

An Open Letter to Louis Ranieri[†]

My name is Michael Olenick. I'm the founder and owner of Legalprise, Inc. We work for foreclosure defense lawyers. Their clients are face the same wall that yours do, from the same people, mortgage servicers who – using the verbiage defining right from wrong in our local courts – “[have] acted in bad faith, resorted to trickery and deception, or been guilty of fraud, injustice, or unfairness...”

The clients of our clients borrowed money, almost always in good faith and in reliance on assurances from those who sold them loans that they were doing the right thing. Those loans were funded by your clients, who wrote the checks that funded the mortgages. They were also usually acting in good faith, relying on the same assurances from the same people.

Now both sides – the debtors who borrowed the money and the actual creditors who lent it – are held hostage to a needless train-wreck of needless foreclosures who are bankrupting both sides, while destroying the fabric of the US economic financial and justice system.

Many of our clients can't afford the various “innovative” trash the mortgage industry invented; the exploding option ARM's, negative amortization loans, bubble priced loans written on false appraisals. But they can afford their homes at reasonable interest rates on traditional 30-year mortgages. Those that can't can afford something and there are plenty of empty homes their mortgages could be transferred to if they were modified.

I know that your lawyers and accountants have told you that investors cannot force modifications of these mortgages. They're wrong. We don't have a superficial understanding of the problems – we know about problems like Sec. 8 of the servicing agreements – they're just looking at the question wrong; they're not seeing what we are, not from a metaphorical vantage point but from a literal one. Our solution doesn't require any government subsidies or any changes to the law .. it just requires looking at the problem differently. It will work in the laws of almost every state in the country.

There is no reason to force mass homelessness, and there is no reason to force mass write-off's. Even if the Treasury continues its immoral push to borrow money that our children will have to repay – to fund a foolish policy that leaves those same children homeless – restoring the market is still in the best interest of both your clients, the genuine creditors who wrote the checks, and ours, the debtors.

The status quo is destroying the two genuine interested parties; those who lent the money and those who borrowed it. You run businesses that watch out for, and offer solutions to the former group. We run a business that watches out for, and offers solutions to the latter group.

Please call or write to us, or if you are in South Florida come visit; our office is across the inter-coastal from Palm Beach Island. If nothing else we'll show you where the best Italian deli in the area is; a little

dump of a place the Palm Beach crowd would never find on their own. But just like we're happy to show you a hidden gem of a deli we're also happy to show you a hidden gem of a solution.

I'll close with a strange prescient passage from Grapes of Wrath, when Tom Joad comes to find his parents evicted from their home: "Somepin's wrong," Joad said. "I can't put my finger on her. I got an itch that somepin's wronger'n hell."

Call, write, or just stop by. Debtors and creditors, working together directly, have the power to fix this mess.

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†– For readers here that don't know, Lewis Ranieri is the inventor of the Mortgage Backed Security; father of the modern mortgage market. Ranieri, who worked his way as a mail clerk on the night shift to a top Wall Street Bond trader, works for the people who actually wrote the checks that funded your mortgages.

It's become clear that the genuine lenders are no happier with the way the current foreclosure mess is being handled than any of us are. They like their monthly payments and, as investors, realize that taking a write-down is part of business; they'd rather get paid something than nothing. If you can't afford the fair market value of the home that you're in they'd prefer to move you to one you can afford. They don't want to see you thrown into homelessness.

If you thought that "the bank" that's foreclosing on you, that lied to you every step of the way, is who paid for your mortgage you need to learn more about how mortgages work. Your "bank" is a "servicing company" -- really nothing more than a glorified bill collector -- who likely put out little if any money.

Other blogger, please repost this as widely as possible. Let's end this mess before it ends our country.