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Investors Withdraw Appeals Against California Eminent Domain Plan.

May 16 (Reuters) – Pacific Investment Management Co, BlackRock Inc and DoubleLine Capital LP and other investors on Friday withdrew appeals of a ruling that had dismissed their lawsuits to block a California city's plan to seize mortgages and keep delinquent borrowers in their homes.

In a filing in the U.S. Court of Appeals in San Francisco, lawyers for mortgage-bond trustees moved to end appeals in two related cases.

The move was made because the plan, based on a legal process called eminent domain to seize private property for a public purpose, had not materialized, said John Ertman, partner at law firm Ropes & Gray, which representing mortgage trustees Wells Fargo and Deutsche Bank.

But the lawsuit would be "immediately re-filed" if the city of Richmond, California, took steps toward adopting the plan, he said.

The trustees sued Richmond last year over the plan aimed at keeping local residents who owed more than their properties were worth in their homes.

The other trustees are Bank of New York Mellon, U.S. Bank, and Wilmington Trust.

U.S. District Judge Charles Breyer ruled last September that the original case was premature, and that ruling was appealed roughly a month later. Friday's withdrawal was filed in the U.S. Court of Appeals for the Ninth Circuit in San Francisco.

"We continue to believe that using eminent domain to seize mortgage loans is unconstitutional, and harmful to homeowners and ordinary savers with a pension, 401(k) or IRA," Ertman said.

He said the trustees were dismissing the appeal since Richmond had not progressed toward seizing loans since Judge Breyer's ruling and the filing of their appeal seven months ago.

San Francisco-based private investment firm Mortgage Resolution Partners (MRP) crafted the eminent domain plan for Richmond. The investor group had said that if the city of Richmond was allowed to go ahead with its plan, it may result in steeper down payment requirements and higher interest rates. (Reporting by Sam Forgione; Editing by Andrew Hay)

BY SAM FORGIONE

NEW YORK Fri May 16, 2014 8:25pm EDT