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Subject: Credit Risk Retention - Reg RR

Comments:

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We are having difficulty understanding how securitization protects mortgage holders (property owners) in low-income neighborhoods, the area in California where the mortgage fraud bloomed.

How does such a low residual interest guarantee buy-in when loans in underserved census tracts are needed for other qualifications such as the Community Reinvestment Act.

Is there no recognition of incorporated names with limited liability corporations and limited liability partnerships. Each is a new entity. Will you require disclosure to unveil the true majority holder.

Tax credits are usually linked with HUD funded projects. That tax credit beneficiary and investor in property is not always named at time of HUD funding release.

How is disclosure handled.

Could the approvals from a municipality or redevelopment agency enabling property development (HUD funding including Consolidated Plan funding) have any bearing if the municipality or redevelopment agency invested in mortgage-back securities.

How can the public tell.

The City of Los Angeles funds an Affordable Housing Trust Fund and invests in these same projects. Banks still loan and the mortgage can be securitized.

Is subordination an issue and how is that handled.

How would HUD Consolidated Plan Code Enforcement backed inspections be considered in any condemnation of property that results in liens and a forced-like sale.

Neighborhood Stabilization Programs fall into this category as home owner purchase is subordinated to property investor (landlord).

How is risk exposed when property values can deteriorate on lack public safety due to lowered municipal budgets.

Underserved census tracts can remain that way by design. In the City of Los Angeles, there are approximately 32 contiguous census tracts that qualify. This keeps federal funding in tact and little chance of property value increase.

The exception was during this time of mortgage deception and straw buyers.

How do you distinguish straw buyers.

How can you tell Municipal Retirement Plan investments in securitization. How do you distinguish that there is no conflict-of-interest and the municipality had no hand in approvals or in funding.

Joint Powers Authorities are formed by municipalities and have an interest in bond debt approvals of projects that may qualify in this securitization.

How is that disclosed.

How are CDFI Community Development Financial Institutions being considered in these regulations.

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