



Monroe County Legislature

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October 24, 2011

To the Honorable
Monroe County Legislature
407 County Office Building
39 West Main Street
Rochester, New York 14614

Re: Supporting New York State Attorney General Eric Schneiderman's Comprehensive Investigation into Mortgage Packaging Practices of Several Banks, and Calling on all 50 State Attorneys General to Preserve the Powers of New York's Martin Act in Any Negotiated Settlement

Honorable Legislators:

Since 2004 the United States has suffered from a mortgage crisis caused by a number of factors prevalent in both the housing and credit markets, including substandard underwriting practices by lenders, the prevalence of non-traditional mortgages with low initial interest rates, and an increase in private label securitization. More than 3 million homes have been repossessed through foreclosure in the U.S. since 2006; and nationwide as of 2010, another 2.9 million homes were in foreclosure, a 23 percent increase since 2008. Nationwide 22.7 percent of residential properties with mortgages are "underwater" or worth less than the mortgage on the property. In Monroe County from 2007 to 2009, over 7,800 homes have been foreclosed on.

Following the mortgage collapse the Federal Bureau of Investigation (FBI) increased its investigation into fraudulent activities associated with the mortgage process based on an analysis of suspicious activity reports filed by federally insured financial institutions, which increased from 6,936 reports filed in 2003 to 67,190 in 2009. The FBI has ranked New York as one of the top ten states for known or suspected mortgage fraud activity for two consecutive years and ranked New York as one of the top ten states for reports of mortgage fraud across all originations in 2010.

In October 2010 many major banks heeded the call of attorneys, stakeholders and the judiciary by placing a moratorium on foreclosure proceedings after reports of fraudulent procedural activities surfaced, including the falsification of legal documents used to initiate foreclosures also known as "robo-signing," the inadequate handling of documents and the use of false titles. At that same time, all 50 State Attorneys General convened an official inquiry into the robo-signing scandal, resulting in a proposed settlement agreement between the 50 State Attorneys General Taskforce and major banks being negotiated which would require the banks to pay a sum to be used for homeowner loan modifications.

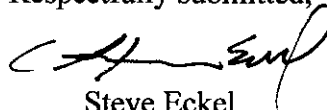


The 50 State Attorneys General Taskforce was originally convened to analyze the robo-signing fraud associated with the initiation of foreclosure proceedings and not to investigate the bundling of mortgages into securities and the representations and statements made to investors regarding the quality of such securities. In New York State, pursuant to the Martin Act, the Attorney General may investigate and bring suit against financial institutions for actions taken in the course of securities-related fraud. Based on published reports, New York State Attorney General Eric Schneiderman commenced a Martin Act investigation into the packaging of mortgage loans into securities by several major banks.

We share Attorney General Eric Schneiderman's concerns about the proposed settlement by the 50 State Attorneys General Taskforce, which would give the major banks a broad release from all future mortgage collapse-related litigation thereby restricting his office from proceeding with its current investigation and impede future investigations and or legal action taken in the area of mortgage security fraud.

Therefore, we ask our colleagues to join us in supporting New York State Attorney General Eric Schneiderman's comprehensive investigation into mortgage packaging practices of several major banks, and calling on all 50 State Attorneys General to not agree to any settlement that precludes the ability of New York's Attorney General, or any other state's Attorney General, from following the facts where they lead and holding banks and other financial institutions accountable for any misconduct they may have engaged in during the mortgage origination, aggregation and securitization processes

Respectfully submitted,



Steve Eckel

Legislator – District 26



Ted O'Brien

Democratic Minority Leader



Carrie M. Andrews

Assistant Minority Leader



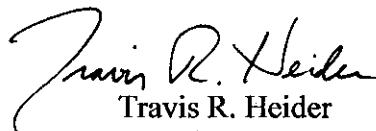
Calvin Lee, Jr.

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