



COALITION FOR MORTGAGE INDUSTRY SOLUTIONS (“CMIS”)

www.cmismortgagecoalition.org

Coalition for Mortgage Industry Solutions (CMIS)

The Work of the Coalition:

The Coalition for Mortgage Industry Solutions (CMIS) provides a unique forum in which leaders from across the mortgage, finance and credit industries can work together and take a leading role in defining meaningful and viable solutions for the welfare and benefit of their industries, the economy and the consumer. The coalition acts to convert all related industry and consumer, diverse and conflicting self-interests, into comprehensive workable solutions, legislative and regulatory initiatives.

MortgageOrb Interview with Richard Ivar Rydstrom, Esq., Chairman, CMIS

Q: What was the reason for creating the Coalition for Mortgage Industry Solutions?

Rydstrom: The mortgage, finance and credit industries are becoming increasingly fragmented with disparate interests - from regulators and enforcement agencies to politicians and interest groups - trying to shape their future. The Coalition for Mortgage Industry Solutions provides a unique forum in which leaders from across these industries can work together and take a leading role in defining meaningful and viable solutions for the welfare and benefit of their industries, the economy and the consumer. The coalition converts all related industry and consumer diverse and conflicting self-interests into comprehensive workable solutions, legislative and regulatory initiatives. The coalition also acts as an arbiter for conflicting self interests.

Q: How does this coalition differ from other coalitions or trade associations related to the mortgage industry?

Rydstrom: The coalition is the first to step up and offer a centralized forum for all related and conflicting self-interest trade associations or interests arising from industry, consumer, regulatory and legislative initiatives. The coalition will invite all related associations, industry and consumer leaders to join and participate. The coalition will bring together the brightest and the best minds to explore solutions and refinements. The Coalition for Mortgage Industry Solutions operates as a reconciliation clearing house for the mortgage, finance and credit industries, its consumers and related governmental, regulatory and legislative interests or priorities. Its goal is to convert conflicting self interests into comprehensive solutions for all participants, and act as a depot and arbiter of critical issues, solutions, information, education and coordination. There is no other organization that offers this comprehensive function to the mortgage, finance, and credit industries. The Coalition for Mortgage Industry Solutions is the first to offer these solutions to a diverse set of interests. The coalition also provides a unique opportunity for these diverse

interests to work collaboratively within a neutral setting, permitting an unparalleled opportunity to work constructively and proactively. At a time when consumers, investors, and regulators are seeking answers from industry leaders, coalition members will be considered "part of the solution" to the serious challenges we are confronting.

Q: What will be the coalition's short-term goals and long-term goals?

Rydstrom: In the short term, for example, the coalition will deal with the related conflicting authority precluding effective and efficient loss mitigation and loan modifications, including related investor, servicer, REMIC, capital, credit and related secondary market issues as well as reconciliation of bankruptcy, foreclosure and alternatives. This will assist the heart of the industry, as well as its consumer, the homeowner. The coalition will also explore new solutions or refinements for the affordability- and liquidity-related issues. Additionally, the coalition will explore new safe harbor solutions that may allow industry and consumers to opt in to solutions that resolve conflicting interests, and serve both the economic and liability uncertainty issues facing all related parties, including but not limited to the servicer, investor, trusts, lender, borrower, etc.

The coalition will hold a summit on June 17 in Washington, D.C., for related industry, congressional, regulatory and consumer group leaders to vet and participate in defining the immediate and short-term issues facing the mortgage, credit and capital market concerns. The coalition will provide the forum and framework to immediately begin the coordination of working groups in fashioning solutions to these diverse sets of interests. For the intermediate and longer term, but starting in first order, the coalition will provide the forum and framework to allow related industry, congressional, regulatory and consumer group leaders to vet and participate in defining intermediate and longer-term concerns, including but not limited to reconciliation of international and domestic "fair value" accounting conflicts, sustainability of homeownership, safeguards in structured finance, the banking system and credit rating systems, new and innovative products for loan origination, refinance and credit enhancements, etc.

THE CMIS EXECUTIVE LEADERSHIP DC SUMMIT OF JUNE 17 2008
COALITION FOR MORTGAGE INDUSTRY SOLUTIONS (“CMIS”)



In the face of mounting challenges and growing concerns facing the nation's economy, a new coalition of mortgage, finance, and credit industry professionals came together June 17 2008 in DC for the COALITION FOR MORTGAGE INDUSTRY SOLUTIONS (“CMIS”) Executive Leadership Summit to address pending and potential regulatory and litigation activities. The goal was to help bring about a new slate of governmental and private-sector solutions. *In addition to the many critical matters debated, Richard Rydstrom in discussions with Wilbur Ross notably explored the development of solutions to yield lower monthly payments to borrowers through principal reduction or forgiveness programs – at a time when many refused to consider such a path. In 2009 we are pleased to see that the HAMP and H4H programs promulgated principal reduction or forgiveness solutions to help the borrower achieve affordability.*

The 2008 CMIS DC Summit in Review: The CMIS Summit was a great success and actually put its finger on the pulse of the solutions which are now front and center before us with the implementation of the HAMP and H4H programs. As reported, principal reduction and forgiveness, the borrower’s ‘ability to pay’ and tax regulations relating to modifying securitized loans were key issues explored at the Summit. We are grateful for the participation of so many esteemed industry, government, and congressional leaders, guests and speakers including **Wilbur Ross, Congressman Thaddeus McCotter, Robert Klein, Marc Morial, William LeRoy, Rick Sharga, Richard Neiman, Douglas Duncan, , R.K. Arnold, Laurie Maggiano, Andrew Jakabovics, Andrew Sherman, Bruce Dorpalen, Henry Hildebrand III, Debra Miller, Steve Horne, George Stevenson, Carolyn Taylor, Patricia Hasson, Francis Creighton, and Judge Raymond Lyons** (etc.), all of whom identified problems and offered best practices and solutions in various fields including principal reduction and forgiveness modifications, capital markets, securitization, loss mitigation, foreclosure, bankruptcy, REOs, property preservation, and related legislation (www.cmismortgagecoalition.org).

MortgageOrb: A Case For Conversation

John Clapp, Wednesday 18 June 2008 - 21:59:56

Mortgage industry players who convened in Washington, D.C., this week for the Coalition for Mortgage Industry Solutions' (CMIS) Executive Leadership Summit saw firsthand an example of what founding chairman Richard Ivar Rydstrom was hoping to accomplish with the newly formed group. "[CMIS'] goal is to convert conflicting self-interests into comprehensive solutions for all participants, and act as a depot and arbiter of critical issues, solutions, information, education and coordination," he told MortgageOrb last month ("Person Of The Week: Richard Rydstrom And A New Coalition Of The Willing"). Although it's too early in the game to say whether the coalition will succeed in achieving cures for the industry's myriad ailments, there is little doubt among summit attendees that conflicting self-interests were indeed brought to the

table. During a summit panel session titled “Charting a Future Course – The Case for Self-Regulation,” the topic of trustee-servicer relationships was raised – an issue that panel moderator William LeRoy, CEO of the American Legal and Financial Network, noted has been cause for a whirlpool of discussion for more than five years. Despite the lengthy conversation that has already surrounded this sensitive issue, the two sides still admittedly seem worlds away from compromise. Nonetheless, the coalition appears intent on facilitating further dialogue. The panel - which included Chapter 13 trustees, a U.S. Bankruptcy Court judge and a representative from the Mortgage Bankers Association’s Legislative Affairs committee, among others - fiercely debated the merits of making certain servicing best practices (as organized in list form by the trustees) agreed-upon rules. Within moments of scanning the list, Francis P. Creighton, vice president of legislative affairs for the MBA, pinpointed one best practice and possible rule-to-be – the dedication of a phone line by servicing outfits to trustees – as impractical for some smaller-sized MBA member banks. Trustees George W. Stevenson, Debra L. Miller and Henry E. Hildebrand countered by saying that, in many cases of bankruptcy, the process is delayed (and, in turn, losses are increased) by a communication breakdown that could be alleviated, or maybe eliminated altogether, by the inclusion of dedicated phone lines. After several minutes of a lively back-and-forth, moderator LeRoy chimed in cheerfully and reminded those in attendance that this kind of conversation - open, honest and not always without conflicting points of view - is precisely what the industry needs to move forward in the hope of stabilizing the current market, aiding troubled homeowners and avoiding a similar dislocation in the future. Regardless of the end decision pertaining to the dedicated-phone line issue, whatever it may be, the need for servicers to become involved in the regulatory rulemaking process now - rather than fight the rules once they’re formed – is clearly of great importance. The Honorable Raymond T. Lyons, U.S. Bankruptcy Court, District of New Jersey, urged servicers to be proactive and assist courts in creating a uniform set of standards with which they can comply. Creighton, at the panel’s end, said he would share with MBA member servicers the bestpractice list for review. While CMIS’ ability to bring these diverse parties to the same table is admirable, is it much different than the conversations that have been going on for five years? Well, quite possibly. In closing the summit, Rydstrom stressed that CMIS will strive to provide more than simply lip service, and during the event, the formation of four task forces was announced (see “CMIS Launches Task Forces”). Of particular interest to servicers concerned with the aforementioned best practice-turned-rules issue may be the Comprehensive Legal Authorities & Practices task force, for which LeRoy and Rydstrom will serve as co-chairs. This task force, according to the CMIS press release, will focus upon “identifying federal, state, local and practice barriers to cooperation and reconciliation of conflicting ... authorities and practices to respond to the housing crisis.” Everyone’s in agreement - cooperation is not only beneficial, but absolutely necessary. Now, if only getting all the parties to agree on the nuances would be so easy.

2009 CMISFocus eMagazine™

In 2009 CMIS launched its online CMISfocus eMagazine™ which has received great praise in the industry for its insightful topics and in-depth issue exploration. See www.cmismortgagecoalition.org or www.cmisfocus.com .

Taxation, Securitization & Safe Harbors: With respect to the tax regulation issues, we are pleased to report that changes in regulations now offer a more obtainable safe harbor for modifying securitized loans. Chairman Rydstrom submitted tax analysis comment papers to Treasury on the proposed regulations and was quoted on the final regulations on April 13, 2009 in the preeminent national tax policy and news publication, Tax Analysts Tax Notes (Tax.Org). See Fighting for Best Practices for the Servicer to Help the Borrower; New Treasury/IRS Notice 2009-36 and Rev. Proc. 2009-23, IRC 860 G (d)(1), 860 G (d)(2), 860 F(a)(2), etc., and Articles at: www.procouncil.com/html/articles.html: Article of April 10, 2009 Mortgage Modification Safe-Harbors? HAMP, Are We There Yet?; CMIS Focus™ eMagazine: Q1 2009 Issue at: www.cmisfocus.com .

HAMP Principal Reduction or Forgiveness Key: With respect to the principal reduction or forgiveness issues, implementation of the President's HAMP program which is *now a public policy priority* of Treasury, will reveal that most of the mortgages sought to be modified under HAMP (or refinanced under H4H (HR 3221 and S 896)) **will require principal reduction or forgiveness** to reach the 'ability to pay' goals set out since we have a substantial value gap (in loan to value) and restrictive HAMP (100 % LTV) guidelines that would require reduction or forgiveness. The June 2008 CMIS Executive Leadership Summit in DC made news on proposed principal reduction and forgiveness techniques offered by Wilbur Ross in a discussion held by CMIS Chairman, Richard Rydstrom. Similar techniques are now part of the debate and implementation of President Obama's HAMP program. Permission is now present in the HAMP waterfall that would allow principal reduction or forgiveness to be applied in the waterfall calculation sequentially or initially (with sequential priority) to reach borrower affordability goals (or Front-End 31% DTI goals). The issue of whether a lender/holder would voluntarily incur the loss write-off, capital and covenant impairments remain. The issue of Back-End DTI (55%) remains a key concern to achieving a *lower re-default rate* of modified loans under HAMP (or H4H). The HAMP implementation solution will now turn on whether or not principal reduction or forgiveness will or can be implemented, and whether or not legacy banks, lenders and servicers (or outsourcing) can implement or afford to implement the new Treasury *Draft Servicing Guidelines* (July 20, 2009) within the timeline now requested. The principal reduction or forgiveness solution was introduced at the 2008 CMIS DC Summit by Wilbur Ross and CMIS Chairman Richard Rydstrom in terms of claw-back and (insured salable) shared appreciation devices such as various shared appreciation modifications or mortgages. See Quarantined Built In Equity Shared Appreciation Modification™ at www.qbiesam.com , Article of April 10, 2009 Mortgage Modification Safe-Harbors? HAMP, Are We There Yet? - See CMIS Focus™ eMagazine:Q1 2009 Issue at: www.cmisfocus.com .

2009 CMIS Awards

On July 23, 2009 the Coalition for Mortgage Industry Solutions (“CMIS”) presented its 2009 CMIS Awards to its esteemed recipients at the AFN 7th Annual Leadership Conference held July 21-24, 2009 at the Hyatt Regency Tamaya Resort & Spa Santa Ana Pueblo, NM. CMIS Chairman, Richard Rydstrom, made the following statements at the conference and in presenting the 2009 CMIS Awards:

Some of us complain about problems, some of us act to resolve them. Some of us hate adversaries; some of us embrace them, and reconcile differences. We must all be open-minded and step-up to find comprehensive solutions. We are all in this together. This is our profession; this is our economy; this is our country. We must all participate in resolution together.

CMIS has chosen 4 AFN members for special recognition for their efforts to fashion solutions in the industry:

For his tireless efforts to bring the industry a reconciled and positive voice, the *2009 CMIS Lifetime Achievement & Visionary Award* is presented to **William M. LeRoy**, President and Chief Executive Officer, American Legal and Financial Network (AFN);

For his extraordinary initiative to reconcile local, state and national rules, ordinances, guidelines and laws in the field of REOs and Property Preservation, the *2009 CMIS Leadership & Visionary Award* is presented to **Robert Klein**, CEO, Safeguard Properties;

For her insightful, consistent, and reliable contributions in legal analysis of ever-changing laws and cases in the disciplines of foreclosure and bankruptcy law, the *2009 CMIS Award for Excellence in Foreclosure & Bankruptcy Law* is presented to **Carolyn A. Taylor**, Partner HughesWattersAskanase;

For her discerning and dependable legal analysis of ever-changing laws and cases in the disciplines of foreclosure and bankruptcy law, the *2009 CMIS Award for Excellence in Foreclosure & Bankruptcy Law* is presented to **Cynthia A. Nierer**, Rosicki, Rosicki & Associates, P.C.

What's next for the Coalition?

For 2009-2010, CMIS is forming **task forces** to explore best practices and solutions for court structured mediation (state and national issues), REO and property preservation best practices (local, state and national issues), rapid implementation of the HAMP program under recent Treasury Guidelines with litigation risk mitigation, new industry technology solutions, a new properly aligned incentivized framework that resolves conflicting interests in securitization and PSA structures, including investor tranche warfare and servicer and investor inherent conflicts, and accounting standards and conflicts (international and United States). To submit articles, position papers, case and law analysis, or to participate in our task forces, please email us at: info@cmismortgagecoalition.org

CMIS will host a series of joint and individual presentations & workshops at the AFN's 8th Annual Leadership Conference on July 18-21, 2010 at the Grand Hyatt Washington, Washington, D.C.

The Work of the Coalition

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CMIS Summit Handbook &
CMIS Information, Executive Bios & Policy
www.cmismortgagecoalition.org

CMIS Executive Leadership Summit 2008
Available Webcast through AFN

About CMIS
http://www.cmismortgagecoalition.org/html/about_cmis_.html

The Coalition for Mortgage Industry Solutions
CMIS
www.cmismortgagecoalition.org

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William M. LeRoy, President and Chief Executive Officer
American Legal & Financial Network (AFN)

Gentle-persons, as you know on June 17th, our organization participated in the Coalition for Mortgage Industry Solutions ("CMIS") inaugural event, which was held in Washington D.C. The event was a great success and CMIS' work continues in the form of several task forces. Our organization filmed the event in its entirety. The film is now ready for viewing and it gives me great pleasure to announce that the Webcast will be available for viewing on September 24, 2008 at 8 AM EST and will be available "On-Demand" through Friday, September 26, 2008.

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Schedule & Speakers

As the event consumes the better part of a full day, we have determined to break the broadcast down into its various component parts. The breakdown for CMIS Webcast is as follows:

1. Introduction/ Welcome - (30min) Overview of the Crisis and State of the Marketplace
 - Michael E. Nannes, Chairman, Dickstein Shapiro, LLP
 - Richard Rydstrom, Esq., CMIS
 - Andrew Sherman, General Counsel, CMIS
2. Keynote: w/Richard Rydstrom moderating (30min)
 - Wilbur L. Ross, Jr. , Chairman & CEO, WL Ross & Co. LLC
3. Panel One: Impact on Capital Markets, Financial Institutions, Consumer and Communities (1hr)
 - Moderator: David W. Dworkin, CEO and Founder, Affiniti Network Strategies, LLC
 - Douglas G. Duncan, Vice President and Chief Economist, Fannie Mae
 - Richard H Neiman, Superintendent of Banks, New York State Banking Department
 - Rick Sharga, Vice President Marketing, RealtyTrac, Inc.
4. Luncheon Keynote Speaker (45 min)
 - Marc H. Morial, President and CEO, National Urban League, former Mayor, City of New Orleans, Former President of the U.S. Conference of Mayors
5. Panel Two: Loss Mitigation- Workouts that Work (and Those that Don't) (1hr)
 - Moderator: Richard Rydstrom, Esq., CMIS
 - Bruce Dorpalen, Co-Founder, Director of Housing Counseling, ACORN Housing Corporation
 - Arnold Gulkowitz, Partner, Bankruptcy Practice, Dickstein Shapiro, LLP
 - Patricia A. Hasson, President, Consumer Credit Counseling Services of Delaware
 - Steve Horne, President, Wingspan Portfolio Advisors, LLC
 - Andrew Jakobovics, Associate Director for the Economic Mobility Program, Center for American Progress

- Laurie Maggiano, Deputy Director, Office of Single family Asset management, U.S. Department of Housing and Urban Development
- 6. Panel Three: Charting a Future Course- The Case for Self- Regulation (1hr 15min)
- Moderator: William LeRoy, CEO, American Legal and Financial Network (AFN)
 - R.K. Arnold, President and CEO MERSCORP, Inc.
- Francis P. Creighton, Vice President of Legislative Affairs, Mortgage Bankers Association
 - Henry E. "Hank" Hildebrand, Chapter 13 Trustee
 - Robert Klein, Chief Executive Officer, Safeguard Properties
 - Hon. Raymond T. Lyons, U.S. Bankruptcy Court, District of New Jersey
 - Debra L. Miller, Chapter 13 Trustee
 - George W. Stevenson, Chapter 13 and 7 Trustee
 - Carolyn A. Taylor, Partner, Hughes, Watters & Askanase, LLP
- 7. Closing Keynote (15 min)
 - Congressman Thaddeus McCotter (MI-11)

In closing, I want to say thank you to our members who sponsored and attended this important event and that I hope that this Webcast will prove enlightening and informative to all of its viewers.

Best Regards,

William LeRoy

CEO, American Legal & Financial Network (AFN)