item was practically passed without discussion. GLVAR recognized the red flag, however, and was the only constituent group to take a stand and demand more time before a binding vote took place. An initial vote showed the council in favor of the proposal, voting 4-to-1 entering into an Advisory Service Agreement with MRP in June.

GLVAR organized a coalition of like-minded partners who saw through the misguided plan, and in May, made a joint presentation with the state association to NAR’s Issues Mobilization Committee. “MRP is very well connected, politically. We also knew that they were waging a campaign across the country, preying on the ‘ripest’ jurisdictions. We needed resources on a scale that could combat them effectively,” says Fellows. NAR added \$800,000 to the \$200,000 and \$300,000 already pledged by the local and state RPACs, respectively.

The funding supported a hard-hitting campaign. There were television and radio ads warning of the “vulture California capitalists coming to take your home.” A direct mail campaign targeted active voting homeowners with the same message. Teams of door-to-door canvassers went through neighborhoods and collected well over 8,000 signatures of home-owning voters on a petition and on postcards that were sent to city council members; hundreds of those same homeowners also used the teams’ pre-



programmed cell phones to leave voice messages with their Council members' offices. The petition could also be signed online, on a website called DontTakeMyHouse.com.

"We made the effort as organic as possible, to show the city council that it was not just GLVAR opposing the proposal, but Jane and John Doe. We received an over-80% response rate in the door-to-door effort, which is practically unheard of in my campaign experience," notes Fellows.

The campaign, which saturated the market, showed the whole community how deeply the REALTORS[®] are vested in its welfare. "It's also been a great opportunity to engage our members and show them, through a non-partisan issue, the real power of their RPAC contributions. And they're excited by that. Our coffers were fairly depleted by this effort, and already we're seeing an increase in RPAC contributions," says Fellows. "The members get it."

By the time the city council meeting readdressing the proposal took place in early September, most of the drama surrounding the matter was distinctly understated. The mayor led off with the item, stating that he was ready for the city to move on. The council followed his lead, reversing its position with a unanimous vote against the proposal.

Far from resting on his laurels, Fellows is more energized than ever by the victory. MRP may be done and gone from Nevada, but is still alive and well and threatening other vulnerable jurisdictions, notably Richmond, California.

"I've been in talks with Heather Schiffman, the GAD fighting MRP in Richmond for months now, and other REALTOR[®] colleagues around the country, trying to be as synergistic as possible with the tools provided by NAR," he says. "They are all heartened by what the REALTOR[®] family was able to accomplish here in North Las Vegas. It's been a powerful message, and good news for the industry – to put it mildly."

To learn more about how the REALTORS[®] of Greater Las Vegas led the charge against a bid to use eminent domain to seize endangered mortgages, contact Sean Fellows, Director of Government Affairs for the Greater Las Vegas Association of REALTORS[®], at sean@carraranv.com or 702-784-5028.



Ads and mailers were part of GLVAR's successful campaign to stop a plan to use eminent domain to capitalize on homeowners with underwater mortgages

CALIFORNIA VENTURE CAPITAL FIRM WANTS TO FORECLOSE ON 4,700 HOMES



On June 18th, the City Council will vote on whether to use the government's power of Eminent Domain to enrich MRP, a San Francisco-based "venture capital firm", with up to \$21 million in fees paid by North Las Vegas homeowners.

MRP's idea is to foreclose on up to 4,700 homes in North Las Vegas.¹

Some bankers warn that foreclosing on 4,700 homes "would stop lending for home mortgages"² in North Las Vegas.

We know what happens when banks won't lend. Home values plummet. But, MRP's investors will walk away with millions.

Paid for by Issues Mobilization Fund
1750 E. Sahara Ave.
Las Vegas, NV 89104

PLEASE DELIVER TO CURRENT RESIDENT

MRP Investors Will Get Richer; North Las Vegas Home Values Could Plummet

¹Source: Wall Street Journal, July 16, 2012
²Source: Las Vegas Sun, May 1, 2013
³Source: Las Vegas Sun, April 20, 2013

YOU CAN STOP MRP

- ✓ MRP, a venture capital firm¹, may ask the Clark County Commission to use the power of Eminent Domain to foreclose on thousands of homeowners.
- ✓ MRP will "profit heavily."² But MRP's plan is "not so great for anyone else."³
- ✓ MRP's plan has been called "dangerous"⁴ and an "eminently bad idea."⁵
- ✓ The "vulture fund"⁶ has a "secret formula for success: political connections."⁷



Call Our County Commission Members Today
Ask Them to **Vote "NO"** on MRP's Terrible Idea

Commission Chair Steve Sisolak	455-3500
Commissioner Susan Brager	455-3500
Commissioner Larry Brown	455-3500
Commissioner Tom Collins	455-3500
Commissioner Chris Giunchigliani	455-3500
Commissioner Mary Beth Scow	455-3500
Commissioner Lawrence Weekly	455-3500

WWW.DONTTAKEMYHOUSE.COM

MRP Has a Bad Reputation

THE SACRAMENTO BEE

May 19, 2013

MRP is a "Vulture Fund"

"MRP sells themselves as a community advisory group but it is really a vulture fund that's trying to take advantage of an opportunity in the marketplace to enrich themselves."

January 13, 2012

 REUTERS

MRP's Secret Formula: Political Connections

The company, Mortgage Resolution Partners, claims its strategy of using "legal and political leverage" to acquire the loans could generate a 20 percent annual return for investors... the mortgage company refers to its political connections as its "secret formula."

San Francisco Chronicle

August 5, 2012

MRP Plan is Dangerous

EDITORIAL

A venture capital firm, Mortgage Resolution Partners, is gaining a lot of attention with its controversial plan... The plan is interesting, controversial - and ultimately dangerous...
When we dug into the details of the plan, however, it became clear that this is a great deal for Mortgage Resolution Partners and not so great for anyone else.

May 8, 2013

THE NEW REPUBLIC

Terrible New Foreclosure Fix Idea

No city has stepped forward to implement such a scheme... MRP, a for-profit company, is obviously more interested in buying the mortgage at a deep discount, taking a cut (reportedly 5.5 percent) when they reset the loan for the borrower and turning a profit.

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