

Structured Finance and Securitization 2012 Year in Review



Clients and friends,

The Hunton & Williams Structured Finance and Securitization team had a very active and successful 2012, thanks to the innovation and creativity of our clients. We appreciate the confidence our clients place in us to assist in a wide range of interesting and challenging transactions and engagements. With our appreciation for these opportunities and before we get too far into 2013, we share some highlights of our work during 2012. We look forward to another exciting year and thank you again for your continued confidence in the work we do together.

Happy New Year!

Highlights

Last year saw significant market activity in the residential mortgage securitization and servicing areas. In 2012, we acted as issuer's counsel or initial purchaser's counsel for 20 **private RMBS** and **res securitization** transactions totaling more than \$4 billion.

Our team played a major role in the sales and acquisitions of **mortgage servicing rights** and in the financing of servicing advances. In 2012, we advised clients in more than a dozen purchases and sales of Agency and Non-Agency mortgage servicing rights and servicing platform assets involving loan balances in excess of \$85 billion. With servicing advances, we handled more than 20 **servicing advance financings** and securitizations (totaling more than \$10 billion), including acquisition financing for some of the largest mortgage servicing acquisitions of 2012.

In addition to growth in the private mortgage securitization market, **Ginnie Mae** and the **VA** maintained top roles in providing residential mortgage financing in 2012, with Hunton & Williams providing program counsel advice to Ginnie Mae and the VA in over \$51 billion of mortgage-backed securities (more than 130 transactions), including securities backed by reverse mortgage loans, as well as single family and multifamily mortgage loans. In 2013, we will continue our role as counsel to Ginnie Mae's and the VA's mortgage-backed securities programs, as we have done since 1994.

Our Structured Finance team also played a major role in the residential mortgage loan markets in 2012. We assisted clients in the sale and purchase of **residential mortgage loan pools**, including performing and non-performing loans. We also represented lenders and borrowers in more than 45 **warehouse financing and repurchase** transactions (RMBS, CMBS, performing and non-performing residential mortgage loans, commercial mortgage loans and residential tax liens) with an aggregate unpaid principal amount exceeding \$7 billion.

We also were active in 2012 in structured finance matters involving other collateral, such as CMBS, ABS and derivatives. Our lawyers represented lenders in closing more than \$1.5 billion of **CMBS** and other commercial real estate loans. We represented major banks as underwriters or initial purchasers on \$2.5 billion of public and private prime and sub-prime **auto loan securitizations**. In collaboration with a group of partners who joined us in 2012 (who have been involved in 75 percent of the **rate reduction bond transactions** in the last five years), we represented a major **public utility** in the financing of its accounts receivables and represented and are representing the financial advisors to two utilities

Asset Types

- Mortgage Servicing Acquisitions and Advance Financings
- RMBS Residential Securitization
- Performing and Non-performing Residential Mortgage Loan Pools
- Warehouse Financing and Repurchase Transactions
- CMBS
- Auto Loan Securitizations
- Public Utility
- Rate Reduction Bonds
- Auto Securitizations
- Derivatives
- Agency Mortgage Loan Transactions
- Monoline Insurance Companies
- Investment Company Act
- REO Acquisition and Financing Strategies
- REO to Rental Programs
- GSE Reform
- Credit Risk Sharing Initiative
- CFTC Regulations
- Derivatives Compliance Programs
- Tax Lien Financing
- Solar Energy Receivables
- Resecuritization Transactions

in two **rate reduction bond securitizations**. Our **derivatives** group worked with more than 50 financial institutions, investment funds and public companies in a wide range of industries on transaction documents, protocol adherence, corporate governance, regulatory compliance and exemption requirements related to new swap rules under the Dodd-Frank Act.

Rounding out our year, our lawyers also designed structured financing programs for portfolios of **re-performing or non-performing residential mortgage loans**; represented **monoline insurance companies** in connection with remediation and mitigation of exposures to RMBS, ABS and project finance transactions; and provided advice to a wide variety of specialty finance companies, including REITs, private investment funds and investment advisory firms regarding matters under the **Investment Company Act** of 1940.

Thought Leadership

In 2012 our Structured Finance team was also able to bring you thought leadership in areas such as REO acquisition and financing strategies, the future of private RMBS, responding to CFTC and other regulators' new rules, developing solar energy securitizations and tax lien financings. Our lawyers actively participated on industry panels and were sought out by the media on these issues and other industry developments.

The market, in 2012, saw the development of **REO acquisition and disposition strategies**, including **REO to Rental** programs. Our team hosted a groundbreaking [round-table discussion](#) regarding the disposition, acquisition and financing of REO properties;

participated on ASF and ABS East panels regarding this topic; and, as a result, was featured in several news articles and [a podcast](#). In addition, we are working with several of our clients in developing REO to Rental financing programs.

We also represented the ASF in preparing its white paper on "Discussion of a Proposed Single Agency Security" published by the [Journal of Structured Finance](#). And, while the markets continued to grapple with **GSE reform**, we provided guidance to many of you regarding the Fannie Mae and Freddie Mac conservatorships, related GSE reform proposals and interim GSE activities. Our Structured Finance team also provided counsel regarding **credit risk sharing initiatives**.

Our lawyers provided timely information and related advice on issues surrounding the numerous **CFTC regulations** (including relief from commodity pool-related registration and other regulatory requirements) and assisted our clients in developing **derivatives compliance programs**. Additionally, our clients turned to us for our knowledge of residential tax liens when they created residential tax lien financing products. Our team has, together with our Tax and Energy teams and in collaboration with the solar energy industry, been active in the development of a viable securitization model for solar energy receivables and tax credits.

Yes, 2012 was busy, but 2013 looks just as exciting. We have new partners from the [CFPB](#) and the [SEC](#) with whom we are working to continue to bring you the thought leadership you require from your legal counsel as you navigate the myriad of new regulations and regulators in the coming year. We already have planned another industry-leading roundtable discussion for the spring of 2013, this time on the future of private residential mortgage securitization.

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