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12 Attorneys for Plaintiffs

13 UNITED STATES DISTRICT COURT
14 FOR THE NORTHERN DISTRICT OF CALIFORNIA
15 SAN FRANCISCO-OAKLAND DIVISION

16 ALLIANCE OF CALIFORNIANS FOR
17 COMMUNITY EMPOWERMENT;
18 HOUSING AND ECONOMIC RIGHTS
19 ADVOCATES; URBAN REVIVAL dba
20 CITY LIFE/VIDA URBANA; THE
21 COLORADO FORECLOSURE
22 RESISTANCE COALITION; HOME
23 DEFENDERS LEAGUE; NEW JERSEY
24 COMMUNITIES UNITED; NEW YORK
25 COMMUNITIES FOR CHANGE,

22 Plaintiffs,

23 v.

24 FEDERAL HOUSING FINANCE
25 AGENCY,

26 Defendant.

Case No.: _____

COMPLAINT FOR DECLARATORY AND
INJUNCTIVE RELIEF

INTRODUCTION

1
2 1. This is an action under the Freedom of Information Act (“FOIA”), 5 U.S.C. §
3 552, to enforce the public’s right to information about the Federal Housing Finance Agency’s
4 relationship with the nation’s largest financial institutions and its efforts to prevent municipalities
5 from implementing a program to address the mortgage foreclosure crisis.

6 2. The foreclosure crisis, which began in 2008 and continues today, has devastated
7 the national economy and the lives of millions of families across the country. In California
8 alone, banks have foreclosed on approximately 1.7 million homes since 2008 and another 65,000
9 California homeowners have received notice that they may soon face foreclosure. The crisis,
10 while national in scope, disproportionately affects communities with large minority populations,
11 like the City of Richmond, California (“Richmond”).

12 3. Because many homeowners received mortgages at the height of the housing
13 bubble, there are huge numbers of homeowners who owe more on their mortgages than their
14 homes are now worth, that is, they are “underwater.” Economists across the political spectrum
15 have identified this kind of mortgage debt as one of the prime obstacles to strong economic
16 growth and have recommended that the government implement a program of widespread
17 mortgage principal reduction. Such a program would bring the amount of debt owed by
18 homeowners more in line with the current value of their homes.

19 4. The Secretary of the Treasury has called for defendant Federal Housing Finance
20 Agency (“FHFA”) to permit the entities it oversees to use targeted principal reduction in their
21 loan modification programs. The Congressional Budget Office estimated that such a program
22 could save taxpayers \$2.8 billion. While both homeowners and taxpayers stand to benefit from a
23 program of principal reduction, the FHFA has declined to implement a principal reduction
24 program on loans owned by Fannie Mae or Freddie Mac, which it oversees.

25 5. Inaction at the federal level has prompted local communities to take action.
26 Richmond recently offered to purchase certain underwater mortgages secured by Richmond
27 homes, indicating that it would consider the use of eminent domain if lenders refused to sell the
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1 loans at fair market value. After purchasing these mortgages, Richmond plans to originate new
2 mortgages for the current homeowners on terms that reflect the actual present value of their
3 homes.

4 6. The Richmond plan and others like it have garnered substantial news coverage.

5 7. Despite the FHFA's mandate to maximize assistance to struggling homeowners
6 and promote programs that reduce foreclosures, the agency responded by threatening to bring
7 legal challenges against Richmond or any other city that were to use eminent domain to reduce
8 mortgage principals. Plaintiffs seek to find out why.

9 8. There has been widespread interest in the continued foreclosure crisis, the debate
10 over principal reduction, and the efforts of municipalities to find solutions for their local
11 communities. Members of Congress have introduced legislation regarding local eminent domain
12 solutions. Principal reduction was a central topic of the recent Senate Banking Committee
13 hearing considering the nomination of Congressman Melvin Watt to lead the FHFA. A number
14 of municipalities in addition to Richmond, including Irvington and Newark, New Jersey, are
15 actively considering proposals to use their eminent domain authority to secure principal
16 reduction. Much of the financial industry vigorously opposes these proposals.

17 9. Given this ongoing public and Congressional debate, there is great urgency to
18 inform the public about reasons for the FHFA's objection to principal reduction programs,
19 generally, and to Richmond's proposed plan, in particular. It is imperative that community
20 members, local elected officials, federal officials, and the media immediately gain access to the
21 information necessary to fully and completely understand the priorities and opinions of high-
22 ranking FHFA officials, and the nature and substance of their exchanges with the financial
23 industry. Without this information, a meaningful and informed public debate over this pressing
24 public policy issue is impossible.

25 **PARTIES**

26 10. Plaintiff Alliance of Californians for Community Empowerment ("ACCE") is a
27 non-profit 501(c)(4) corporation with the mission of building power in low- to moderate-income
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1 neighborhoods to ensure social, economic, and racial justice. ACCE has community chapters in
2 seven counties across California, in neighborhoods that are low- and moderate-income and
3 predominantly Latino and African-American. ACCE's main place of business is in Los Angeles,
4 California, with additional offices in Oakland, Sacramento, San Diego, San Francisco, and
5 Contra Costa. ACCE uses grassroots efforts, community engagement, leadership development,
6 and other tools to build community power and engages in multi-issue campaigns around housing,
7 education, and health care reform. ACCE engages in the dissemination of information through
8 door-to-door outreach and by producing and publicizing research and reports. Its reports have
9 garnered significant media attention. *See, e.g.,* Jasmin Lopez, *Foreclosures hollow out a*
10 *community*, CALIFORNIA HEALTH REPORT, Jan. 6, 2013; Laird Harrison, *Does Your Bay Area*
11 *Neighborhood Have a High Wells Fargo Foreclosure Rate?*, KQED NEWS, Mar. 12, 2013; Max
12 Pringle, *New Report Says Wells Fargo's Foreclosure Policies May Cost California Billions*,
13 EXAMINER.COM, Mar. 15, 2013; Tony Robles, *ACCE Releases Report on Wells Fargo's Damage*
14 *to California's Communities*, POOR MAGAZINE, Mar. 16, 2013; Abby Sewell, *Unions target*
15 *Westfield malls over Prop. 13 tax benefits*, L.A. TIMES, Aug. 4, 2013.

16 11. Plaintiff Housing and Economic Rights Advocates (“HERA”), located in
17 Oakland, California, is a California statewide 501(c)(3) non-profit corporation that provides legal
18 services and advocacy centered around economic justice. HERA's mission is to ensure that all
19 people are protected from discrimination and economic abuses, especially in the realm of
20 housing, and focuses particularly on lower-income people, the elderly, immigrants, people of
21 color, and people with disabilities. HERA disseminates information to the general public through
22 its online resource center, including model legal documents, publications, reports, training
23 videos, webinars, and legal and policy updates.

24 12. Plaintiff Urban Revival, Inc., a 501(c)(3) non-profit corporation doing business as
25 City Life/Vida Urbana (“City Life”), is located and established in Massachusetts with the
26 mission of fighting for racial and economic equality by building power through direct action,
27 coalition building, education, and advocacy. City Life advocates on behalf of tenants’ rights and
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1 seeks to prevent housing displacement through its Post-Foreclosure Eviction Defense campaign,
2 which focuses on keeping people facing foreclosure in their homes. The organizing model used
3 at City Life has been replicated throughout Massachusetts, and City Life also produces multiple
4 regional and national presentations and trainings. Its communications and organizing
5 departments are responsible for producing resources including articles, audiovisual materials,
6 instructional tools, reports, and other online materials to be accessible to the general public.

7 13. Plaintiff The Colorado Foreclosure Resistance Coalition's ("CFRC") mission is to
8 fight the high rates of foreclosure in Colorado and assist individuals and families who face
9 removal from their homes. CFRC is an unincorporated association of community leaders and
10 organizers who regularly meet and work to fulfill their mission together. The coalition
11 disseminates information to the general public about information surrounding housing,
12 foreclosures, and other relevant facts and news.

13 14. Plaintiff Home Defenders League ("HDL") is a project of Action for the Common
14 Good, a non-profit 501(c)(4) corporation with its office in Washington, D.C. HDL is a national
15 grassroots campaign to stop the removal of families from their homes and work for better
16 policies that support homeowners while holding banks and mortgage lenders accountable. HDL
17 partners with organizations throughout the country and disseminates information to the general
18 public through articles, publications, and information on its website and to its 27,000 thousand-
19 member email listserve.

20 15. Plaintiff New Jersey Communities United ("NJCU") is a non-profit 501(c)(4)
21 corporation and membership-based organization that uses grassroots campaigns to mobilize low-
22 income and minority communities to work to reform policy and ensure accountability from
23 legislative representatives in New Jersey. NJCU focuses on issues such as workers' rights,
24 education, and foreclosure prevention. NJCU disseminates information to the general public and
25 its members through emails, public events, publications, news articles, and resources on its
26 website.

VENUE AND INTRADISTRICT ASSIGNMENT

1
2 19. Venue is proper in this district pursuant to 5 U.S.C. § 552(a)(4)(B) and 28 U.S.C.
3 §§ 1391(e) and 1402. Plaintiff ACCE has an office in this district, Plaintiff HERA has its
4 principal place of business in this district, and a significant portion of the information sought in
5 Plaintiffs’ FOIA requests centers on events arising in this district, in particular, Richmond,
6 California.

7 20. Pursuant to Local Rule 3-2(c) and (d), assignment to the San Francisco-Oakland
8 Division is proper because Plaintiff ACCE has an office in this district, Plaintiff HERA is
9 headquartered in Alameda County and a significant portion of the information sought in
10 Plaintiffs’ FOIA requests centers on events arising in Richmond, California, located in Contra
11 Costa County.

FACTUAL ALLEGATIONS

Principal Reduction Would Help Homeowners and Taxpayers

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13
14
15 21. Economists across the political spectrum have identified mortgage debt as one of
16 the prime obstacles to strong economic growth and have urged that the government implement a
17 program of widespread mortgage principal reduction. By reducing homeowners’ monthly bills,
18 principal reduction increases families’ disposable income and increases consumer demand for
19 goods and services – key elements of a recovery to robust economic growth.

20 22. The Secretary of the Treasury has called for the FHFA to adopt principal
21 reduction, believing it would provide much needed help to struggling homeowners and help
22 repair the nation’s housing market. The Congressional Budget Office has estimated that such a
23 program could save taxpayers \$2.8 billion. Nevertheless, the FHFA has declined to implement a
24 principal reduction program on loans owned by Fannie Mae or Freddie Mac.

25 23. Principal reduction for underwater homeowners can benefit both the borrower, by
26 reducing monthly bills, and the mortgage holder, by reducing the likelihood of foreclosure,
27 which is costly. Because foreclosures often reduce the value of surrounding properties, helping
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1 homeowners avoid foreclosure also benefits neighbors, and because foreclosures and declining
2 property values reduce revenue to local governments, principal reduction can benefit
3 communities and municipalities.

4 24. For mortgages that have been securitized, though, ownership of mortgages by
5 numerous bondholders creates collective-action problems that can prevent principal reduction
6 even when it would be in the interest of the bondholders. These problems may be compounded
7 by the conflict of interest between bondholders and the mortgage servicers, for which
8 foreclosures may be more profitable (or less costly) than principal reduction.

9 25. Some municipalities see eminent domain as a means to implement local principal
10 reduction programs in the face of federal inaction. Advocates have suggested that state and
11 municipal governments could use their eminent domain powers to buy and restructure
12 underwater mortgages; such an approach sidesteps the collective-action problems that impede
13 the otherwise economically rational solution of principal reduction. *See, e.g.*, Robert Hockett,
14 *Paying Paul and Robbing No One: An Eminent Domain Solution for Underwater Mortgage*
15 *Debt*, 19 FEDERAL RESERVE BANK OF NEW YORK: CURRENT ISSUES IN ECONOMICS AND FINANCE
16 (2013). Municipalities have proposed to purchase residents' underwater mortgages, paying the
17 mortgage holders current market value for the loans, and then issuing new mortgages to the
18 homeowners in amounts that reflect their homes' current value. This results in lower mortgage
19 payments.

20 26. Some of the nation's most powerful financial lobby groups, including the
21 American Bankers Association, the American Securitization Forum, and the Securities Industry
22 and Financial Markets Association ("SIFMA") have come out in strong opposition to eminent
23 domain proposals. These groups have offered various justifications for their position, which are
24 disputed by economists and leading experts outside of the financial industry.

25 **The FHFA Opposes the Use of Eminent Domain for Principal Reduction**

26 27. On July 31, 2013, Richmond made offers to purchase 624 underwater mortgages
27 from the current servicers and trustees in order to refinance the mortgages. On September 10,

1 2013, the Richmond City Council voted to move forward with the Richmond CARES program,
2 which contemplates the use of eminent domain to provide relief to struggling homeowners.

3 28. Several banks filed litigation against Richmond. On August 7, 2013, Wells Fargo
4 and Deutsche Bank filed a federal lawsuit against Richmond in an attempt to block the City from
5 its contemplated use of eminent domain. *See Wells Fargo v. City of Richmond*, No. 13-03663-
6 CRB (N.D. Cal. filed Aug. 7, 2013). Recognizing the intense interest in the case, this Court
7 highlighted the matter under the “Cases of Interest” section of its website. *See*
8 <http://www.cand.uscourts.gov/casesofinterest> (visited December 4, 2013). While the lawsuit was
9 dismissed on ripeness grounds in early September, it will likely be re-filed and fully adjudicated
10 in the event Richmond implements its plan. Another similar lawsuit, filed by the Bank of New
11 York Mellon, also on August 7, 2013, was dismissed in early November, also on ripeness
12 grounds. *See Bank of New York Mellon v. City of Richmond*, No. 13-03664-CRB (N.D. Cal.
13 filed Aug. 7, 2013).

14 29. Immediately after the banks filed suit against Richmond, the FHFA released a
15 statement citing “serious concerns on the use of eminent domain to restructure existing financial
16 contracts.” Press Release, Federal Housing Finance Agency, *FHFA Statement on Eminent*
17 *Domain*, Aug. 8, 2013 (“FHFA Press Release”). The FHFA also stated that it might “take any of
18 the following steps” against municipalities or states that implemented such a policy: “initiate
19 legal challenges to any local or state action that sanctions the use of eminent domain to
20 restructure mortgage loan contracts that affect the FHFA’s regulated entities; act by order or by
21 regulation to direct the regulated entities to limit, restrict or cease business activities within the
22 jurisdiction of any state or local authority employing eminent domain to restructure mortgage
23 loan contracts; or take such other actions as may be appropriate to respond to market uncertainty
24 or increased costs created by any movement to put in place such programs.” *Id.*

26 30. The FHFA’s statement is particularly difficult to understand in light of the fact
27 that Richmond, and all other municipalities considering using eminent domain for principal
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1 reduction, have stated that they will use their eminent domain authority only to target loans held
 2 in private-label mortgage-backed securities. By definition, the loans that the government-
 3 sponsored entities, supervised by the FHFA, guarantee and securitize are packaged into agency
 4 mortgage-backed securities, and are therefore not subject to seizure under the eminent domain
 5 programs under discussion.

6 **The FHFA's Position on Principal Reduction Programs**
 7 **Is a Matter of Significant Public Interest**

8 31. For five years, the dynamics of the unfolding foreclosure crisis have been central
 9 to the story of the American economy. In this context, Richmond's proposal to use eminent
 10 domain to implement principal reduction and the FHFA's threat to take legal action in response
 11 have received tremendous media attention.

12 32. The media has extensively covered Richmond's proposed eminent domain
 13 solution to residents' underwater mortgages. *See, e.g.,* Shaila Dewan, *A City Invokes Seizure*
 14 *Laws to Save Homes*, N.Y. TIMES, July 29, 2013; Alejandro Lazo, *Richmond adopts eminent*
 15 *domain mortgage plan*, L.A. TIMES, July 30, 2013; Peter Dreier, *Wall Street Lobbyists Nervous*
 16 *As Cities Use Eminent Domain to Protect Homeowners*, THE HUFFINGTON POST, July 30, 2013;
 17 *Richmond Threatens Eminent Domain To Address Foreclosure Crisis*, CBS SAN FRANCISCO,
 18 July 30, 2013; Dan Levy & Jody Shenn, *Richmond Escalates Eminent Domain Plan With Loan*
 19 *Offers*, BLOOMBERG NEWS, July 30, 2013; Kate Berry, *Calif. City Threatens to Use Eminent*
 20 *Domain with Underwater Mortgages*, AMERICAN BANKER, July 30, 2013; Carolyn Said,
 21 *Richmond's pioneering eminent-domain threat*, S.F. CHRONICLE, July 31, 2013.

22 33. The media has also dedicated significant coverage to FHFA's response to
 23 Richmond's proposal. *See, e.g.,* Nick Timiraos, *Fannie, Freddie Regulator Weighs Action on*
 24 *Eminent Domain*, WALL ST. J., Aug. 8, 2013; Margaret Chadbourn, *Freddie Mac may sue*
 25 *California city on eminent domain loan seizures*, REUTERS, Aug. 7, 2013.

1 34. The breadth and extent of media coverage demonstrates that there is significant
2 public interest in these issues.

3 **Plaintiffs Filed a FOIA Request to Obtain Much Needed Information from the**
4 **FHFA, But Their Request Has Gone Unanswered**

5 35. On October 1, 2013, Plaintiffs submitted a FOIA request to the FHFA seeking all
6 records pertaining to the use of eminent domain to purchase mortgages. A copy of Plaintiffs'
7 FOIA request is appended hereto as Exhibit 1.

8 36. In particular, Plaintiffs' FOIA request seeks:

- 9 (a) All documents related to any and all communications or meetings between
10 FHFA leadership and representatives of the Securities Industry and
11 Financial Markets Association (SIFMA), the American Securitization
12 Forum (ASF), the American Bankers Association (ABA), and the
13 Association of Institutional Investors (AII) pertaining to the use of
14 eminent domain to purchase mortgages. This includes correspondence,
15 phone messages, emails, calendar entries, and notes or memoranda
16 describing any such meetings.
- 17 (b) All documents related to any and all communications or meetings between
18 FHFA leadership and representatives of the California Mortgage Bankers
19 Association (MBA), the California Mortgage Bankers Association
20 (MBA), the Investment Company Institute (ICI), the Financial Services
21 Roundtable (FSR), the National Association of Home Builders,
22 DoubleLine, BlackRock, and the Pacific Investment Management
23 Company (PIMCO) pertaining to the use of eminent domain to purchase
24 mortgages. This includes correspondence, phone messages, emails,
25 calendar entries, and notes or memoranda describing any such meetings.
- 26 (c) All documents related to any and all communications or meetings between
27 FHFA leadership and representatives of Wells Fargo Bank, Deutsche
28 Bank, Bank of America, Ally Bank, Chase Bank, and Citigroup,
pertaining to the use of eminent domain to purchase mortgages. This
includes correspondence, phone messages, emails, calendar entries, and
notes or memoranda describing any such meetings.
- (d) All documents related to any and all communications or meetings between
FHFA leadership and any other firms or trade groups, pertaining to the use
of eminent domain to purchase mortgages. This includes correspondence,
phone messages, emails, calendar entries, and notes or memoranda
describing any such meetings.
- (e) All documents, including correspondence, phone messages, emails,
calendar entries, and notes or memoranda of describing meetings,
regarding the City of Richmond's offer to buy underwater mortgages from
residents.
- (f) Any studies or empirical analyses of the impact of eminent domain or
principal reduction proposals relied upon by FHFA in support of the

1 assertions and positions set forth in the General Counsel's August 7th, 2013
2 Memorandum titled "Summary of Comments and Additional Analysis
Regarding Input on Use of Eminent Domain to Restructure Mortgages"
and the FHFA's August 8th, 2013 "Statement on Eminent Domain."

3 37. Plaintiffs also requested expedited processing, pursuant to 5 U.S.C. §
4 522(a)(6)(E), on the grounds that there is an "urgency to inform the public about an actual or
5 alleged federal government activity" and also that this is "a matter of widespread and exceptional
6 media interest in which there exist possible questions about the government's integrity which
7 affect public confidence." 28 C.F.R. § 16.5(d)(1)(ii) & (iv).

8 38. By email dated the same day, FHFA acknowledged receipt of Plaintiffs' FOIA
9 request. A copy of this email is appended hereto as Exhibit 2.

10 39. As of the date of the filing of this complaint, Plaintiffs have not received any
11 further communications or responsive documents from the FHFA.

12 40. More than 20 working days have passed since the FHFA received Plaintiffs'
13 FOIA request.

14 41. Plaintiffs have exhausted all applicable administrative remedies.

15 42. FHFA has wrongfully withheld the requested records from Plaintiffs.

16 **The Public Urgently Needs Information About the**
17 **FHFA's Position on Principal Reduction Because of Congressional, Local, and**
18 **Nationwide Debates on This Issue**

19 43. Congress, local communities, and the nation at large are all actively debating
20 principal reduction and eminent domain. Congress is considering at least one piece of legislation
21 that would prevent the use of eminent domain for principal reduction. At the same time, efforts
22 are underway to advance a program similar to Richmond's in a number of municipalities,
23 including San Francisco, California; El Monte, California; Seattle, Washington; Irvington, New
24 Jersey; Newark, New Jersey; and Yonkers, New York. The information requested by Plaintiffs
25 is crucial to all of these pending debates, but must be disclosed now to have any relevance to
26 them.

27 44. On June 28, 2013, U.S. Representative John Campbell, of the 45th Congressional
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1 District of California, introduced a bill that that would prohibit the government-sponsored
2 entities from purchasing, and the Federal Housing Administration from insuring, a mortgage in
3 any community that has used eminent domain to purchase mortgages. H.R. 6397, 112th Cong.
4 (2013). Representative Campbell’s bill may be taken up at any time.

5 45. On November 27, 2013, four United States Senators sent a letter to the
6 Department of Housing and Urban Development (“HUD”) and the Secretary of the Treasury,
7 expressing their opposition to eminent domain proposals, stating that they are “prepared to
8 pursue a legislative solution,” and urging HUD to use its existing authority to prohibit the FHFA
9 “from insuring mortgages on any affected properties.”
10

11 46. At the same time, local communities, including San Francisco, California; El
12 Monte, California; Seattle, Washington; Irvington, New Jersey; Newark, New Jersey; and
13 Yonkers, New York, continue to explore principal reduction and eminent domain proposals. In
14 order to evaluate these proposals, these communities need more information about FHFA and its
15 position on principal reduction programs and eminent domain.
16

17 **The Public Also Urgently Needs Information About the**
18 **FHFA’s Position on Principal Reduction Because the**
19 **FHFA’s Actions Affect Public Confidence**

20 47. The FHFA’s actions raise “possible questions about the Federal Government’s
21 integrity, affecting public confidence.” 12 C.F.R. § 1202.10(a)(4). The FHFA has threatened to
22 initiate legal action against any jurisdiction that seeks to use eminent domain to restructure
23 mortgages. *See* FHFA Press Release. While this position might benefit particular firms in the
24 financial industry, it appears to be in conflict with the agency’s obligations to assist homeowners,
25 to minimize the incidence of foreclosures, and to refrain from conduct that has a discriminatory
26 impact on minority communities.

27 48. Under federal housing law, the FHFA has a statutory duty to maximize assistance
28

1 to struggling homeowners and promote programs that reduce foreclosure rates. *See* 12 U.S.C. §
2 5220(b)(1). By threatening legal action against Richmond and other jurisdictions considering
3 eminent domain, the FHFA not only acts contrary to the spirit of this mandate, but it effectively
4 blocks the communities hit hardest by the foreclosure crisis from pursuing one potentially
5 effective solution on behalf of their residents.

6 49. In addition, the FHFA's threat to deny credit to any community that employs
7 eminent domain for principal reduction raises Fair Housing Act ("FHA") and Equal Credit
8 Opportunity Act concerns, as the communities most interested in eminent domain tend to have
9 disproportionately high concentrations of African-American and Latino residents. While the
10 foreclosure crisis is national in scope, communities of color have been hit especially hard. These
11 communities were the sites of the worst and most concentrated predatory lending during the
12 housing boom, and they are not experiencing the recovery in housing prices that has begun in
13 many places.

14 50. If the FHFA were to take action against Richmond, for example, that action
15 would impact a community that is disproportionately African-American and Latino. While the
16 San Francisco Bay Area's population is only 23% Latino, Richmond's is nearly double that, at
17 40%. And while African-Americans make up only 6.7% of the Bay Area's population, they are
18 concentrated in Richmond at more than three times that rate, or 25%. Thus, if the FHFA were to
19 retaliate against Richmond for pursuing an eminent domain proposal, that action would have a
20 significant disparate impact on minority borrowers, in possible violation of federal anti-
21 discrimination law.

22 51. Further, the FHFA's actions come against the backdrop of HUD's recent
23 emphasis on the importance of disparate impact claims in combating the effects of predatory
24 lending during the housing boom. HUD has recently adopted a national regulatory framework
25

1 for disparate impact claims under the FHA. Implementation of the Fair Housing Act's
2 Discriminatory Effects Standard, 78 Fed. Reg. 11460 (Feb. 15, 2013) (to be codified at 24 C.F.R.
3 pt. 100). In light of HUD's new regulations and federal and state fair lending law, the FHFA
4 must take great care to avoid implementing any policy which restricts access to credit in
5 disproportionately minority communities.

6 52. On November 15, 2013, ten members of Congress sent a letter to Acting FHFA
7 Director Ed DeMarco urging the agency to rescind its threat to take legal action against
8 communities considering eminent domain, and instead to prohibit any discrimination in the
9 provision of credit to homeowners whose mortgages were modified by eminent domain.
10 Emphasizing that the mortgage crisis has disproportionately hurt communities of color, the letter
11 states that "[r]efusal by the Federal Housing Finance Agency to insure loans that were changed
12 by eminent domain would violate existing rules that prohibit discrimination to qualified
13 borrowers and do further harm to the economy."

14
15 53. The public has a vital interest in learning the full nature and extent of the
16 relationship between FHFA and financial industry leaders. The FHFA has acknowledged
17 sustained e-mail contact between Acting Director DeMarco, and Richard Dorfman, a Managing
18 Director of SIFMA, regarding the prospect of local eminent domain solutions. E-mail from
19 Richard Dorfman, Managing Dir. and Head of Securitization, SIFMA, to Edward DeMarco,
20 Acting Director, FHFA (July 10, 2012, 14:00).

21
22 54. Expedited processing of Plaintiffs' FOIA request is warranted for two reasons.
23 First, there is widespread media interest in the topic of using eminent domain for principal
24 mortgage reduction, and possible questions about the FHFA's integrity have been raised by its
25 threats to take action against jurisdictions that seek to aid homeowners through eminent domain.
26 See 12 C.F.R. § 1202.10(a)(4). Second, there are ongoing public and Congressional debates on
27

1 this topic, as evidenced by, among other things, recently introduced legislation, the discussions
2 around the nomination of Rep. Watt to head the FHFA, and debates in local communities across
3 the country. The information sought in this request would contribute substantially to these
4 debates, and it must be disclosed now, while those debates are ongoing. There is therefore
5 urgency to this request, which is made by requesters primarily engaged in the dissemination of
6 information. *See* 12 C.F.R. §1202.10(a)(2).

7
8 **FIRST CLAIM FOR RELIEF**
9 **Violation of Freedom of Information Act**

10 55. Plaintiffs incorporate the above paragraphs as if fully set forth herein.

11 56. Defendant FHFA has failed to comply with the statutory time for the processing
12 of FOIA requests and has wrongfully withheld agency records requested by Plaintiffs under
13 FOIA.

14 57. Plaintiffs have exhausted the applicable administrative remedies with respect to
15 FHFA's failure to timely comply with Plaintiffs' requests.

16 58. Plaintiffs are entitled to expedited processing. The public urgently needs
17 information about the FHFA's position on principal reduction and eminent domain. The FHFA's
18 actions in response to Richmond's proposed eminent domain solution received widespread
19 media attention and raise possible questions about the federal government's integrity, affecting
20 public confidence.

21 59. Plaintiffs are entitled to injunctive relief with respect to the release and disclosure
22 of the requested documents because Defendant FHFA continues to improperly withhold agency
23 records in violation of FOIA. Plaintiffs will suffer irreparable injury from, and have no adequate
24 legal remedy for, the FHFA's illegal withholding of government documents pertaining to the
25 subject of Plaintiffs' FOIA request.

PRAAYER FOR RELIEF

WHEREFORE, Plaintiffs pray that this Court:

A. Order Defendant FHFA to process immediately the requested records in their entirety;

B. Order Defendant FHFA to make the requested records in their entirety available to Plaintiffs promptly upon completion of its processing of such records;

C. Provide for expeditious processing of Plaintiffs' FOIA request;

D. Enter a preliminary and permanent injunction against the FHFA ordering the relief requested herein;

E. Declare that FHFA's failure to disclose the records requested by Plaintiffs is unlawful;

F. Award Plaintiffs their litigation costs and reasonable attorney's fees incurred in this action;

G. Grant such other relief as the Court may deem just and proper.

Dated: December 5, 2013

By: /s/ Linda Lye
Linda Lye

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Exhibit 1



David A. Lee, Chief FOIA Officer
FOIA Requester Service Center
400 7th Street, SW
8th Floor
Washington, DC 20024

October 1, 2013
Via Email and Certified Mail

Re: Freedom of Information Act Request
Expedited Processing Requested

Dear FOIA Officer,

The Center for Popular Democracy (CPD), Action United Pennsylvania, Alliance of Californians for Community Empowerment, Alliance for a Just Society, City Life, Colorado Foreclosure Resistance Coalition, Home Defenders League, Housing and Economic Rights Advocates, New Jersey Communities United, New York Communities for Change, and SEIU Healthcare Illinois-Indiana submit this expedited Freedom of Information Act (FOIA) request for records in the possession of the Federal Housing Finance Agency (FHFA). Requesters submit this request pursuant to the FOIA, 5 U.S.C. § 552, and implementing regulations 12 CFR §1202.1 *et seq.*

In the wake of the 2007 housing market collapse, economists from across the political spectrum identified mortgage debt as one of the prime obstacles to strong economic growth and recommended that the government implement a program of widespread mortgage principal reduction.¹ The Secretary of the Treasury has called for FHFA to adopt principal reduction² and

¹ Martin Feldstein, *How to Stop the Drop in Home Values*, NEW YORK TIMES, Oct. 12, 2011; Paul Krugman, *Fire Ed DeMarco*, NEW YORK TIMES, July 31, 2012.

² Letter from Secretary Geithner to Acting FHFA Director DeMarco on the Principal Reduction Alternative (PRA) Program, July 31, 2012.

the Congressional Budget Office has estimated that such a program could save tax payers \$2.8 billion.³ Despite this widespread consensus, the FHFA has refused to implement a principal reduction program on loans owned by Fannie Mae or Freddie Mac.

In the face of continued federal inaction and a continued foreclosure crisis that is crippling millions of families' budgets and the national economy, a set of municipalities have begun to explore local mortgage principal reduction solutions.⁴

The City of Richmond, CA has been one of the hardest hit municipalities in the housing crisis. Plummeting sale prices have resulted in a persistently high rate of underwater mortgages. Today, approximately 51 percent of mortgages are underwater in Richmond, and the average underwater homeowner owes 45 percent more than their home is worth.⁵

On July 31st, 2013, Richmond made offers to purchase 624 underwater mortgages from the current servicers and trustees in order to refinance the mortgages. The city offered prices per loan determined by an independent assessor to be the current fair market value for these loans. The city indicated its willingness to negotiate, in an effort to reach an agreed upon sale price. Richmond was also clear that it would consider using its eminent domain authority if the current loan holders refused to sell the loans voluntarily.

On September 10th, 2013, the Richmond City Council voted to move forward with the implementation of their Local Principal Reduction program, which may end up utilizing the municipal power of eminent domain to achieve widespread debt reduction.⁶ Richmond's program seeks to purchase underwater mortgages at fair market prices and refinance these loans at affordable rates so that residents will be able to stay in their homes.

The FHFA recently issued a statement threatening to "initiate legal challenges" against Richmond or other cities that use eminent domain to reduce mortgage principal and to issue regulations prohibiting Fannie Mae and Freddie Mac from re-purchasing mortgages on homes in such cities.⁷ Not only has the FHFA refused to implement principal reduction on mortgages that it owns, but it is now attempting to block the restructuring of loans owned by private label securities.

Records indicate that there has been sustained contact about this proposal between the private banking industry and the highest levels of FHFA leadership.⁸ These communications, and the FHFA's recent efforts to block an eminent domain solution, have reinforced the public's concern that the FHFA is advancing the interests of Wall Street firms at the expense of the nation's homeowners.

³ Jacob Gaffney, Widespread principal reductions could save taxpayers \$2.8 billion, HOUSING WIRE, May 1, 2013.

⁴ Lawrence Summers, *Why the housing burden stalls America's economic recovery*, FINANCIAL TIMES, Oct. 23, 2011 ("Surely there is a strong case for experimentation with principal reduction strategies at the local level").

⁵ Mike Konczal, *Is Richmond's mortgage seizure scheme even legal?*, WASHINGTON POST, Sep. 21, 2013 (concluding that Richmond's use of eminent domain authority is legal).

⁶ Jim Christie, *California city backs plan to seize negative equity mortgages*, REUTERS, Sep. 11, 2013.

⁷ Press Release, Federal Housing Finance Agency, *FHFA Statement on Eminent Domain*, Aug. 8, 2013.

⁸ E-mail from Richard Dorfman, Managing Dir. and Head of Securitization, SIFMA, to Edward DeMarco, Acting Director, FHFA (July 10, 2012, 14:00) (on file).

There has been widespread interest in the continued foreclosure crisis, the debate over federal principal reduction proposals, and the efforts of municipalities to find solutions for their local community. Members of Congress have submitted legislation regarding local eminent domain solutions. Principal reduction was a central topic of the recent Senate Banking Committee hearing considering the nomination of Mel Watt to lead the FHFA.⁹ Given this on-going public and Congressional debate, there is great urgency to inform the public about the reasons for the FHFA's objections to Richmond's local principal reduction plan. It is imperative that community members, local elected officials, federal officials, and the media immediately gain a full and complete understanding of the priorities and opinions of high-ranking FHFA officials, as expressed to members of the financial industry.

I. REQUEST FOR INFORMATION

We request disclosure of all records¹⁰ in your possession created since January 1st, 2012, pertaining to the use of eminent domain to purchase mortgages.

In particular, we seek the following:

- 1) All documents related to any and all communications or meetings between FHFA leadership and representatives of the Securities Industry and Financial Markets Association (SIFMA), the American Securitization Forum (ASF), the American Bankers Association (ABA), and the Association of Institutional Investors (AII) pertaining to the use of eminent domain to purchase mortgages. This includes correspondence, phone messages, emails, calendar entries, and notes or memoranda describing any such meetings.
- 2) All documents related to any and all communications or meetings between FHFA leadership and representatives of the California Mortgage Bankers Association (MBA), the California Mortgage Bankers Association (MBA), the Investment Company Institute (ICI), the Financial Services Roundtable (FSR), the National Association of Home Builders, DoubleLine, BlackRock, and the Pacific Investment Management Company (PIMCO) pertaining to the use of eminent domain to purchase mortgages. This includes correspondence, phone messages, emails, calendar entries, and notes or memoranda describing any such meetings.
- 3) All documents related to any and all communications or meetings between FHFA leadership and representatives of Wells Fargo Bank, Deutsche Bank, Bank of America, Ally Bank, Chase Bank, and Citigroup, pertaining to the use of eminent

⁹ Ely Portillo, *Watt faces pointed questions at Senate hearing*, CHARLOTTE OBSERVER, June 27, 2013.

¹⁰ The term "records" as used herein includes all records preserved in written or electronic form, including but not limited to: calendar entries, correspondence, documents, data, videotapes, audio tapes, emails, faxes, files, guidance, guidelines, evaluations, instructions, analyses, memoranda, agreements, notes, orders, policies, procedures, protocols, reports, rules, manuals, studies, and text messages. To the extent that the agency chooses to redact identifying information of individuals, we request that individuals be identified with an alphanumeric code so that multiple records related to the same individual can be recognized as such.

- domain to purchase mortgages. This includes correspondence, phone messages, emails, calendar entries, and notes or memoranda describing any such meetings.
- 4) All documents related to any and all communications or meetings between FHFA leadership and any other firms or trade groups, pertaining to the use of eminent domain to purchase mortgages. This includes correspondence, phone messages, emails, calendar entries, and notes or memoranda describing any such meetings.
 - 5) All documents, including correspondence, phone messages, emails, calendar entries, and notes or memoranda of describing meetings, regarding the City of Richmond's offer to buy underwater mortgages from residents.
 - 6) Any studies or empirical analyses of the impact of eminent domain or principal reduction proposals relied upon by FHFA in support of the assertions and positions set forth in the General Counsel's August 7th, 2013 Memorandum titled "Summary of Comments and Additional Analysis Regarding Input on Use of Eminent Domain to Restructure Mortgages" and the FHFA's August 8th, 2013 "Statement on Eminent Domain."

We request that you search the following FHFA offices and all relevant employees: Acting Director, Chief Operating Officer (COO), Deputy Director for Enterprise Regulation, Deputy Director for Housing Mission and Goals, Deputy Director for Supervision Policy and Support, Deputy Director for Office of Strategic Initiatives, and General Counsel.

II. REQUEST FOR EXPEDITED PROCESSING

We seek expedited processing. Title 5 U.S.C. §552(a)(6)(E) provides for expedited processing of requests for information in cases in which the person requesting the records demonstrates a compelling need. The Federal Housing Finance Authority regulations state that FOIA requests are entitled to expedited processing when information requested involves, "An urgency to inform the public about an actual or alleged Federal Government activity if you are a person primarily engaged in disseminating information;" or "A matter of widespread and exceptional media interest in which there exists possible questions about the Federal Government's integrity, affecting public confidence." 12 CFR §1202.10(a)(2,4).

Expedited processing is critical. As demonstrated by the news coverage cited below, there is widespread and exceptional media interest in the use of eminent domain to purchase and refinance mortgages. In addition, the practices of the FHFA and Acting Director Ed Demarco, and the documented close relationship between the FHFA and major Wall Street firms, raise important questions about the government's integrity, which would affect public confidence. Additionally, there is strong evidence that SIFMA has engaged in illegal redlining practices and that the FHFA's threats to stop repurchasing mortgages originating in Richmond violate fair housing law. Expedited processing should therefore be granted pursuant to 12 CFR §1202.10(a)(2) and 12 CFR §1202.10(a)(4).

1. There is widespread media interest and there exist possible questions about the Federal government's integrity

There can be no doubt that the housing crisis, the proliferation of underwater mortgages, the FHFA's response to the crisis, and the proposal that municipalities use eminent domain to achieve widespread principal reduction have all received tremendous media attention. The subject has received front-page, "above the fold" coverage in *The New York Times*, followed by a flurry of coverage in other national outlets.¹¹

In addition, the FHFA's actions and the actions of Ed DeMarco raise questions about the Federal Government's integrity, affecting public confidence. FHFA took the remarkable step of threatening to initiate legal action against any jurisdiction that seeks to protect homeowners by sanctioning the use of eminent domain to restructure mortgages.¹² While this position might benefit particular firms in the financial industry, it seems starkly at odds with the agency's "obligation[]" to "assist[] homeowners in trouble,"¹³ and may violate federal fair lending law and overstep FHFA's statutory authority.

a. *Existing records of correspondence between FHFA and SIFMA*

There are serious questions as to whether the FHFA as an agency and DeMarco as Acting Director have stepped outside the bounds of their mandated roles. The FHFA has released records of sustained e-mail contact between Ed DeMarco, Acting Director of FHFA, and Richard Dorfman, a Managing Director of the Securities Industry and Financial Markets Association (SIFMA), regarding the prospect of local eminent domain solutions¹⁴

FHFA's role as an independent and regulatory body is potentially compromised by DeMarco's intimate relationship with those within the private banking industry. His tenure at FHFA has been marked by continued criticism of his close relationship to private banks and his equally absent relationship to struggling homeowners. His refusal to support debt reduction has resulted in public calls for his removal.¹⁵

¹¹ See, e.g., Shaila Dewan, *A City Invokes Seizure Laws to Save Homes*, NY TIMES, July 29, 2013; Alejandro Lazo, *Richmond adopts eminent domain mortgage plan*, LA TIMES, July 30, 2013; Peter Dreier, *Wall Street Lobbyists Nervous As Cities Use Eminent Domain to Protect Homeowners*, THE HUFFINGTON POST, July 30, 2013; *Richmond Threatens Eminent Domain To Address Foreclosure Crisis*, CBS SAN FRANCISCO, July 30, 2013; Dan Levy and Jody Shenn, *Richmond Escalates Eminent Domain Plan With Loan Offers*, BLOOMBERG NEWS, July 30, 2013; Kate Berry, *Calif. City Threatens to Use Eminent Domain with Underwater Mortgages*, AMERICAN BANKER, July 30, 2013; Carolyn Said, *Richmond's pioneering eminent-domain threat*, SAN FRANCISCO CHRONICLE, July 31, 2013; Nick Timiraos, *Fannie, Freddie Regulator Threatens Action on Eminent Domain*, WALL ST. J., Aug. 8, 2013; Margaret Chadbourn, *Freddie Mac may sue California city on eminent domain loan seizures*, REUTERS, Aug. 7, 2013; Ilyce Glink, *Millions of homeowners still underwater, despite price gains*, CBS NEWS, Sep. 12, 2013.

¹² See FHFA Press Release, *supra* note 7.

¹³ FHFA Report to Congress 2012, at page i, available at http://www.fhfa.gov/webfiles/25320/FHFA2012_AnnualReport.pdf.

¹⁴ E-mail, *supra* note 8.

¹⁵ See e.g. Paul Krugman, *Debt, Depression, DeMarco*, NYTIMES, Aug. 2, 2012; Bonnie Kavoussi, *Van Jones: Firing FHFA Chief Ed DeMarco Could Be 'The Biggest Stimulus Program In America'*, HUFFINGTON POST, Aug. 9, 2013.

The requested records will provide substantial information that will speak to DeMarco's ability to lead the agency, the foundation for the FHFA's current position regarding the use of eminent domain, and the appropriate position for the agency to take in the future.

b. *Statutory Authority of the FHFA*

In addition, the FHFA has potentially violated federal fair lending law and overstepped its statutory authority by attempting to limit or restrict purchases of mortgages by Fannie Mae and Freddie Mac in any jurisdiction that utilizes eminent domain to seize privately held loans.

On August 8th, 2013, just one day after suit was filed against Richmond, the FHFA released a statement citing "serious concerns on the use of eminent domain to restructure existing financial contracts."¹⁶

The FHFA also listed a number of possible sanctions and/or legal actions that might be initiated against municipalities or states that implemented such a policy. The FHFA indicated that it "may take any of the following steps: initiate legal challenges to any local or state action that sanctions the use of eminent domain to restructure mortgage loan contracts that affect FHFA's regulated entities; act by order or by regulation to direct the regulated entities to limit, restrict or cease business activities within the jurisdiction of any state or local authority employing eminent domain to restructure mortgage loan contracts; or take such other actions as may be appropriate to respond to market uncertainty or increased costs created by any movement to put in place such programs."¹⁷

There is a strong legal argument that the actions listed above would both violate federal fair lending law and overstep FHFA's statutory authority. Furthermore, the threatened actions compromise the FHFA's regulatory independence and increase costs and risks for the Freddie Mac and Fannie Mae, violating the FHFA's mandate to conserve those assets for the benefit of American taxpayers.

2. The urgency to inform the public is high

Expedited processing should be granted for the independent reason that there is great urgency to inform the public about these issues and requesters are primarily engaged in disseminating information. The legality and wisdom of local eminent domain solutions is currently being debated in Congress, state legislatures, City Councils, and courtrooms all over the country. The information sought in this request would contribute to the current public and legislative debate.

a. *Federal legislation has been introduced that, if successful, would effectively destroy this program.*

The influence of the private banking industry is manifested in multiple legislative initiatives that, if successful, would restrict municipalities' constitutional power to use eminent domain to spur

¹⁶ FHFA Press Release, *supra* note 7.

¹⁷ *Id.*

economic development and eliminate blight and would effectively eliminate the possibility of mortgage relief for countless homeowners.

On June 27th, 2013, there was an attempt in the U.S. Senate to attach language to the federal HUD appropriations bill that would block loans obtained through eminent domain from refinancing into an FHA product.¹⁸

On July 18th, 2013, U.S. Representative John Campbell (CA-45), introduced a bill that that would prohibit the FHA and the FHFA from making, guaranteeing, or insuring a mortgage in any community that has used eminent domain to purchase mortgages.¹⁹ The legislation has the potential to halt proposals like Richmond's, despite the countless legal and economic experts who have testified to its legality and touted its ability to deliver widespread economic benefits.

Because Representative Campbell's bill has already been introduced, the legislative debate is ongoing and the requested information is extremely time sensitive.

b. Representative Keith Ellison has also circulated a letter of support for this utilization of eminent domain.

On August 9th, 2013, U.S. Representative Keith Ellison (MN-5) released a statement explaining that "FHFA's decision to support the lawsuit against Richmond hurts struggling homeowners in a city overwhelmed by high levels of delinquencies and foreclosures."²⁰ He and U.S. Representative Raúl Grijalva (AZ-3) are currently circulating a "Dear Colleague" letter to oppose discrimination in credit access for mortgages modified by eminent domain.

c. Lawsuits have been filed against Richmond and Las Vegas.

On June 19th, 2013, the city of North Las Vegas entered into an advisory agreement with Mortgage Resolution Partners, which provides private funding for local governments interested in using the power of eminent domain to purchase underwater mortgages. On June 28th, 2013, a lawsuit was filed against the City of North Las Vegas because members of its city council publicly considered the use eminent domain to acquire loans.²¹

On July 31st, 2013, the City of Richmond, CA made offers to purchase 624 underwater mortgages from the current servicers and trustees in order to refinance the mortgages. On September 11th, 2013, the Richmond City Council voted to move forward with the use of eminent domain to provide relief to struggling homeowners.

¹⁸ *Senate and House Committees Release Reports re Eminent Domain*, AMERICAN SECURITIZATION FORUM, July 11, 2013 at <http://www.americansecuritization.com/content.aspx?id=9593#UkbtNGRgawF>.

¹⁹ Heide Malhotra, *California City Invokes Eminent Domain on Underwater Mortgages*, EPOCH TIMES, Sep. 17, 2013

²⁰ Press Release, *Rep. Ellison Statement on the Lawsuit Filed Against the City of Richmond, CA*, Aug. 9, 2013.

²¹ Jon Ralson, *Federal lawsuit filed to block eminent domain scheme in North Las Vegas*, RALSTON REPORTS, June 28, 2013.

On August 7th, 2013, Wells Fargo and Deutsche Bank filed a federal lawsuit against the City of Richmond in an attempt to block the City from this contemplated use of eminent domain. While the lawsuit was dismissed for ripeness in early September, it will likely be re-filed and fully adjudicated when Richmond implements its plan.²²

d. The FHFA has taken steps to limit or restrict purchases of mortgages by Fannie Mae and Freddie Mac in any jurisdiction that utilizes eminent domain to seize privately held loans.

As stated above, on August 8th, 2013, just one day after the banks' suit was filed against Richmond, the FHFA released a statement citing "serious concerns on the use of eminent domain to restructure existing financial contracts." The FHFA also listed a number of possible sanctions and legal actions that might be initiated against municipalities or states that implemented such a policy.

e. The nomination of Mel Watt to replace FHFA Acting Director Ed DeMarco is currently pending

Who is at the helm of FHFA will have a critical impact on the success of future eminent domain proposals in municipalities. Information about the DeMarco's administration's communications with the banking industry regarding this policy issue is an incredibly time-sensitive given this pending nomination.

f. Requestors are persons primarily engaged in disseminating information

The Center for Popular Democracy, Action United Pennsylvania, Alliance of Californians for Community Empowerment, Alliance for a Just Society, City Life, Colorado Foreclosure Resistance Coalition, Home Defenders League, New Jersey Communities United, New York Communities for Change, and SEIU Healthcare Illinois-Indiana are organizations focused on ensuring and protecting the public's legal, constitutional, and civil rights. Together, these organizations have extensive ties to communities across the country, including in Richmond, CA. These organizations work on behalf of – and serve as a resource to— struggling homeowners, and have an established responsibility to provide all available information and assistance to those people directly or indirectly affected by the mortgage crisis.

* * *

In short, expedited processing is warranted for two independent reasons. First, there is widespread media interest in the topic of using eminent domain for principal mortgage reduction, and serious questions about the Federal Government's integrity in threatening to take legal action against jurisdictions that seek to protect homeowners through eminent domain. *See* 12 CFR §1202.10(a)(4). Second, there are on-going public and Congressional debates on this topic, as evidenced by, among other things, recently introduced legislation and the pending nomination of a candidate to serve as head of FHFA. The information sought in this request would shed light on

²² Robert Rogers, *Investors' suit to block Richmond eminent domain plan dismissed in federal court*, CONTRA COSTA TIMES, Sep. 17, 2013.

these debates and must be disclosed now to have any relevance to the debates. There is therefore urgency to this request, which is made by requesters primarily engaged in the dissemination of information.

III. REQUEST FOR WAIVER OF PROCESSING FEES

We request a waiver of process fees. Such a waiver is appropriate for two reasons.

First, the requesters are “representative[s] of the news media.” Fees associated with the processing of this request should therefore be “limited to reasonable standard charges for document duplication.” 5 U.S.C. § 552(a)(4)(A)(ii)(II).

The communications departments of all of the requesters regularly publish newsletters, news briefings, right to know materials, and other materials that are disseminated to the public. Their material is widely available to everyone, including tax-exempt organizations, not-for-profit groups, and the public, for no cost. The requesting organizations regularly communicate about housing policy and news to their email listservs of over 100,000 members. The websites of the requesting organizations feature in depth information about housing policy and mortgage principal reduction. Members and staff employees of the requesting organizations frequently speak in digital and print media and make frequent public presentations at meetings and events. Due to these extensive publication activities, the requesting organizations are “representative[s] of the news media” under the FOIA and agency regulations.²³

Second, a fee waiver for duplication costs should be granted for the independent reason that disclosure of the requested information is in the public interest. See 5 U.S.C. § 552(a)(4)(ii)(II)-(iii). Disclosure will further public understanding of government conduct, in particular the FHFA's policies, attitudes, and statements regarding principal reduction. The Center for Popular Democracy's communications department is a division of a nonprofit 501(c)(3) organization and is a “representative of the news media.” It and the other requesting organizations are well situated to disseminate information gained through this request to the public, to affected communities, and to political and religious organizations.

If the fee waiver is denied, the requesters are prepared to pay fees up to \$500 and request to be informed of further fees that may be charged, but reserve the right to appeal a denial of fee waivers.

* * *

We seek the determination of this request for expedited processing within 10 calendar days and the determination of this request for documents within 20 days. *See* 28 CFR §16.5(d)(4); 5 U.S.C. §552(a)(6)(A)(i).

²³ Courts have found that organizations with missions similar to those of the requesting organizations are “primarily engaged in disseminating information.” *See, e.g., Leadership Conference on Civil Rights v. Gonzales*, 404 F. Supp. 2d 246, 260 (D.D.C. 2005).

If this request for information is denied in whole or in part, we ask that you justify all deletions by reference to specific provisions of the Freedom of Information Act. We expect you to release all segregable portions of otherwise exempt material. We reserve the right to appeal a decision to withhold any information or deny a waiver of fees.

Thank you for your prompt attention to this matter. Please furnish all applicable records to Josie Duffy, Center for Popular Democracy, 802 Kent Ave., Brooklyn, NY, 11233 or via email at jduffy@populardemocracy.org.

I affirm that the information provided supporting the request for expedited processing and the fee waiver is true and correct to the best of my knowledge and belief.

Sincerely,

Josie Duffy

on behalf of

The Center for Popular Democracy
Action United Pennsylvania
Alliance of Californians for Community Empowerment
Alliance for a Just Society
City Life Vida Urbana
Colorado Foreclosure Resistance Coalition
Home Defenders League
Housing and Economic Rights Advocates
New Jersey Communities United
New York Communities for Change
SEIU Healthcare Illinois-Indiana

Exhibit 2

RE: FOIA Request Attached

Easter, Stacy [Stacy.Easter@fhfa.gov]

Sent: Tuesday, October 01, 2013 3:50 PM**To:** Josie Duffy

Your FOIA request has been received. You will receive an official acknowledgement letter shortly.

From: Josie Duffy [mailto:JDuffy@populardemocracy.org]**Sent:** Tuesday, October 01, 2013 3:28 PM**To:** #FOIA**Subject:** FOIA Request Attached

Hello,

As noted in my previous email, the FHFA FOIA Submission system is not working.

Please find our FOIA request attached. I have attached it as both a Microsoft Word Document and a PDF.

I presume that, in light of a malfunctioning system, submitting our request through e-mail is entirely acceptable. If this is incorrect please let me know as soon as possible, as our request requires expedited processing.

Regards,

Josie Duffy

on behalf of:

The Center for Popular Democracy

Action United Pennsylvania

Alliance of Californians for Community Empowerment Alliance for a Just Society

City Life Vida Urbana

Colorado Foreclosure Resistance Coalition

Home Defenders League

Housing and Economic Rights Advocates

New Jersey Communities United

New York Communities for Change

SEIU Healthcare Illinois-Indiana

**Josie Duffy**

POLICY ADVOCATE

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