



ASSEMBLY STANDING COMMITTEE ON INSURANCE

NOTICE OF PUBLIC HEARING

SUBJECT: Financial Guaranty Insurance and Representations and Warranties in Securitized Debt Transactions.

PURPOSE: The purpose of this hearing is to discuss representations and warranties made by mortgage originators on residential mortgage backed securities (RMBS) and other securitized debt transactions and to investigate whether legislation is needed to ensure or enhance protections of third parties who insured or have direct exposure to such securities.

Wednesday, February 16, 2011
10:00 AM - 2:00 PM
Assembly Hearing Room 1923
250 Broadway, 19th Floor
New York, NY

The recent financial crisis resulting from the collapse of the housing bubble exposed a number of issues within the securitization process of the financial system. Among the issues uncovered were representations and warranties made by mortgage originators and other financial entities with respect to insurance agreements with monolines (financial guaranty insurers). In many financial transactions in a typical securitization process, loans or pools of loans were either directly or indirectly (through special purpose vehicles) sold that included representations and warranties for the underlying loan attributes. Often times these representations and warranties were subsequently extended to insurance agreements made with monolines.

When the housing market collapsed, monolines incurred massive financial obligations for the loans they insured. As a result, the monolines suffered significant downgrades by rating agencies and many have ceased writing new business and continue to struggle to maintain solvency. In light of these events, there are ongoing investigations and lawsuits addressing potential breaches of agreements made between financial entities and monolines during many of these financial transactions.

The purpose of this hearing is to:

- Discuss instances of misrepresentations;
- Explore the legal and financial impact these misrepresentations had and continue to have on monolines and other third parties;
- Evaluate what is being done by the mortgage originators and other financial entities, their parent companies, investors and monolines to address these issues; and
- Consider policy solutions.

Persons wishing to present pertinent testimony to the Committee at the above hearing should complete and **return the enclosed reply form by February 9th**. It is important that the reply form be fully completed and returned so that persons may be notified in the event of emergency postponement or cancellation.

Oral testimony shall be limited to 15 minutes' duration and shall be by invitation only. In preparing the order of witnesses, the Committee will attempt to accommodate individual requests to speak at particular times in view of special circumstances. These requests should be made on the attached reply form or communicated to Committee staff as early as possible.

Ten copies of any prepared testimony should be submitted at the hearing registration desk. The Committee would appreciate advance receipt of prepared statements.

In order to further publicize these hearings, please inform interested parties and organizations of the Committee's interest in hearing testimony from all sources.

In order to meet the needs of those who may have a disability, the Assembly, in accordance with its policy of non-discrimination on the basis of disability, as well as the 1990 Americans with Disabilities Act (ADA), has made its facilities and services available to all individuals with disabilities. For individuals with disabilities, accommodations will be provided, upon reasonable request, to afford such individuals access and admission to Assembly facilities and activities.

Joseph D. Morelle
Member of Assembly
Chairman
Committee on Insurance

PUBLIC HEARING REPLY FORM

Persons wishing to present testimony at the public hearing on *Financial Guaranty Insurance and Representations and Warranties in Securitized Debt Transactions* are requested to complete this reply form as soon as possible and mail, email or fax it to:

Chris Hahm
Analyst
Assembly Committee on Insurance
Capitol Building, Room 442
Albany, New York 12248
Email: hahmc@assembly.state.ny.us
Phone: (518) 455-4311
Fax: (518) 455-7095

I plan to attend the following public hearing on *Financial Guaranty Insurance and Representations and Warranties in Securitized Debt Transactions* to be conducted by the Assembly Committee on Insurance on February 16th.

I plan to make a public statement at the hearing. My statement will be limited to 15 minutes, and I will answer any questions which may arise. I will provide 10 copies of my prepared statement.

I will address my remarks to the following subjects:

I do not plan to attend the above hearing.

I would like to be added to the Committee's mailing list for notices and reports.

I would like to be removed from the Committee's mailing list.

I will require assistance and/or handicapped accessibility information. **Please specify the type of**

assistance required:

NAME:

TITLE:

ORGANIZATION:

ADDRESS:

E-MAIL:

TELEPHONE:

FAX TELEPHONE:

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